

PUTTING PEOPLE AT THE CENTRE USING CASH AND VOUCHER ASSISTANCE

Progress in mainstreaming the use of cash and vouchers in ICRC operations (2017–2021)

GENEVA, 04 OCTOBER 2021

Dear friends,

We would like to take this opportunity to share with you a document on the progress of the ICRC's efforts to mainstream the use of cash and voucher assistance (CVA) in its activities to protect and assist people affected by armed conflict and other situations of violence. The document describes the growth of the ICRC's CVA portfolio over the years, how the ICRC uses cash and vouchers in its programmes and the measures it takes to minimize risks commonly associated with this modality.

The ICRC defines CVA as “the provision of cash and/or vouchers to individuals, households or communities to enable them to access the goods and services that they need.” It utilizes CVA as a tool to achieve its objectives of helping address conflict-affected people's concerns and needs – whether these are related to food, shelter, health care, education or other key areas – in line with its exclusively humanitarian mission.

The flexible nature of CVA makes it a useful and effective tool for helping people in a way that recognizes their dignity. People can use the money in a manner that best fits their situation and capacities, thereby giving them agency and enabling them to make their own choices. In this way, the use of CVA is aligned with the ICRC's institutional strategy, which puts people and their needs at the centre of humanitarian action and recognizes them as experts on their own situation. Because it can be deployed in a variety of ways, CVA lends itself easily to initiatives that can help elevate people's participation in the activities that concern their well-being, including the activities of the ICRC. This is exemplified by several anecdotes, some from CVA recipients themselves, that are included in the attached report.

The use of CVA also benefits entire communities through a so-called “multiplier effect” wherein money is used to purchase goods and services from sellers and service providers in the area, which in turn benefits the local economy. Meanwhile, for the ICRC, it is able to retain the added flexibility of having value allocated to cash transfers and not tied to warehouses of physical stocks.

The ICRC has been using cash transfers as early as 1914, during the First World War, and since then, it has used cash as aid in various small- and large-scale initiatives. In [2017, it began to formally mainstream the use of CVA in its different programmes](#).



Nagorno-Karabakh. The ICRC, in cooperation with a physical rehabilitation centre, provided various forms of support to people with serious chronic diseases. This included cash grants to help them meet their essential medical needs and reference booklets on how they can protect themselves from COVID-19. (L. Hayrapetyan/ICRC)

Examining the ICRC's use of CVA in its operations

Over the past decade, the ICRC has significantly increased its use of cash transfers and vouchers. This is best illustrated by the growth in the amount spent on CVA and the number of people reached with such assistance. In 2012, the ICRC spent a total of CHF 6 million on CVA, which benefited some 190,000 people. These figures grew to CHF 43.9 million and 837,000 people – an increase of more than 600% and 340%, respectively – in 2016. This can be attributed largely to the integration and use of cash and vouchers in the relief, and income- and livelihood-support activities led by the ICRC's Economic Security Unit.

The growth was sustained with the mainstreaming of CVA starting in 2017. In 2020, CVA expenditure was at CHF 72 million (an increase of more than 1,000% from 2012) while the number of people who benefited from CVA was at 1.7 million people (an increase of about 800% from 2012). This was a result of the continued use of CVA in the ICRC's economic security-related activities and its expanded use for other objectives and activities by other ICRC units, including those related to addressing protection concerns and ensuring people's access to water, shelter, health as well as multidisciplinary and holistic services.

The mechanisms through which the ICRC transferred money has also evolved through the years, depending on the objectives of the transfer, the conditions in each context and the preference of the people who will receive the assistance. The ICRC employs various delivery mechanisms (e.g. direct cash, cheques, ATM cards, digital payments through financial service providers), in the now 45 countries, as at 2020, where it uses CVA.

The ICRC recognizes that CVA alone cannot address all needs and is often best complemented with other services (e.g. protection dialogue to allow the safe movements of people complemented with a cash grant to address immediate basic needs). In addition, CVA in conflict settings may not always be feasible or be the most appropriate response option. The volatile nature of the contexts that the ICRC operates in can affect the

deployment of CVA, including factors such as the authorities' acceptance of CVA, the prevailing economic conditions, and/or the security concerns limiting people's access to markets. There are also ICRC activities that are invaluable (e.g. visiting detainees, shoring up forensics and other capacities, repairing facilities or maintaining medical equipment) which CVA cannot and should not replace. For this reason, the ICRC does not anticipate an indefinite growth or a complete conversion of assistance to CVA. Instead, it strives to grow CVA intentionally and responsibly, driven by a people-centred approach.

Employing CVA to meet humanitarian objectives across different sectors

The ICRC uses CVA as a means or tool to implement its wide array of activities to address the different needs of people affected by conflict and other violence. CVA can be used under any of the ICRC's programmes to meet varying objectives or achieve outcomes for conflict-affected people. It may be combined with other modalities to achieve specific objectives. For example, under its economic security activities, the ICRC uses cash transfers and vouchers – in lieu of, or in combination with, in-kind assistance – to help households put food on the table and/or improve their living conditions, or enable them to restart income-generating initiatives.

In terms of addressing health needs and protection-related concerns, the ICRC may give people cash to defray immediate costs for transportation, communication, bereavement and other services. For example, the ICRC can provide support to separated families to help them stay in touch, and to reunited families to manage the potential additional costs after reunification (e.g. basic needs, education). Cash assistance may also help patients who were recently discharged after surgery to cover their daily expenses while they recover and before they could return to work and earn an income.

CVA is also well-suited for multidisciplinary approaches that encompass several programmes and outcomes. When CVA is used in this manner, the ICRC can respond to multiple needs at a time, addressing concerns both for the short term and the long term. For example, under an initiative aimed at supporting the successful reintegration of households who had returned to their communities after a period of displacement, the ICRC uses CVA to help the households cover their basic needs, repair their houses, rebuild their livelihood and/or access essential services.

Understanding the limitations of CVA and mitigating the associated risks

The ICRC has put in place systems and processes to mitigate concerns commonly associated with the use of cash and vouchers. Foremost is the assessment, analysis and design involved in any type of ICRC activity, especially since CVA is a tool to meeting an objective and not the end goal itself. The effectiveness of CVA is measured not merely by the actual transfer of cash, but by the extent to which it helps produce the intended outcome for the person assisted. To be able to measure this, the ICRC ensures that the CVA reaches the



Iraq. Returnees receive cash assistance from the ICRC. (M. Muyassar/ICRC)



West Bank. A cash grant from the ICRC helped this breadwinner pay for his child's school fees and avoid selling his livestock during the pandemic. (A. Jabr/ICRC)

intended recipient through proper documentation and tracking depending on the delivery or transfer mechanism. It then follows up with the recipient to check whether the money was used as planned and whether the desired outcome was achieved. This is done through post-distribution monitoring and scheduled follow-ups by the ICRC staff; sometimes, this includes personal visits and observations done by the team on the ground.

The ICRC also recognizes the risks associated with CVA, some of which are also present for other kinds of modalities. A common protection-related concern is the safety of both recipients and humanitarian staff when high-value cash transfers are involved. The use of electronic transfers or vouchers are encouraged in such instances to help lessen security risks. In some situations, cash transfers are chosen primarily because they are a more discreet form of aid than food supplies and other in-kind items.

Another concern is the potential “misuse” of CVA, wherein a recipient might opt to use the money in a different manner than what was originally intended. In these cases, the ICRC does not apply the term “misuse” and instead refers to it as “unintended use,” because the recipient retains the inherent decision-making power to use the money for whichever need is most urgent. The ICRC then seeks to determine the underlying reason for that decision and incorporates it in future deployments of CVA for that group of people.

Although not exclusively, the ICRC does use digital payments, which has enabled larger-scale transfers and increased its reach to more affected populations. Despite the obvious benefits of digital payments, the ICRC recognizes that there are risks. To mitigate concerns regarding digital payments and data-protection challenges, the ICRC only works with financial service providers (FSP) that have undergone its competitive procurement process. The ICRC has strict guidelines on data protection to make sure that beneficiaries are not exposed to discrimination and/or harassment when FSPs screen their personal information, always working in line with the “do no harm” principle.

Moving forward, the ICRC sees CVA as a valuable tool that can help the organization carry out its humanitarian mission. Conflicts and situations of violence are not only continuing all around the world – against the backdrop of globalization and developing technology, they are also changing, re-emerging and taking on new forms. The ICRC’s continued use of CVA is one of the ways it is adapting and innovating in its operations to meet the demands of these changing times.

We hope that this letter and the accompanying document on the institutionalization of CVA helps you learn more about the ways the ICRC is striving to build on and improve its activities, to better carry out its mission to protect and assist people affected by armed conflict and other situations of violence.

For further information, please contact the Resource Mobilization Division at resourcemobilization@icrc.org.

Best regards,



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Head
Resource Mobilization Division

CASH AND VOUCHER ASSISTANCE IN THE ICRC

Progress in the institutionalization of CVA in the ICRC: 2017–2021

THE ICRC'S USE OF CVA – THE HEADLINES

Money is the main means of survival for most people around the world. In armed conflict, having cash to buy essential goods can mean the difference between life and death for people suffering the effects of war. This fact does not change because there is an emergency.

A dip into our archives shows that **the ICRC was already using cash transfers during the First World War.**

However, in the past decade, the ICRC's use of cash and voucher assistance (CVA) has grown rapidly, and **since 2017 the ICRC has invested in the institutionalization (mainstreaming) of CVA.**

In 2020, the ICRC transferred CHF 72 million to 1.72 million people with CVA to help them to achieve different objectives. In terms of people assisted, it is a 105% increase since 2016, and an 800% increase since 2012.

The ICRC uses CVA to support people affected by conflict and other situations of violence to recover from crisis through its multidisciplinary response. The ICRC uses CVA to help people to:



Improve their food security and livelihoods



Access safe shelter



Access health care



Reduce their risks and support protection outcomes



Access education and training

and much, much more...

The ICRC's experience of using CVA **has demonstrated its added value as a core enabler of its responses, and of its people-centred approach**, putting decision-making power in the hands of the communities themselves. **The ICRC recognizes the risks and benefits of using CVA and will continue to balance these.**

The ICRC will continue to invest in its use of CVA to achieve holistic, multisectoral outcomes, while recognizing that cash alone is not enough. **Cash cannot address the violence that affects the level of protection afforded to vulnerable people**, although it can mitigate the negative physical and economic

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consequences of armed conflict and violations of international humanitarian law (IHL). It is critical that the ICRC's work remains centred on its mandate to protect and assist victims of conflict and other situations of violence.

CVA is simply the tool being used to meet the objective, of which there are many, as people affected by conflict and other situations of violence have complex needs. Perhaps this quote best sums up the direct and indirect consequences of using CVA modalities:

A beneficiary from Iraq received a cash grant to rebuild her house as part of the ICRC's Durable Returns Programme:

"We all prefer cash (compared to ICRC rebuilding their houses for them through a contractor) as we can find better material for a better price than a contractor. We were very afraid before [this project] because of the security situation, but now we feel so much better, safer and healthier after rebuilding our house. Also, knowing there is assistance available means people can come home; it has increased the number of people living in our community."

CASH AND VOUCHER ASSISTANCE (CVA)

Money is the main means of survival for most people around the world. In armed conflict, having cash to buy essential goods can mean the difference between life and death for people suffering the effects of war. This fact does not change because there is an emergency.

"Cash and voucher assistance" (CVA) is the provision of cash and/or vouchers to individuals, households or communities to enable them to access the goods and services that they need.

The ICRC operates according to a specific definition of cash and voucher assistance, as stated above. Our definition – in line with the wider humanitarian sector – focuses on direct transfers to individuals, families and communities in need. We do not count larger transfers of money to partners like National Societies and large businesses, or salary top-ups to staff of authorities with whom we work. CVA also excludes remittances and microfinance – although microfinance institutions may be used for the actual delivery of cash.

THE ICRC'S HISTORY OF CVA

Humanitarian cash transfers are often seen as something relatively recent, firstly at small scale during the drought responses of the 1980s, then gaining popularity in the 2000s. However, cash transfers have always been a feature of humanitarian action, and it is certainly not new to the ICRC. A dip into our archives shows that the ICRC was already using it in 1914, during the First World War. Back then, the ICRC's International Prisoners of War Agency was in charge of processing money orders and forwarding registered letters, including money, sent to prisoners of war and interned civilians by their families. By the end of 1918, the Agency had transferred over CHF 17 million (around CHF 102 million today).



Rath Museum in Geneva, which housed the International Prisoners of War Agency. This is the department responsible for handling correspondence between prisoners and their families.

Since that date, the ICRC regularly used cash transfers to meet the needs of people affected by conflict and other situations of violence, such as providing small transfers to individuals for transport to reach essential services

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such as health care or to be able to visit their detained relatives. Modern use of cash transfers by the ICRC dates to the early 2000s, when cash was used for micro-economic initiatives in Serbia and cash-for-work programmes in Afghanistan. Large-scale use only started happening after the Asian tsunami of 2004.

However, in the past decade, the ICRC's use of cash and voucher assistance (CVA) has grown rapidly, and **since 2017, the ICRC has invested in the institutionalization (mainstreaming) of CVA**. In this period, the ICRC **built on learning from its use of CVA to achieve economic security outcomes and expanded the use of CVA across all its responses, supporting protection, water and habitat and health outcomes**.

CVA GROWTH IN THE ICRC

Where does the ICRC use CVA?

The ICRC uses CVA in **more than 45 countries across five regions**, supporting people affected by armed conflict and other situations of violence to meet their basic needs, access shelter, stay connected to their families, access critical services like health care and education, develop sustainable livelihoods and much more.

How much does the ICRC deliver in terms of CVA?

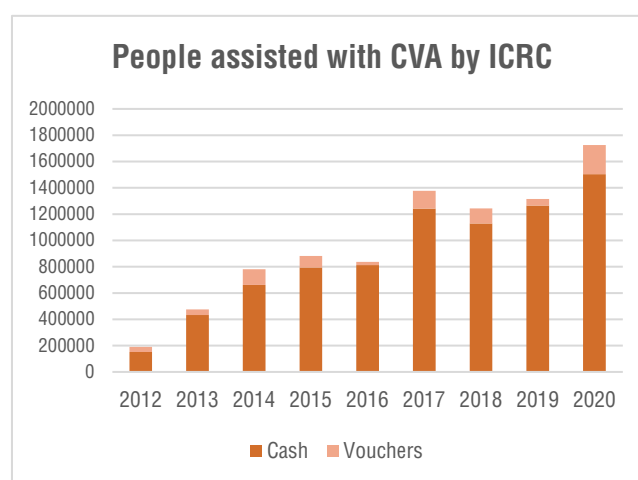
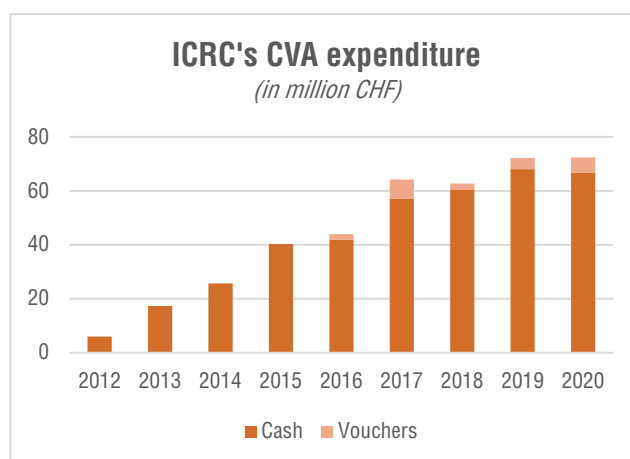
From 2012 to 2016, the ICRC increased the volume of CVA expended by more than 600% from CHF 6 million to CHF 43.9 million.

This was a huge growth curve, as the ICRC's Economic Security (EcoSec) department fully embraced CVA in its operations supporting people to meet their basic needs and develop their livelihoods.

In 2020, the ICRC expended CHF 72 million in CVA for different objectives, which is more than 1,000% growth since 2012, and a **64% increase since 2016**. This was due to the expansion not only within EcoSec programmes but latterly for Protection, Water and Habitat and Health objectives.

From 2012 to 2016, the ICRC increased the number of affected people supported with CVA by more than 340% from 190,000 people to 837,000 people. This growth was driven primarily by the increased use of CVA to support conflict-affected people to improve their food security, basic needs and livelihoods.

In 2020, the ICRC assisted 1.72 million people with CVA to help them achieve different objectives, which is more than an 800% growth since 2012, and a **105% increase since 2016**. Included in this growth is the use of CVA for shelter, access to health care and other essential services. It also includes multidisciplinary responses to the needs of populations such as victims of violence, including sexual violence.



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CVA modalities make up just under 10% of the ICRC's direct costs budget. This percentage will naturally wax and wane over time, due to the complex realities of field operations, where CVA modalities can be appropriate one day and not the next due to government restrictions, market conditions and people's access to essential goods and services.

Since 2017, due to the process of institutionalizing CVA in the ICRC, there has been considerable growth in the use of CVA to support outcomes beyond Economic Security, with the global and regional "Cash" team working with colleagues in the Protection, Health and Water and Habitat units. This report shares many examples of these responses and how they have supported affected people's recovery from crisis.

However, as many of the ICRC's programmes in those areas are – by definition – not CVA, there will always be a limited scope for CVA. To put it in perspective, less than 5% of Protection, Health and Water and Habitat direct costs budgets could – theoretically, if local conditions allowed – be delivered using CVA. The majority of their activities are by definition not CVA (e.g. detention visits, building of infrastructure). This means that those departments' increased use of CVA does not necessarily have a significant impact on global CVA statistics.

WHEN DOES THE ICRC USE CVA?

For what objectives does the ICRC use CVA?

As mentioned, the ICRC's first recorded use of cash transfers was in the First World War, by our International Prisoners of War Agency. However, the ICRC uses CVA to achieve many objectives, for example:

Protection teams:

- run Family Visit Assistance Programmes (FVAP) in over 25 countries where – in most cases – the ICRC gives cash to families of detainees to help them cover their transport costs to visit their detained relative
- support families of civilian casualties to cover essential expenditures such as funeral costs
- support separated families to stay connected (cash for communications) and then for reunified families to manage the additional costs after reunification (e.g. cash for basic needs, cash for education costs).

In Mali, for migrants who have fallen into distress due to their specific situation, cash is used to pay the transportation fee to a safer place, to pay for accommodation and food for a limited period of time.

Water and Habitat teams:

- give families cash and technical support to help them rebuild their homes
- run cash-for-work projects to rebuild small-scale critical water infrastructure

In Central African Republic, families received vouchers to enable them to access materials to rebuild their shelters.

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Health teams:

- help patients with transport costs upon release from the hospital
- help discharged patients with cash to cover their basic needs while they recover from surgery
- help physical rehabilitation patients with cash to cover basic needs, access to health care and to develop adapted livelihoods
- help patients with cash to pay for service fees when health care is privatized

In Lebanon, women with high risk pregnancies were given conditional cash transfers to support them to pay for antenatal, delivery and postnatal care.

*Note: Though positively received by the targeted recipients, the programme had to be suspended and shifted towards an institutional financial assistance in order to support the Ministry of Public Health through the exacerbated financial crisis in 2019.

Economic Security teams:

- help families with cash to cover their basic needs, including food consumption and living conditions
- help families to start, restart or develop livelihoods through cash grants and technical support

In Niger, the ICRC has switched from in-kind food distribution to electronic value vouchers to help IDPs to improve their food security while displaced.

Much of the ICRC's use of CVA is **multidisciplinary**, with different ICRC teams working together to, for example:

- support durable or sustainable returns of formerly displaced people (cash for basic needs, livelihoods, shelter repair and access to essential services)
- provide emergency cash assistance to help victims of violence to avoid resorting to negative coping strategies by giving them an economic safety net
- support communities to reduce their risks by giving cash grants to put in place self-protective measures and to develop safe livelihoods

In Azerbaijan, cash was given to households living near the front line to carry out passive protective measures (for example, bricking in their windows that face the front line).

A returnee in Maftoul, Iraq, received a cash grant as part of the ICRC's Durable Returns Programme, to rebuild and reopen his electrical and construction shop. He said:

"Maftoul was once the trade hub for around 30 villages. Now, people from other villages slowly come back and buy again from me because I had a good reputation before the crisis and people still remember that. In addition, they can save the money for transportation from Tooz. So, the money stays in the community."

How does the ICRC decide who is eligible to receive cash?

The first step is for a multidisciplinary team (specialists in economic security, shelter and water supply rehabilitation, health and especially protection) to **assess the needs** of a conflict-affected community. Different populations will have different needs, and then we can adapt our responses accordingly.

Cash and voucher assistance (CVA) is simply the tool being used to meet the objective, so there is no such thing as eligibility criteria for "cash," but rather, eligibility criteria for food security assistance or access to health care, which then may be delivered using CVA. Eligibility criteria is defined solely based on need in the areas we work which are affected by conflict so in food security programmes, for example, eligibility criteria would be related to the households' access (or lack of access) to adequate food.

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Take the specific example of **South Sudan**, where we use cash and voucher assistance as a tool in our **responses to victims of sexual violence**. Depending on the situation of the victim, as identified in the needs assessment, the ICRC will undertake a number of actions, including:

- **Protection** teams have a confidential dialogue with perpetrators and armed groups, and remind the authorities of their obligation to protect civilians and take preventive measure
- We ensure **urgent access to health care within 72 hours** (to access post-rape kits), so, for example, we provide cash to pay for the transportation to the closest clinic
- We provide **emergency assistance for risk reduction**, for example, cash to meet the person's basic needs or short-term shelter needs, so that they do not need to resort to negative coping strategies like begging or survival sex
- We provide longer-term access to **physical and mental health services**, through direct services and through referrals to other providers – where we may provide cash to pay for transport, or even to pay for treatment if needed
- We would then also look at longer-term needs, for example, **shelter or socio-economic reintegration – many times we provide cash assistance for livelihoods**, so the person can be economically independent and sustain themselves and their families in the future.

The individual will be **accompanied throughout this process by the ICRC**, and we will follow up on their situation through regular monitoring.

Two stories from South Sudan

Firstly, the case of a young man we'll call Peter. Peter was kidnapped by an armed group, taken across the border to a bordering country and forced to work as a bodyguard. He was beaten and sexually assaulted many times. He escaped but was fearful that he would be abducted by the same group again. After the ICRC met him and received his consent to intervene on his behalf:

- Protection teams engaged in a confidential dialogue with the armed group to ensure that Peter was safe from being abducted, obtaining a "certification letter" from the group that he was free to go about his business and did not belong to the group. Peter could carry this and show it to relevant authorities if stopped.
- The ICRC complemented this support with cash assistance which he used to buy a bicycle, a telephone and a plot of land. This enabled him to earn an income and stay connected to his family who had left South Sudan.

When the team followed up with Peter, they saw that he was able to plant crops on his land, and he was hoping for a good harvest that he would sell locally. He had already agreed to sell his crop to a local buyer. The team will go back again after the harvest to check if he was able to sell his crops and make a good income. Most importantly, he had not faced any more problems with the armed group.

Secondly, the case of a young woman we'll call Yana. Yana traded tiny amounts of gold and was sexually assaulted and robbed by an armed group while working, and she was recruited as "a" wife of a commander of this armed group from which she escaped after years with them. After the ICRC met her, the team worked to:

- Ensure she had access to health services as she had health complications following the attack
- Ensure that the local authorities where she escaped to would issue a certificate acknowledging she was no longer associated with the armed group she used to be with and that she was free to move in the area
- Give her emergency cash assistance to buy food, clothes and hygiene products, and to be able to afford to travel home to her family
- Give her cash assistance to restart her business. Yana decided to stop trading gold as she felt that put her more at risk and so decided to trade clothes and fabric. She used the money to buy stock and pay off some of her creditors, to enable her to trade again

When the team followed up with Yana, they found that she was able to access the health care she needed, her business was flourishing, and she was able to earn enough income to support herself and her children.

HOW DOES THE ICRC USE CVA?

When does the ICRC use cash and when does the ICRC use vouchers?

A **cash transfer** is the provision of assistance in the form of money – either physical currency or e-cash – to recipients. Cash transfers are by nature unrestricted and recipients can use the cash for any purpose.

On the other hand, **vouchers** – paper or electronic – are exchanged for a specific quantity or value of goods or services. Vouchers are by nature restricted, as they can only be exchanged for specific items or in specific retailers. **Commodity vouchers** are exchangeable for a fixed quantity and quality of goods or services at a specific retailer. **Value vouchers** have a monetary value and can be used to buy any items from that specific retailer. A gift card is also a type of value voucher (but has a different procurement process).

Cash is the preferred modality of the ICRC as it gives maximum flexibility to recipients. However, there may be a need to apply restrictions, and therefore vouchers and/or conditions would be used (see below).

What are restrictions and why would the ICRC apply them?

Restriction refers to the limits on the use of assistance by recipients. Restrictions can be placed on the range of goods and services that the assistance can be used to purchase, and the places where the assistance can be used. Vouchers are used to restrict what people buy and where they buy it from.

The ICRC uses restrictions **where there are concerns about quality control that could have a detrimental impact on the outcomes achieved.** The focus on quality control is related to life and health. For example, if someone chooses to buy a cheaper grade of tea, that is not going to have a negative impact on their life and health. However, if someone buys a cheaper grade of construction material that

In the Central African Republic, the ICRC used vouchers to ensure recipients purchased their construction materials to rebuild their houses from registered suppliers because there were concerns about levels of supply and quality of materials available locally.

At the time of implementation, vouchers were used for seeds in Afghanistan as only Ministry of Agriculture-approved suppliers stocked the necessary drought-resistant seeds. (However, cash was given at the same time to buy fertilizers).

negatively affects the structural integrity of their house, this could pose as a risk to life. This could be mitigated by using vouchers, but this is not the only option. The ICRC can still use cash but link it to support and monitoring for recipients to access good quality materials. Often, it is difficult for recipients to judge quality issues. For example, where there are concerns about poor quality of medicines or services, vouchers could be given for a specific pharmacy to ensure only approved pharmacies are used by recipients.

What is conditionality and why would the ICRC want to impose conditions?

Conditionality refers to prerequisite activities or obligations that a recipient must fulfill before receiving assistance. Conditions can be used with any modality depending on the programme design. For example, you might have a condition that recipients must attend a training course before receiving livelihood assistance. Cash for work is conditional as recipients must do the work before receiving the cash transfer.

An example of conditions is in shelter projects where cash is given in installments linked to quality checks by engineers,

In Iraq, cash transfers for shelter construction were given with conditions attached to each installment, to ensure a qualified engineer quality-checked each critical construction milestone.

In Lebanon, pregnant women received cash transfers to pay for antenatal care, with each installment conditional upon attendance at the last check-up.

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with each installment given on the condition of the last one being used correctly and the construction quality being assured. We **might use conditions to ensure adherence** to a treatment or care regime, with each installment only given on the condition that the treatment or care is utilized as prescribed. For example, conditional cash could be given in installments based on progression of pregnancy to ensure access to antenatal and postnatal care. Alternatively, we **might use conditions to incentivize people** to use services. For example, we can provide multipurpose cash transfers for basic needs, on the condition that people get their children vaccinated. With health care, there is evidence from development settings that conditional cash transfers can be effective in incentivizing people to use services, especially for preventative care.

What modalities and mechanisms does the ICRC use?

A **modality** is a form of assistance – cash or vouchers, in-kind assistance or service delivery.

The ICRC uses all of these modalities, sometimes as a single modality, or sometimes as multiple modalities to achieve one objective. For example, conditional cash transfers are given in Iraq to help people rebuild their shelter, combined with critical technical advice and support from the ICRC engineers.

A **(delivery) mechanism** is the means of delivering a cash transfer or voucher (e.g. smart cards, mobile money transfers, cash-in-hand, cheques, ATM cards).

The ICRC uses different delivery mechanisms, but it makes the choice very pragmatically, based on what financial services are available in a given country.

How we deliver cash may also change depending on the objective we are trying to reach:

- Emergency cash assistance is often given as **direct cash (cash in envelopes)**; money handed out on the spot by ICRC staff. There is a financial management process enabling staff to be able to do this rapidly, as the point is a quick response. For example, if a victim/survivor of sexual violence needs to get to a hospital in 72 hours to access a post-rape kit, taking time to open a bank account to deliver this assistance would be wasted time in a very time-critical situation.
- Longer-term cash assistance, meant for recovery, is normally **delivered digitally**, through the most suitable local financial service provider (FSP), which may be a bank, a mobile money company, a remittance company, a post office, or other similar institutions. However, it can be given as cash in envelopes as well. For FSPs, we have a **procurement process where we select one – or multiple – FSPs, through a competitive tender process**, considering beneficiary preference, liquidity and coverage of the FSP, cost of services and other factors. The ICRC is able to work through personal named accounts, or through “over-the-counter” options (like remittances) that do not require the same Know Your Customer (KYC) process.

ICRC teams analyse what payment instruments people are familiar with, which ones they have access to, which will be fast, efficient and safe for affected people and for ICRC staff alike. This sometimes means using multiple payment methods in one country.

For example, in the DRC, the ICRC uses three: cash payments directly to people, digital payments via mobile money and digital payments via personal accounts held with cooperatives.

In Ukraine, the ICRC also uses multiple options including bank-to-bank transfers and over-the-counter payments using banks or post offices. The post office is preferred by many elderly people because, for a few Hryvnia (a few cents), the post office will deliver the money along with the person's mail.

HOW DOES THE ICRC ENSURE CVA REACHES THE INTENDED OUTCOME?

How does the ICRC make sure the CVA reaches the identified person?

This depends on the mechanism. If the ICRC is working through an FSP, our logistics teams will receive **reporting on the financial transactions** that shows it reached the account or named person.

If the ICRC is distributing “cash in envelopes,” our teams obtain the signature of each beneficiary showing they received the cash.

The ICRC also does **spot-checks with recipients** as well as providing information on how they can contact us if they face problems, such as **through our community contact centres**. For example, in Somalia, our remote monitoring unit calls recipients to check if they received the money.

For example, with mobile money, the ICRC takes the mobile phone number of the beneficiary and then double-checks if it is correct with the recipient and if the number is registered with the mobile service provider. Then, the ICRC sends to the mobile service provider a list of the mobile phone numbers with the amount of money to be transferred to each one, to make the transfer. Finally, the mobile service provider gives the ICRC an electronic financial report that shows the transfers made to each phone number.

How does the ICRC make sure that recipients use the money to reach the objective?

Following up with the recipient to see that they were able to spend the money as planned is a critical part of the monitoring process, as this will impact the outcome.

- Firstly, the ICRC does **post-distribution monitoring to check the process** – did the recipient receive the cash transfer, did they face any problems with the FSP, did they face problems accessing markets, were they able to find the goods and services they needed or was the value of the transfer sufficient?
- The ICRC then **does more detailed follow-up focused on outcomes** – could they pay for the goods and services needed and did that help them reach the objective? For example, if the ICRC gave the recipient cash for transport to access health care, were they able to reach the medical facility, did they receive the necessary treatment, was their health problem resolved or do they require follow-up support? This follow-up is done in person or by phone, where ICRC staff talk with the recipient directly. Whenever possible, ICRC teams also do this through direct observation, so if the monitoring is done in person, our teams visit the recipient’s house or their land and visually verify what they tell us.

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Beyond basic needs: Exploring the impact of cash assistance by measuring well-being

In order to better understand the **implications of cash assistance on broader well-being**, the ICRC tested a range of well-being indicators with conflict-affected people who received cash assistance in three different test settings in DRC. Overall, **results from the well-being indicators were found to have a positive impact on relationships and life satisfaction**, as well as psychological results that pointed towards improved mental health. Key takeaways included:

The well-being indicators showed that cash assistance recipients set goals beyond basic needs and the expenditure patterns showed that, even with small cash amounts, recipients were prioritizing longer-term goals such as investments in education, assets, land and livelihoods, over typical basic needs. Using indicators such as setting top goals will allow for a more participatory approach in designing cash assistance by better understanding the objectives and priorities of the recipient. This also **underscores the inherent value in giving cash assistance which supports the recipients' own priorities rather than necessarily priorities of others** (including donors and humanitarian agencies.)

Inclusion of **well-being indicators were effective in showing the outcome of cash assistance on an individual's life in a more multidimensional and holistic way**. For example, improvements in a recipient's relationships is typically an important component of resilience. The use of the psychological indicator showed that **trying to achieve goals without the sufficient amount of cash was a source of stress**, particularly for female-headed households, as they took on additional debt to complete the amount required. These findings are consistent with published studies which suggest that while a counselor may be able to address some of the psychological consequences of destroyed or lost property or income, symptoms of depression and stress remain high if the financial consequences are not addressed.

Alongside the well-being indicators, detailed analysis of expenditure patterns in DRC confirmed the finding that **beyond basic needs, people prioritized longer-term investments in their future**, even if this meant recipients of smaller cash grants would need to take on additional debt or forego basic needs in the short term. **They also prioritized social contact and relationships**, spending on communications, funeral fees and supporting relatives. Data also revealed the way **expenditure for health care was prioritized** – with 90% of respondents using some of the cash assistance to pay for primary health care – **giving insights into the external context such as availability of health services**. For example, high out-of-pocket expenditure on health care can indicate problems with the functioning of the health-care system, or of the financial barriers people face in accessing health care.

This study shows the **importance of understanding the recipient's priorities, possible with indicators such as Aspirations (Top goals) and using it to correctly set the transfer amount and number of installments**.

Further, the results from the **well-being indicators were also found to be highly useful in measuring cross-cutting outcomes, by showing reductions in risk such as negative coping mechanisms**, alongside improving well-being levels such as relationships and mental health.



WHAT ARE THE MAIN RISKS AND BENEFITS OF CVA?

Why does the ICRC use cash or vouchers? Why not just give people the things they need directly?

Cash is the main means with which people pay for goods and services all around the world. This fact does not change because there is an emergency. There are many reasons why the ICRC would choose to use cash (or vouchers), but primarily, it is because it **increases affected people's dignity, power, autonomy and choice** in how they manage their survival and recovery. It also allows a much more adapted response, with people able to buy exactly what they need, rather than receiving a standard kit of items. In addition, CVA can offer greater **operational flexibility** as the values of cash transfers can be adapted easily compared to a warehouse full of existing stocks. Cash can achieve **wider economic multiplier effects** beyond its specific purpose – think about it; if you give someone a food parcel or construction materials, those items are used once. If you give people cash to buy those same items, they spend the money locally, benefitting the local economy. CVA may also **support people's financial inclusion** during the disruption of conflict.

But surely CVA cannot solve all of affected people's problems?

It is true that **cash cannot address the violence that affects the level of protection afforded to vulnerable people**, although it can mitigate the negative physical and economic consequences of armed conflict and violations of international humanitarian law (IHL). It is critical that the ICRC's work remains centred on its mandate to protect and assist victims of conflict and other situations of violence.

The ICRC does not give cash alone: cash transfers are normally one part of a wider programme of intervention, support and accompaniment. Remember, cash is not an objective or a result; CVA is simply a tool that the ICRC can use to help conflict-affected people meet their needs, whether that be food security, safe shelter, access to education, restoring family links or others.

Is CVA riskier than in kind?

The use of CVA is **subject to risks like those involved in providing in-kind aid** – market interference, accountability tracking, social tensions, protection issues – and these need to be managed professionally, as in all humanitarian programmes.

High-value cash transfers can expose recipients and humanitarian staff to security risks. Where security is a significant risk, the use of e-transfers or e-vouchers is encouraged. However, cash transfers are often chosen precisely because they reduce security risks in some situations, as cash is less visible than in kind.

In Afghanistan, the ICRC provides cash grants to enable people affected by the armed conflict to mitigate the negative economic and humanitarian consequences of IHL violations. Protection teams meet the victims, document protection concerns and establish a dialogue with the responsible actor in order to address the causes of the violations and request compensation for the victims. However, where needs remain, the ICRC provides cash transfers to mitigate the negative impact of specific humanitarian consequences, such as the death of a family member (most importantly the breadwinner), the destruction of the house, the loss of an income-generating activity or the protracted medical expenses resulting from injuries.

In DRC, when reuniting separated children with their families, the ICRC Restoring Family Links team provides either cash assistance or a food kit, to support the family through the initial economic shock of reabsorbing their much loved family member – an extra mouth to feed – back into their family. Most families choose the cash assistance, not only because it is more flexible, but because it is more discreet, enabling them to be less visible recipients of humanitarian aid.

What if people don't use the money "properly"?

ICRC does not apply the term "misuse" when talking about the use of CVA, as it implies a certain moral judgement of what is, and is not, "proper" use of cash or voucher assistance. Rather, the ICRC uses the term "unintended use." If people use cash transfers differently than expected, the ICRC then asks why that is the case. Have our teams not properly assessed the recipient's needs? Did the recipient's priorities change? Fundamentally, successful outcomes for affected people should be defined by the people themselves – and their view of success might be somewhat different from that of the ICRC.

HOW DOES DIGITALIZATION IMPACT CVA?

Why is digitalization important when we talk about CVA?

How we use money has also changed as a result of digitalization. Increasingly, people rely on digital payments – by card, by mobile phone or using internet banking – to pay for the goods and services they need, whether that is paying for groceries, a meal out, rent or health insurance. However we look at it, digital payments are here to stay – both in the wider society and in humanitarian action. According to an analysis from MasterCard, "the ways we pay for things has been changing more in the past 15 years than in the previous 150, and nearly every innovation we have seen has taken share away from cash." Although, when looked at from a global perspective, cash remains the most commonly used method of payment, there has been a significant increase in the growth of digital payments.

What exactly are digital payments?

Digital payments are defined by the Electronic Cash Transfer Learning Action Network (ELAN) as a "digital transfer of money or vouchers from the implementing agency to a program participant. E-transfers provide access to cash, goods and/or services through mobile devices, electronic vouchers, or cards (e.g., prepaid, ATM, credit or debit cards)." Digital payments should not be confused with digital currencies such as Bitcoin, one of the most popular forms of cryptocurrency. Cryptocurrencies are digital forms of currency created by a public network, rather than any government, so they are not legal tender.

In South Sudan, for example, where there are extremely limited means of digital payments, small-scale payments – for example, to help a separated person pay for transport to be reunited with their family – are made in cash directly to the affected person. Compare this to Somalia, where the ICRC makes most of its payments digitally as the population has long been using mobile money. ICRC teams analyze what payment instruments people are familiar with, which ones they have access to, which will be fast, efficient and safe for affected people and for ICRC staff alike.

Of course, digital payments do not mean that no physical currency is involved. A recipient might receive funds in their personal account and then withdraw some or all of the money in cash using an ATM card; or, with mobile money, the funds could be moved to a digital wallet, and then the person can make digital payments (e.g. an e-payment in a shop) and can also "cash out" (e.g. withdraw cash from a point of sale).

Therefore "digital payments" refer to **end-to-end digital transactions**. This means that both the payer and payee use an electronic medium of transfer (such as a bank transfer or mobile money transfer) and that the payment instrument (how the payment instructions are carried) is itself digital and not paper based (i.e. not cash, cheques or money orders). Many transfers made by humanitarians are made with the payer (e.g. ICRC) using an electronic medium of transfer, but with the payee (beneficiary) using a paper-based payment instrument, e.g. receiving cash "over the counter" at a bank office or remittance company.

How does the ICRC currently use digital payments?

From 2012 to 2020, the ICRC has seen more than an 800% increase in the number of people reached with CVA across its programmes, ranging from small cash-in-hand transfers to help families pay for transport costs to visit detained relatives, to larger grants for rebuilding homes or starting income-generation activities. During this time there has been a huge increase in digital payments, with most large-scale transfers – those to large numbers of people – being made primarily digitally.

Of course, it is not a choice between digital payments or no payments at all; cash remains a valid payment instrument in many cases. In Ukraine, to accompany its work supporting families with the search for missing persons, the ICRC also provided monthly payments to enable the families to better meet their basic needs. These payments were made in cash directly to the families by ICRC staff, in part because this gave the staff a practical reason to visit the families regularly, even if they had no new information about the missing person. The team considered that with digital payments, this vital contact would have been much less frequent and the relationships – and trust – with the families may have taken longer to build.

What are the risks and benefits of digital payments?

When it comes to the digitalization of payments, the [Better than Cash Alliance \(BTCA\)](#) examined five main drivers behind the rise in digital payments, and concluded that digital payments bring:

- cost savings through increased efficiency and speed,
- transparency and security by increasing accountability and tracking, reducing corruption and theft,
- financial inclusion by advancing access to financial services, including savings accounts and insurance,
- women's economic participation by giving women more control over their financial lives and
- inclusive growth through building the institutions that form the bedrock of an economy and the cumulative effect of the above benefits.

In fact, digital payments have already mitigated some of the traditionally perceived risks of CVA: evaluations of programmes using digital payments have shown that these programmes have reduced theft, reduced risks for staff in transporting money and proved popular with recipients due to the flexibility and privacy they afford.

However, there are risks. One of the most important is that when financial service providers conduct Know Your Customer (KYC) processes on a new client (e.g. a beneficiary), they may be screened against international/regional/national sanctions and counter-terrorism lists. This screening could reveal a beneficiary's alleged or perceived affiliation with a particular group designated under these lists and expose them to discrimination and/or targeting of those individuals or their families, which can pose a direct threat to their safety and/or dignity in humanitarian situations.

But for many people, this process will not necessarily lead to additional risk. Many people already have accounts with FSPs (e.g. banks, mobile money) and have been through this KYC process. The risk is not equal for every person in every context. It is important to remember that for many communities, receiving cash through an FSP will still bring more benefits than risks.

How does the ICRC protect people's personal data?

Data protection is a major concern in any humanitarian programming. CVA using third-party financial service providers, such as banks or mobile network providers, to deliver cash to people in need creates complex data flows and additional data protection challenges. Personal data collected during cash and voucher assistance operations typically include KYC data, such as the name, surname, mobile phone number, as well as geolocation/other phone metadata and biometrics.

As with any collection of an individual's personal data, there are inherent privacy-related threats and risks. Key concerns relating to data protection and cash arise when working through financial service providers, who are bound by national legislation. Data could be used by authorities for law enforcement purposes, including surveillance and profiling of individuals. Data could be used for commercial purposes, such as service providers offering further targeted services or advertisements to people or profiling them for credit worthiness.

These risks are not limited to individuals. Humanitarian organizations can also face such risks. If data generated by a humanitarian organization are then used for non-humanitarian purposes, whether law enforcement or commercial, the neutrality and independence of humanitarian action could be affected. A humanitarian organization may then be perceived as supporting one party to a conflict by providing data that could lead to security risks for the organization and/or loss of access to the population of concern.

The ICRC has strict guidelines on data protection when contracting financial service providers. The financial service provider must agree, among other things, to use the data collected on behalf of the ICRC solely for the purposes of the contract with the ICRC; to notify the ICRC about any request for disclosure of personal data by a law enforcement authority; and to implement all appropriate security measures to protect personal data before processing and transferring the data. This makes data-protection assessments an essential part of any decision regarding the means of humanitarian action to be used in a given situation.

HOW DOES THE ICRC WORK WITH THE MOVEMENT?

The International Red Cross and Red Crescent Movement (the Movement) is also working to mainstream its use of CVA across its responses, and in the last three years it has delivered more than CHF 2.39 billion to 15.7 million people in 128 countries through CVA modalities¹ for a variety of emergency responses.

The ICRC is an active member of the Movement Cash Peer Working Group, whose role is to establish a central point of discussion and engagement to define, coordinate, provide, advocate for and improve the quality of mainstreamed appropriate CVA in preparedness for response within the Movement.

A critical area of investment, both for the ICRC and for the National Societies it works with, is CVA Preparedness (CVAP). The ultimate goal of CVAP is to increase Movement actors' capacity to implement scalable, better-quality and timely CVA to ensure that crisis-affected populations meet their needs in a dignified, appropriate and effective manner. CVAP involves investment of time and resources to equip Movement partners, including the ICRC, to have the leadership commitment, systems, process and tools, financial and human resource capacities, partnerships and people centric approach and learning systems in place to mainstream CVA.

WHAT NEXT FOR THE ICRC AND ITS USE OF CVA?

The ICRC will continue its work mainstreaming the use of CVA in its operations, building evidence around the impact of CVA in achieving people-centric, multisectoral outcomes for people affected by conflict and other situations of violence. Current priorities remain:

- Investment in CVAP of the ICRC delegations and National Society partners.
- Further expand use of CVA across ICRC operations, for holistic Protection and Assistance responses.
- Prioritize CVA for all basic needs' responses, where local conditions allow.

¹ See www.cash-hub.org

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- Continue to build evidence and learning on the impact of CVA on multisectoral outcomes, including broader concepts of well-being that move beyond simply sectoral outcomes.
- Continue managing the benefits and risks of CVA, deploying digital tools as appropriate.

Further information

Read more about ICRC's experience of using CVA in armed conflict in our 2018 policy report: [Cash transfer programming in armed conflict: the ICRC's Experience](#).²

For a detailed exploration on the issue of digital payments in humanitarian action, see the recent article published in the *International Review of the Red Cross*: [“Doing no harm” in the digital age: What the digitalization of cash means for humanitarian action](#).

² Previously, the ICRC used cash transfer programming (CTP), but now it uses CVA to be in line with the wider humanitarian sector. (Previous documents may refer to CTP.)