



CASH TRANSFER PROGRAMMING IN ARMED CONFLICT: THE ICRC'S EXPERIENCE

Acknowledgments

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FOREWORD

Money is the main means of survival for most people around the world. In armed conflict, having cash to buy essential goods can mean the difference between life and death for people suffering the effects of war. This report brings together some of the ICRC's experiences of using cash transfer programming (CTP) for a range of different purposes in a variety of different contexts.

Our experience and the report's analysis of available academic and policy studies of CTP make clear that the shift to cash in humanitarian action is a broadly positive experience for people affected by armed conflict. Like many other humanitarian organizations, the ICRC has greatly increased its use of CTP in recent years and is committed to doing more in the years ahead.

One of the report's important findings is that cash is often best but not always for people living through armed conflict. CTP has many benefits that are already well known, and ICRC experience suggests that these hold true in conditions of armed conflict, too. But our experience of principled humanitarian action in conflict also shows that not all situations are "cash ready" and some that are cash ready may not be "cash wise". Careful needs-based analysis with affected people is always important to work out when and why cash is appropriate, and when and why other forms of support may be preferred and more likely to deliver the desired humanitarian impact.

I hope this report will be widely read by governments and partner organizations that support the work of the ICRC. All of us at the ICRC are deeply encouraged by the benefits of CTP and are actively exploring how to use it more across our wide portfolio of activities. I hope, therefore, that the report will also be read by many people working for the ICRC on the front lines of today's armed conflicts, whether or not they are already engaged in CTP. The report is easy to read and is a very useful overview of the ICRC's work with cash. I commend it to you.

Dominik Stillhart
ICRC Director of Operations

EXECUTIVE SUMMARY

This report looks at the ICRC's experience of using cash transfer programming (CTP) in armed conflict. The ICRC has increased its use of cash and vouchers in recent years and is very encouraged by the clear benefits of cash transfer programming in certain situations. The ICRC is enthusiastic about the benefits of CTP and realistic about when it is best to use it. Our experience and evidence show that cash is an essential tool in humanitarian action in armed conflict and a valuable option in responding to a wide range of the needs people have in such situations.

The report focuses on the ICRC's experience in Yemen, Nigeria, South Sudan, Lebanon and Ukraine, among others, and our own operational analysis confirms many of the positive findings from other policy and academic studies referred to in this report. The purpose of this report is to share some of the ICRC's experience of using CTP in armed-conflict environments and so inform and influence the wider policy debate around cash, especially in relation to its use as a tool in principled humanitarian action in armed conflicts.

METHODOLOGY

The methodology of this report is qualitative, based on collection of both primary and secondary data, as follows:

- Literature review of cash transfer programming evidence, reviews and reports both from ICRC operations and the wider humanitarian sector.
- Key Informant Interviews (KII) with ICRC staff. The KIIs sought to gather views, experiences and perceptions of cash transfer programming in ICRC operations.
- Two case studies from situations of conflict and protracted crisis: Nigeria and Lebanon. These case studies concern economic security programmes where cash was used and include interviews with people supported by the ICRC, as well as KIIs with ICRC staff.

THE BENEFITS OF CASH TRANSFER PROGRAMMING

The many important benefits of CTP are well known and, in the ICRC's experience, they apply equally well in situations of armed conflict, increasing people's dignity, power, autonomy and choice in how they manage their survival and recovery. CTP can also offer greater operational flexibility and achieve wider social and economic multiplier effects beyond its specific purpose. CTP may also initiate, maintain or recover people's financial inclusion during the disruption of conflict.

NUANCING THE "RUSH TO CASH"

Our experience warns against an unthinking "rush for cash" in humanitarian action. Strong pressure to use cash or vouchers without adequately assessing the context – particularly one based on cost-efficiency calculations – can put humanitarian organizations in a difficult situation. Pressure to set targets based on inputs and outputs (the scale of CTP) rather than outcomes (humanitarian impact) as a condition for receiving financial support could bias humanitarian action towards "cash-ready" environments and away from impartial, needs-based analysis. Vulnerable communities in areas where CTP is not feasible or the best way to achieve intended outcomes could be overlooked or offered a form of humanitarian aid that is inappropriate for them.

This report suggests **two important principles for CTP in armed conflict**:

First, although cash is *often* best, it is not *always* best. Nor is cash the only kind of support that people need. In-kind aid, significant investments in infrastructure and services, and close working relationships with vulnerable people – particularly to ensure they are protected under relevant laws – are still vital in certain situations of armed conflict. The ICRC often works in hard-to-reach areas where others are unable to operate. These may be places where markets, infrastructure or services are very limited, or hard-to-reach places where the military situation is highly volatile and access to affected people is sporadic, with little scope for monitoring and follow-up. In such situations, which are not always “cash-ready”, the ICRC has sometimes found it best to avoid cash and vouchers, and use other means of providing assistance instead.

Second, just “doing cash” is not necessarily a success in itself. CTP is a tool of humanitarian action, not a humanitarian outcome in itself. CTP can be an excellent way to achieve prevention, protection and assistance outcomes by, for example, improving access to essential services, food security, health, education, business continuity and safety, or to maintain or restore family links. But CTP must be implemented strategically, in pursuit of clear humanitarian goals, if it is to be the best way to meet people’s needs in a particular context. For this to be the case, a context must be not only “cash ready” but also “cash wise”.

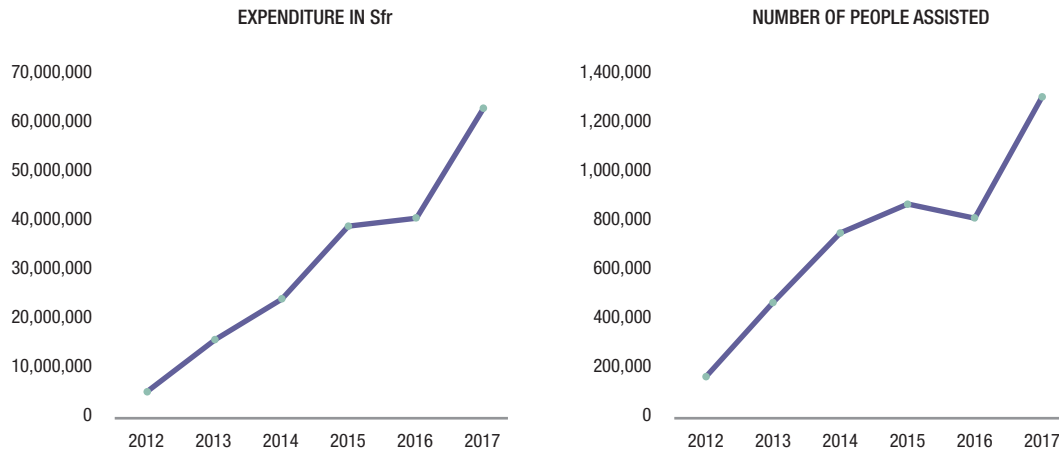
The report also recognizes **several areas of risk**:

The use of CTP is subject to risks similar to those involved in providing in-kind aid – market interference, accountability tracking, social tensions, protection¹ issues – and these need to be managed professionally, as in any other humanitarian programme. The involvement of financial services companies in CTP may pose some specific data-protection risks, and a single-provider model will not work for the ICRC, as the principles of neutrality and independence are fundamental to the way in which the organization operates.

NEXT STEPS FOR THE ICRC

In the last five years, the number of people assisted by the ICRC through CTP has gone up by 600 per cent. In 2012, we used Sfr 6 million worth of cash and vouchers to meet the needs of 190,000 people. By 2017, we were reaching close to 1.4 million people in more than 35 countries with CTP totalling Sfr 63.4 million. In the coming years, we will continue to use cash and vouchers where we judge this to be the best option, and thus maximize the humanitarian benefits of cash transfer programming. In 2018, the CTP budget for our Economic Security Unit alone is almost Sfr 80m, which corresponds to 10 per cent of our overall Assistance budget. This is an important part of our commitments under the Grand Bargain.

¹ In the ICRC context, “protection” refers to activities of teams or individuals whose aim is to ensure that authorities and other bodies respect their obligations and the rights of individuals in order to preserve the safety, physical integrity and dignity of those affected by armed conflict and other situations of violence.



Most of our CTP to date has been aimed at improving people's food security and means of livelihood. Now, we intend to expand our use of CTP in other areas like water and sanitation, energy, health and protection. We will continue to develop our own expertise in the optimum use of cash and work closely with National Red Cross and Red Crescent Societies and the International Federation of Red Cross and Red Crescent Societies (collectively, the Movement) to develop the CTP expertise and reach of the Movement as a whole.

POLICY RECOMMENDATIONS

Based on the ICRC experience analysed and presented in this report, we have formulated six key policy recommendations. We will use these recommendations to guide the development of CTP across the ICRC, and we urge others to consider them also when working in situations of armed conflict.

1. **Humanitarian organizations must continue to take account of the specific nature of armed conflict in their development of CTP policy.** It cannot be assumed that policy and practice devised and followed for natural disasters, development activities or post-conflict reconstruction can be automatically applied to CTP for humanitarian action in armed conflict.
2. **CTP is a necessary but not sufficient response to people's needs in armed conflict and its suitability as an option for people in a given situation must be considered carefully and strategically.** CTP makes a significant contribution to people's survival and recovery, can often dignify the process of assistance and have other important multiplier effects – but people may have good reason to prefer other forms of support. These preferences should be respected and explored.
3. **People should be involved in decisions about “cash or in-kind” whenever possible and consulted carefully as conditions change during conflict.** Operational policy-making for CTP must not be overly technocratic or driven by targets for cash coverage. Good policy should be based on whether an area or community is “cash ready” and whether CTP is “cash wise” in a given context, in light of security, protection, people's preferences and overall effectiveness.

- 4. CTP is usually best applied alongside other forms of humanitarian action and engagement.** Cash does not replace the need for physical access to vulnerable communities nor can it replace wider efforts to ensure they enjoy protection under relevant laws. It must also be accompanied by significant investment in maintaining and improving essential infrastructure and services in health, water, sanitation and electricity, all of which are also vital to meeting people's needs.
- 5. Operational flexibility and a readiness to “switch” back and forth between CTP and other forms of assistance should be retained in armed conflict – especially in protracted conflicts.** Conditions can be highly volatile and unpredictable during armed conflict, which means the relevance of CTP can change fast over time and in relation to place and population.
- 6. Principles of impartiality and neutrality must guide the assessment and delivery of CTP throughout situations of armed conflict and be designed into any financial services involved.** CTP must be principled, like any other form of humanitarian action, and cannot be made conditional on political considerations or monopolized by financial-services providers affiliated to a particular party to the conflict.

INTRODUCTION

Cash transfer programming (CTP) is one of the biggest innovations in humanitarian action in the last decade. CTP has rocketed from being a minimal and suspect option in humanitarian response to the default response option for humanitarian organizations of all sizes acting in many of the world's humanitarian crises. In 2016, \$2.8 billion of humanitarian aid was delivered through cash transfer programming² – an increase of 40 per cent on 2015 – and it is transforming the way humanitarian aid is being delivered.

Cash transfer programming (CTP) is one of the biggest innovations in humanitarian action in the last decade.

Cash transfers have always been a feature of humanitarian action. The American Red Cross first used them in 1871 to set up micro-enterprise projects for wounded soldiers recovering after the Franco-Prussian War.³ In more modern humanitarian action, however, their use was marginal.

Typically, they were conditional on labour – cash for work – or largely frowned upon as a result of a paternalistic charitable mindset, which never quite trusted people to use cash wisely. There were also legitimate fears that cash could expose already vulnerable people, and the humanitarians transporting sums of money, to a greater risk of theft and violence.

FIVE TRENDS IN THE EXPANSION OF THE USE OF CASH

This has all changed in the last ten years. An increasing body of evidence of the effectiveness of CTP has created more confidence in people's ability to receive money safely and use it well. Five major trends have also coincided to ensure that cash transfers are booming as never before:

- A shift in operational perspective from “getting aid in” to “keeping people and society going” has gradually changed humanitarian policy in favour of prioritizing local actors, local services and the local economy. The people affected by crises are more respected as the main agents of their own survival and recovery. Alongside this policy trend there has been a greater emphasis on local procurement and “saving livelihoods as well as lives”. Cash transfer programming has come to be viewed as offering a double win: increasing the “individualization” of aid and enhancing personal autonomy, and injecting productive resources into the wider economy.
- Digital technology as offered by mobile phones, bank cards and ATMs means that transferring cash directly to individuals is now faster, safer and far easier to achieve on a large scale.
- The need for sophisticated “remote” programming in many hard-to-reach areas has meant that humanitarian organizations have had to find ways to reach people other than regular direct physical presence on the ground. Electronic cash transfers have often been useful in this respect.
- The rise in armed conflicts in urban areas in middle-income countries (MIC) in the Middle East and elsewhere has involved large-scale humanitarian action in sophisticated economies, where markets are strong and banking service levels, sophistication of digital technology and mobile-phone penetration are all high.

² CaLP and Accenture, *The State of the World's Cash Report: Cash Transfer Programming in Humanitarian Aid*, CaLP and Accenture, London, February, 2018, p. 5.

³ Moorhead, C, *Dunant's Dream: War, Switzerland and the Red Cross*, Harper Collins, London, 1998, p. 91.

- Cash transfers in international development programming over the last few decades have pioneered micro-finance practices for cash distribution. Cash transfers started in the nineteenth century as part of child and family sponsorship programmes. They then expanded into vast networks of pro-poor credit unions and micro-enterprise banking across South Asia and Africa in the last 30 years.⁴ This precedent of micro-finance in poverty reduction programming gave government and individual donors more confidence to use micro-finance models in the more volatile and typically protracted conflicts of the last few years.

The humanitarian sector is a late adopter of large-scale cash transfer programming. Humanitarian CTP began slowly with grants and loans handed over in droughts and natural disasters in the 1970s and 1980s. Modern use of cash transfers by the ICRC dates back to the early 2000s, when cash was used for micro-economic initiatives in Serbia and cash-for-work programmes in Afghanistan.⁵ Large-scale use only started happening after the Asian tsunami of 2004. It was in the wake of that tragedy that the Cash Learning Partnership (CaLP) was formed by Save the Children UK, Oxfam GB, British Red Cross, Mercy Corps and Concern to promote good practice in both cash and voucher response. CaLP is now the leading global partnership organization working on cash transfer programming and has formed a community of practice with a membership of 150 organizations and 5,000 individuals worldwide.⁶

Within the International Red Cross and Red Crescent Movement, National Societies in the UK, Kenya, the US, Canada, the Philippines and Turkey have led the way in developing CTP, and the Movement has a Cash Peer Working Group (CPWG), which serves as a coordinating and standard-setting group on CTP.

Somalia has consistently been the leading innovation “laboratory” for CTP in armed conflict. Cash transfers have a long history in Somalia’s protracted conflict, and it was in that country that cash transfers “went wholesale” for the first time in an armed conflict, becoming the largest form of humanitarian assistance in south and central Somalia, in a late effort to prevent the terrible famine of 2011. A total sum of \$740 million was received by 1.5 million people and many small businesses for several months in succession between 2011 and 2012. The operation involved 15 national and international implementing NGOs, coordinated by UNICEF and financed by a group of governments, including those of the USA, UK, Sweden, Denmark, Norway, Ireland, Switzerland, as well as ECHO.⁷ The ICRC has been using cash transfers to meet basic needs in Somalia consistently since 2012, reaching a peak in 2017, when more than Sfr 19 million was distributed to some 580,000 people, including as part of a major drought response.

⁴ Copestake, J et al, *Towards a Plural History of Microfinance*, Centre for Development Studies, University of Bath, Working Paper 40 – <http://www.bath.ac.uk/cds/publications/bpd40.pdf>

⁵ ICRC, *EcoSec Transfer Programming Report 2012–2016*, ICRC, p. 1.

⁶ See the CaLP website at <http://www.cashlearning.org/about-us/overview>

⁷ UNICEF, *Final Evaluation of the Unconditional Cash and Voucher Response to the 2011–2012 Crisis in Southern and Central Somalia*, Humanitarian Outcomes, UNICEF, Nairobi, 2013, pp. 5–6 – https://www.unicef.org/evaldatabase/files/Somalia_2013-002_Humanitarian_Outcomes_Somalia_Cash_and_Voucher_Evaluation_Full_Report.pdf

CASH AND THE GRAND BARGAIN

The significance of cash transfer programming in humanitarian action has now been formally endorsed by a number of States and humanitarian organizations in the so-called Grand Bargain on increased efficiency in humanitarian policy and practice, agreed in 2016. Commitment three of the Grand Bargain states that aid organizations and donors commit to do the following:

1. *Increase the routine use of cash alongside other tools, including in-kind assistance, service delivery (such as health and nutrition) and vouchers. Employ markers to measure increase and outcomes.*
2. *Invest in new delivery models which can be increased in scale while identifying best practice and mitigating risks in each context. Employ markers to track their evolution.*
3. *Build an evidence base to assess the costs, benefits, impacts and risks of cash (including on protection) relative to in-kind assistance, service delivery interventions and vouchers, and combinations thereof.*
4. *Collaborate, share information and develop standards and guidelines for cash programming in order to better understand its risks and benefits.*
5. *Ensure that coordination, delivery, and monitoring and evaluation mechanisms are put in place for cash transfers.*
6. *Aim to increase use of cash programming beyond current low levels, where appropriate. Some organizations and donors may wish to set targets.⁸*

As the commitments identified during the Grand Bargain are taken forward, a number of key areas have emerged that require further work and exploration, including ensuring better coordination of cash, and more common and coordinated donor approaches to humanitarian cash; routinely assessing value for money, cost efficiency and cost effectiveness of cash transfer programming; and ensuring a comprehensive risk analysis for cash and vouchers beyond the purely fiduciary risks.

An emerging area of interest is the possible links between humanitarian cash transfers and existing social protection systems, particularly in situations of protracted crisis. For example, the response to the Syrian refugee crisis has led to regular cash transfers being made to refugees living in neighbouring host countries to help them meet their basic needs, with programmes extending over months, if not years. Over time, such humanitarian cash transfers may look a lot like social protection programmes – normally managed by governments – which aim to reduce poverty and vulnerability by enhancing people's capacity to manage economic and social risks. The recent International Conference on Social Protection in contexts of Fragility and Forced Displacement recommended that humanitarian interventions – particularly cash transfers (for basic needs) – are aligned with existing systems and used as a window of opportunity to maintain or enhance existing social protection systems and to trigger investment in the development of “nascent” safety nets or social assistance structures.⁹

⁸ *The Grand Bargain – A Shared Commitment to Better Serve People in Need*, Istanbul, Turkey, 23 May 2016, p. 6 – https://interagencystandingcommittee.org/system/files/grand_bargain_final_22_may_final-2_o.pdf

⁹ <http://sp-fragility-displacement.onetec.eu/docs/OUTCOME%20DOCUMENT%20.pdf>
http://sp-fragility-displacement.onetec.eu/docs/FINAL_CONFERENCE_REPORT.pdf

CASH AND THE INTERNATIONAL RED CROSS AND RED CRESCENT MOVEMENT

The Movement is embracing cash transfer programming and stepping up its cash operations wherever appropriate. A Movement paper on the Grand Bargain commits it to: significantly increase the use of cash-based programmes by 2020, when and where the context allows, including in recovery and resilience-building or rehabilitation programmes. We will develop standard tools and advanced training and experience sharing for best practices, and engage in operational and strategic coordination with other humanitarian agencies for coordinated response, information sharing and accountability to affected populations.¹⁰

The paper cites examples of recent successful use of cash transfers to support Ebola patients in Liberia and conflict-affected communities in Somalia and Nigeria.¹¹

NUANCING A “RUSH TO CASH”

But there is now a risk of a general “rush to cash” across the humanitarian sector. The current policy in some organizations is to ask “why not cash?” for almost every humanitarian programme, and “if not now, when?” as if cash were always the best approach to meeting needs.¹² This pressure to use cash in all situations may obscure two important truths about cash transfers that have emerged from the ICRC’s experience.

The first truth is that cash is *often* best but not *always* best. In certain conflict situations, other forms of humanitarian activity and commodities are, for good reasons, operationally wiser and preferred by affected people. From the ICRC’s experience of cash transfers, it is clear that cash can be an operational game-changer in certain situations but not all.

The first truth is that cash is often best but not always best.

The second truth is that cash transfer programming is a means or tool in humanitarian action that is chosen to achieve wider assistance and protection goals in relation to food security, shelter, health care, schooling, business continuity, family visits to detainees or restoration of family links. Cash transfer programming is not a goal in itself. Humanitarian organizations should be praised not for simply “doing cash” but for the specific outcomes that arise from using cash transfers in pursuit of a humanitarian goal. So, it would be wrong to talk of “cash programmes” and more accurate to talk of using cash transfers or vouchers in food, health, livelihood or protection programming.

Cash transfer programming is a means of humanitarian action and not an objective or an outcome. The new emphasis on targets in cash transfer volumes risks making agencies think that cash transfers are automatically a good thing in themselves – an end not a means – leading them to becoming determined to use them everywhere. But cash transfers are only a good thing if they deliver wider humanitarian objectives. Global targets for an input like cash or vouchers will always be uncertain when future needs and objectives are not yet known.

¹⁰ IFRC/ICRC, Joint International Red Cross and Red Crescent Movement Paper on the Grand Bargain, 2016, p. 3 – http://www.ifrc.org/Global/Documents/Secretariat/201605/Grand_Bargain_RCMov_Paper-vf.pdf

¹¹ *Ibid.* p. 7.

¹² ODI, *Doing Cash Differently: How cash transfers can transform humanitarian aid*, Report of the High Level Panel on Humanitarian Cash Transfers, ODI, September 2015, p. 6, p. 23 – <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9828.pdf>

This report makes these points and draws a number of other conclusions from the ICRC's experience of using CTP. Chapter one uses several examples of the ICRC's work to illustrate why cash transfers are such a good tool in humanitarian action. Chapter two then grasps the nettle by outlining when cash is best and when it is not. Chapter three looks in more detail at the specific dynamics of using CTP in armed conflicts and explores the question of effectiveness and value for money in CTP. Finally, chapter four looks at programming areas where the ICRC aims to develop the use of cash transfer programming in the future.

THE ICRC'S DEFINITION OF CASH TRANSFER PROGRAMMING

The ICRC operates according to a specific definition of cash transfer programming, as stated below. Our definition – in line with CaLP and other cash-providers – focuses on direct transfers to individuals, families and communities in need. We do not count larger transfers of money to partners like National Societies and large businesses, or salary top-ups to staff in the relevant authorities with whom we work. CTP also excludes remittances and micro-finance – although micro-finance institutions may be used for the actual delivery of cash. The term CTP can be used interchangeably with “cash-based interventions” and “cash-based assistance”.

“Cash transfer programming” (CTP) is the provision of cash and/or vouchers to individuals, households or communities to enable them to access the goods and services that they need.



CHAPTER 1

WHY CASH IS AN ESSENTIAL TOOL IN HUMANITARIAN ACTION

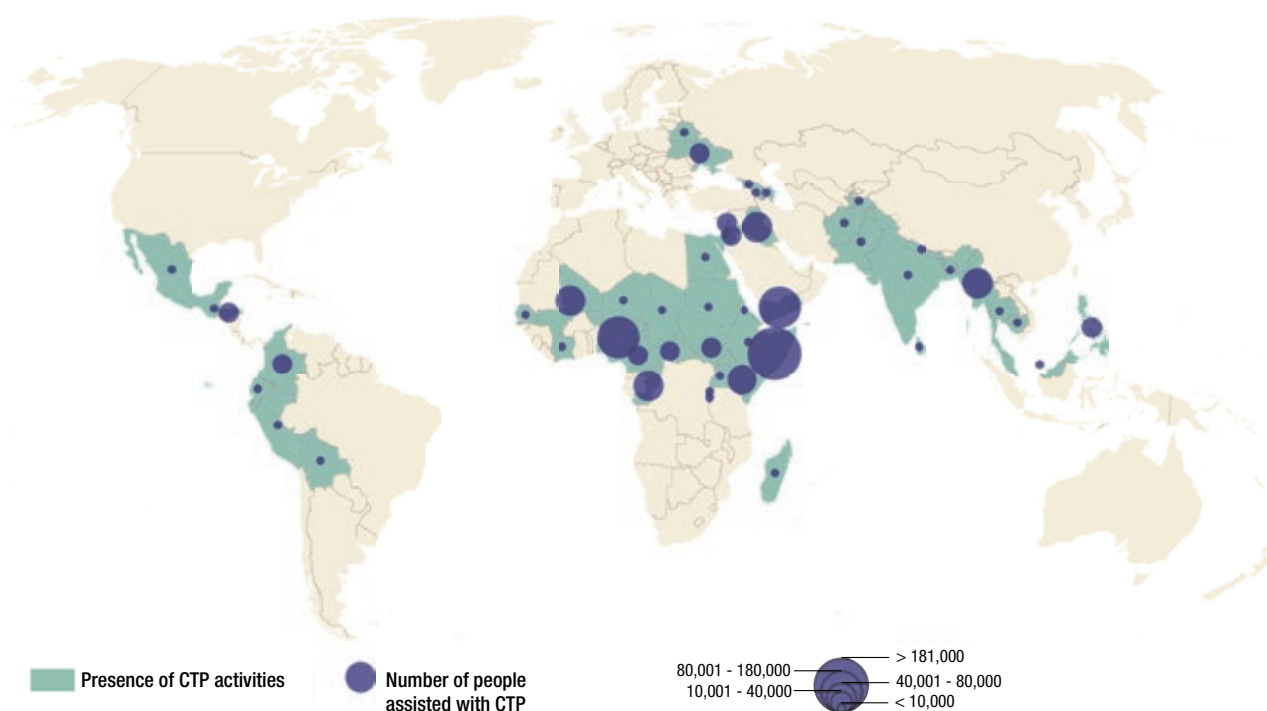
Cash is the main means with which people pay for goods and services all around the world. This fact does not change because there is an emergency. Being in possession of cash or vouchers – physically or electronically – can be the difference between life and death for people affected by armed conflict.

The ICRC is enthusiastic about cash transfer programming and has scaled up its investment in it, with a 600 per cent increase in the number of people reached in the last five years. In 2012, we used cash and vouchers to meet the needs of 190,000 people

Being in possession of cash or vouchers can be the difference between life and death for people affected by armed conflict.

in some 20 countries; by 2017, we were reaching close to 1.4 million people in more than 35 countries. The ICRC's expenditure on cash and vouchers over this time went from Sfr 6 million to Sfr 63.4 million – a more than tenfold increase. In Jordan, Somalia, Lebanon and Israel and the occupied territories, more than 50 per cent of the direct costs¹³ of the ICRC's Economic Security Unit, which focuses on relief assistance and livelihoods, were attributable to cash and vouchers.

ICRC's cash transfer programming in 2017 by number of people assisted



The boundaries, names and designations used in this report do not imply official endorsement, nor express a political opinion on the part of the ICRC, and are without prejudice to claims of sovereignty over the territories mentioned.

¹³ Direct costs comprise expenses charged directly to objectives, such as an economic security objective or a health objective.

Cash transfer programming is now a well-accepted tool used in humanitarian response. This is a very positive development and testament to years of advocacy by many organizations.

Evidence from past programmes in a wide range of situations shows that cash transfer programming can be successfully implemented in fragile or unsafe environments. A 2017 report commissioned by DFID, which summarized the current evidence base on cash transfers in conflict, concluded that while there are risks associated with CTP, they are not greater than those associated with other forms of aid, e.g. vouchers or in-kind.¹⁴

CASH TRANSFER PROGRAMMING AND THE ICRC

The ICRC's main experience of using CTP to date is via its Economic Security Unit, whose purpose is to ensure that individuals, households or communities are able to cover their essential needs and unavoidable expenditures in a sustainable and dignified manner, taking into account differing physiological requirements, environments and cultural standards. The ICRC gauges if people affected by conflict are able to cover their essential needs in a sustainable way by assessing key livelihood outcomes – such as food consumption, food production, income, living conditions and access to services – at different stages of a crisis. If people are unable to achieve their livelihood outcomes, we then address the gap via three main types of intervention: immediate relief assistance, livelihood support and structural interventions.

In 2012, ICRC operations in 20 locations where economic security measures were being implemented were using cash transfers or vouchers in some form. In 2017, this number rose to more than 35, reaching 1.37 million people, with a spend of Sfr 63.4 million. In 2018, the budget for cash and vouchers is close to Sfr 80 million, representing 25 per cent of the Economic Security Unit's direct costs and 10 per cent of the ICRC's overall assistance budget, which also includes major investments in health, water and infrastructure of various kinds.

BETTER THAN IN-KIND?

There is good evidence of the absolute positive impact of CTP,¹⁵ but what of its relative impact compared with in-kind aid, like food supplies, non-food items and assets of various kinds?

Here, the overall evidence is largely mixed and insufficient.¹⁶ Cash may sometimes work better to improve savings and assets, but CTP is by no means the clear winner in every situation in terms of humanitarian impact. This confirms the ICRC's experience – as illustrated in chapter two – and is why we maintain a combined approach that mixes CTP, in-kind support and services. In armed conflict, it is unwise to be a one-tool responder.

14 <https://assets.publishing.service.gov.uk/media/59df6771e5274a11ac1c4964/200-Conflict-Sensitive-Cash-Transfers-Unintended-Negative-Consequences.pdf>

15 Bastagli F, Hagen-Zanker J, Harman L, Barca V, Sturge G, Schmidt T, Pellerano L, *Cash transfers: what does the evidence say?* ODI, London, July 2016.

16 Gentilini, U, *The other side of the coin: The comparative evidence of cash and in-kind transfers in humanitarian situations*, World Bank, Washington DC, 2016 and Pega, F et al, *Unconditional cash transfers for assistance in humanitarian disasters: Effect on use of health services and health outcomes in low- and middle-income countries*, The Cochrane Library, Issue 9, September 2015.

THE DIFFERENT TYPES OF CASH TRANSFER PROGRAMMING

Cash transfer programming includes different types of transfers, for different purposes. The fundamental question guiding the choice of transfer is always “*what* are we trying to achieve and *for whom*?” Once this is clear – based on a solid needs assessment with the affected communities – we can determine which is the most appropriate option – cash, vouchers, in-kind assistance or a combination of these – and which are feasible. This is determined based on a variety of factors, including the acceptance of the authorities and the preference of the people themselves, accessibility to and functioning of markets, availability of a reliable means of transferring cash and a thorough risk analysis.

Cash is flexible and adaptable, and allows people to meet their needs exactly as they prioritize them, paying for goods and services at any retailer or service provider. Vouchers restrict people to one particular trader or group of traders, and to specific goods or services. In-kind, of course, restricts people to use or consume the items given to them.

Next, we decide if we need to apply any conditions or restrictions. Conditionality refers to activities that must be completed or obligations that must be fulfilled *before* receiving assistance. Restrictions refer to the limits on the use of assistance *after* it is received.

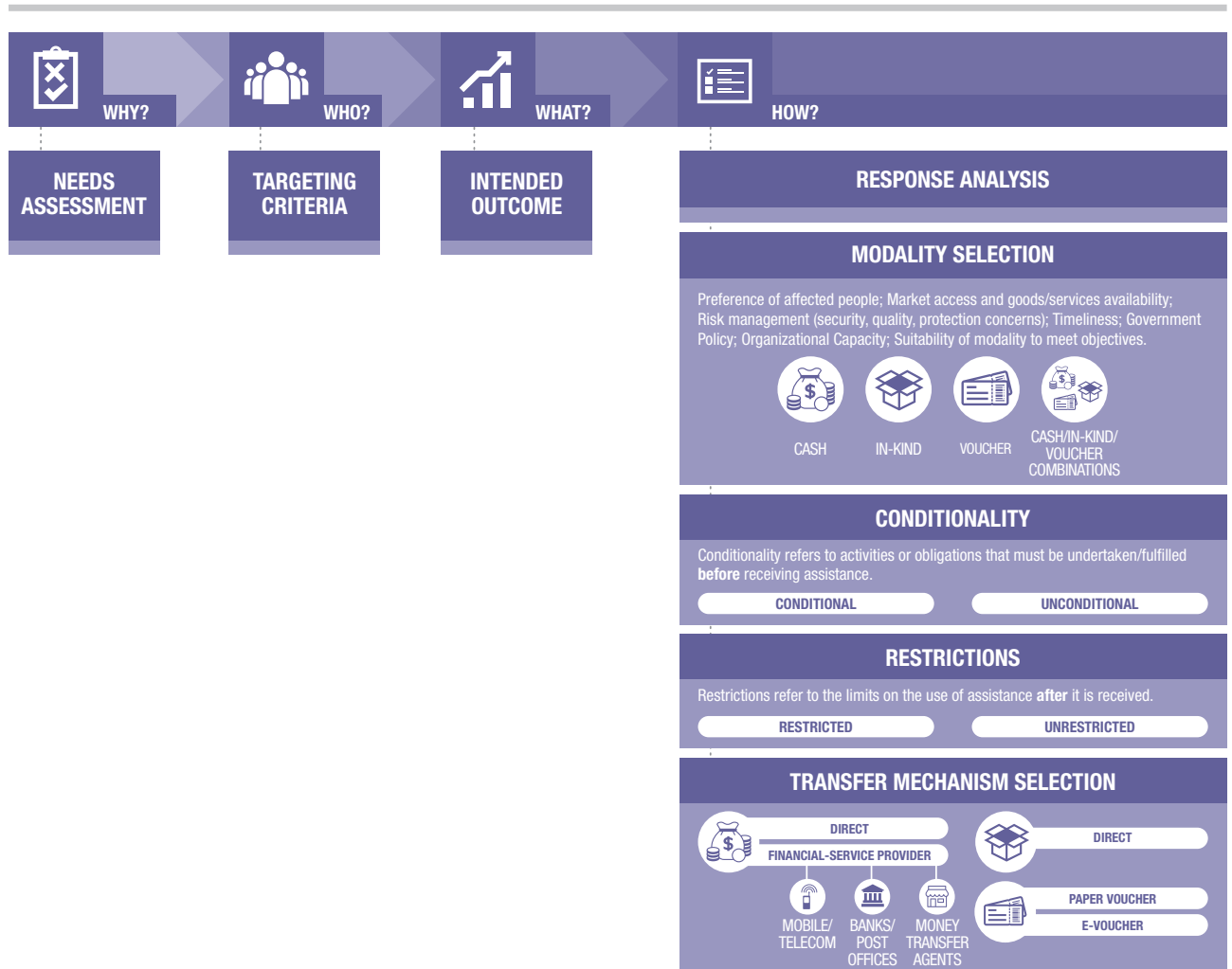
Unconditional unrestricted cash is flexible and adaptable, and allows people to meet their essential needs exactly as they prioritize them, paying for goods and services at any retailer or service provider. It is therefore the recommended CTP option in actions whereby relief assistance is provided to help people meet their basic needs. Conditional and restricted cash can take many forms but is frequently used by the ICRC to increase the chances of success of programmes to help people develop, maintain or recover a means of livelihood. For example, in Sri Lanka, people receive cash via bank transfers to support them in developing their small businesses, but this is based on the condition that they develop a business plan and attend basic business-management training.

The main way to restrict the use of cash is through vouchers, and such restrictions can be useful to guarantee a certain level of quality or make sure that people obtain specific goods and services. A value voucher is tied to a specific retailer, so can only be used to pay for goods or services with that specific retailer, up to the value specified. A commodity voucher is not only tied to a specific retailer but also to specific items that are sold by that retailer. In Yemen, for example, the ICRC gives vouchers to enable people to buy bread at their local bakery – the voucher can only be exchanged for bread at that specific bakery. In Afghanistan, farmers received vouchers for seeds, to ensure that they bought good-quality seeds certified by the Ministry of Agriculture, which would produce a better crop than some seeds available in local markets.

We also consider the amount of cash to be transferred, the frequency and the duration. If we are trying to help people meet their basic needs, we may decide on a monthly transfer for a period of several months. On the other hand, if households are going to invest in assets, such as repairing their shelter or investing in their small business, one-off or fewer instalments might be more appropriate. The transfer value is calculated based on an assessment of market prices – how much do the goods and services that we are expecting people to buy actually cost, and how much will it cost people to get to the market and transport any goods home again?

Finally, we decide which delivery mechanism to use by identifying which financial service providers (FSP) are available and what options they can offer. If vouchers are selected, we can use paper vouchers or electronic vouchers ('e-vouchers'). The ICRC is trialling different e-voucher solutions but primarily uses paper vouchers in only a few contexts. If cash is selected, we may work with a local bank or post office, as is the case in Ukraine, Jordan and Lebanon, and give people ATM cards, or transfer money to people's own bank accounts, or even allow people simply to collect money over the counter.

ICRC intervention design process



In some countries, such as Somalia, the use of mobile money is widespread, so we would work through the mobile-phone company, making use of their mobile e-wallets. A further option is to work with different money-transfer agents – in Cameroon, for example, we work through a micro-finance union and, in Libya, we work with pre-paid smart cards. A final option is for the ICRC to deliver cash directly ourselves, sometimes referred to as “cash in envelopes” – this is normally done if there are no appropriate financial service providers in the area and security risks are acceptable.

THE MANY BENEFITS OF CASH TRANSFER PROGRAMMING

The ICRC's increased use of CTP reflects the benefits and advantages it can offer as a means of humanitarian assistance and protection. In the ICRC's experience, there are several main advantages to cash transfer programming:

- **Power, autonomy and choice**

In a functioning economy, cash is the ultimate fungible commodity that can be easily exchanged for something else.

Cash is the ultimate fungible commodity that can be easily exchanged for something else.

This gives people greater power to choose for themselves what they need and when they need it. This power shift puts affected people at the centre of their survival strategies and makes them the subject of their own decision-making rather than the object of aid-agency decisions. This disintermediation (cutting out the agency in the middle) contributes significantly to the individualization and localization of humanitarian action. The flexibility of cash gives people access to a wider range of locally available commodities and services, and means humanitarian assistance can be adapted to people's own specific needs. This is illustrated in the following example.

Aissa's preference for cash

Aissa Abou became displaced as a result of conflict and was receiving assistance in the form of food parcels from the ICRC in Mora, in Cameroon. She said: “The rations of rice, beans and bottles of oil distributed by the ICRC are a valuable help, but sometimes it is simply money that is missing. We find ourselves having to sell some of the food to buy soap or medicines.” After listening to Aissa, the ICRC made the decision to give her cash instead. “I have already thought about how to use this money,” she said. “After buying the food we need I will invest some money to open a small business. In this way, we can gradually regain our autonomy and cover other expenses, like illness when it comes.”

Aissa's experience shows how CTP gives people greater autonomy in their decisions on coping and survival by supplying them with a more fungible resource, which can be exchanged – or saved – for a variety of purposes. The value people place on autonomy and flexibility is often clear in their reported preferences.

- **Individual economic security**

Several field studies have clearly demonstrated that CTP can improve myriad aspects of people's overall economic security – by increasing food security, reducing asset depletion and raising employment levels. The power of cash to deliver multiple economic benefits from a single transfer has been confirmed in the wider evidence base, as well as in the ICRC's own programmes.

A 2005 ODI study in Somalia of one-off, unconditional cash grants of \$50 per household showed that they improved food intake by at least one meal a day, reduced dependence on social support by 90 per cent and even helped revive the credit system.¹⁷ A similar study by Save the Children in Niger in 2014 confirmed CTP's ability to improve the living standards and food security of the poor and very poor by increasing expenditures, incomes, employment and asset protection.¹⁸ The validity of these local findings was confirmed more generally in four major overview studies, which examined a broad range of evidence from around the world.¹⁹

- **Wider economic impact**

These same studies also recognized the importance of the wider impacts of CTP as an economic stimulus. Cash and vouchers can stimulate the local economy and generate valuable multiplier effects across a vulnerable area as money is spent and invested locally. Communities and their leaders may perceive a cash or voucher intervention more positively than an in-kind programme because the impact of the former can be seen to go beyond particular targeted individuals and spread into the wider community of producers, traders and market-sellers.

- **Social impact**

Overview studies of CTP suggest that cash transfers have a positive social impact in two other important ways: by reducing the need to resort to harmful coping mechanisms and by reducing intra-household stress and domestic violence. A timely injection of cash may prevent people from having to resort to selling assets, breaking up the family or offering sexual services. It may also reduce gender-based tension and controlling behaviours within the household.²⁰ There is also evidence that CTP may increase savings – as in Aissa's case, above.

CTP can also improve health and educational outcomes – whether the cash is given conditionally for these objectives or not. A mixed-method study of the largest-ever unconditional cash transfer programme in the Democratic Republic of the Congo, which was for internally displaced people (IDPs), showed a 21 per cent increase in access to health services and a 13 per cent increase in school enrolment, alongside a 34 per cent increase in food security, over two and a half years.²¹

¹⁷ Ali, D. *et al*, *Cash Relief in a Contested Area: Lessons from Somalia*, Humanitarian Practice Network No. 50, ODI, London, 2005.

¹⁸ Fenn, B. *et al*, 'The Role of Unconditional Cash Transfers during a Nutritional Emergency in Maradi Region, Niger: A Pre-Post Intervention Observational Study', in *Public Health Nutrition* 18(2), March 2014, pp. 343–351.

¹⁹ Harvey, P. and Bailey, S., *Cash transfer programming and the humanitarian system*, ODI, London, March 2015; Doocy, S. and Tappis, H., *Cash-based approaches in humanitarian emergencies: A systematic review*, International Initiative for Impact Evaluation, London, April 2016; Pega, F *et al*, *Unconditional cash transfers for assistance in humanitarian disasters: Effect on use of health services and health outcomes in low- and middle-income countries*, The Cochrane Library, Issue 9, September 2015; Lee, J, 'Cash transfers in emergencies', in *Columbia Social Work Review*, Vol. 3, 2012, pp. 21–32.

²⁰ Doocy and Tappis, 2016; Harvey and Bailey, 2015.

²¹ Bonilla, J *et al*, *Humanitarian cash transfers in the Democratic Republic of Congo: Evidence from UNICEF's ARCC II Programme*, American Institutes for Research, May 2017.

In CTP, the quality and availability of health and education services are critical to achieving a wider successful impact in these areas. People can only use their cash to take advantage of health-care and educational benefits if the clinics and schools around them are good enough. There is some evidence that regular CTP can act as a push factor to improve these services, but this cannot be assumed. The ICRC's

The quality and availability of health and education services are critical ... People can only use their cash to take advantage of health-care and educational benefits if the clinics and schools around them are good enough.

experience suggests that, to complement cash or vouchers, improvements in health and educational facilities are best incorporated into overarching projects with multiple components, including service provision, advocacy and knowledge/awareness-raising.

In examining social impact, we also look at dynamics related to gender, disability and age. A summary by the ODI²² of the evidence of the impact of cash transfers on women and girls found there is a positive impact on their well-being and in terms of opportunities, particularly in education and employment. Thus, it highlighted that the productive inputs

of cash can be enhanced by targeting women. However, it also cautioned that simply receiving a cash transfer does not empower women and, because of traditional gender roles, cash transfers can add to the pressures and care burdens on women and girls. More evidence is clearly required to increase understanding of how gender dynamics influence the impact of cash transfers. For the ICRC, gender considerations do play a role in cash transfer programming, as well as in-kind programming. Some of our programmes specifically target women, such as in Iraq, where the ICRC has been supporting female-headed households since 2011 – initially with in-kind assistance and later with cash transfers – helping them meet their basic needs and develop their livelihoods, as well as providing support to cover the administrative costs associated with registration with the social welfare system. In north-eastern Nigeria, the ICRC provides widows with cash transfers to help them develop their livelihoods.

Cash transfer programming allows the additional needs of people with disabilities or elderly people to be taken into consideration, as the amount of cash provided can be adapted to include costs for transportation, assistive devices or medication. This needs to be done systematically. A 2016 paper by CaLP and Handicap International asked the important question: “How can we ensure that people with disabilities are not left behind in cash transfer programming for emergencies?”²³ The ICRC implements specific programmes supporting people with physical impairments in various contexts, such as Afghanistan, Lebanon, Ethiopia and Cambodia. We provide physical rehabilitation services, often accompanied by livelihood support, through cash or in kind. In Ukraine, where the majority of assistance for basic needs is provided through cash transfers, the ICRC identified one village from which most people had fled, leaving only 20 elderly people who did not want to leave their homes. In this case, the ICRC opted to give food and hygiene parcels, rather than cash, because although the people preferred cash in theory, in the end they decided they would not, in practice, be able to access markets to spend the cash. As with gender considerations, more evidence is required to deepen our understanding of how we can address the barriers to inclusion for people with disabilities and elderly people to ensure CTP has a positive impact.

²² <http://www.cashlearning.org/downloads/11374-odi.pdf>

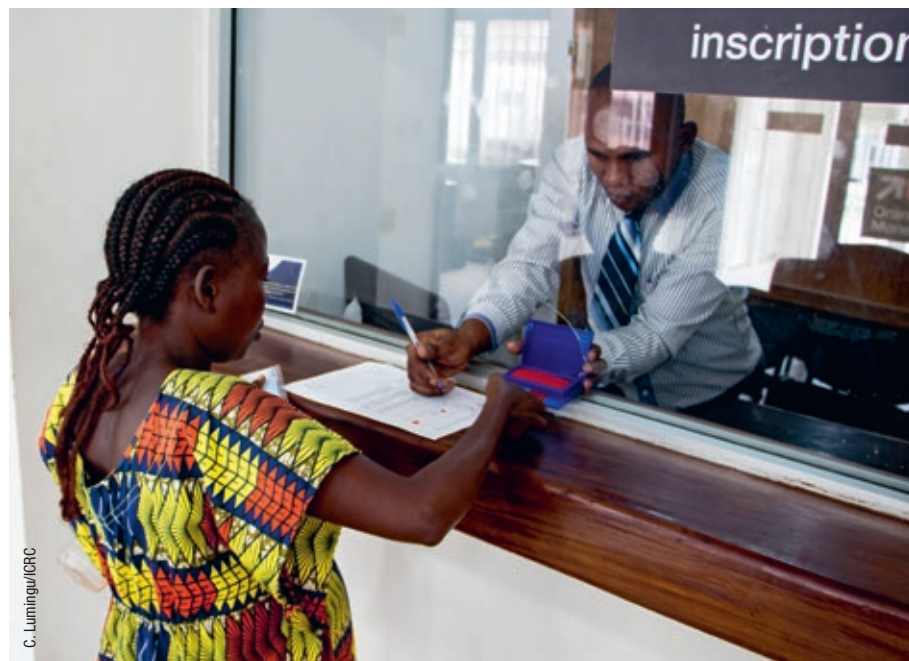
²³ Leduc, M, Cordero, RP, Mercier P and Guastalla, M, ‘As the movement for cash transfer programming advances, how can we ensure that people with disabilities are not left behind in cash transfer programming for emergencies?’ Handicap International, 2016 – <http://www.cashlearning.org/downloads/cash-disability-calp-hi.pdf>

- **Financial inclusion**

Electronic cash transfers can also increase financial inclusion and may gradually reduce the numbers of people in fragile environments who are unbanked and thus excluded from formal financial services.²⁴ Regular cash payments can help people access and better understand formal and informal financial services. Consequently, vulnerable people are likely to be more visible to financial-services providers and more readily included in formal safety-net programmes organized by governments.

Clear links have been established between increased financial inclusion, poverty reduction and economic security. Interestingly, the impact on individual outcomes appears to be more positive when people opt for formal digital-transfer services and bank savings schemes rather than micro-credit schemes, whose impact on poverty reduction has long been contested.²⁵ There is little overall evidence that the micro-finance revolution has reduced poverty dramatically, but it does seem to have helped people cope better with poverty and shocks.

What is clear is that electronic transfer reduces travel and waiting times for people, and formal saving schemes enable better planning and more timely disbursement of payments for things like school fees, medical bills and agricultural inputs.²⁶ Inclusion in a humanitarian cash transfer programme whereby cash is delivered through financial-services providers during armed conflict may be the first step on a pathway to more formal financial inclusion for many people, or it may facilitate a return to banking for those who lost everything in the conflict and have had to start again.



²⁴ El-Zoghbi M *et al*, The Role of Financial Services in Humanitarian Crises, CGAP, SPF and World Bank, Access to Finance Forum, No. 12, April 2017, pp. 17–19.

²⁵ Chowdhury, A, 'Microfinance as a poverty reduction tool: a critical assessment', DESA Working Paper, UN DESA, December 2009.

²⁶ Demirguc-Kunt, A, Klapper L and Singar, D, 'Financial Inclusion and Inclusive Growth: A Review of Recent Empirical Evidence', Policy Research Working Paper 8040, World Bank, April 2017 – <http://documents.worldbank.org/curated/en/403611493134249446/pdf/WPS8040.pdf>

A 2017 study conducted by the ICRC and the British Red Cross in Maiduguri in Nigeria, and Kilifi and the Tana Delta in Kenya, found that, in these contexts, the main issue for people is poverty and not financial exclusion *per se*. So, while access to a wider range of financial services might enhance people's resilience and ability to cope in the face of disaster – for example, by making it easier for them to make and receive payments, send money, access loans and save more effectively – providing such access simply as part of a humanitarian response is, in the absence of regular income, unlikely to be transformative. That is not to say, however, that the link between the two should be underestimated. In Kenya, a recent study found access to the mobile-money system M-Pesa has lifted an estimated 2 per cent of households out of poverty by increasing consumption levels at critical times.²⁷

Therefore, the Movement should, as part of alleviating suffering during humanitarian crises, continue to focus primarily on getting cash to people quickly and effectively – using electronic cash transfers where possible. Financial inclusion should only ever be a sub-objective, especially in countries where financial infrastructure is lacking (e.g. poor network coverage, limited liquidity or scarcity of ATMs/agents). There may be scope for supporting financial inclusion where, for example, assessments show demand for financial services from recipients, there is capacity to support financial inclusion from the Red Cross or financial-services providers, the project timeframe allows engagement or there is scope to work with other organizations with long-term perspectives. So, there are grounds for optimism in the study findings that, even without financial inclusion as a specific objective, some positive impacts on people's ability to access and use financial services can be achieved.

- **Accountability**

Accountability can be looked at through two different lenses: accountability to affected populations (AAP) and accountability to government donors and their wider publics.

“Affected people” are not a monolithic group but rather a collection of individuals of different genders, ages and abilities, and it is incumbent on us to understand fully the fabric of different societies, what factors increase vulnerability and how different groups assess our work. Being accountable to people affected by conflict is a key element of our identity and the essence of the ICRC's operational model, which is based on proximity to affected people. Impartially involving people in decisions that

affect their lives also contributes to the operational relevance and effectiveness of our programmes, and is critical to being accepted by all parties to a conflict.

Giving cash requires humanitarian agencies to accept that affected people have the power to make decisions about their own recovery from crisis.

Cash transfer programming offers clear opportunities to increase accountability because giving cash requires humanitarian agencies to accept that affected people have the power to make decisions about their own recovery from crisis. As highlighted by Aissa's testimony above, cash transfers often

constitute a much more nuanced and specific response to individuals' needs than could be achieved by providing in-kind assistance. This means ensuring that the role that communities play in influencing the design of CTP approaches on the ground must be strengthened.

²⁷ Suri, T and Jack, W, 'The long-run poverty and gender impacts of mobile money', in *Science* Vol. 354 (6317), American Association for the Advancement of Science, New York, 2016.

Cash and vouchers have certain advantages in “last mile” tracking and financial accountability in armed-conflict areas. Tracking end-user allocations is usually done quickly, especially if transfers are able to be made electronically. But tracking delivery is, of course, no measure of outcome and impact. Here, like all other humanitarian tools, the impact of a humanitarian programme using cash transfers needs to be judged against its original objectives and any unexpected consequences – positive or negative – it may have helped cause. The immediate audit trail may be made easier by cash, but the ultimate impact assessment remains as challenging as ever in armed conflicts.

- **Operational flexibility**

Cash gives flexibility not only to hard-pressed people but also to humanitarian organizations. CTP is usually more flexible and more easily adaptable than long, capital-intensive commodity pipelines. The strategic fungibility of cash transfers means they can be used to meet a range of economic-security and other essential needs linked to health, shelter, education and protection.

Working closely with affected people, humanitarian organizations can continuously shape the value, timing and duration of cash disbursements in line with a person’s urgent and longer-term needs. The rudder steering a cash-based operation can be more responsive and CTP can change direction more quickly than a large commodity-based operation. Significant time may be required in the set-up phase but, once established, cash transfers can require fewer physical logistics and human resources (during distribution, for example), and offer a faster response time to meet dynamic instances of need in a volatile context. Maintaining true operational flexibility and a readiness to “switch” back and forth between cash, vouchers, in-kind and services requires retaining a functioning logistics set-up that can be scaled up, if needed.

MANAGING RISKS OF CTP

While CTP has obvious advantages, this does not make it a risk-free option in humanitarian action. The ICRC’s experience shows that cash transfer programming has many benefits but also carries certain risks. These risks are similar, in many ways, to those associated with in-kind assistance, e.g. market interference, unintended use, security, dependency, heightened social tensions from resentment on the part of those not receiving support through CTP. Most of these risks and concerns can be addressed through proper analysis, design, due diligence, control mechanisms and close monitoring.

- **Market interference**

Sudden and inappropriate injections of cash can distort markets by driving up inflation and reducing people’s purchasing power, as well as the purchasing-power parity between groups inside and outside a CTP scheme. To mitigate the risk of cash assistance contributing to inflation, the ICRC conducts solid market analysis and price monitoring, and ensures the transfer value is adjusted regularly. Sometimes a combination of cash and in-kind assistance will be used to mitigate the risk of excess money supply and demand-pull inflation. A summary of the state of evidence in cash transfer programming²⁸ found that concerns that cash injections would cause inflation have not, in general, been realized, though there are exceptions in cases where markets are not well connected and where people purchase similar goods amid limited supply.

28 <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9591.pdf>

- **Unintended use**

The ICRC uses a range of mitigating measures for cash-related risks. For example, to counter the risk of unintended use or people's onward purchase of poor-quality goods, the ICRC may use vouchers, multiple instalments of cash transfers and various verifications. It will also rely on solid needs analysis, proper targeting and coherence between assessed needs and amounts transferred.

The ICRC does not use the term "misuse" when talking about the use of cash transfers, as it implies a certain moral judgement of what is, and is not, "proper" use of cash. Fundamentally, successful outcomes for affected people should be defined by the people themselves – and their view of success might be somewhat different from that of the ICRC. Rather, the ICRC tries to identify "unintended use", which, in our experience, can often be highly creative and extremely positive, justifying once again the transfer of power and initiative to people that is inherent in CTP. For example, in Ukraine, the ICRC supports families of detainees – where those detained were the breadwinner – with cash transfers to help them meet their basic needs, as they have lost their source of income. Recent monitoring showed that nearly half of the families used some of the funds to support the detained relative with essential items, thus helping to reduce the vulnerability of the detainee, which was not originally an expected outcome of the transfer.

A three-country study by Tufts University²⁹ exploring the financial journey of refugees found that many refugees spent some of the cash transfers received on cigarettes – one item of expenditure often considered as "misuse" of cash by donors, humanitarian agencies and the wider public. But cigarettes can be good for making social connections, which are vitally important to refugees on the move. The field researchers commented that men interviewed bought cigarettes not only because they served as something pleasurable to look forward to along a brutal journey but also they were a key way to socialize and elicit important information from strangers. Asking for a cigarette created an excuse to chat and gather important information on routes, patrol guards, food stations, safety issues, etc.

It is clear that any ideas of the risk of unintended use must be considered in tandem with the possibilities of inspired use never imagined by agencies and which bring meaningful outcomes for conflict-affected people. However, unintended use can also bring negative outcomes for people, as explored below.

- **Negative impacts on the protection of individuals**

In some cases, the use of cash transfer programming has the potential to cause or exaggerate existing social tensions within the community or at household level. To mitigate this, the ICRC conducts regular analysis of inter-group tensions and holds separate consultations with men and women to explore their respective needs and preferences. If there are likely to be perceptions of bias or unfairness around a programme that targets individuals, then the ICRC will often complement individual assistance like CTP with other activities – such as water pumps or first-aid training – that explicitly meet communal needs and help defuse social tension around perceptions of winners and losers in humanitarian action.

If cash-in-hand is the most appropriate option, the ICRC will use small amounts and varied routes for distribution. People in some programmes who received cash or vouchers have experienced hostile attitudes and discrimination from shopkeepers – their vouchers or agency cards marking them out as migrants, refugees or people "getting something for nothing" while others have to work for their money. This was

²⁹ <https://sites.tufts.edu/ihs/financial-journey-of-refugees/>

found to be the case for some Syrian refugees in southern Turkey, for example, many of whom also felt the public knowledge of their cash scheme constituted an intrusion into their privacy, which created feelings of guilt in them and jealousy in others.³⁰

In Greece, where assistance changed from in-kind food aid to cash transfers, reports indicated that many families in open camps used the cash to pay for smugglers to bring them to northern Europe in an effort to be reunited with family members or in the hope of asylum. People are obviously free to make their own choices on migration, but cash creates a dilemma in these settings. The decision to use smugglers may work but it may also put people in greater danger. Entering with the help of smugglers involves an illegal border crossing, and those opting to do so may have been misinformed about the prospects of success, only to find themselves sent back and in a worse financial situation than before.

There is some evidence that female-headed households make greater productive investments than male-headed households.³¹ However, when a programme targets households with both women and men present, the ICRC will normally consider the traditional gender and resource-control dynamics within the household when deciding to whom resources should be transferred. This is because disrupting normal dynamics by insisting on giving the cash transfer – or the in-kind assistance – to the woman when, normally, resources are managed by the man could do more harm than good. For example, in Iraq, field teams heard of an increase in divorce rates that was, in part, due to the fact that cash transferred directly to women in households gave them a sense of economic independence, which was, in fact, only short-term. When divorce stems from domestic abuse or gender-based violence, it could be seen as a positive outcome but that is not always the case. It must be understood that introducing new resources into a household or community can change power dynamics both positively and negatively.³²

It must be understood that introducing new resources into a household or community can change power dynamics both positively and negatively.³³

People with disabilities and elderly people also need special consideration. While inclusion concerns should be integrated into the design of any programme, cash transfer programming is a specific case, in that it often relies on people being able to access financial-services providers and markets in order to meet their own needs. Do we know if people with disabilities can use the cash they receive? Are those with physical impairments or limited mobility able to access markets easily? Can those with visual impairments use ATMs? Is information available in Braille or accessible to the hearing-impaired? Do we provide appropriate support to people with intellectual and developmental disabilities to help them make informed decisions and understand risks and implications? Do we ensure that all people have the information they need to give informed and valid consent? If not, we risk excluding people and further compounding vulnerabilities.

Central to the definition of disability is the relationship between the individual with an impairment and environmental and attitudinal factors. Programme design should seek to influence the environment to ensure people are included, taking

³⁰ Armstrong, P and Jacobsen, K, *Addressing Vulnerability? Cash Transfer Programming and Protection Outcomes for Out-of-Camp Syrian Refugees: An Analysis of the Danish Refugee Council's e-Card Programming in Southern Turkey*, Feinstein International Centre, 2015.

³¹ <http://www.cashlearning.org/downloads/11374-odi.pdf>

³² Bobonis, GJ, 'The Impact of Conditional Cash Transfers on Marriage and Divorce', in *Economic Development and Cultural Change*, Vol.59, No.2, January 2011.

³³ *Ibid.*

into consideration social factors and barriers. In many programmes, people rely on caretakers or other family members, or even proxies, to help them access services and assistance. In these cases, the ICRC tries to assess whether this support is in place, and whether valid consent has been obtained from the person themselves for their assistance to be provided via their caretaker or proxy. Without careful dialogue, there is a chance that this process can be abused, which can create further risks for vulnerable or marginalized groups.

- **Security**

High-value cash transfers – like those to support livelihoods or build medium-term accommodation – can expose recipients and humanitarian staff to security risks. Where security is a significant risk, the use of electronic cash transfers or vouchers is encouraged.

On the other hand, cash transfers are sometimes chosen precisely because they reduce particular security risks in certain situations. Cash or vouchers may be less visible than in-kind assistance. This means people can receive and transport cash and/or vouchers discreetly, making them a less visible target for common criminality. The lower visibility of cash compared with in-kind items may also help reduce the stigma some people face when they are visible as “aid recipients”. This is especially true if cash is transferred electronically. The relative absence of warehouses, supply lines and staff is more discreet and reduces physical risks, but it may also relocate risk into the digital realm, where hacking and misuse of personal data, theft and obstruction are real concerns.



A. Mohamed/ICRC

THE POLITICAL ECONOMY OF CONFLICT

Armed conflict and other situations of violence lead to changes in both the formal and informal economic systems in any given country or region. These changes often create what scholars call a “war economy”. In the short term, the consequences of conflict include human casualties and the physical destruction of assets and infrastructure. In the longer term, the effects of protracted conflict on economic systems – including the collapse of public services and food production systems, increased migration, and social and cultural disintegration – can have a significant impact on future development. However, it is important to remember that not everyone “loses” in a conflict. While the brunt of the negative consequences of conflict is borne by civilians, both in terms of casualty rates and disruption to lives and livelihoods, in contexts where the rule of law is weak and corruption is endemic, certain people and groups will benefit from the changes to the economic model brought about by conflict, including the growth of the informal economy.

The introduction of humanitarian aid into an economic system also has an impact. In terms of the pure economic dimension, studies have demonstrated that food aid impacts on the economy at the macro and micro levels, often negatively influencing food prices and local food production. Positive examples of the multiplier effect of cash on markets abound, however, and concerns that larger cash transfer interventions would cause inflation have not been reflected in the evidence from multiple contexts.³⁴ In terms of the political economic dimension, political leaders can influence the way assistance is distributed and used, which, in turn, affects the distribution of wealth and power within society.

Analysing these factors is key to designing appropriate and effective responses to people affected by armed conflict – and to understanding not only their needs but also the wider impact of the conflict on markets, systems and social and political structures, and the longer-term effects that this will have. It will also play an important role in assessing the feasibility of the different response tools and options, including cash and vouchers.

To achieve this depth of understanding, the ICRC needs to be able to access and be close to affected populations. To carry out its mission effectively, therefore, the ICRC needs to have the trust of all States, parties and people involved in a conflict or situation of violence. For the ICRC, access to the most vulnerable people – often in places that others cannot reach – is based on NIIHA: neutral, impartial, independent, humanitarian action.

34. Bailey, S and Pongracz, S, *Humanitarian cash transfers: cost, value for money and economic impact*, ODI, London, July 2015 – <https://www.odi.org/publications/9708-humanitarian-cash-transfers-cost-value-money-economic-impact>



CHAPTER 2

HOW THE ICRC USES CASH TRANSFER PROGRAMMING

The ICRC has developed a particular approach to cash transfer programming over the last few years. At the heart of this approach has been a determination to use cash discerningly, i.e. when it is best for people and not simply because it is technically possible.

NEEDS FIRST

The most important considerations for the ICRC in any humanitarian action are the needs of affected people and the context in which they are living and surviving. A good understanding of needs and context determines the best humanitarian response. Cash transfers will only be chosen as an operational response option if they are judged to be best suited to context and need. The ICRC does not think cash first, problem second. We think needs first and then choose from a range of possible solutions, cash transfers being one of them. We do this formally by applying a response options analysis (ROA).

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This “needs first” principle is important to avoid falling into the trap of looking at every problem as a nail when the only tool you have is a hammer.

This focus on needs first also leads more naturally to a programme designed around outcomes rather than outputs. Proper operational focus means answering the question “what are we trying to achieve?” rather than “how much have we distributed?” Clear outcome targets are best set around food security, livelihood, health, water, shelter, restoring family links and so on, in all of which cash transfers can play an important role. This is very different to setting targets for maximizing cash transfer volumes and coverage. Such targets would measure methods and tools, not results.

CASH IN CONTEXT

The ICRC's experience across a range of different armed conflicts reveals that some contexts are more “cash ready” than others. To be successful, large-scale CTP activities require functioning markets, capable financial-services providers, strong operational partners and a certain level of financial know-how across the target population. The case study below illustrates the importance of context when deciding whether or not to use CTP.

CTP and the myriad famine risks in 2017

The importance of context in determining the most appropriate tool to respond to needs was clearly demonstrated in the ICRC's response to the 2017 food-security crises. The ICRC expanded its operations in Yemen, Somalia, South Sudan and Nigeria. Operations were scaled up in three main areas of humanitarian assistance: health, water and economic security. With cash transfers already well integrated into the ICRC's operations, it was an automatic response to consider cash as an important tool.

The ICRC was already using cash extensively in its economic security programmes in both Nigeria and Somalia. Assessments had identified cash as an effective tool in these contexts because markets were functioning, there were experienced financial-services providers and use of banks and/or mobile money was widespread. The practice of CTP was already well accepted by the authorities, and the ICRC and its partners had well-established systems and efficient and accountable procedures.

In Nigeria, the ICRC implements a number of cash-based assistance activities, mostly in the north-east of the country. Large numbers of displaced people are hosted in areas where markets are functioning and needs mainly relate to food and living conditions. Given the existing use of CTP in its operations in Nigeria, the ICRC and the Nigerian Red Cross Society were able to scale up their cash response in 2017 to reach a total of 175,818 people with Sfr 9.3 million, mainly focusing on relief and livelihood outcomes, such as increased food consumption, food production and income.

In Somalia, the ICRC's use of cash transfers dates back many years. In 2017, its budget was Sfr 14.7 million (direct cost) and it was using CTP to achieve a range of objectives, including: multi-purpose cash grants to improve vulnerable households' food consumption; cash-for-work to improve community infrastructure, e.g. irrigation systems; and conditional cash transfers to enable vulnerable households to start or improve a business and increase their income. Cash was delivered via both mobile money and Hawala agents. The multi-purpose relief grants were significantly scaled up to reduce the risk of famine, and the ICRC, in collaboration with the Somali Red Crescent, reached 584,632 people with cash. At the same time, direct food assistance, which was still judged best for some, reached half a million people that year.

In South Sudan, it was decided that cash transfer programming was not the best approach. Here, the ICRC still delivers more than 50 per cent of its food assistance through air drops. The use of cash or vouchers was challenging for a variety of reasons: the overall market systems for key commodities were weak and not functional in remote areas; prices were highly volatile and had increased drastically over time; financial-services providers with the capacity to distribute cash on a large scale were not available, and the security situation was fragile, meaning the ICRC's access to people was poor and irregular. The ICRC piloted two small voucher schemes in 2017, but CTP was not a component in the scaled-up programme of activities to avert the risk of famine.

In Yemen, ICRC cash interventions remain relatively small. In 2017, the ICRC implemented cash-for-work schemes to restore irrigation canals and community access routes. Some multi-purpose cash grants were provided to vulnerable households and commodity vouchers for fresh bread were also used. Other issues in Yemen that reduce the ICRC's ability to use CTP are: poor market integration; import restrictions and limited availability of key commodities in some local markets; a lack of liquidity in financial-services providers; and poor security. As a result, the bulk of the ICRC's emergency response in 2017 consisted of in-kind assistance in the form of food and non-food items.

Two important lessons can be learnt from these experiences in 2017:

- The importance of context – the feasibility and appropriateness of CTP must always be assessed on the basis of context. Cash or vouchers are not always feasible or the best response option.
- Advance investment in CTP capacity, so-called “cash preparedness” – it was possible to increase the scale of cash transfers quickly in Nigeria and Somalia because the foundations for cash were already well established. The ICRC is now investing globally to ensure that all our operational teams have the knowledge and experience to collect the right information to judge if cash is best and, if it is, to be able to scale up its use of cash programmes quickly.



CASH TRANSFERS FOR BASIC NEEDS

Cash transfers are being used increasingly – by the ICRC and other humanitarian agencies – to meet a variety of basic needs of people in the immediate aftermath of crisis. When markets function, a single transfer of unconditional, unrestricted cash enables people to prioritize their needs as they see fit, whether that be for food, to pay their rent, buy clothes, pay their children’s school fees, cover legal or administrative costs, or pay their mobile-phone bill.

When humanitarian agencies provide cash transfers to cover multiple basic needs, the value of the transfer is calculated based on a “minimum expenditure basket”, which is compiled on the basis of the cost of all of those needs. These types of cash transfers are referred to as multi-purpose cash (MPC), as they have no restrictions on their use and are large enough to support a variety of needs across different sectors. The expectation is that people use the cash to meet their basic needs, but, of course, every person and every family will define their most important needs and priorities differently.

A recent UNHCR review of the evidence around MPC³⁵ found that these unrestricted cash transfers have positive outcomes, and that the bigger the transfer, the bigger its impact. This includes sectors beyond food security and livelihoods, where MPC may meet “cross-sectoral” needs effectively and efficiently. The review also highlighted some limitations to MPC, confirming that protection and “sector-specific” programming remain essential to protect and assist affected people adequately, and that – understandably – MPC cannot tackle systemic issues.

The ICRC uses MPC in various contexts to help affected people meet their basic needs, including in Nigeria, Somalia, Ukraine, Iraq, Jordan, Afghanistan and Myanmar. The ICRC will continue to recommend the use of these unconditional and unrestricted cash transfers for relief responses for basic needs, wherever the context is “cash ready”.

³⁵ Harvey, P and Pavanello, S, *Multi-Purpose Cash and Sectoral Outcomes: A Review of Evidence and Learning*, UNHCR, 2018 – <http://www.unhcr.org/5b28c4157.pdf>

COMBINING CASH WITH OTHER ACTIVITIES

The ICRC's experience also suggests that CTP is seldom a one-stop shop for meeting every need of every person. Typically, we find ourselves using a range of different humanitarian methods to achieve multiple humanitarian objectives. One single tool is seldom sufficient. For example, in some situations, cash or vouchers may be the most appropriate means to achieve one particular objective, like food security, while another means will be most suitable for another equally important goal, like public health.

Even in one small area of a country, a lack of quality seeds in the market might require immediate in-kind assistance as the best way to improve food production, while cash might be most effective to improve food consumption. Either way, the choice of humanitarian tool is always principled, objective-driven and needs-based.

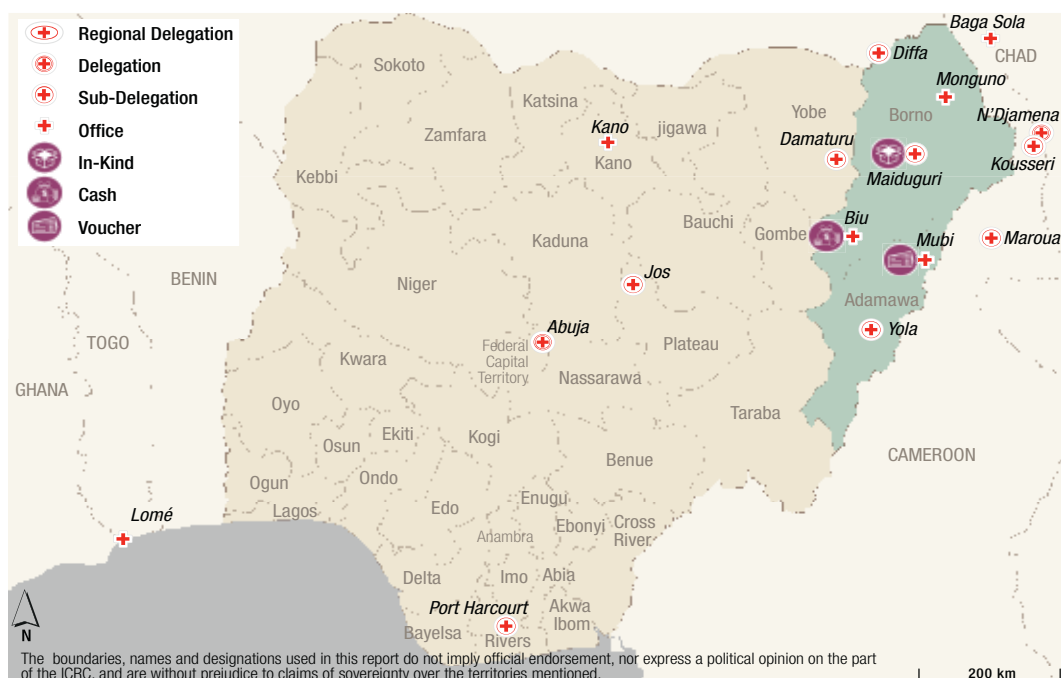
Sometimes, even a single humanitarian objective will require a well-judged mix of different humanitarian activities, of which CTP may be just one part, as the next case study makes clear.

In the ICRC's micro-economic initiatives (MEI), which focus on small-business development and income support, cash transfers are complemented with additional support, like business plan development, business skills training and technical support. This comprehensive form of CTP requires more individual engagement and time per person than simple cash transfers and is used in projects that are customized and more individual in approach.



R. Bantia/ICRC

Nigeria: three tools, one objective



In north-eastern Nigeria, the ICRC used three different tools to achieve the single objective of improving agricultural food production.

In Biu, where the market was functioning and the quality of goods available was adequate, the ICRC provided cash to 3,160 households – reaching a total of 18,960 people. The cash value was calculated based on the agricultural items needed and the necessary quantities for each household, as defined by the ICRC agronomist. This included transportation costs and a 10 per cent contingency for any possible inflation. Distance therefore dictated that households in areas outside Biu received NGN 24,360 and households within Biu received NGN 21,360. Grants were a one-off because the households were able to cover their basic needs during the lean season.

The ICRC worked with Teasy Mobile to transfer the cash via a digital platform. Each household was given a Near Field Communication (NFC) card in advance, which was customized with the householder's name and the amount due. On the day of distribution, people could go to any Teasy cash agent and collect their cash after an electronic verification procedure.

In nearby Muchikia, which comes under the ICRC's Mubi office, the ICRC's agronomist was concerned about the quality of seeds available in the market and so restricted purchases to a certain number of suppliers where quality had been assured. Here, 26,502 households – totalling 159,012 people – were provided with a commodity voucher to the value of NGN 22,000. This enabled people to purchase a range of quality seeds, including sorghum, maize, kaupi, as well as fertilizer. The vouchers were a one-off transfer for the majority of the target population.

In Maiduguri, conditions did not lend themselves to the use of cash or vouchers, so the ICRC provided in-kind assistance for agriculture support. Seeds were supplied for a range of crops, including rice, maize, cow pea and other vegetables. In-kind assistance was selected for two main reasons. First, markets in target areas were not functioning or were only partially functioning, with limited goods and traders who were unable to expand their businesses, even with support. Second, people assisted by the ICRC had limited access to the markets because of security. This assistance was a one-off distribution, although the same households could also receive food assistance from the ICRC during the lean season, if necessary.

MEIs in Port Harcourt: complementing CTP with additional support

In Port Harcourt, the ICRC supports a number of communities through micro-economic initiatives (MEIs). In Prison Waterfront Community, the ICRC identified widows as the most vulnerable group. Sixty widows were identified with the help of community leaders. Through interviews, the ICRC was able to get an idea of their background, number of dependents, source of income, monthly savings and what kind of business they were well placed to develop would like to set up.



Rather than giving cash immediately to start a business, the ICRC team in Port Harcourt offered training in business skills. A cooperative was formed to ensure mutual support within the group. The first training session provided was on cooperative leadership. This was followed by basic financial management, including how to save, budget and keep records.

The ICRC also helped the widows set up bank accounts, which, hitherto, very few of them had. In one group of eight women, only three had savings before the MEI; now, seven of them have. Having a bank account can support longer-term financial inclusion, which, in turn, can help reduce poverty and improve economic security.

The initial transfer of NGN 50,000 was made directly into the women's bank accounts. Many chose to expand existing businesses and some started new ones. These ranged from selling periwinkles, running grocery stalls, selling clothes, tailoring and starting a restaurant.

Initial support was followed with a monitoring visit at six weeks and regular monitoring visits thereafter.

Assessments following the first six months showed a positive impact on the individuals benefitting from the programme and the community as a whole. People noted that they were now able to send their children to school, save money, pay for health services for themselves and for family members, and gain respect in their community.

Following the success of the pilot project in Prison Waterfront Community, the ICRC expanded it to other parts of the city.

Similar MEI projects have had an important effect on people in Lebanon, like Merhej Kamoun, a Syrian refugee whose family came into contact with the ICRC when struggling to cope and facing eviction.

Merhej Kamoun, Lebanon

Referral from Protection to Economic Security, short term CTP support for relief, then livelihood assistance



Merhej Kamoun lives with his wife and one of his children in a collective shelter in Taalabaya, near Zahle, in central Bekaa. His 15-year-old daughter was wounded in Syria and endured several medical interventions to help her recover. His wife has to spend a significant amount of money on treating her diabetes and hypertension. The family was asked to move out of their shelter when their rental support came to an end. They did not know where to go and, at 52, Merhej was having difficulty finding a job, so the family did not have any source of income.

In 2016, the family's case was referred by the ICRC's Protection team to the Economic Security team.

The family was included in the ICRC's relief programme, which, in Lebanon, involves a transfer of multi-purpose cash (MPC) to the most economically vulnerable to help them meet their basic needs. The family received \$250 for six consecutive months through an ATM card system, which enabled them to find new accommodation.

At the end of the six months, the ICRC conducted a monitoring visit. Merhej was considered as a potential candidate for the ICRC's livelihoods programme. He was very interested in the MEI project concept and proposed operating an orange-juice cart. He developed a basic business plan outlining the main information about the planned project, the potential clients, competition and expected revenue. Subsequently, he received a \$2,000 grant and purchased all the required assets himself.

Today, thanks to the success of his business, Merhej is able to cover most of his family's basic needs, including the rental costs of their new home, his wife's medical treatment, as well as food and other utilities. He is already planning to expand his business.

CTP AS A COMPLEMENT TO HEALTH AND WELFARE SERVICES

The multidisciplinary nature of the ICRC's work means that people are assisted by one ICRC team – such as Health – are then referred to the Economic Security team for further support. This helps ensure that people do not drop through the ICRC's humanitarian safety net but find their way to the next point within it – as illustrated in this example from Ukraine.

The following case, from Lebanon, is another good example of the key role of cash transfers in how the ICRC refers people through its various humanitarian services while keeping in close contact with them and enabling their longer-term recovery.

In eastern Ukraine, the ICRC assists civilians who have been injured by shelling or mines in the current conflict, and the families of civilians who have died as a result of such incidents. The ICRC helps them address the costs arising from their injury or the expenses after the death of their loved ones. After individual assessments, and with the consent of the people concerned, the Protection team may document the circumstances of the incident that caused the injury or fatality and use this information in discussions with the relevant authorities regarding the ICRC's concerns about respecting the rights of the civilian population under law. If required, the Health team may provide cash grants to injured people to contribute to their medical costs. If a family breadwinner is killed or injured, the ICRC Economic Security team may also provide cash grants to support the family to cover funeral costs and meet their basic needs in the critical first months after the incident.

Ammar Mahmoud Al Chaar, Lebanon

Ammar, like many other Syrian refugees, came to Lebanon in 2013 to find safety. He was wounded in the violence in Syria and his medical condition prevents him from engaging in any activity that could provide his family with a living. Three out of his six children have thalassaemia, a severe chronic blood disorder that requires constant blood transfusions. The family rely completely on humanitarian assistance, but the \$175 per month Ammar was receiving from the UNHCR was not enough to cover all their needs. As a result, he and his family were evicted from their accommodation and have been living in an unfinished building for months. He had to withdraw his daughters from school and was also unable to cover all their blood-transfusion costs. As a result, the children's health was deteriorating as Ammar's debt was dramatically accumulating.

After Ammar contacted the ICRC Health team in Rafic Hariri University Hospital to follow up on his physical condition, he was hospitalized for a few weeks. The RHUH team immediately referred his case to the ICRC Economic Security team, which conducted a vulnerability assessment. Given the family's high level of need, they met the criteria and were included in the relief assistance programme. For a period of six months, Ammar's family received \$175 from the ICRC via an ATM card to supplement the support from the UNHCR. As a result, the family was able to move into a more suitable house and the daughters were able to undergo blood transfusions more regularly, although the number of transfusions was still not enough to meet their medical needs. Ammar began work as a truck driver – which he used to be – but because of his physical condition, he could only work a few hours at a time. In June 2017, at the end of the six-month period, the ICRC conducted a monitoring visit. Because Ammar's UNHCR assistance had ended and his injuries meant he was unable to work enough hours to provide for his family, the ICRC renewed its cash assistance for another six months to help the family continue to meet their basic needs.



CHAPTER 3

WHEN CASH IS BEST IN CONFLICT

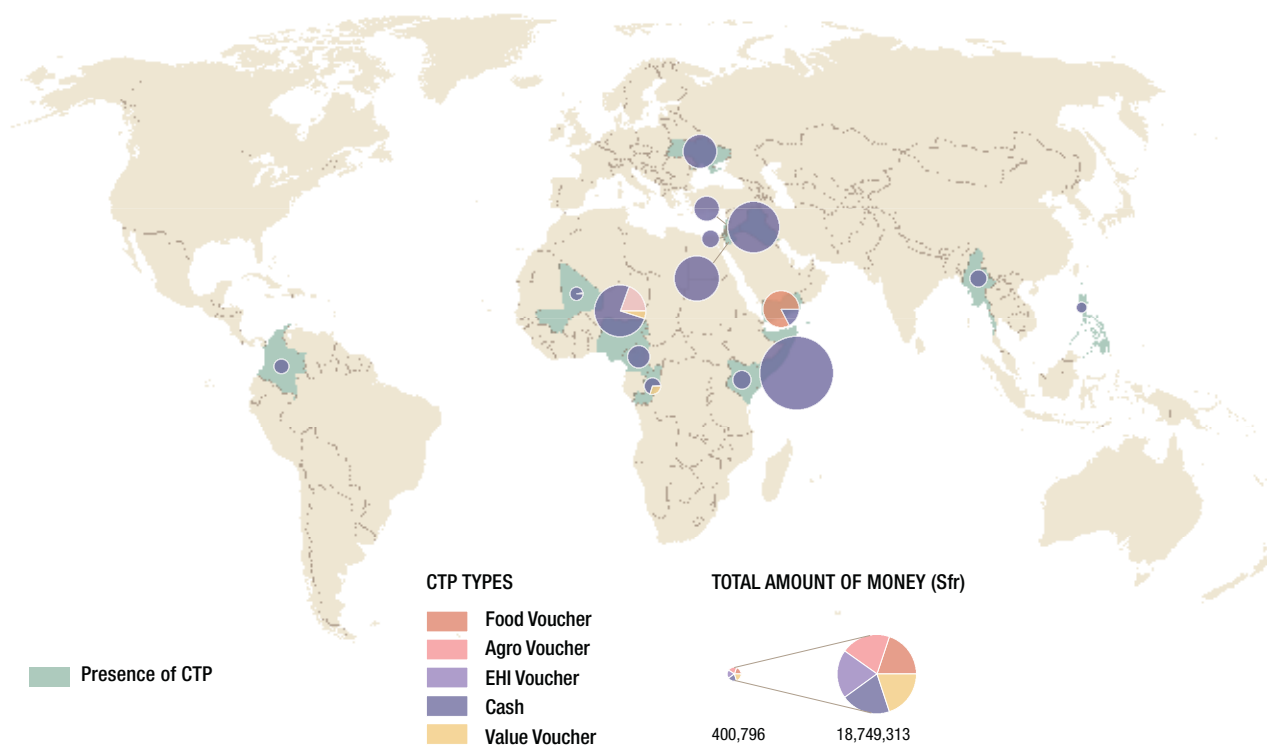
There is clear evidence that cash transfers have become a routine consideration in humanitarian action over the last two years. Most humanitarian staff agree that “the general case for cash is won”, and cash and vouchers are now considered routinely and systematically across a range of humanitarian sectors.³⁶ But it is also clear that there are still real “barriers” to using cash well. These barriers may be related to an organization’s capability to “do” cash well, or the reality that a context or target population are not “cash ready”, in terms of the necessary markets or financial-services infrastructure. In the ICRC’s experience, there are also other reasons why some contexts are not “cash wise” in certain moments of armed conflict. This chapter looks at the advantages and disadvantages of cash as a response option in conflict.

THE RANGE AND VERSATILITY OF CASH TRANSFER PROGRAMMING

The ICRC’s experience suggests that cash is an extremely versatile tool, which can deliver humanitarian results in a wide variety of settings and in combination with a range of other humanitarian activities.

The following map shows the types of CTP used by the ICRC across some of our largest operations, ranging from cash transfers, which are used both for basic needs responses and in support of livelihood development/maintenance/resumption, to vouchers for specific commodities, such as food, agricultural items or household items.

ICRC’s top 15 CTP operations in 2017 by budget and CTP type



The boundaries, names and designations used in this report do not imply official endorsement, nor express a political opinion on the part of the ICRC, and are without prejudice to claims of sovereignty over the territories mentioned.

³⁶ CaLP and Accenture, *The State of the World's Cash Report: Cash Transfer Programming in Humanitarian Aid*, CaLP and Accenture, London, February, 2018, chapter 2.

THE IMPORTANCE OF NON-CASH OPTIONS

But cash is not always best in conflict. The ICRC often works in areas in which others are unable to operate. These may be places where infrastructure or services are very limited, or hard-to-reach areas where the military situation is highly volatile and access to affected people is sporadic. These are not always “cash wise” areas, and the ICRC has sometimes found it best to avoid cash and use other relief commodities instead.

In chapter two, an example from South Sudan was used to illustrate how cash is not necessarily best. In Ukraine, at one point during the armed conflict, the ICRC was the only organization with access to non-government-controlled areas. There were no legally recognized financial-services providers, so the ICRC distributed in-kind assistance, under pressure of time, to respond to the basic needs of the population. In Lebanon, there have been other situations in which the ICRC decided against cash, as explained below.

Lebanon: accessing hard-to-reach areas

In Aarsal, in the north-east of Lebanon, in 2016, the ICRC was one of the few agencies present. Across the rest of the country, all of the ICRC’s economic security objectives were being met through cash distribution, but in Aarsal, cash was more difficult to use. A checkpoint sits between Aarsal on one side of the border and the nearest banking infrastructure on the other. Only women and children are able to cross, and this trip across the border can take up to a day and involve prohibitive transport costs. As a result, the ICRC provides in-kind assistance for people in Aarsal. In the neighbourhood of Wadi Hmeid, meanwhile, there was no ATM, no functioning market and considerable humanitarian needs. Here, again, the ICRC opted for in-kind assistance.

THE NEED FOR SPEED

Sometimes, the urgency of the situation forces the ICRC to adopt in-kind assistance without waiting for efforts invested in making the situation “cash ready” to pay off. In north-east Nigeria, the ICRC provided in-kind assistance to meet urgent needs while, at the same time, establishing the agreements and processes required for cash transfers to be used in the medium term. Likewise, in Cameroon, ICRC started supporting displaced people with food parcels, but as soon as it was able to contract a financial-services provider, it switched to cash transfers, as local markets were stocked with all the essential items that people needed. In Central African Republic, the ICRC often provides one-off emergency food distributions before handing over to another organization for longer-term and often cash-based assistance.

VOLATILITY AND THE NEED FOR FLEXIBILITY

Volatility and a rapid change in conditions are consistent features of conflict, including those that are protracted.³⁷ Conflict intensity can ebb and flow across different parts of a country. Areas that are stable can suddenly become profoundly unstable. Areas of intense fighting can suddenly fall quiet and pass behind a new front line. This means that the factors affecting the design and implementation of humanitarian action may change – both in terms of needs and method. For example, restricted cash transfers may be being implemented in a certain place for livelihood support when a new outbreak of intense conflict changes the level and type of intervention required. Livelihood support changes to the provision of urgent relief assistance, with the strategic objective shifting from food production to food consumption. In a case like this, volatility may well determine the need to move from cash to in-kind – fast.

³⁷ ICRC, *Protracted Conflict and Humanitarian Action: Some Recent ICRC Experiences*, ICRC, Geneva, August 2016, p. 10.

It is essential to retain flexibility and the ability to “switch” from cash to in-kind and vice versa, or to use both in parallel, if appropriate and feasible. In Nigeria, the ICRC had planned to provide multi-purpose cash assistance to support a community. The arrival of another organization, which was able to cover these needs, meant the ICRC then converted its cash budget to in-kind assistance in order to respond to needs further north, where no other actors were present, and communities and conditions were far from “cash ready”.

As already illustrated, in-kind assistance may sometimes be the most suitable means to support people in hard-to-reach areas. In the Philippines, almost all assistance is provided in cash, with the exception of one area, where access is problematic and market infrastructure is interrupted. In this part of the country, the ICRC provides in-kind assistance, which is delivered through the National Society, as a best option in this particular area.

The ICRC aims always to work with those most in need and covers a very wide range of people with very different needs. If goods and services are available, cash or vouchers will allow a more targeted response than in-kind aid ever could. An obvious example is support for people for whom food security is a concern. Typically, the ICRC provides dry-food rations, as these can more easily be procured, stored and transported in bulk than fresh produce. Where markets function, cash transfers then enable people to purchase dry staples, such as rice or cereals, meat, fish, fresh fruit and vegetables, the diversity of which cannot be replicated by dry-food rations. However, not all needs can be met with cash. Particular groups of people – such as detainees, families of the missing or survivors of sexual violence – may need different, non cash-based approaches, like ICRC visits, training and support with legal due process.

The need for speed, flexibility and adaptability of response makes it important that humanitarian donors and policy-makers do not become dogmatic about cash. An insistence on cash transfer programming inevitably pushes humanitarian organizations into “cash wise” contexts, which may not always be the only areas in need or include the people most in need.

HARD-TO-REACH AREAS

Even the ICRC will not have direct access sometimes, because of security concerns and political resistance. A lack of access will require us to work remotely through partners, where possible, and design the best method for doing so. Sometimes, the best tool will be cash, because electronic transfers are working and do not necessarily require continuous physical access by the ICRC. In Somalia – a highly “cash ready” society – mobile money

is used to provide assistance to populations in highly insecure areas where the ICRC and the National Society have limited or sporadic access. For example, female caretakers bringing their children out of their remote communities for treatment for malnutrition in ICRC stabilization centres can be provided with cash to help them meet their basic needs and access health care and other services when they are back in their community. However, just because electronic transfers allow

support to be provided to communities remotely, it does not replace the need for access; field teams still need to conduct assessments to get a true picture of needs and then follow these up with monitoring and evaluation to gauge the impact of the assistance on the communities. So, while cash transfers allow the ICRC to maintain assistance to communities in periods of limited access, eventually access will be needed, and the ICRC will continue to negotiate for unimpeded access to people affected by conflict.

Just because electronic transfers allow support to be provided to communities remotely, it does not replace the need for access.

PRIORITIZING INFRASTRUCTURE AND SERVICES

Continuity of basic services in health, water and sanitation, electricity and education is essential to ensure the dignified survival of people in conditions of conflict and violence. A significant part of the ICRC's work supports the relevant authorities in sustaining these services during crisis and ensuring that people have safe access to them. In Syria, the ICRC has rehabilitated water infrastructure and networks that provide clean water to more than 15 million people, while in Nigeria, support for water-treatment plants in three locations will benefit 1.2 million people. In Afghanistan, we support two hospitals with major investments in training, technical support and equipment. As a result, more than four million people have access to quality health-care services. Smaller-scale activities in rural areas are equally important, such as providing materials and technical training to ensure sustainable water supply and agro-pastoral facilities in the Sahel and Lake Chad regions, or providing infrastructure support and essential equipment to rural health posts in Shan State and Rakhine, in Myanmar.

Cash transfers at the household level can certainly be used to help people pay fees related to accessing health, water, electricity and education, so enabling an element of cost-recovery when fair and feasible. Sometimes, cash-for-work can play a part in rebuilding infrastructure in the form of small-scale repairs, for which unskilled labour is required.

Maintaining resilient infrastructure and services requires strategic investment of multi-year financing alongside long-term partnerships based on high-value technical expertise. This is well beyond the current accepted definition of CTP, which still focuses on funding individuals and not on financing small and medium-sized enterprises (SMEs) or major utilities to run essential services. This commitment to large-scale infrastructure is part of the ICRC's work in the humanitarian-development nexus, which leverages development assets for humanitarian purposes.³⁸ This level of infrastructure requires major funding – in the form of meso or macro-financing – as well as partnership at institutional level with a service provider in order to invest in people, hardware and consumables to sustain effective services.

PROTECTION OF PEOPLE AT RISK

Cash cannot address the violence that affects the level of protection afforded to vulnerable people but it can mitigate the negative physical and economic consequences of armed conflict and violations of international humanitarian law (IHL). For example, in Afghanistan, ICRC Protection teams meet civilians affected by the violence of armed conflict. They document abuse and inform the authorities accordingly, asking them to take appropriate action to end that abuse and provide assistance to the victims. If needs remain unmet, Protection teams refer people in need to colleagues who assess the economic consequences and provide cash transfers to address them by covering funeral costs, medical costs and asset replacement.

Cash cannot address the violence that affects the level of protection afforded to vulnerable people.

³⁸ Guinote, FS, 'A Humanitarian-Development Nexus That Works', ICRC Law and Policy blog, 21 June 2018.



DATA PROTECTION

There are times when data protection concerns mean that electronic cash transfers are not the best type of response, even if all the right financial services are in place. This is particularly common in conflict environments and other sensitive settings, where the choice of financial-services providers is often limited and tends towards control by one particular party to the conflict.³⁹ Sharing people's personal data with a financial-services provider, as required in CTP, could breach transmissibility clauses in the relationship between the ICRC and the individual concerned. These considerations must be factored in when selecting the most appropriate humanitarian means and methods. In Nigeria, the ICRC provides a large proportion of its assistance through cash transfers but, in a recent case, we chose to provide in-kind assistance to a certain group of people because of data protection concerns, even though the necessary financial infrastructure was easily available.

Data protection is a major concern in any humanitarian programming. Cash transfer programming using third-party financial-services providers, such as banks or mobile network providers, to deliver cash to people in need creates complex data flows and additional data protection challenges.

Personal data collected during cash transfer programming operations typically include "Know Your Customer" (KYC) data, such as name, surname, mobile phone number, as well as geolocation/other phone metadata and biometrics. Socio-economic data and information about specific vulnerabilities may also be collected by humanitarian agencies for targeting purposes.

As with any collection of an individual's personal data, there are inherent privacy-related threats and risks. Key concerns relating to data protection and cash arise when working through financial-services providers, who are bound by national legislation. Concerns include:

- *The use of data by authorities for law enforcement purposes, including surveillance and profiling of individuals. For example, KYC data can be used to cross-check people against lists of designated persons established by local authorities, including entities allegedly linked to a conflict or situation of violence. Protection concerns here include people's exclusion from assistance programmes because they appear on certain lists or their location marks them out as hostile to the authorities in some way.*

³⁹ Kuner, C and Marelli, M (eds), *Handbook on Data Protection in Humanitarian Action*, ICRC and Brussels Privacy Hub, Geneva, July 2017 – <https://www.icrc.org/en/publication/handbook-data-protection-humanitarian-action>

- *The use of personal data for commercial purposes, such as service providers offering further targeted services or advertisements to people, or profiling them for credit worthiness. Data may also be used to cross-check people against master lists of people with customer debts, potentially leading to the financial institution directly deducting sums owed from the humanitarian assistance a person is set to receive.*
- *Security risks can arise with the multiplication of sensitive data, which creates additional vulnerability points for unauthorized access. People could then be at risk of being victims of false/misleading information, identity theft or blackmail.*
- *There are also challenges around individual consent in agreements with financial-services providers. Informed consent is ambitious because of the volume and complexity of information that needs to be provided to ensure that people fully appreciate the risks.*

These risks are not limited to individuals. Humanitarian organizations can also face such risks. If data generated by a humanitarian organization are then used for non-humanitarian purposes, whether law enforcement or commercial, the neutrality and independence of humanitarian action could be affected. A humanitarian organization may then be perceived as supporting one party to a conflict by providing data that could lead to security risks for the organization and/or loss of access to the population of concern.

The ICRC has strict guidelines on data protection when contracting financial-services providers. The financial-services provider must agree, among other things, to use the data collected on behalf of the ICRC solely for the purposes of the contract with the ICRC; to notify the ICRC about any request for disclosure of personal data by a law enforcement authority; and to implement all appropriate security measures to protect personal data before processing and transferring the data. This makes data protection assessments an essential part of any decision regarding the means of humanitarian action to be used in a given situation.

BALANCING EFFICIENCY, EFFECTIVENESS AND VALUE FOR MONEY

Cash has the potential to offer major savings in cost and efficiency. This is important at a time of increasing global needs and stretched humanitarian budgets. Evidence suggests that CTP can reduce costs significantly. In 2015, a study of four countries – Ecuador, Niger, Uganda and Yemen – showed that 18 per cent more people could have been helped at no extra cost if everyone had received cash instead of food.⁴⁰ Once the initial financial services are set up and systems are in place, money can be moved quickly to affected people and transfer values can be routinely adapted to price fluctuations or changes in people's needs, so allowing impressive flexibility. The drive for greater efficiency in the humanitarian sector is important, and resources must be maximized to reach as many affected people as possible.

The ICRC is determined to seek out such cost savings and efficiencies but is also aware that these alone are not sufficient to achieve value for money. Obviously, the more resources that reach affected people (and the less that goes towards overheads) the better but, ideally, value for money should be assessed based on the outcome *achieved* by people, not simply the resources *received* by people. Effectiveness counts just as much, therefore, and should be the acid test of savings and efficiencies. In an ideal world, cheapest would always also be best but, in the real world, the best humanitarian action is not always the cheapest, as previously illustrated. This means that value for money (VFM) should not just take account of costs and efficiency but also value to people (VTP) as the outcome of any investment.

⁴⁰ ODI, *Doing Cash Differently: How cash transfers can transform humanitarian aid*, ODI, September 2015 – <https://www.odi.org/publications/9876-cash-transfers-humanitarian-vouchers-aid-emergencies>

Strong pressure to use cash, particularly when based on cost-efficiency calculations, can put humanitarian organizations in difficult situations. If they are expected to set targets on outputs, rather than outcomes, in order to receive financial support, this could lead to programmes being biased towards “cash wise” environments instead of impartial needs-based analyses being carried out. Vulnerable communities in areas where CTP is not feasible could be left out or offered a response option that is not appropriate for them. Focusing instead on needs, outcomes and effectiveness ensures that tools remain a means to an end, not the objective in themselves.

“CASH WISE” RESPONSES

The ICRC's experience makes clear that context, needs and effectiveness must determine the best type of response in armed conflict and violence. Cash transfer programming is a

tool of humanitarian action and not an objective or outcome in itself. The question “why not cash?” is a good one, but only if we are prepared sometimes to hear the answers “it will not work here” or “not now but maybe later” or “for some people but not all people”. Judging a context as “cash ready” is essential in using CTP, but so is the judgement that a context is “cash wise”.

*Judging a context as “cash ready”
is essential in using CTP,
but so is the judgement that
a context is “cash wise”.*

COORDINATION AND CONSOLIDATION OF CTP IN CONFLICT

The coordination of cash transfers across the humanitarian sector has produced significant debate and disagreement – largely around who should lead it. Most humanitarian staff seem to agree that greater coordination would consolidate cash expertise and needs assessment, and so lead to better targeting and greater efficiency and effectiveness.⁴¹ Agreement is more limited, however, on which organization or structure should take the lead role. The same is true at national level so far, with few host States tasking a particular ministry with the role of coordinating cash transfer programming.

The current indecision is understandable because cash is not a single sector to be managed vertically by an obvious lead agency but a humanitarian tool used horizontally to meet a wide variety of humanitarian objectives across all sectors. The ICRC sees particular challenges around coordination in armed conflicts, where humanitarian action needs to remain apart from any efforts to coordinate or control cash transfers by one or more parties to the conflict. As always, the ICRC will liaise with others operating in the same or neighbouring areas, but it will always operate independently and not be coordinated by others.

HUMANITARIAN PRINCIPLES AND THE SINGLE-PROVIDER MODEL

There are also suggestions that cash coordination should go beyond coordination to complete consolidation in a single system of cash provision across all emergencies. This is the so-called single-provider model.

A single-provider model will not work for the ICRC. The principles of neutrality, impartiality and independence are fundamental to the way in which the ICRC operates. The principle of neutrality means the ICRC will not take any sides in hostilities or engage at any time in controversies of a political, racial, religious or ideological nature. Impartiality means responding on the basis of need alone. Ensuring all parties to the conflict understand the ICRC's neutral and independent nature is critical to ensuring the ICRC's access to those affected by conflict. The ICRC simply cannot risk identification

⁴¹ CaLP and Accenture, *The State of the World's Cash Report: Cash Transfer Programming in Humanitarian Aid*, CaLP and Accenture, London, February 2018, chapter 5.

or association with a particular coordination agency or financial provider that may be perceived as one-sided or *parti pris* by various parties to the conflict or the wider civilian population.

This principled approach and the ICRC's inability to follow a single-provider model also has implications for the future of cash transfer programming across the Movement. Deeper consolidation, such as common targeting criteria or common service providers, has also been proposed within the Movement as a way of maximizing expertise and resources. The ICRC is strongly in favour of efforts to exchange information and share lessons learned among organizations in order to improve efficiency and effectiveness. It communicates regularly with other CTP providers on the ground to ensure consistency – on things like the minimum expenditure basket or a common transfer value range – and to avoid duplication in targeting. In certain contexts, the ICRC is able to work through a common platform or service provider with other Movement partners. In Kenya, for example, the Kenya Red Cross Society holds a contract with SafariCom, one of the biggest mobile-money providers in the region. Rather than duplicating efforts by signing a second contract with SafariCom or another provider, ICRC channels funds for affected communities through the Kenya Red Cross Society's contract.

Any further consolidation beyond such coordination would be difficult owing to perception risks and security problems for the ICRC. This is particularly the case in sensitive and insecure environments, where non-State armed groups may be less receptive to certain organizations. Some financial-services providers, for example, may be perceived in a particular way and these perception risks would be a strong factor in the ICRC's decision to opt for a cash or in-kind approach.

Independence of assessment is as important as independence of delivery. Needs assessments and targeting must be conducted by the ICRC itself – often in conjunction with other Movement partners – in order to remain independent. In addition, the ICRC often targets specific groups with needs over and above 'basic needs', such as families of the missing or families of detainees.

In the interests of maintaining its neutral, impartial and independent approach to accessing victims of armed conflict and other situations of violence, the ICRC will continue to work independently but in coordination with other humanitarian agencies, just as it does in the case of in-kind aid. We will also continue to build partnerships that make us more effective.

For effective programming, the decision to use cash or in-kind goes beyond the question of available infrastructure. The sensitivity of the contexts in which the ICRC works, the principled way in which it works, as well as those with whom it works, are all important factors in deciding whether to use cash or not. In many cases, CTP offers myriad advantages for these contexts, including reaching more isolated communities and reducing people's security risks. Always most important, however, is that needs, context, principles and objectives drive programming rather than a single tool or means of programming.



CHAPTER 4

WHAT NEXT FOR THE ICRC'S USE OF CASH TRANSFER PROGRAMMING?

The experience of the ICRC to date, and that of the wider humanitarian sector, has centred on using cash transfers or vouchers for food security and livelihood support. The potential for CTP is much broader than this and the ICRC agrees with CaLP's recommendation that cash can and should be mainstreamed in support of a wider range of humanitarian objectives and activities. The multidisciplinary nature of ICRC action especially lends itself to this approach and, in 2016, a decision was made to increase and broaden the scope of the use of cash transfer programming as an integral and multidisciplinary part of the ICRC's response.

CASH TO SUPPORT PROTECTION OUTCOMES

Cash already works well in our protection work to support the recovery and reintegration of particularly vulnerable people. In Israel and the occupied Palestinian territory, the ICRC provided small cash grants to vulnerable victims of IHL violations to enable them to purchase livelihood assets or undergo business training. In Peru, the ICRC provided cash for urgent food needs and in contribution to house-building costs to people previously held by armed groups. In Jammu and Kashmir, the ICRC implemented a micro-enterprise initiative to support families of detainees and released detainees whose livelihoods had been destroyed or hampered because of detention. Cash is also sometimes used to support the reunification of separated families. In Nigeria, this was the case because distances between the ICRC office and people's home states made in-kind assistance difficult to transport, and markets were limited back in people's village of origin. For many years, the ICRC has provided small cash grants to family members of detainees to cover their travel expenses to places of detention, thus ensuring that vital family contact is maintained. Support provided to families of detainees can also indirectly support the detainees themselves (see chapter 1 for an example from Ukraine).

Cash can play a wider role in enabling community-based protection, too. In Armenia, the ICRC gave cash to at-risk households to enable them to install passive protection measures – like walling up windows – in their homes. Cash has also been used to help people move to safer places. In Mali, people facing an imminent threat to their life and were therefore in a particularly vulnerable situation were given cash to move and settle in a safer area. In Colombia, relocation of people at risk has been supported by the ICRC for decades. However, this is a last-resort option, considering the potential consequences of such a practice. In all our protection work, we now look for more opportunities to use cash wherever it works best.

CASH FOR HEALTH

Cash and vouchers can be effective ways to address financial barriers to health care in contexts where good-quality health-care services are available and accessible. In Ukraine, emergency care is free but there are often associated costs for patients admitted to hospitals. Here, it makes sense for the ICRC to provide cash grants to families of war-wounded to ensure that they can pay for additional health-care costs resulting from war injuries. In Lebanon, which has a highly privatized health system, there is a cost barrier that stops many women from accessing sexual and reproductive health services. This has led to higher rates of maternal and neonatal mortality among both the Syrian refugee population and impoverished host Lebanese families. The ICRC is currently exploring the use of cash transfers to deal with this cost barrier, targeting the most economically vulnerable women facing high-risk pregnancies to increase their access to vital ante-natal and post-natal care.

The quality of available medicines is always a concern for the ICRC in its health programming. Medicines available in local markets may be counterfeit or low quality, so giving people cash to buy them could be harmful and poor value for money. Overcoming this challenge requires further research by the ICRC.



CASH FOR SHELTER, WATER AND ESSENTIAL SERVICES

Shelter is a fast-growing area for cash transfer programming. Cash is proving very effective at helping people with construction, rental and utilities costs, especially in urban areas. In Israel and the occupied territories, cash grants are provided to families whose houses have been destroyed to cover essential expenses and rent. In the Philippines, cash grants enabled the reconstruction of more than 4,000 houses. In Central African Republic, a new project is working with vouchers for shelter materials to help families rebuild after their homes were damaged or destroyed.

In urban areas, the ICRC's focus is very much on ensuring essential services, such as water, electricity and waste-water treatment, remain functioning, by supporting the people, hardware and services on which these complex urban services depend. As explored in chapter three, much of this structural work, by definition, could not even be achieved by cash transfer programming. Increasingly, however, cash transfers are used to help affected people cover their basic needs, and the ICRC's experience in urban areas demonstrates that this often includes helping people pay basic utility costs, so they can heat and power their homes.

BUILDING CAPACITY FOR CASH

Building on the huge increase in CTP over the past decade, the ICRC is committed to increasing its own internal capacity to use cash transfer programming across a wide range of objectives. For example, it has developed formal training courses, e-learning and on-the-job coaching for staff, and built internal Standard Operating Procedures (SOPs) for cash transfer programming detailing the roles and responsibilities therein for both programme and support staff. CTP training targeted at Economic Security staff is widespread, with around 50 per cent of staff trained, while new training targeted at finance and logistics support staff started in 2018. To complement the cash competencies of specialists within the Economic Security Unit, in 2017, the ICRC appointed a new institutional cash specialist, whose role is to lead the mainstreaming of CTP across the organization, providing a common vision and strategy for CTP within the ICRC, as well as on-the-job coaching and technical support to colleagues from different departments, including Health, Protection, Water and Habitat, Finance and Logistics, all of whom are developing the use of CTP in their programmes and activities. Building cash capacity also means adapting to the changing external environment and making the best use of available resources and technologies.

The ICRC is operating in a fast-changing world: digitalization is transforming the way people live, work, interact and find information and solutions to their problems, including in situations of armed conflict and violence. The ICRC needs to both optimize its use of data and new technologies and transform and adapt its operational response to this rapidly changing landscape. This will enable the organization to meet the present and future needs of affected populations – including through new forms of engagement – as well as the expectations of stakeholders. New technologies that can transform responses to conflicts and interaction with affected people are becoming increasingly accessible, and many of these have implications and opportunities for the use of cash and vouchers (big data, social networks/crowdfunding, digital ID/biometrics, digital profiling, block chain, crypto currencies, etc.). As part of its digital transformation, the ICRC will continue to research and develop all these areas to determine the best ways of using them in support of cash transfer programming in armed conflict.

The Movement has the ambition to more than double the scale of its cash responses and, to this end, has invested in building its own capacity through technical discussions and development, and provision of guidance. The first formal Movement guidelines for cash transfer programming were published in 2007 and, since then, extensive work has been done on developing guidelines and good practice, with the latest being the migration of the guidelines to the Movement's Cash in Emergencies Toolkit (CiE),⁴² an interactive online platform containing tools, resources, advice and guidance on cash transfer programming. There is also a Movement Cash Peer Working Group (CPWG), which brings together practitioners from the ICRC, International Federation and 12 National Societies. Its purpose is to establish a central point of discussion and engagement to define, coordinate, provide, advocate for and improve the quality of mainstreamed, appropriate CTP in preparedness for response and in emergency response within the Movement. The CPWG recently developed a "Cash Transfer Programming Strategic Framework" for the Movement, which will be a vital tool to guide the CTP work of all members of the Movement.

One of the key priorities for the Movement is "cash preparedness", i.e. building the capacity of National Societies to be able to use CTP at scale. This is a peer-to-peer approach, where those Movement members with extensive CTP experience support National Societies to be operationally ready to deliver quality, timely and scalable cash transfer programming. This involves key steps such as ensuring leadership "buy in" for CTP, establishing an internal working group on CTP, having clear SOPs for CTP, having trained staff members with experience of assessing the appropriateness and feasibility of a cash response to any given scenario, and having pre-agreements with financial-services providers to enable a CTP response to be quickly scaled up, when this is identified as appropriate.

Being prepared also means being better able to predict the next crisis. Forecast-based financing (FbF)⁴³ developed from a long-standing element in the work of the Climate Centre – which supports the Movement and its partners in reducing the impact of climate change – to promote the mainstreaming of the early-warning action model into Red Cross and Red Crescent disaster management worldwide. It recognizes that there are often forecasts available but no humanitarian organization resourced to act *before* disaster strikes, especially when there is no certainty and therefore a risk of acting in vain. FbF attempts to address this by triggering funds for preparedness

⁴² <http://rcmcash.org/>

⁴³ <https://www.climatecentre.org/programmes-engagement/forecast-based-financing;>
https://www.climatecentre.org/downloads/files/programs/RCCC_FbF%20of%20preparedness%20pager%20V1%20web.pdf

activities before the crisis, giving communities the funds they need to ride out the shock by reinforcing their homes, securing their crops or livestock, or even removing themselves temporarily from the path of the crisis.

FbF has now been used operationally by the Movement in Uganda twice, in Peru and, most recently, in Togo. FbF was jointly endorsed in 2016 by UN OCHA and the International Federation, with the latter including a pledge to facilitate a doubling of FbF within the Movement by 2018. Although originating in relation to climate science, the FbF concept could also be applied in conflict. Better use of data and the development of forecast models for conflict early-warning signs would enable the ICRC and National Societies to trigger preparedness funds in much the same way, giving communities the funds they need to ride out the shock, by securing their assets, perhaps sending vulnerable family members to safe locations or safely displacing in advance with their family members, their important documents and moveable assets, rather than running for their lives and leaving everything behind.

Although it is possible to ensure the ICRC or a National Society in a given country is “cash ready”, it does not always follow that a context or target population are themselves “cash ready”. As explored in chapter three, there are various reasons why cash may not be appropriate within a given country, or a given area, or at a given time. The reality is that, sometimes, “it will not work best here” or “it won’t work now but maybe later” or “it will work for some people but not all people”. Conversely, where cash is appropriate, the ICRC and the wider Movement must exploit their full potential to provide the best response to those affected by conflict and violence.



CHAPTER 5

POLICY RECOMMENDATIONS FOR CASH IN CONFLICT

This report has drawn on the operational experience of the ICRC and studies of various other humanitarian organizations' experience to explore the value of CTP in meeting people's needs in situations of armed conflict. The result is clear: CTP has an essential role to play in humanitarian action and its rapid expansion across the humanitarian sector in recent years is well founded on people's best interests and on a logic of effectiveness and efficiency.




Based on the ICRC experience analysed and presented in this report, six key policy recommendations have been drawn up. We will use these recommendations to guide the development of CTP across the ICRC and we urge others to consider them also when working in armed conflict.

1. **Humanitarian organizations must continue to take account of the specificity of armed conflict as they develop policy on CTP.** It cannot be assumed that policy and practice devised and followed for natural disasters, development activities or post-conflict reconstruction can be automatically applied to CTP as part of humanitarian action in armed conflict.
2. **CTP is a necessary but not sufficient, on its own, response to people's needs in armed conflict and its suitability as the best option for people in a given situation must be considered carefully and strategically.** CTP makes a significant contribution to people's survival and recovery, and can often dignify the process of assistance and have other important multiplier effects – but people may have good reason to prefer other forms of support. These preferences should be respected and explored.
3. **People should be involved in decisions about “cash or in-kind” whenever possible and consulted carefully as conditions change during conflict.** Operational policy-making for CTP must not be overly technocratic or driven by targets for cash coverage. Good policy should be based on whether an area or community is “cash ready” and whether CTP is “cash wise” in a given context, in light of security, protection (including data protection), people's preferences and overall effectiveness.
4. **CTP is usually best applied alongside other forms of humanitarian action and engagement.** Cash does not replace the need for physical access to vulnerable communities and it cannot replace wider efforts to ensure they enjoy protection under relevant laws. It must also be accompanied by significant investment in maintaining and improving essential infrastructure and services in health, water, sanitation and electricity, all of which are also vital to meeting people's needs.
5. **Operational flexibility and a readiness to “switch” back and forth between CTP and other forms of assistance should be retained in armed conflict – especially in protracted conflicts.** Conditions can be highly volatile and unpredictable during armed conflict, which means the relevance of CTP can change fast over time and in relation to place and population.
6. **Principles of impartiality and neutrality must guide the assessment and delivery of CTP throughout situations of armed conflict and be designed into any financial services involved.** CTP must be principled, like any other form of humanitarian action and cannot be made conditional on political considerations or monopolized by financial-services providers affiliated to a particular party to the conflict.

Cash transfer programming is a valuable addition to the operational toolkit of humanitarian action. The ICRC's experience shows that CTP can also play a very important role in armed conflicts by meeting a wide variety of people's needs quickly and effectively. We intend to explore new avenues of need in which CTP can be applied in ICRC programming and will continue to use CTP as one of the key tools in our people-centred humanitarian response.

MISSION

The International Committee of the Red Cross (ICRC) is an impartial, neutral and independent organization whose exclusively humanitarian mission is to protect the lives and dignity of victims of armed conflict and other situations of violence and to provide them with assistance. The ICRC also endeavours to prevent suffering by promoting and strengthening humanitarian law and universal humanitarian principles. Established in 1863, the ICRC is at the origin of the Geneva Conventions and the International Red Cross and Red Crescent Movement. It directs and coordinates the international activities conducted by the Movement in armed conflicts and other situations of violence.

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