



THE CASE FOR CASH IN RESPONDING TO HUMANITARIAN CRISES IN MALAWI

THE INCREASING EMPHASIS ON CASH IS LINKED TO GLOBAL TRENDS, BUT ALSO BASED ON LEARNING AND PROOF OF EFFECTIVENESS IN THE MALAWIAN CONTEXT

BACKGROUND

Malawi faces recurrent cyclical crises that hinder long-term poverty reduction. The causes of these crises are complex and diverse. Climate change, environmental degradation, rapid population growth and a dependence on rainfed agriculture all contribute to making Malawi highly vulnerable to the impacts of extreme weather events.

Over the past five decades, Malawi has experienced nineteen major floods, seven droughts, and countless 'dry spells'. These events typically result in food insecurity, loss of investment, and asset depletion for a sizeable portion of the population. In March 2019, for example, severe flooding linked to Cyclone Idai affected over 975,000 people, half of whom were children, and led to economic losses in excess of \$220 million (Malawi PDNA, 2019).

Malawi began piloting cash transfers as a response to food insecurity in 2005. The first national response that used cash at a large scale was during the lean season of 2012-2013. Since then, cash has increasingly been used by both Government and humanitarian agencies. Examples include the Malawi National Social Support Programme II, and the Restoring Livelihoods & Enhancing Food Security programme implemented by the Malawi INGO Cash Consortium* in 2016-2017, which assisted 55,000 families affected by the El Niño phenomenon.

The increasing emphasis on cash is linked to global trends, but also based on learning and proof of effectiveness in the Malawian context. The present paper, prepared by the INGO Cash Consortium, documents the case for using cash assistance when responding to humanitarian crises in Malawi.

CASH ASSISTANCE: GLOBAL EVIDENCE

In recent years, the use of cash and voucher assistance (CVA) in humanitarian assistance has grown significantly and many humanitarian actors have made public commitments to increase its use. CVA has been actively linked to a host of other reforms, including: financial inclusion, the digital revolution, evolving coordination mechanisms, strengthened local leadership, and enhanced dignity of and accountability to affected populations. The Grand Bargain includes commitments to increase the use of cash, invest in new delivery models that support its expansion at scale, and build an evidence base to assess its

*The INGO Cash Consortium comprises Save the Children, Concern Worldwide, GOAL, Oxfam, United Purpose

costs, benefits and impacts.

Globally, cash transfers have been found to be faster, more flexible and more adaptable than other assistance modalities. The amount, time and duration of disbursements can be scaled up quickly to respond to both emergency and longer-term recovery needs, often at a minimal cost. Emergency cash support can be integrated into existing social protection schemes (through their vertical and/or horizontal expansion), thereby enhancing resilience and supporting the transition to sustainable development. Cash also empowers recipients by giving them choice; with the option of purchasing what they value most, they have access to a wider range of commodities and services. Evidence suggests that people affected by disaster frequently prefer cash to other forms of aid (CaLP, 2018).

Studies indicate that cash can be more cost efficient to deliver than in-kind or voucher-based assistance (e.g. Fenn, 2107; CaLP, 2018). While the extent of the difference varies depending on the particular circumstances of the response, a multi-country study conducted in Ecuador, Niger, Uganda and Yemen found that 18% more people could be assisted at the same cost if cash was provided rather than food (Margolies & Hoddinott, 2014). One World Bank review notes that although in-kind food aid can be an important vehicle for income support for poor consumers, this tends to come at a high cost and can generate much wider technical and political economy quandaries (Alderman, Gentilini, Yemtsov 2018).

Research also suggests that CVA can lead to greater improvements in dietary diversity and quality than food aid (Fenn, 2107; CaLP, 2018). Broader positive outcomes for children have also been observed; an evidence review conducted by Save the Children documented linkages between CVA and school enrolment, access to curative healthcare services in the event of child illness, and food access and diversity for children with severe acute malnutrition (Mishra and Battistin, 2018).

THE EXPERIENCE OF CASH ASSISTANCE IN MALAWI

Evaluations, research and case studies conducted in Malawi indicate that cash assistance, where feasible, is the most appropriate modality for humanitarian assistance, particularly where programming pursues food security outcomes.

Where markets are functioning and cash amounts properly tailored to needs and adjusted for market price fluctuations, cash assistance is highly effective and frequently preferred by disaster affected communities. During the 2019 Cyclone Idai response, for example, cash was shown to be a flexible tool that allowed both implementing agencies and recipients to adapt quickly to changing needs, contexts and circumstances (DEC, 2019).

Contrary to popular belief, cash transfers do not increase market prices in the medium or long-term. Rather, cash assistance has the capacity to create and support economic recovery in the aftermath of a disaster, as recipient expenditure takes place primarily in local markets, and through traders with a vested interest in reinvesting in the local economy. Evaluations of cash-based programming suggest a strong multiplier effect; for every dollar of cash transferred, between [USD 2.10](#) and 3.30 in additional economic activity is thought to be created (Concern Worldwide, 2007, 2013).

Multiple studies in Malawi have found cash to be more effective in promoting household dietary diversity than food aid, in particular for accessing protein rich foods such as pulses, fish and meat (e.g. INGO Cash Consortium, 2017; Kita, 2014; Concern, 2013). A factor that has consistently emerged, however, is the importance of adjusting the value of the cash transfer according to food price fluctuations, which are common during the lean season. This learning has been observed in both flood and drought responses. A strong market analysis and monitoring system, coupled with the capacity of a programme to adjust rapidly the cash value (i.e. on a monthly or bi-monthly basis), are major elements of success (Save the Children and DHN, 2019; Concern, 2007).

In terms of cost-efficiency, existing evidence indicates that CVA is 10-40% cheaper than in-kind food aid. One evaluation, which analysed WFP data from three districts of Malawi during the 2012-13 humanitarian response, found that the operational costs for cash comprised 25% of the overall budget, as compared with 38% for food aid (Concern, 2013).

The use of technology associated with cash delivery mechanisms, whether through mobile

MULTIPLE STUDIES IN MALAWI HAVE FOUND CASH TO BE MORE EFFECTIVE IN PROMOTING HOUSEHOLD DIETARY DIVERSITY THAN FOOD AID, IN PARTICULAR FOR ACCESSING PROTEIN RICH FOODS SUCH AS PULSES, FISH AND MEAT

RESEARCH COMMISSIONED BY THE INGO CASH CONSORTIUM HAS ALSO FOUND THAT CASH TRANSFERS CAN IMPROVE JOINT DECISION-MAKING BETWEEN WOMEN AND MEN AT HOUSEHOLD LEVEL

phones or broader e-transfers, also has advantageous effects on humanitarian responses. In addition to reducing agency operational costs and providing additional security, these mechanisms avoid the need for recipients to travel to a central distribution point and can improve transparency and accountability as all transactions are automatically tracked electronically. Access to mobile phones, which are sometimes provided to recipients to facilitate e-transfers, have the additional benefit of facilitating the transmission of other vital information, including early warning information, health campaign messages and/or market prices information (ICRC, 2015; Save the Children, 2019).

Research commissioned by the INGO Cash Consortium has also found that cash transfers can improve joint decision-making between women and men at household level, with women's perspectives generally sought when decision-making relates to food or children (both of which fall within the remit of women's traditional roles). However, changes to intra-household decision-making dynamics were typically found to be short-lived unless accompanied by longer-term transformational interventions. Overall, cash assistance was found to improve husband and wife relationships by reducing stress, encouraging joint decisions, and removing the need for men to spend long periods of time away from their families (Molloy and Altincicek 2016; Barra and Molloy, 2018).

CONCLUSION

A plethora of evidence indicates that, where markets are functioning, cash is a highly effective modality for providing food security assistance to crisis-affected populations.

Cash assistance in Malawi has been shown to be flexible, adaptable and scalable, with the ability to respond to multiple needs. When compared to food aid, cash is frequently preferred by affected communities, and tends to be more cost-effective. Additionally, cash has a documented multiplier effect; it is able to stimulate local markets, support economic recovery and enhance the resilience of households and communities in the aftermath of a disaster. Additional benefits in terms of nutrition and child-related impacts have also been noted.

In order to be effective, evidence shows that cash assistance must be properly designed in accordance with recipients' needs and preferences, and underpinned by a good understanding of markets and a strong monitoring system that enables the cash value to be [adjusted in line with price fluctuations so as to](#) maintain recipient purchasing power.

In light of this evidence, **the INGO Cash Consortium in Malawi commits to always prioritising cash over in-kind food aid, except in cases of evident market failure.** It encourages other humanitarian organisations, Government agencies, and relevant stakeholders to do the same.

In addition, the Consortium recommends that:

- All CVA is designed in accordance with global and national standards so as to best fulfil the needs of the disaster-affected population. This includes adjusting cash values over time in order to maintain recipient purchasing power in the face of price fluctuations and changes in income patterns and/or seasonal expenditure.
- Continued investment is made in research on markets, livelihoods and the minimum expenditure basket, as well as in sectoral and multi-sectoral needs assessments, and strong market monitoring systems.
- Efforts are made to move away from manual cash payments to integrated e-payment systems. This will require public and private investment in better digital payment products, business models and infrastructure.
- Linkages are enhanced between emergency cash assistance and existing social protection schemes to build resilience and support the transition from humanitarian to development goals.
- CVA design takes into account appropriate gender analysis and child safeguarding and protection considerations in order to avoid risks and maximize the potential benefits for children, women and men.

BIBLIOGRAPHY

Alderman, Harold, Ugo Gentilini, and Ruslan Yemtsov. 2018. The 1.5 Billion People Question: Food, Vouchers, or Cash Transfers? Washington, DC: World Bank.

CaLP, 2018, The State of the World's Cash Report, The Cash Learning Partnership

De Barra, and Molloy, 2018 Gender and cash-based Programming in Malawi: Lessons from Concern Worldwide's Humanitarian and Development Experience, Concern Worldwide

DEC, 2019 Idai Response: Real-Time Response Review. Disaster Emergency Committee, Malawi

Devereux et al., 2007, An Evaluation of Concern Worldwide's Dowa Emergency Cash Transfer Project (DECT) in Malawi, 2006/07, Concern Worldwide

Fenn, 2017 Impact of Cash on Nutrition Outcomes, Research for Action, Evidence Review, Action Contre la faim (ACF) and World Food Programme (WFP).

Gourlay and Makoka, 2013, Evaluation of the INGO Integrated Emergency Cash Transfer Programme in Malawi. Concern Worldwide

Kita, 2014, Is cash transfer a better devil than food aid? A study of Malawi's use of cash transfer as a response tool to food insecurity in 2012/2013 and 2013/2014

INGO Cash Consortium, 2017 Restoring Livelihoods & Enhancing Food Security (Relief) of El Nino Affected Households in Malawi Programme, INGO Cash Consortium.

Malawi Cash Working Group, 2019 Rapid Market Assessment Summary Report, April 2019 (Nsanje, Chikwa, Phalombe, Balaka and Zomba)

Malawi Government, 2019: Malawi 2019 Floods Post Disaster Needs Assessment Report, Malawi Government

Margolies and Hoddinott, 2014, Costing alternative transfer modalities. IFPRI Discussion Paper 1375.

Mishra and Battistin, 2018, Child Outcomes of Cash Transfer Programming, a synthesis of the evidence around survival, education, and protection in humanitarian and non-humanitarian contexts, Save the Children

Molloy and Altincicek 2016, Gender Analysis for MVAC Emergency Cash Transfer Programme, INGO Cash Consortium.

RHVP and Concern, 2007 DOWA Emergency Case Study, Malawi, REBA Case Study Brief, Concern Worldwide

Save the Children and DHN Consulting Firm, 2019, Consultancy for Market Assessment and Minimum Expenditures Basket Baseline for ECHO "PREPARE PROJECT", Save the Children

Cover image: Martha from Phalombe district receives 28,500 Kwacha at a humanitarian cash transfer response—Aurelie Marrier d'Unienville

