



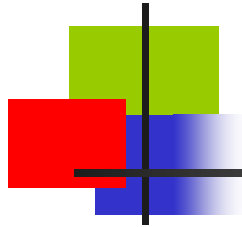
**Save the Children**



## Cash responses to food insecurity and poverty: addressing short and long-term needs



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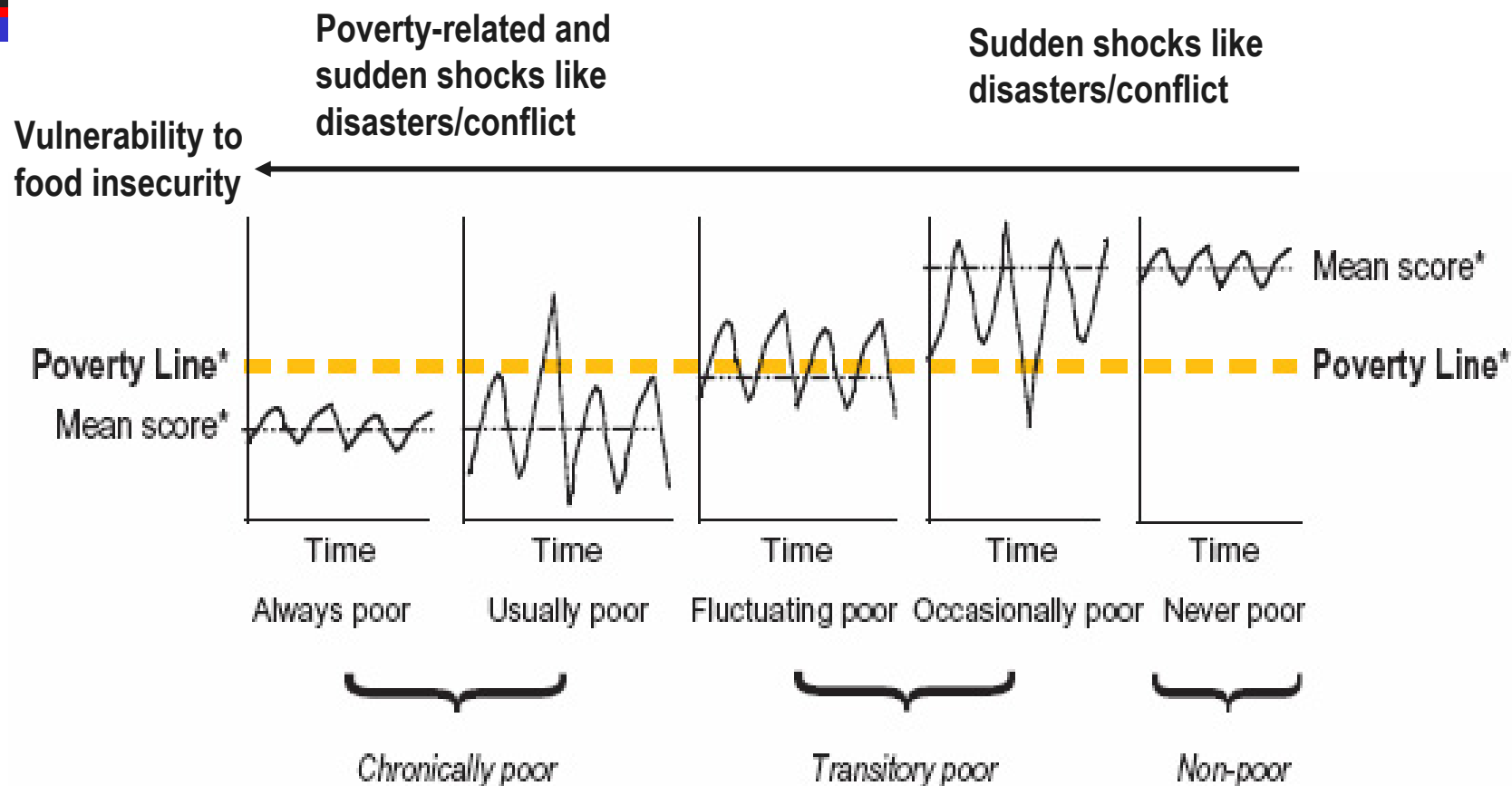


# Overview

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- Continuum of poverty, food insecurity and vulnerability
- Use of cash as a response
- Why use cash in emergencies? Examples
- Why is social protection important?
- Why use cash as a component? Examples
- Some programming issues
- Conclusions

# Poverty/food insecurity continuum



\*Depending on data availability, poverty could be assessed in terms of household expenditure, income, consumption, a poverty index or scale, nutritional status, or an assessment of assets.



# Use of cash

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- Explosion in recent years – range of contexts
- Emergency contexts
  - Natural disasters and complex emergencies
  - Fast onset, slow onset and chronic
  - Relief and recovery
  - Includes: cash grants, cash for work, vouchers
  - For: basic needs, market recovery, livelihoods
  - Type varies according to the nature of the problem and objective of intervention



# Use of cash cont.

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## Developmental contexts

- Response to chronic poverty and vulnerability
- Social or cash transfers, often part of broader social protection program
- Expansion from developed and middle-income to low-income countries
- Conditional transfers, unconditional transfers, and public works
- Includes pensions, child benefits, disability benefits, cash transfers to % poorest



# Why use cash in emergencies?

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## **Principles:**

- Choice
- Empowerment
- Dignity

## **Practically:**

- Cost effectiveness
- Flexibility
- Multiplier effects / economic recovery
- Avoids disincentive effects

**BUT can be disadvantages too**

**Case-by-case evaluation is important**



# Sri Lanka Cash Pilot (WFP/Oxfam/IFPRI)

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## **Food Expenditure / diet**

- Cash → increased dietary diversity compared to food
- Final Kcal intake similar for both (above 2,100 kcal pppd)

## **Non-food expenditure**

- Cash beneficiaries increased expenditure on essential items
- Increased alcohol expenditure for both; but less for cash

## **Cost efficiency**

- Cash at least 5% cheaper to implement depending on how food delivery cost calculated

## **Other**

- 92% males and 84% females agreed equal family access to cash
- 10% more joint decision making in cash households



# Horn Relief Somalia (Oxfam)

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- Lower & Middle Juba & Gedo: food aid-dominated context
- Oxfam part of consortium – 8 month drought response project
- 16,158 households received \$2,864,284 via experienced local financial institutions
- Use of clan system positively

## **Expenditure & diet**

- Food items, debt repayment and clothes purchased
- Increased dietary diversity & meal frequency
- New groups accessing credit

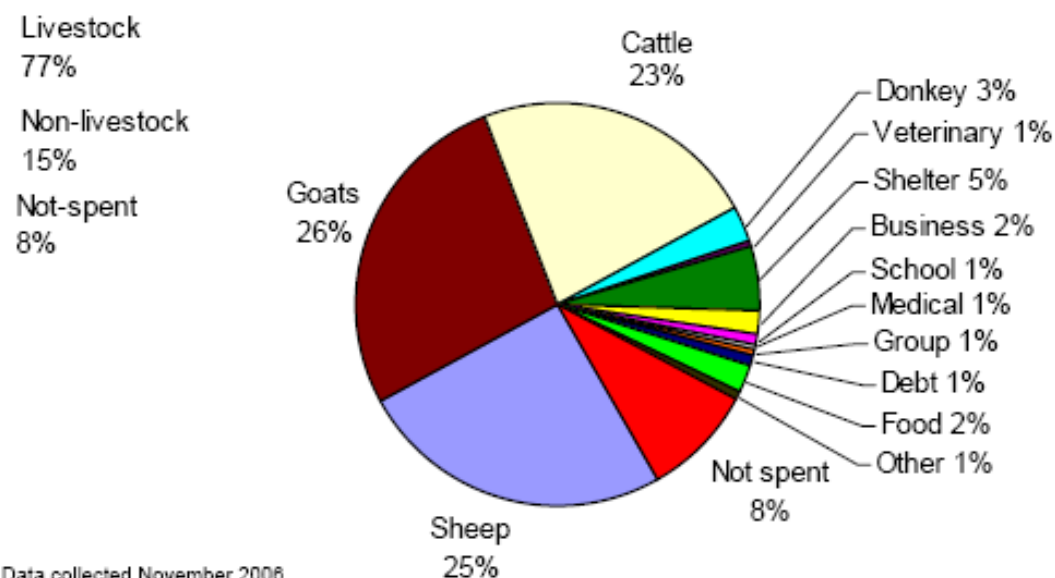
## **Cost efficiency**

- 65% budget directly in the hands of the beneficiaries
- WFP food ration is 17% more expensive than equivalent cash



# Kenya Cash-for-Restocking (Save the Children)

Figure 9.1: Beneficiary investments in  
Merti and Sericho Divisions  
(Sample size 589 households)



Data collected November 2006  
(2 months after the cash distribution)

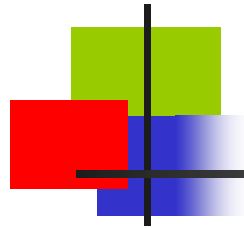


ability, but some inflation

# Market-Led Livelihoods Recovery, Kashmir (SC and Oxfam)



- Cash grants to facilitate recovery of 5,100 households
  - Cash to support 375 traders re-establish business
  - Markets not seen as “exogenous”
  - Diverse use of grants: livestock, sewing machines, road-building
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- Peer support via workshops helped minimise misuse



## Vouchers, Zimbabwe (Oxfam)

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- Emergency programme responding to immediate needs of persons displaced during Operation “Murambatsvina”
- Project targeted 2,000 HHs in Harare and Bulawayo (new project currently reaching 5,800)
- Vouchers used to provide a supplementary food basket (included maize meal, beans, peanut butter and oil)
- Use of super markets or retail outlets close to people (beneficiaries should not incur additional transport costs if possible)
- Some beneficiaries made agreements with shopkeepers to purchase soap.



# Why social protection?

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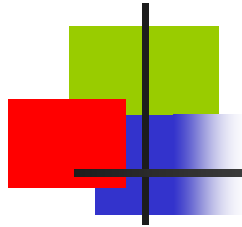
- **Fundamental right**
- **Important poverty reduction strategy**
  - Other responses not reaching very poorest / most vulnerable
  - Increasing inequalities within countries
  - Important alongside economic growth agenda
  - Important for LRRD – addressing underlying chronic poverty
- **Crucial for:**
  - Protecting the extremely poor (reducing income poverty and improving well-being)
  - Prevent livelihood deterioration (reducing vulnerability and protecting from shocks)
  - Promoting and transforming livelihoods



# Why cash within social protection?

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- Many of the principles / practical advantages the same
- Substantial evidence of the success of programs
- Proven impact on:
  - Meeting immediate consumption needs, especially food
  - Improvements also in diversity of food → key for improving child nutrition
  - Health and education spending, even where services are free (indirect costs)
  - Investment, particularly with larger, predictable transfers → strengthening livelihoods and coping capacity
- Little evidence of misuse of cash transfers



# Cash Pilot, Kalomo, Zambia

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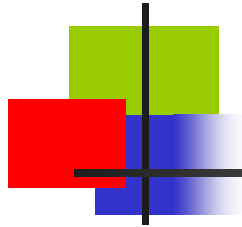
**Heavily supported by GTZ, implemented through Government of Zambia. Scheme delivers 30–40,000 Kwacha (\$6–8) /HH/month to 1,027 destitute households (unable to work, food poor) in 1 rural district (with plans to scale up) - the poorest 10% (analysis based)**

## **Cash transfers for reaching the poorest**

- Reduced absenteeism - households can buy soap, uniforms
- Economic impacts:
  - 29% of transfer spent on **livestock and agricultural inputs**
  - **multiplier effects** - 81% of grain purchased was from neighbours, local shops and markets
  - lifting households of extreme poverty and food insecurity

## **Making it work**

- Working with **Rural Banks** to deliver money to beneficiaries in a challenging environment - encourages banks to reach remote areas



# Child Support Grant, South Africa

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**South Africa's Child Support Grant transfers 180 Rand for each child under 14 living in households below a certain income**

## **Cash transfers for reaching the poorest**

- Recognised to be very important socially and economically within South Africa's social security system

## **Making it work**

- **Scaled up gradually** - started young (under 7, could have been 3 or 5), increased age of eligibility over time - now costs \$1bn
- **Access**
  - a mother being present in household increases the chances that they will access the grant for their children - particular problem for children living as heads of household after the death of a carer



# Lesotho Old Age Pension

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**Government-funded national social welfare programme, established in 2004. Delivers 150 Maloti (\$25)/ person/month to 69,000 citizens over 70**

## **Cash transfers for reaching the poorest**

- Large and diverse impact of transfer: spending on basic consumption, services and social obligations for older people and dependants, even income generation (eg making vaseline)
- Other social consequences: “People now respect me.”

## **Making it work**

- Pension (& child support grant) show benefits of simple targeting by age - and increasing coverage by lowering age of eligibility
- Political choice (1.4% of GDP and 7% of government expenditure) despite the resistance of IFIs





## Issues - impact at micro level

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- Misuse of cash
- Corruption
- Cash versus other options
- Gender impact of cash
- Impact on local economy
- “Crowding out” of local support mechanisms



# Program design issues

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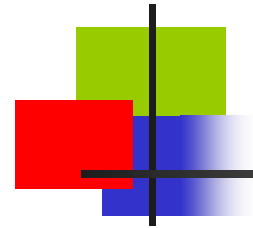
- Targeting
- Conditionality
- Appropriate channels for payments
- Amount of transfer & elements of package
- Aligning mechanisms with objectives
- Scale



## Issues at national level

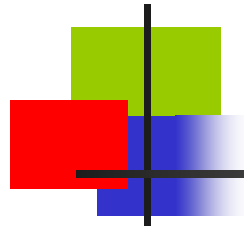
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- Political will of government
- Citizen demand and participation
- Management, administration and sustainability
- Roles of different stakeholders
- Financing, fiscal space
- Coordination between ministries or others delivering transfers



# Fitting it together

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# Fitting it together

	Needs	Causes
Transient problem	Emergency Response	Disaster Risk Reduction
Chronic problem	Social Protection	Livelihoods Development

Diagram illustrating the relationship between Transient and Chronic problems, categorized by Needs and Causes, with interconnecting arrows.

**Transient problem:**

- Needs: Emergency Response
- Causes: Disaster Risk Reduction

**Chronic problem:**

- Needs: Social Protection
- Causes: Livelihoods Development

Interconnecting arrows (blue double-headed arrows) show relationships between:

- Emergency Response and Disaster Risk Reduction (horizontal)
- Social Protection and Livelihoods Development (horizontal)
- Emergency Response and Social Protection (vertical)
- Disaster Risk Reduction and Livelihoods Development (vertical)
- Emergency Response and Livelihoods Development (diagonal)
- Social Protection and Disaster Risk Reduction (diagonal)



# Conclusions

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- Ensuring that responses are appropriate requires:
  - Good investment in analysis of needs and response options
  - Willingness and ability of donors/government to finance a diverse range of interventions
  - Engaging with LRRD agenda (e.g. links between responding to needs and causes of the chronic and transient problems)