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SDC Experience with Cash- Based Humanitarian Projects

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A little history ...

- In the late 1990s, SDC pioneered cash-based projects in its humanitarian response in the Balkans
- Cash-based projects: Beneficiaries receive cash rather than in-kind support in the shape of food, shelter etc.
- Today, SDC uses cash-based programming in a variety of humanitarian contexts, during the early recovery and reconstruction phases after a disaster.
- Humanitarian contexts nearly always (at least temporarily) fragile contexts: Pakistan, Haiti, Sri Lanka (Jaffna), Bangladesh, Zimbabwe ...



Cash projects – an innovative form of humanitarian aid

- Cash projects are a form of humanitarian aid in which victims of conflicts or natural disasters receive cash instead of conventional forms of aid such as food, shelter or other essential goods.
- They receive money as cash in hand, as a payment to an account, or as vouchers which they can use at local markets to cover their needs.
- Cash payments or vouchers can be tied to specific conditions concerning use or behaviour, for example, participation in specific training courses.



Some project examples

- **Cash for Shelter / for Host Families:** Families who accept refugees or internally displaced persons into their homes receive (retroactive) cash payments to off-set the cost of having made accommodation available and diminish pressure on victims.
- **Cash for the Most Vulnerable:** People in need receive cash in order to be able to obtain the basic necessities to survive in an economic emergency situation (e.g. winter assistance).
- **Cash for Work:** Local helpers are paid, for example, to clear rubble, improve road conditions, or carry out repairs to infrastructure (only one small SDC project in Haiti so far).



(cont.)

- **Cash for Repair and Reconstruction:** Victims of natural disasters or conflicts receive cash to repair or rebuild their houses.
- **Cash for Livelihood:** Victims of natural disasters or conflicts receive cash to rebuild the bases of their livelihoods, for example, by replacing their livestock.
- **Voucher for Seeds:** Selected households receive vouchers which they can exchange for seeds.
- **Cash for Loan:** Small enterprises receive cash in the form of loans which they later repay to the relevant local authorities which in turn have agreed to use the money for social projects.



Some facts and figures

- 1999: First “Cash for Shelter (Host families)” and “Cash for Reconstruction” projects in the Balkans
- 30: Around 30 cash projects have been implemented by SDC since then
- Europe → Asia: While earlier cash projects concentrated on Eastern Europe, the bulk of cash projects now take place Asia
- CHF 1 Mio: Indicative financial threshold for a cash project
- CHF 17.5 Mio: Largest cash project in a consortium with UN-Habitat, EU and AusAid („Cash for Reconstruction Sri Lanka)



Why cash-based projects?

- Innovative, efficient and non-bureaucratic way of helping people help themselves - provided there are functioning local markets and reasonably secure financial channels.
- Enable victims to deal with their current situation and shape their future.
- Strengthen local economies instead of competing with them.
- Usually more cost-effective because there is no cost attached to transport, storage and distribution.
- SDC experience shows that beneficiaries use the money responsibly.



Impact of cash-projects on the private sector

- Baseline: All cash projects have a direct impact on the local economy / private sector; they go one step beyond local procurement
- Projects are implemented with local financial institutions, often with reduced tariffs for transaction costs → inclusion of poor people in financial markets
- Cash projects can be targeted to the private sector (Cash for Loan, Czechia; cash for microfinance sector)
- Cash for „Livelihood“ projects foster private sector development (example Bangladesh)
- „Cash“ is a powerful catalyst for change (example Voucher for Seeds, Zimbabwe)



Critical issues ?

- **Conflict sensitivity:** Manage beneficiary selection criteria and communication about project carefully.
- **Beneficiary selection:** Define clear criteria, invest sufficient time in verification of beneficiary list and complaint mechanisms.
- **Market distortions:** Past SDC projects were too insignificant in volume to lead to market distortions.
- **Outcome monitoring:** Given the short-term time horizon of humanitarian interventions, project outcomes in a longer perspective have to-date not been monitored systematically.
- **Lack of continuum-thinking with regard to Cash projects:** link with medium to long-term development activities not (yet) made



The future of cash-projects

- Assess utility of cash-based responses in emergency phases
- Reflect on how to achieve optimal linkages between humanitarian (short-term) cash-based interventions and long-term development
- Explore medium to long-term / development dimension of cash-based programming
- Explore linkages between cash projects and insurance schemes (example Harita project)



Thank you for your attention – let's discuss !