

Cash transfers for food security in fragile settings

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As the proportion of undernourished people is rising and food insecurity is increasingly concentrated in fragile settings, cash transfer interventions are growing at an unprecedented scale. They are also considered as one of the more effective tools to realise food security. While the interactions between cash transfers and food security on one hand, and between food security and fragility on the other, have been extensively documented, clear understanding and overview of the triad relationship between cash transfers, food security and fragility – henceforth referred to as ‘triad relationship’ – is still lacking.¹

This short-read provides key insights from the first exploratory research into this triad relationship, including a quick scan of available literature, reviews and impact evaluations of existing cash transfer programmes, and further informed by interviews² with practitioners. Although preliminary findings suggest that cash transfers can indeed be an effective tool to realise food security in fragile settings, the effectiveness and suitability of such interventions depends on their ability to adjust to contextual and local factors. These factors include among others functioning and accessible local markets and the alignment with existing social protection programmes. Shock responsiveness (i.e. the ability to adjust your modality based on the specific manifestation of fragility) is a determinant factor in defining the effectiveness of cash transfers in the realisation of food security.

Box 1. Defining the concepts

To understand the triad relationship between cash transfers, food security and fragility, it is of utmost importance to clearly define the concepts central to this investigation.

Cash Transfers are forms of social protection that individuals and households receive, either for emergency relief or as recovery support to build strong livelihoods and resilience. The most [common modalities for cash transfers in fragile settings](#) are: unconditional cash transfers, conditional cash transfers, vouchers and cash for work.

Food security is not only defined based on dietary intake, i.e. the availability of sufficient, affordable food. Rather, a range of factors affect food security at multiple levels. The [FAO notes that](#) “food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life”. The present analysis uses this FAO definition as a starting point, and focuses on the [four dimensions](#) that are included in the definition (food availability, food access, food utilisation, and food stability)

Fragility is a broad and contested concept, yet overall, it is understood in terms of [lack of security and/or institutional capacity](#). When these conditions persist for a long period of time, it likely erodes state legitimacy and public confidence. By focusing on ‘fragile settings’, this research looks beyond the state-centric approach. Thus capturing the fact that fragility can occur in relatively small areas that are not dependent on the nature and boundaries of states. Especially in settings where fragility directly or indirectly impacts food security of people the triad relationship becomes visible.

¹ See *Box 1* for definitions of cash transfers, food security and fragility

² Interviews conducted with Care Nederland, 100WEEKS, Norwegian Refugee Council and Oxfam Novib.

Key finding 1: In fragile settings, where feasible and appropriate, cash transfers can be an effective tool for realising specific dimensions of food consumption.

- When people face a food security shock and the problem is one of food access and not availability, **cash transfers lead to increased dietary diversity** as they allow people to purchase the food they need. Different evaluations indicate that cash transfers are more effective than food transfers³ in increasing dietary diversity. In Ethiopia, Save the Children found that mothers in households that received cash transfers fed their children more frequently and gave them a wider variety of grains and pulses. In Yemen, beneficiaries of the Multi-purpose Cash-Based Assistance spent 70 percent of their received cash on food, enabling them to avoid negative coping strategies like reducing the number of meals in a day or limit portion sizes.
- Across different cases in fragile settings, the proportion of **cash transfer beneficiaries outperformed food recipients** in their self-reported food security prior to the assistance. A recent survey of 100WEEKS indicates that recipients of cash transfers are less worried about the impact of the Covid-19 pandemic on their food security⁴, while the first anecdotal results of a community led cash transfer programme in Mathare (a slum in Nairobi) indicates that the beneficiaries met their food needs thanks to cash transfers. These insights are in line with a meta-analysis that shows that the average cash transfer programme increases the value of food consumed/expenditure by 13 percent and calorie intake by 8 percent.
- It is **more cost-efficient to transfer cash** to beneficiaries than food. Not only because the supporting agencies do not need to transport and store relief goods, but also because as the scale of cash programmes grows, it becomes more efficient and cheaper to transfer cash to the beneficiary. A study across fragile settings in four countries found that almost 45.000 additional people (an increase of 18 percent) could receive social protection at no additional, relatively speaking, cost if all beneficiaries received cash instead of food.
- Cash transfers do not always outperform food transfers on dietary diversity. For other dimensions of food security, food transfers tend to have the largest impact. These dimensions include, for instance, calorie intake and the consumption of specific nutrients (such as iodine). Evidence also suggests that integrated approaches tend to be more effective in realising food security and building resilience for vulnerable groups in fragile settings. In such approaches cash transfers are complemented with in-kind assistance. Stand-alone cash based interventions are likely to be ineffective and create unforeseen problems elsewhere. That explains why a consortium of five NGO's complemented cash transfers in rural Yemen with other services (including water systems and infrastructure construction).⁵

³ The direct distribution of food as a form of aid to increase consumption of recipients.

⁴ Based on the interview with 100WEEKS

⁵ Based on an interview with Care Nederland (Results to be soon published)

Key finding 2) Realising food security through cash transfers is not an isolated issue but connected to other dimensions of relief and resilience.

- While evidence on the longer-term impact of cash transfer to beneficiaries' resilience in fragile settings is limited, [recent insights](#) suggest that cash transfer [enables households to meet multiple priority needs](#) that contributes to welfare - not just food in the short term. Cash transfers [have demonstrated positive impacts](#) on poverty, dietary diversity, school attendance, investment in productive assets and child labour indicators.
- Cash transfers are increasingly considered as effective tools for [bridging the gap between humanitarian and longer-term development outcomes](#). Cash transfers support households [to reduce risks and manage shocks](#) if they are [integrated into preparedness and contingency planning](#).
- In order to build resilience and contribute to sustainable food security, a cash transfer programme should also deliver cash on a [regular](#) and [reliable](#) manner and take the [minimum expenditure basket \(MEB\)](#)⁶ into account. A very [small transfer amount limits the effectiveness](#) of a cash transfer programme. [A post-distributional monitoring](#) is crucial to evaluate the extent to which the received cash is spent on food and contribute to the longer-term build of reliance.

Key finding 3) In order to contribute to food security in fragile settings, a cash transfer program needs to meet universal conditions of good programming that [determine the appropriateness of cash transfers](#). To assess whether cash transfers are [feasible in fragile settings](#), the following conditions should be taken into account.⁷

- **Local availability of commodities**

Cash transfers only make sense for improving food security if there is no local shortage or absence of food. [In early stages or quick-onset disaster](#) for instance, markets may be disrupted and there might be a shortage of food on the local or national market. For example, beneficiaries of a cash transfer programme who lived in a remote area in Zambia [had to walk for long distances to buy food](#).

- **Functional and accessible (food) markets**

Functioning markets are indispensable to make sure that cash meets goods and doesn't lead to market distortion and harmful inflation. Organisation should evaluate to extent to which their cash transfer programme contributes to the indirect strengthening of enhancement of local markets. [The price of commodities](#) that the beneficiaries purchase on the local market determines the overall efficiency of cash transfers compared to in-kind assistance.

⁶ "MEB is what households require in order to meet their essential needs, on a regular or seasonal basis, and its average cost."

⁷ See Box 2 (p. 5) for a list of relevant tools that organisations can use to determine the modality of their cash transfer programmes in fragile settings.

- **Participation and consultation of the beneficiary**

A top-down cash transfer programme that doesn't assess the needs of the beneficiary is likely to miss the target. In order to implement effective and shock-responsive cash transfer programmes in fragile settings, organisations should understand the expenditure pattern of beneficiaries and consult them in defining transfer values and modalities.

- **Safety and security**

It is crucial to analyse security risks in order to determine whether cash transfers reach the selected beneficiary without endangering them and those who deliver cash. The design of cash transfers should also reflect existing tensions between beneficiaries and non-beneficiaries (between host populations and refugees for instance).

- **Alignment with existing programmes and available network**

The impact of cash transfer programmes depend on the availability of other services. Cash transfers do not function in a void. In the implementation of cash transfers, organizations should not reinvent the wheel but build on previous knowledge, networks and best practices. Linking cash transfers to established social protection programmes provides opportunity to better link short- and long-term assistance.

- **Collaboration with (local) governments and adjustment to the political landscape**

Despite the limited space of functioning governments in fragile settings, collaboration with the (local) government and gaining political will for cash transfer programmes is indispensable for their effectiveness and sustainability. In areas where the (local) governments and laws hinder a cash transfer programme, gaining political will and overcoming local bureaucracies is a necessary precondition before the establishment of a cash transfer programme.⁸

Key finding 4) Cash transfers are not, under all circumstances, a substitute for food transfers in fragile settings and should therefore not be considered as a silver bullet in the realisation of food security. Overall, no tool is universally suitable.

Organisations and decision makers should define their modality based on the context and objectives of their intervention – i.e. outcomes are a product of design. Shock responsiveness, the ability to adjust your modality based on the specific manifestation of fragility, is a key determinant in defining the effectiveness of cash transfers in the realisation of food security.

⁸ Also informed by interviews with Oxfam Novib, NRC and Care Nederland

Box 2: Resources and guidelines for cash transfer programming in fragile settings

Given the instability and unpredictability of fragile settings, various tools and checklists are developed to support organisations in their design and implementation of cash transfer programmes in fragile settings.

1. Relevant Resources

- [The Cash Learning Partnership \(CaLP\)](#) contains a library with useful tools, reports, guidance and research related to cash transfer in humanitarian settings. CaLP also connects cash transfer practitioners through various online forums ([Dgroups](#)) and regional [Cash Working Groups](#).
- [The online knowledge-sharing platform socialprotection.org](#) facilitates the exchange of information on social protection issues between protection practitioners, policy-makers and experts. Its database contains relevant publications and provides the members with the opportunity to participate in online courses or seminars, or to disseminate their findings.
- [The online publications archive on social protection from INCLUDE](#) and its partners, including reports, research outcomes, downloads and more with a specific focus on Africa.

2. Relevant tools and guidelines for cash transfer programmes in fragile settings

- [Oxfam's Decision Making Framework](#) is a decision tree that helps organisations to decide whether they should implement cash or food transfers, by evaluating the root causes of food insecurity and the functionality of (local food) markets (p.22).
- [FAO's Resilience Index Measurement Analysis \(RIMA\)](#) helps organisations to rigorously measure how households in fragile settings cope with shocks and stressors in order to inform interventions that are shock-responsive.
- [The Red Cross Cash Guidelines](#) provides practical guides for organisations who want to conduct cash transfer programmes in humanitarian settings. Mercy Corps also developed [a similar toolkit](#).
- [The Emergency Market Mapping and Analysis \(EMMA\)](#) is a toolkit that is developed to assess market systems after a disaster, reflecting the market conditions before, during and after the crisis.
- [Global Framework for Action](#) is developed by CaLP as a consolidated summary of the six major commitments and recommendations made to improve Cash Transfers programming. Organisations and donors can use this framework as a checklist to evaluate the effectiveness of their cash transfer programmes in fragile settings.
- [The Market Information and Food Security Response Analysis \(MIFIRA\)](#) helps organisations to decide whether they should provide in-kind food aid or cash transfers. It is built on Barrett and Maxwell's decision tree to address food insecurity (focusing on the functionality of food markets and the local availability of food).
- [The ECHO's 10 principles](#) are developed by the EC Humanitarian Aid & Civil Protection and provide the 10 guiding principles for a multi-purpose cash-based assistance in humanitarian settings, based on best practices and learned lessons.

Project context and follow up

This research is conducted by [The Broker](#) and funded by [INCLUDE](#), [F&BKP](#) and [KPSRL](#), with the aim to investigate the triad relationship between cash transfers, food security and fragility (the triad relationship). The research is conducted in two phases. This short-read is a result of the first phase⁹. While the above presented findings highlight key and relevant insights on this triad relationship, some questions remain unanswered. For the second phase of the project, (also informed by a workshop with cash transfer experts), we will, for example, further explore questions in relation to shock responsiveness, minimum transfer amounts in relation to longer term development and challenges of small- to medium-size organisation in comparison to multinational organisations.

⁹ We would like to acknowledge the support and input of the reference group in the realisation of this short-read.