

# Cash-transfers for long-term resilience in conflict affected contexts

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## Question

*What does the evidence say about the ability of cash transfers to build longer term resilience in conflict contexts, including whether there any comparison around different modalities for promoting resilience (e.g. cash verses vouchers/in-kind, conditional verses unconditional, targeted verses untargeted in conflict contexts)? Please note any evidence in particular that applies to women and girls and accessing the most vulnerable.*

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## 1. Introduction

The term resilience was brought into use by social science disciplines as a counter to discourse on vulnerability (Panter-Brick, 2014). Reducing vulnerability in post-conflict contexts at the household level broadly translates into securing food and livelihoods. This is what this report focuses on. In disaster risk discourse the following definition of resilience is used: the capacity of a community to adapt to hazards by changing to maintain an acceptable level of functioning (UNISDR, 2004). This emphasises securing food and livelihoods in a way that is resistant to

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disturbance or having systems in place to support needs that are threatened. Some literature was also found which applies the concept to political resilience and peacebuilding which is included.

Expert contributors agree that humanitarian cash transfers by their nature tend to be part of short-term programmes which are not evaluated beyond the life of the programme. Most of the evidence on different transfer modality focuses on the short-term. Cash tends to be favoured over food by recipients, it is generally more cost effective and has the potential to be invested for longer-term resilience. A UNICEF evaluation which assessed impacts of a cash transfer programme one-year on found benefits were not sustained for the most marginalised (Erba, forthcoming). Combining emergency assistance with longer-term social protection is a useful way forward. Programmes which provide transfers with other mechanisms for support with regards to future employment and investment have seen some success.

## 2. Choosing between modalities

Bailey and Pongracz (2015) look at the effectiveness of humanitarian cash transfers and note the difficulty in tracing from donation to beneficiary. Evidence comparing cash transfer modalities generally focuses on the short-term impacts. Venton et al (2015) propose that cash has the potential to support the resilience of households to manage shocks but go on to say that this is a hypothesis to be tested rather than a finding of their study on cost-effectiveness of cash transfers in emergencies.

Experimental research comparing modalities in Ecuador, Uganda, Niger and Yemen finds the relative effectiveness depends on contextual factors (Hodinott et al 2013). The levels of food insecurity and the number of buyers and sellers in the markets for staple foods must be taken into account. Improved nutrition could be thought to improve resilience. Cash and vouchers improved dietary diversity more than food transfers in three of the countries studied. However, in Niger, food improved nutritional diversity more than cash. Food was relatively more effective in increasing calories in two of the countries studied. The researchers found considerable cost differences in delivering cash versus food.

A review of transfers in humanitarian settings reports that most studies have found cash to be more cost-effective than food aid at improving diet quality (Bailey, 2013). Cash was found to be most efficient in Lebanon (Pongracz, 2015). A randomised evaluation comparing food and cash transfers in Niger found food transfers led to increased food consumption and diet quality (Hodinott et al, 2014). Those receiving cash spent money on agricultural inputs which may be better for longer-term resilience. Food was 15% more expensive to implement.

Aker (2013) compared cash and voucher schemes in the Democratic Republic of Congo. No difference was found in food security, household coping strategies or asset ownership. However, households given cash saved a portion of their transfer which suggests more use for longer-term resilience. The research emphasises that access to markets for goods and services is a necessary precondition for cash-transfer programs to succeed.

UNHCR advocate a move towards cash or vouchers over food transfers as they can be used to access a wide range of needs (UNHCR, 2012). It is noted that cash is a stronger tool in urban settings where market and banking systems already exist. Cash is also said to be more dignified and empowering. And the multiplier effect is noted. Bailey and Pongracz (2015) highlight that from a welfare perspective, cash is preferable as people are making choices to meet their own

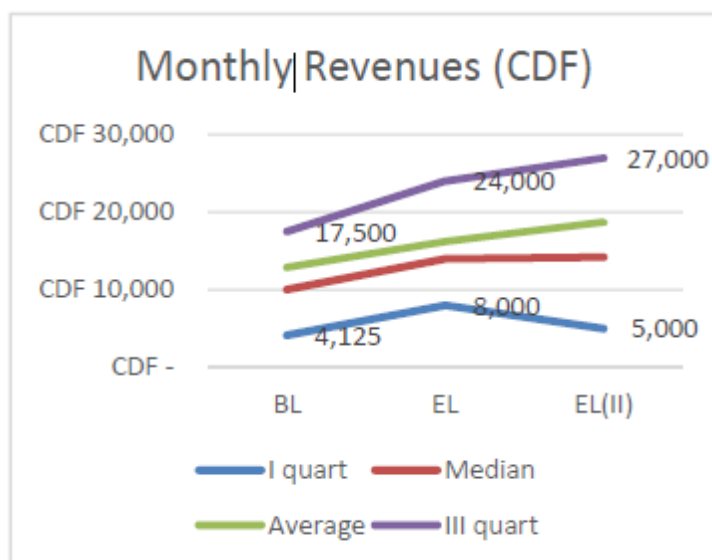
needs. They also note that delivery approach may have more effect on efficiency than which modality is used.

Flexibility in modality was found to be effective in a large, closely coordinated assistance programme in the Democratic Republic of Congo (DRC) which was able to determine the most appropriate approach context by context (Bailey, 2014). The overall efficiency of cash as compared with other transfers depends on the prices of commodities that recipients purchase in local markets, which can vary significantly, even within countries, over time and between seasons (Venton et al., 2015). An earlier GSDRC review on social assistance modalities finds transfer appropriateness to be context specific (Pozarny, 2016). Other key findings are that cash transfers are generally the least costly, and the provision of cash requires well-functioning local food markets.

### 3. Thinking longer-term

UNICEF carried out an evaluation of a cash transfer programme in the DRC one-year on to investigate longer-term impacts (Erba, forthcoming). Households were surveyed using the same questionnaire as a year earlier. Most well-being scores were maintained or improved. The Food Consumption Score, however, had declined. The most vulnerable beneficiaries had lost welfare gains suggesting a longer-term social protection mechanism may be required. For example, the most vulnerable 25% reported an increase on the UNICEF vulnerability index from 3.06 to 3.36. The researchers caution against basing decisions on self-reported data. Households may overstate hardship in the hopes of gaining more assistance. Gains in livelihoods were seen for all but the bottom quartile of beneficiaries (see figure below).

Figure 1: Monthly revenue trends



There was a slight drop in savings compared to post-assistance levels but an improvement compared to pre-assistance levels.

Evaluation in the DRC found that food consumption changes are not continued once the transfers finish but those consulted felt their situation was better than prior to assistance (Bailey, 2014). Recipients had used time saved by not having to gather resources to put towards

productive future activities including planting small fields. A quarter of those surveyed had used some of their food as seed potentially building longer-term resilience. Evidence from different contexts shows that cash transfers increase beneficiaries' savings, investment in livestock and agriculture (Bastagli et al, 2016). Increased school enrolment is noted as a long-term effect of a winter cash programme to Syrian refugees in Lebanon (Lehman and Masterson, 2014).

Harvey and Holmes (2007) look at the potential for long-term cash transfers to form part of social protection in unstable situations. They suggest a move to longer-term funding enables aid agencies to plan more strategically and invest more effectively. Affected populations benefit from predictability.

A programme called Building Resilience in Central Somalia (BRCiS) tries to balance the need for immediate humanitarian assistance with the need to build long-term local capacity (CaLP, accessed 2016). BRCiS supported local solutions for procurement of goods. BRCiS approach to resilience is based on the idea that recipients know best what they need and are building their own future, they do not believe in using in-kind transfers. Vulnerable groups are targeted. Anecdotal evidence suggests the programme is showing some success in improving food consumption scores. The scheme involves cash for work, safety nets and cash transfers as part of empowering activities including Women Self Help Groups. Published evidence on this project is not available.

One drawback to consider is that the long-term effects of cash transfers include the risk of undermining microfinance institutions which are an important mechanism for resilience (Harvey, 2007).

## 4. Economic impacts

Cash transfers have an economic impact. This is discussed in the short-term but economic impacts are often felt longer-term. Price changes caused by an influx of food aid tend to be temporary. Cash transfers have a multiplier effect (Bailey and Pongracz, 2015) which improve economic stability supporting longer-term resilience. Cash transfers increase liquidity so that recipients can repay debts (ibid.) which supports long-term resilience. The literature tends to agree that cash transfers have not been found to affect inflation. Benefits of cash spread more widely than in-kind or vouchers. From transfers in the DRC, Bailey (2014) noted the injection of cash into the economy as an important impact. Food vouchers resulted in sales for more than 500 traders who were then able to spend on household needs, school fees, metal sheeting for roofs, small parcels of land, debt repayment, dowry, and investment in businesses. These are longer-term benefits for these traders but may not be spread as widely as cash transfers. Others noticed an increase in the circulation of dollars in the zone.

A voucher scheme in Gaza had economic impacts specific to the dairy industry (Creti, 2011). Dairy factories increased turnover. Long-term impact of the voucher scheme in the dairy market was predicted as liquidity allowed for making productive investments. Some new customers are likely to continue to purchase their products. Food consumption and dietary diversity improved and there was no inflationary pressure.

An earlier GSDRC review on the economic impacts of humanitarian aid finds little evidence that humanitarian aid leads to inflation (Idris, 2016). Other findings include: cash assistance has been found to have a multiplier effect, data on a multiplier effect for in-kind assistance is limited, often larger traders benefit more, in-kind assistance can negatively affect local markets. Economic

impacts of humanitarian aid depend greatly on context and market analysis is critical when deciding which modality to use.

## 5. Impacts of transfers on conflict

Evaluation of a large conditional cash transfer programme in the Philippines found a reduction in conflict-related incidents in the programme area (Crost et al, 2016). The programme consisted of cash transfers made to households on the condition that they satisfy basic health and education requirements. The programme also reduced insurgent influence in treated villages. The authors suggest that weakening insurgent influence is likely to have more beneficial long-term effects than programmes reducing insurgents' incentives to commit acts of violence as this does not affect their influence.

Blattman and Annan (2015) evaluate a programme of agricultural training, capital inputs, and counselling for Liberian ex-fighters. Increasing agricultural productivity and capital was found to reduce the amount of time spent on illicit resource extraction. But keeping men away from these activities all together required a future incentive, conditional cash transfer.

Wilibald (2006) looks at the use of cash transfers for disarmament, demobilisation and reintegration (DDR) from a theoretical perspective. He theorises that on the one hand cash allows flexible use, empowers recipients and is cost-effective. However, there is the danger that money is used for anti-social uses, disadvantages women and generates corruption and security risks. Women may be less able to retain control of cash than alternatives, such as food. There is the possibility of fuelling illicit arms markets and causing community resentment. Little evidence was found in this work that ex-combatants misuse money. Some community resentment was found to have occurred in West African countries. Overall, empirical findings suggest that providing cash transfers does contribute positively to DDR.

## 6. Women and most marginalised

Transfer schemes use targeting to reach women and the most marginalised. For example, a voucher programme in the Gaza Strip provided assistance if households were large, below a threshold of earnings, and the main breadwinner had been out of work (Creti, 2011). Major concerns were raised regarding the time and resources taken for targeting.

Targeting in the DRC was found to be challenging (Bailey, 2014). Households were surveyed on their displacement status, food consumption score, social vulnerability category (eg. widow) and non-food possessions. Some households were missed which was thought to be due to time pressure that survey agents were under.

More on targeting in different contexts is available in the literature but was beyond the scope of this report.

## 7. Transfers as part of a broader programme

Lessons could be drawn from the area of nutrition in contexts not affected by conflict. The graduation model in Bangladesh looks at social protection longer-term (Hashemi and Aude de Montesquiou, 2011). This model uses targeting to provide consumption support. Recipients then make regular formal savings. Programme staff discuss livelihood options with recipients and

corresponding assets which can be transferred. Recipients receive regular monitoring and coaching from programme staff. The idea is to graduate from extreme poverty to sustainable livelihoods. Ahmed et al. (2015) conducted transfer modality research in Bangladesh comparing the impacts of receiving cash only, food only, food and behaviour change communication (BCC), cash and food, cash and BCC. Cash and BCC had an overwhelmingly larger effect on children's height deficit reduction.

FAO uses cash transfers, and voucher schemes, as well as various combinations of cash and in-kind assistance ('CASH+'), depending on specific needs and context (ODI & FAO, 2016). FAO's flexible CASH+ interventions combine transfers of cash and productive in-kind assets with the objective of boosting the livelihoods and productive capacities of poor and vulnerable households. Technical training is also provided.

A Cash for Work programme run by People In Need (PIN) helps Syrians who have lost their livelihoods. Recipients are provided with tools and allocated work such as street cleaning, repairing roads, rehabilitating drains, and restoring water pipes. No formal evaluations were identified but anecdotal evidence is positive (PIN, 2016).

An employment programme aimed at conflict affected young adults in northern Uganda invited grant proposals from groups for vocational training and business start-up (Blattman et al., 2013). After four years, half of the recipients practiced a skilled trade. There were not impacts on social cohesion, anti-social behaviour, or protest. Impacts were found to be similar by gender.

Combining long-term social protection and emergency transfers seems to be a logical way forward. Linking transfers to already established social protection programmes provides opportunity to better link short- and long-term assistance (Harvey and Bailey, 2015). The FAO discuss cash-based programming that is risk-informed and shock-responsive (FAO, 2016). The idea is to build social protection systems that can respond to threats and crises. Cash should be integrated into preparedness and contingency planning. The FAO have developed a tool for resilience measurement 'the Resilience Index Measurement and Analysis (RIMA)'. The FAO conducted resilience analysis in South Sudan which highlighted gender differences such as female headed households being more sensitive to shocks and having less access to basic services (FAO, 2015). This suggests a need for policies to aim at increasing asset endowment and access to credit for female household heads.

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