

# Cash Transfer Programming

## SDC Factsheet

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### What is 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 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 rehabilitation / reconstruction of shelter. 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.

A further distinction can be made between restricted or unrestricted cash transfers. *Restricted cash transfers* usually refer to vouchers, which can only be redeemed in defined shops for selected food or non-food items or services. *Unrestricted cash transfers* refer to money provided directly to beneficiaries or through bank or mobile services. Unrestricted cash can be spent by recipients according to their needs and preferences.

### Why should SDC engage in CTP?

As one of the first donors, SDC/HA (Humanitarian Aid) recognized the advantages of CTP over in-kind assistance in emergency response. 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, livelihood, resilience, health, education, etc.). Lastly, CTP can help to revitalize the local economy and trade in crises affected areas. At the same time, SDC/HA recognizes that CTP is not always a suitable response option and that a whole range of factors need to be considered before engaging in cash transfer activities, including the functioning of markets and availability of required goods and services in the market, cost efficiency and effectiveness considerations, beneficiary preference, and acceptability by local authorities.

The use of CTP in emergency response has been increasing significantly over the past years, and a number of humanitarian trends (e.g. increasing urbanization and urban disasters, more protracted conflicts, donor pressure for efficiency and value for money, social safety nets in emergency response) will further boost the use of CTP in the future. Thus, it is crucial that the SDC/HA continues its engagement on CTP and further builds its competencies in delivering CTP and providing operational and financial support to its partners.

### Cash transfers and the SDC – looking back

The SDC/HA started to use cash transfers in response to the humanitarian crises in Kosovo in 1999 and was one of the first actors implementing cash projects in humanitarian response. First Cash Projects in the shelter sector were implemented first in Albania and Kosovo and later in Serbia and Macedonia. Despite early criticism that cash was prone to corruption and more likely to be misused, SDC/HA based on its positive cash experiences has been a strong advocate for the use of cash in emergency response, rehabilitation and recovery.

From 2000 to 2014, experts from the SHA Unit implemented 28 CTP direct actions with a total budget of more than CHF 60 million in various countries. The majority of direct actions aimed at providing protective shelter to the beneficiaries through self-help shelter rehabilitation and support to host families, which is why SDC/HA is considered a pioneer in utilizing the cash-based approach in shelter assistance. Other CTP direct actions aimed at strengthening or restoring livelihoods, such as cash for livelihood projects in Sri Lanka, Bangladesh or Mongolia and vouchers for seed in Zimbabwe.

Since 2009, the SDC/HA has supported the UN system through secondments of cash experts from the SHA (Swiss Humanitarian Aid Unit) roster. The aim of these secondments is to assist UN agencies and programmes in institutionalizing

CTP and improving CTP programme quality. To date, Swiss experts have been deployed on 35 cash missions mainly with the World Food Programme (WFP) but also with the UN High Commissioner for Refugees (UNHCR) and the UN Relief and Works Agency for Palestine Refugees (UNRWA).

### **SDC's ongoing cash transfer projects**

Currently, the only ongoing CTP direct action implemented by SDC/HA is the *Cash for Reconstruction and Rehabilitation Project* in Northern Sri Lanka. The project is implemented in partnership with UNHABITAT and uses cash transfers to support families in reconstructing and repairing houses that were partially or fully destroyed during the 2009 conflict. At the end of the project in 2015, around 5,000 houses will have been restored.

In order for a family to be eligible for assistance, their house needs to be partially or fully destroyed, they require clear land and property deeds, their income (including remittances) needs to be below a certain level, and they cannot own a house somewhere else. Cash transfers are provided in five tranches and the payment of each tranche is linked to a pre-defined construction progress. SDC/HA technical officers undertake the monitoring of construction progress to ensure that quality standards are met at each stage of construction. The reconstruction process is owner driven, meaning that the families make their own design, purchase the materials and engage skilled labourers. However, the project team provides technical assistance and training to beneficiaries to ensure that minimum SDC and government quality standards are met.

### **SDC/HA Operational Concept on CTP (2015-2016)**

The **overall goal** of the SDC/HA cash concept is to promote the use of CTP within the SDC and the wider humanitarian system, both in terms of quantity (i.e. more CTP wherever adequate and feasible) and quality (i.e. better assessment, planning, implementation, coordination, monitoring and evaluation of CTP). This overall goal will be pursued through four outcomes:

**Outcome 1:** *Quality CTP is implemented in SDC projects ("direct actions")*

Considering the strategic value of CTP direct actions in terms of visibility, knowledge management and credibility, SDC/HA wants to continue to identify and implement CTP direct actions. The context for cash direct action is not always favourable, especially when CTP is being implemented at scale through a wide range of actors. However, SDC/HA continues to see a role in contexts, where other actors would not necessarily engage, where CTP has not yet been considered as a viable response, and where innovative cash approaches can be tested and promoted.

Furthermore, SDC/HA will explore opportunities for joint projects with Swiss NGOs and SDC Regional Cooperation and Cooperation with Eastern Europe (SDC/RC/EC), and subse-

quently implement joint initiatives (if these prove to be feasible and adequate).

**Outcome 2:** *SDC/HA key partners are capacitated and supported in using CTP in their response*

SDC/HA will continue to strengthen the capacity of selected partners by providing qualified cash secondments. More specifically, SDC/HA wants to continue its partnership with WFP, strengthen the partnership with UNHCR and explore new partnerships with organizations like OCHA, UNICEF, CaLP, World Bank, and Swiss NGOs.

SDC/HA will continue to finance CTP implemented by bilateral and multilateral partners. While SDC/HA will refrain from modality earmarking, it can advocate with its partners at headquarter and country level for SDC funding to be used for CTP.

**Outcome 3:** *SDC/HA's engagement on policy dialogue and advocacy related to CTP is strengthened*

SDC/HA will continue to be an active player on policy dialogue and advocacy related to CTP at both donor and operational level. CTP is challenging the established humanitarian response system because it allows beneficiaries to meet multiple objectives in one intervention, which makes it difficult to fit cash-based responses into existing sector/cluster coordination mechanisms. It is therefore essential that donors work together to pressure established agencies towards a more harmonized and coordinated way of delivering their cash-based response (i.e. multi-purpose cash). Therefore, SDC/HA would like to promote donor coordination on CTP and support the establishment of an effective donor coordination body.

Furthermore, SDC/HA will further strengthen the partnership with CaLP by providing continued financial support during 2015-2016, and intensifying collaboration on cash trainings, research and selected thematic areas.

**Outcome 4:** *SDC/HA's organizational knowledge and capacity on CTP is strengthened (internal mainstreaming)*

SDC/HA will intensify efforts to enhance knowledge and build capacity of SHA members and SDC/HA programmatic staff on CTP through formal CTP trainings at HQ and field level, integrating CTP components in other thematic trainings (e.g. construction or rapid response), participation of field staff in CaLP trainings. At the same time, SDC/HA will be more proactive in communicating CTP content and lessons learned and in providing informal training within the organization through a variety of channels, e.g. H-Info, H-Seminar, quarterly newsletters, brown-bag lunches, and thematic division meetings.

SDC/HA will strengthen the internal dialogue on the links between CTP and other thematic areas, such as DRR, WASH, protection, and gender. It will also intensify the dialogue with SDC/ Regional Cooperation / Cooperation on Eastern Europe / Global Topics on CTP as a tool for recovery and development (resilience, livelihoods, safety nets, etc.).