

Cash for Hosting

SDC Factsheet

September 2014



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Federal Department of Foreign Affairs FDFA
Swiss Agency for Development and Cooperation SDC

Cash Transfer Programming (CTP)

CTP (also referred to as cash transfers or cash-based response) can be defined as the provision of money or vouchers to individuals or households, either as emergency relief to address basic needs or as recovery support to protect/re-establish economic productive activities. It can be used as part of preparedness, an emergency response or recovery.

CTP can be provided either conditionally or unconditionally. Cash given to beneficiaries without the beneficiary having to do anything specific to receive the transfer are described as *unconditional CTP*. If beneficiaries are required to perform an activity in order to obtain the cash transfer, we speak of *conditional CTP*. Activities can for example include the provision of work (e.g. to create assets or restore public infrastructure), the attendance to health check-ups, school or training, or the hosting of a displaced family. Thus, conditional CTP provides extra leverage to promote desirable behaviour among beneficiaries. These programmes are on the other hand more work intense to implement and monitor.

In comparison to in-kind assistance, CTP is usually considered the more dignified assistance modality as it allows recipients to address their needs according to their own preferences and choice. CTP is in most cases more cost efficient than in-kind assistance and results at outcome level have been encouraging in all sectors of intervention (food security, shelter, livelihood, health, education, etc.). Lastly, CTP can help to revitalize the local economy and trade in crises affected areas.

Cash for Hosting (CfH)

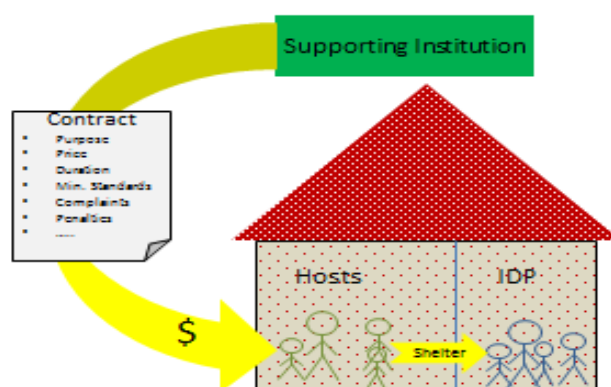
Cash for Hosting is a particular CTP approach that is used to provide temporary shelter to refugees or internally displaced persons (IDPs) in a crises situation. A cash grant is given to the host family as an incentive for hosting and as compensation for the additional costs incurred. The cash is usually given unrestricted, meaning that the host family can spend the money according to their preferences.

The provision of cash is conditional upon the act of hosting, meaning that host families are only supported if they can demonstrate that they are hosting refu-

gee/IDP families. Furthermore, the provided shelter has to fulfil certain minimum standards in regards to space, sanitation facilities and privacy (protection issues). If a shelter does not fulfil the defined standards, part of the cash can be restricted to upgrade the shelter.

SDC's experience with Cash for Hosting

SDC is a pioneer in using the CfH approach to provide temporary shelter in a crisis situation. The first CfH pro-



jects were implemented in response to the Balkan conflict in 1999 and supported host families in Albania, Kosovo, Macedonia and Serbia. CfH was also utilized in Indonesia in 2005 in response to large scale displacement triggered by the tsunami.

SDC's last major CfH intervention was implemented in Northern Lebanon from June 2012 to August 2014. At its peak, the project provided cash assistance to 2,800 host families who hosted 3,500 refugee families (roughly 18,800 individuals) from Syria. Host families received a monthly grant of USD 100 as a contribution to the additional expenses incurred by hosting, plus a livelihood support of USD 100 (later reduced to USD 50) to offset the negative economic impact of the crisis. The payments were made retroactively to ensure that the eligibility criteria of hosting for the past 3 months were fulfilled.

Important elements of CfH

When assessing the appropriateness/adequacy of CfH and planning a CfH intervention, several elements need to be taken into account:

Cultural appropriateness: People cannot be forced to host. Thus, the act of hosting needs to be culturally

anchored and to be considered a natural response to displacement for CfH to be an adequate response. In a context where there is significant tension between the host and displaced community, CfH should not be considered.



Targeting / beneficiary selection: There are two groups of beneficiaries in a CfH intervention – the host family and the displaced family. Transparent and clear beneficiary selection is a precondition for a successful CfH intervention. For the displaced family, their status as refugee or IDP is usually sufficient to qualify as beneficiary. For the host family, who is also the recipient of the cash transfer, more stringent criteria are applied. For example, the CfH project in Lebanon used the following criteria: Hosting at least 2 refugees for the past 3 months; refugee family does not pay rent to the host family; refugee family has free access to water, electricity and bathroom/toilet; and room(s) where the refugees are lodged have lockable doors and sealed windows.

Verification and monitoring: The aim of verification is to ensure that host families fulfil the requirements for upcoming payments, including the minimum standards for the shelter. It further allows monitoring the well-being of displaced families in their environment. In addition, the utilization of the cash transfer is usually monitored (PDM – post distribution monitoring) to determine the impact of the grant on the host family and the community as a whole.

Transfer mechanism: In order to deliver cash safely and efficiently to the recipient, a reliable transfer mechanism is required. SDC has usually utilized financial institutions (banks, post offices, etc.) for the transfer. Nowadays, other technical solutions such as debit cards, cash delivery via mobile phones (virtual money account) are also possible. Generally, SDC tries to avoid direct cash payments (cash or check in the hand), which are considered less safe and more work intense.

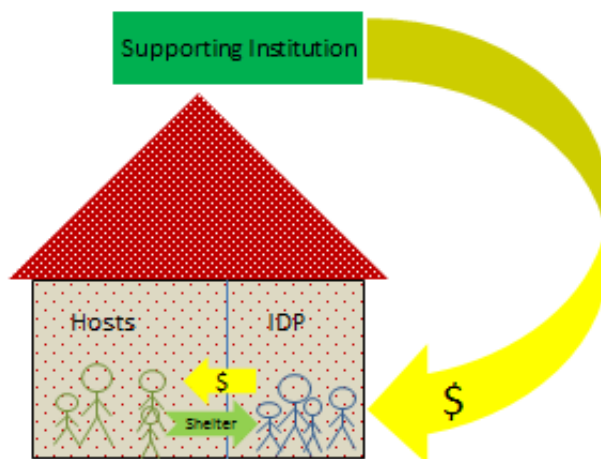
Transfer amount: There are different approaches in determining the transfer amount. A possible basis to determine the amount is the average hosting costs for the host families. The transfer amount can fully or only partially cover the hosting cost, depending on the project objectives. In a response where several actors utilize similar cash approaches, it is important that the transfer amount is harmonized.

Duration: A CfH project should have a clear exit strategy. While it is easier to plan an exit in a natural disaster context, defining an exit strategy in a protracted conflict which continues to produce humanitarian needs is very challenging. The problem with open-ended cash projects is that beneficiaries will do everything to maximize the assistance while at the same time; the transfer is more and more seen as an entitlement, making the project more prone to corruption and more difficult to steer.

In any case a CfH approach needs standardized contract between the supporting institution/programme and the hosting families where all rights and obligations are clearly defined.

Alternatives to CfH – Cash for Rent

In a context, where all major actors are supporting refugee or IDP families, it can be adequate to join the scheme and support the families to be hosted with 'Cash for Rent' (CfR) instead of supporting the host.



In a CfR approach the main contractual relationship is between the IDP- and the host-family, which also can reduce the administrative burden of the supporting institution.

Both, CfH and CfR, have their advantages and disadvantages which must be assessed and weighted thoroughly before choosing the correspondent approach.