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Come on, donors, be courageous!

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The Current Column

of 23 May 2016

Come on, donors, be courageous! Cash transfers offer potential for increasing self-determination and efficiency in emergency and transitional aid provision

Bonn, 23 May 2016. The first World Humanitarian Summit will take place in Istanbul on 23 and 24 May. At the invitation of United Nations Secretary-General Ban Ki-moon, 5,000 representatives of governments, humanitarian organisations, research institutions and commercial enterprises will join victims of humanitarian crises for the event. Focusing on five areas of action, the summit will pave the way for putting into practice the comprehensive commitments made last year, such as the 2030 Agenda for Sustainable Development or the Paris Agreement concluded at the United Nations Climate Change Conference. These action areas concern the dignity, security and resilience of individuals in need, as well as new partnerships and innovative financing instruments for the more efficient use of scarce resources.

Cash-based interventions could play a key role in emergency aid and transitional assistance provision for three of these areas, namely for respecting the dignity of those in need, for helping them develop resilience, and for developing an efficient new instrument. These payments, which are made directly to people in crisis situations and include cash transfers and vouchers, are increasingly replacing food aid and benefits in kind. Key development actors such as the World Bank and the Food and Agriculture Organization of the United Nations are also seeking to use the World Humanitarian Summit as an opportunity to appeal to the international community to make greater use of this instrument.

Cash-based interventions are also used as part of the humanitarian aid delivered by the German Federal Foreign Office and the transitional assistance provided by the German Federal Ministry for Economic Cooperation and Development. One prominent example is the Cash for Work initiative for refugees in the countries bordering Syria. However, such payments only account for an estimated six per cent of global humanitarian aid, a tiny proportion of the overall amount. Generally speaking, payment types range from cash transfers to parents in return for ensuring that their children regularly attend school to remuneration for short-term work assignments and unconditional payments. These payments take the form of cash to be spent freely or vouchers to be used for specified goods only.

Positive experience has already been gained with this instrument in a wide range of countries, including fragile states. For cash-based aid to be effective, there must be markets on which people can acquire the things they need and measures must be taken to en-

sure that transfers can be made securely. Recipients themselves determine what they use the money for, be it to buy food or pay for their children's education or doctor's appointments. By making their own decisions on how to spend the cash, they can take more control of their own lives than is possible when receiving benefits in kind. At the same time, they are strengthened in the short and medium term, as they can choose how much of the money to spend, how much to invest and how much to save. Cash payments also frequently yield better results than food aid in cost-benefit analyses. And there is no evidence that cash is used more regularly and to a greater extent for the 'wrong' purposes, such as to purchase alcohol, than food supplies, which can be sold on to others.

The initiative for more cash-based interventions fits in with other trends towards an emancipated concept of development cooperation and humanitarian aid. The Sustainable Development Goals agreed in 2015 provide the strategic framework for international cooperation between now and 2030, and apply to all countries around the world. By requiring all heads of state to provide accountability to the international community, they introduce more flexibility into the process of defining what constitutes a donor or a recipient. The focus is more on peer-to-peer dialogue and cooperation.

The World Humanitarian Summit emphasises the dignity of people in need and will give them visibility and a voice in the opening plenary debate alongside the United Nations Secretary-General, heads of state and other high-profile representatives. At project level, cash-based approaches provide an opportunity to recognise people's right to determine their own lives.

So what is there to stop us stepping up our efforts to promote more of these approaches, thereby strengthening an emancipated understanding of emergency aid and transitional assistance? Among other things, there is resistance within donor organisations. The main benefit of the instrument in allowing recipients to decide what they need also requires that implementing organisations give up a certain amount of control over what their aid is used for. There can also be a blurring of sectoral lines within development cooperation if, for example, cash that was intended for food security purposes is used to pay for children to attend school. Donors should be more courageous and trust recipients' decision-making ability. Let us hope that the participants at the World Humanitarian Summit capitalise on existing momentum to drive this process forward.