

DFID Policy Response on ***Cash-Based Approaches in Humanitarian Emergencies: A Systematic Review***

DFID recently published a systematic review on [‘Cash based approaches in Humanitarian Emergencies’¹](#). A summary of the findings and the implications for DFID are set out in this policy response.

In the lead up to the World humanitarian Summit in May 2016, there has been a general call for an increased use of cash transfers in humanitarian action (from the present low level of 6% of humanitarian aid²). This puts greater scrutiny on the sufficiency and strength of the existing evidence on cash transfers. In this context, DFID commissioned a systematic review to *rigorously assess and synthesise evidence on the effects of cash-based approaches on individual and household outcomes in humanitarian emergencies*.

What the evidence says

The systematic review finds that **cash appears as a valid modality to address people’s needs, that can be more cost effective and cost efficient than other forms of transfer, when appropriate to the context and well designed**.

The study identified a small number of robust impact studies (5), which is unsurprising given the challenges of conducting this kind of research in humanitarian crises. However, the review identified many more studies (100+) that look at factors that facilitate or hinder achievement of humanitarian outcomes in different contexts. Despite the limitations of the existing evidence base, some clear messages emerge.

Among the review’s findings, DFID’s policy team highlighted the following as being particularly useful in informing programming approaches:

- Robust impact studies (4 captured food security outcome indicators) indicate that cash transfers can **prevent deterioration of household food security** within the context of food insecurity crises and drought and can **improve it** among conflict-affected populations. In particular, unconditional cash transfers were more effective than in-kind food assistance for increasing dietary diversity and quality, while in-kind food assistance had a greater impact on per capita daily caloric intake than cash transfers;
- Cash transfers appear **more cost-efficient** than in-kind transfers: in Yemen,³ the cost per beneficiary was US\$58.84 for in-kind food and

¹http://www.3ieimpact.org/media/filer_public/2016/05/19/sr28-qa-sr-report-cash-based-approaches.pdf

² ODI, CGD (2015) *Doing cash Differently, How cash transfers can transform humanitarian aid, Report of the High Level Panel on Humanitarian Cash Transfers* <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9828.pdf>

³ Schwab, B., Margolies, A., Hodinott, J. (2013) *Impact Evaluation of Cash and Food Transfers for the Seasonal Emergency Safety Net in Hajjah and Ibb Governorates, Yemen Endline Report*.

US\$52.04 for a cash transfer, for the same intended objective. In Ecuador⁴, the cost per beneficiary was US\$25.93 for in-kind food assistance and US \$14.77 for a cash transfer.

- Cash transfers have a **lower administrative cost per dollar value provided to a beneficiary** than vouchers or in-kind food aid. The review noted that the administrative cost per dollar equivalent of food transferred was approximately double that of cash transferred in Yemen⁵ and quadruple that of cash transferred in Zimbabwe⁶.
- **Cash can be more cost-effective:** There was limited evidence on cost-effectiveness. However, one robust study compared cost-effectiveness of different transfer modalities to improve food security of Colombian refugees in urban Ecuador. It found that in-kind assistance was the most costly means of improving food security outcomes, while cash and vouchers had similar cost-effectiveness.
- Cash-based approaches can have **positive economic multiplier effects**. In Malawi⁷, for example cash transfers generated more than \$2 of indirect market benefits for the local economy for each \$1 provided to beneficiaries. In Lebanon (Lehmann, 2014), each dollar of cash assistance spent by a recipient household generated \$2.13 of GDP for the Lebanese economy.
- **Cash does not entail more risks than other forms of delivery of humanitarian aid.** While any form of humanitarian aid is subject to risks of diversion to armed groups, corruption, theft and fraud, relatively few studies reported any security incidents during implementation of cash-based approaches. In many settings, implementing agencies identified precautionary measures to ensure staff and beneficiary security for successful programme implementation.

These findings complement the conclusions of the independent **High Level Panel on Humanitarian Cash** (2015) funded by DFID. The panel concluded that the *'in most contexts, humanitarian cash transfers can be provided to people safely, efficiently and accountably'* and that *'giving aid directly in the form of cash is often a highly effective way to reduce suffering and to make limited humanitarian aid budgets go further.... Cash transfers (being) among the most well-researched and rigorously-evaluated humanitarian tools of the last decade,'* the panel found the evidence 'compelling'.

Policy implications for DFID

Combined with the results from the High Level Panel on Humanitarian Cash, the findings from the systematic review give greater confidence to **confirm**

⁴ Hidrobo M., Hoddinott, J., Margolies, A., Moreira, V., Peterman, A. (2012). *Impact Evaluation of Cash, Food Vouchers and Food Transfers Among Columbian Refugees and Poor Ecuadorians in Carchi and Sucumbíos.*

⁵ Schwab et al. (2013)

⁶ Kardan, A., MacAuslan, I., Marimo, N. (2010). Zimbabwe's Emergency Cash Transfer (ZECT) programme evaluation.

⁷ Davies, S. (2007). Making the Most of It: A Regional Multiplier Approach to Estimating the Impact of Cash Transfers on the Market.

and inform DFID policy direction: investing and promoting the scale up of humanitarian cash transfers, so that in a context of rising humanitarian needs, **the diverse needs of disaster affected people are met in the most appropriate way, through the most cost-effective and efficient mechanisms, so that no one is left behind.** In particular, where appropriate, the findings support the promotion of unconditional multi-sector⁸ cash transfers that allow affected people to prioritise their own needs.

Ways forward

The systematic review indicated a need for an improved quality and more comparable approaches within primary research and evaluations of humanitarian action in order to further develop the global evidence base. For example, the limitations encountered by the review indicate a need for standardised approaches to documenting and comparing both costs and benefits of cash-transfer, voucher and in-kind programmes. These findings are informing DFID contributions and calls within the Grand Bargain⁹ and World Humanitarian Summit, to ensure that planning, monitoring and evaluation, reporting and research compare transfer modalities. This shall inform the choice of the most appropriate ways of addressing needs in a given context.

Also the systematic review noted that robust evidence on the effects of cash transfers is strongest for food security. This calls for further investment in robust evidence on the effects of cash transfers for other sectors. This observation is driving DFID's investment in evidence, in conjunction with other on-going initiatives: for example DFID is funding a research on the effects of cash and voucher transfers in nutritional emergencies.

⁸ Unconditional and unrestricted cash transfer designed to meet a range of basic needs. Unconditional cash transfers can be designed to meet a specific need (food, sanitation, shelter etc.), whereas multi-sector transfers are intended to cover a range of needs.

⁹ The High Level Panel on Humanitarian Financing (HLP) was tasked by the UN Secretary-General to find solutions to the widening gap between humanitarian needs and the available resources. Amongst its recommendations, the Panel called for a Grand Bargain between donors and agencies to improve efficiency and effectiveness.