

## Q&A SHEET FOR CVA VOLUNTEERS IN UKRAINE AND NEIGHOURING COUNTRIES RESPONSE

### Purpose of this tool

This question and answer (Q&A) sheet for volunteers working with cash and vouchers assistance (CVA) aims to help answer the questions of National Society volunteers and staff regarding the use of CVA as a modality, rather than provision of in-kind goods and services.

Please add or remove questions from the list below as relevant for your programme or response. Where possible, suggested answers are provided, but this document should be updated with information specific to each programme or response. Developing this with the whole team, including community volunteers, helps to create ownership of the tool, ensures the most commonly asked questions are included and that answers are written in the best way for the local context. This should be a living document and updated regularly with new questions as they arise.

Examples from use of CVA in Ukraine and from similar regional European humanitarian responses involving refugees, such as Greece, have also been provided.

### Commonly asked questions & answers

#### Q: What is a cash distribution?

A cash distribution is one of many ways in which humanitarian aid can be delivered to people in crisis. Traditionally, 'in-kind' aid, such as blankets, tents, food and other items, has been the preferred method of assistance. A cash distribution is essentially the same, but instead of items, a set amount of money is given to people, who can then use it to buy essential goods in the market.

Specifically, **cash and voucher assistance (CVA)** is the commonly used term that refers to all programmes where cash transfers or vouchers for goods or services are directly provided to recipients.

#### Q: What are some of the advantages of cash and vouchers compared to in-kind goods and service provision?

The use of cash and vouchers assistance has several key advantages:

1. Providing cash or vouchers gives affected people the choice and flexibility to purchase what they need most according to their own judgment and tailored to their own context
2. Allowing freedom of choice promotes the dignity of affected people and allows them to play a more active and independent rather than passive and dependent role
3. Providing cash and/or vouchers is generally more efficient logistically and better for the environment/climate by reducing the need to import goods and for staff/volunteers to physically distribute them

4. Providing cash and/or vouchers supports existing local markets, with the money going back into the local economy

## **Q: How is cash distributed to people?**

A cash distribution can take many forms; cash transfers, electronic cash, vouchers or cash-for-work programmes. Each method comes with advantages and disadvantages; for example, vouchers can ensure that people spend their allocation of cash on selected goods only, but in some situations it can severely restrict what they can buy. Electronic cash via mobile phone transfers or online banking means that spending can be tracked almost in real time, but in places where cash points are limited they might not be the most appropriate way to distribute cash.

For the Ukraine crisis, distributing cash will be always linked to the local context of the specific country where the assistance is being provided, the needs of the people in that context (such as refugees in Poland or IDPs inside Ukraine) and how safe it is to be distributing cash in that context, both for our staff and volunteers, as well as the people they are assisting. The Ukrainian Red Cross cash assistance initially provided vouchers at the start of the conflict in 2015 but since then has provided electronic cash transfers (unconditional cash, multipurpose cash and cash for livelihoods).

Other agencies in Ukraine have also been distributed cash in a range of ways – including cash through remittances at banks, post office, and pre-paid bank cards, vouchers and supermarket gift cards as well as cash for work, since the start of the conflict.

In the Greece refugee response, providing financial assistance through digital means such as prepaid cards was found to be a safer, more efficient way to deliver aid that cut the cost of the transport, storage, and distribution of items, such as food or non-food items. Through the Greece Cash Alliance UNHCR, IFRC and other partners provided cash through with one financial service provider and one pre-paid bankcard, which could be used at any ATM or points of sale at shops that accepted MasterCard or Visa.

## **Q: When and where should we use cash and vouchers assistance for the Ukraine crisis?**

### **When is it appropriate?**

At the International Red Cross and Red Crescent Movement we strive to meet the needs of people in the most effective and efficient way possible. Cash assistance is a useful tool where local markets are still functioning and able to meet the demand for essential goods. The needs of no one individual or household are the same. Being given the choice of what to purchase in times of need does not only make sense, it also plays a vital role in preserving people's dignity.

In general, cash and vouchers are appropriate when the local markets are functional and people can buy what they need, a safe and efficient way to deliver cash is available and when government authorities and the country's legal framework allows for it.

Overall, unrestricted multipurpose cash assistance allows recipients – whether people who remain at home, or those who are displaced – to decide how and when to meet their multiple needs. Cash can also be used to support host communities. In neighbouring countries, where markets are fully functional, infrastructure is in place and security is stable, forms of cash and vouchers and ways to deliver assistance will be wide. In Ukraine, whilst the conflict continues and the situation is fluid,

appropriateness for cash assistance will be continuously monitored based on context and geographical area.

To date, cash has been widely used in Ukraine as an appropriate approach in response to the needs people have faced as a result of displacement, lost income and disruption to government social protection programming. In 2021, cash contributed to 50% of the humanitarian response.

Cash and vouchers remains an appropriate form of assistance for the Ukraine response in the current crisis, but this varies based on context. In Ukraine, geographically in-kind will likely remain the preferred assistance east of the contact line, as well as in most encircled areas. Moving westward, the context would gradually allow for a mix of in-kind and cash assistance, particularly with displaced populations. In the westernmost areas, MPC will be preferable, as markets and services are less disrupted and people more settled.

Getting back to work will be a top priority for both refugees in neighbouring countries and for affected populations who have remained in Ukraine. Cash can help people get back on their feet as quickly as possible and help them prioritise their recovery, as well as rebuilding their resilience. An example includes support to 492 households in eastern Ukraine by the Ukrainian Red Cross, with cash grants for small-scale business in conflict-affected areas provided between 2017 and 2018, which helped contribute towards restart and improve livelihood opportunities.

There are likely to be fewer restrictions on the use of cash in host neighbouring countries, as markets and infrastructure are not damaged.

In the Greece refugee context, cash transfers were also a key form of assistance in and used in place of in-kind food and non-food assistance. Recipients overwhelmingly perceived multipurpose cash as a dignified and appropriate form of assistance in a developed European country such as Greece. Between 2016 and 2018, IFRC provided (both alone and in partnership with UNHCR through the Greece Cash Alliance) unconditional cash and multipurpose cash in Greece to over 18,000 migrant and refugee households to meet a range of basic needs.

## **Q: What do people spend their cash on?**

There are many different things people spend cash on. For example, people might buy food for their family, pay rent or even use cash to access health care or education.

In the Greece refugee response through the Greece Cash Alliance, IFRC recipients spent the majority of their cash on food, in particular allowing them to purchase food of their choice and according to their tastes, compared to the catered for food in centres. Other expenditures included hygiene items and indirect schooling costs for children.

In Ukraine, cash transfers received by Ukrainian Red Cross and other agencies during the first phase of the conflict response were spent on a wide a range of expenditures, as needs were diverse across a wide country context and different population groups (IDPs, people in conflict areas, people in non-conflict areas) but predominantly these were used for food, rent, shelter, NFIs and healthcare.

## **Q: Are people always able to choose where and how they spend their cash?**

Cash assistance can be either restricted or unrestricted, meaning that people are either restricted in what they are able to purchase with the money, or are free to decide for themselves. In some places, the choice might be made to restrict the types of goods people can buy; for example, in the initial phase of the Ukraine conflict the Ukraine Red Cross used vouchers for food, in this case, cash spend was restricted.

In the majority of times, unrestricted cash is the most effective way of ensuring that people can meet their basic needs as they know best what they and their families need. They also know best where to get these items and how to transport them. Cash can also be used for services rather than goods. As the Ukraine crisis is at the early stages of the emergency, this is likely to be the quickest and most appropriate.

Since the very beginning of the humanitarian response in Ukraine, multipurpose cash (MPC) has been one of the most appropriate and timely modalities to addressing the immediate multiple needs of the affected population. MPC programmes, and cash-based assistance in general are considered fit-for-purpose in this particular emergency context, as they can assist people in meeting their multiple basic needs while also contributing to local economic recovery or even growth through an injection of cash into markets that have functioning supply chains and absorption capacity.

Under certain conditions we may introduce restrictions or conditions to our support to protect the safety of those receiving support and protect the value of the cash we distribute. In contexts where markets are more volatile, such as in Ukraine, this might be done by issuing vouchers that can be used in certain locations or have a value pre-agreed with stores as not to affect the amount, due to price changes. However, it is unlikely that vouchers will be required in the neighbouring countries for this response as markets are fully functional, with all goods readily available and supply chains largely unaffected.

Additionally, we might also ask for conditions to be met at a later stage in the response to aid in recovery, which could ensure the quality and purpose of the cash grants by requiring certain standards or conditions be met in) order for the grants to be disbursed. To date the Movement has not provided conditional cash in Ukraine or previously in the Greece response.

## **Q: What if people make poor decisions and spend the cash received on the "wrong" things such as alcohol, cigarettes, or gambling?**

Many of the concerns around cash centre on the perceived idea that cash can be used to buy anything, whereas in-kind goods will not be sold. In practice, this assumption is often incorrect, with in-kind transfers frequently sold to access preferred items or cash.

The misuse of cash is a commonly cited argument against cash transfers; evidence actually suggests that this rarely happens. In fact, there is good evidence to support the argument that cash does not lead to the purchase of goods such as alcohol and tobacco. Almost without exception, studies found no significant impact of spending on so-called 'temptation goods' and in fact, evidence actually suggests that there is a decrease in spending on these goods in response to cash transfers.

Evidence suggests that cash and in-kind programming present broadly similar risks. In-kind aid has been found to be frequently sold to access preferred items. When using cash and vouchers assistance, the evidence shows that people buy whatever they most need.

The element of choice is critical. Rather than having aid agencies tell people what they most need, cash enables people to make their own choices. We mustn't forget that we are talking about people that are experiencing the worst moments in their lives and they should not be treated with any less dignity or respect than anyone else. They know best how to look after themselves and their families, and organisations like the International Red Cross and Red Crescent Movement have experience and expertise in delivering care and aid in the most efficient and dignified way possible. It is incorrect to assume that the people we are assisting will spend cash in 'non-useful' ways.

## **Q: What about if markets are far and people need to travel long distances to spend their cash?**

Before any implementation of a programme, whether that is to give out cash, vouchers or in-kind aid such as food parcel and blankets, all logistics are assessed and evaluated. If we find that people have to travel far to visit a market, we assess the public transport, is it accessible, is it safe, is it affordable? We also take into account how people would feel about it.

The initial Ukraine crisis approach to cash and vouchers took into consideration market access. For example, at the start of the conflict in 2014-15 all agencies were recommended to provide only in-kind goods in the contact line areas between government and non-government controlled areas, as access to markets was challenging due to the distances people needed to travel, risk of insecurity and subsequently higher prices of goods.

Feedback from Ukraine in 2016 showed that recipients even in some government-controlled areas were often travelling 1-2 hours to from rural areas to main markets in oblast centres, but that there were smaller more local markets also which they used more frequently. When asked, recipients all said they preferred cash to in-kind

Across the neighbouring countries, refugees will be accessing markets in EU countries where logistics and supply chains will not have been disrupted. There is therefore unlikely to be a high risk of shortages of goods or inflation or long distances.

## **Q: What if someone needs more than just cash?**

Cash is not a one size fits all solution. In some cases, cash may only make up one part of the response of the International Red Cross and Red Crescent Movement.

In the Greece response, cash assistance alone was not enough to meet the needs of migrant and refugee households that were supported. Other activities and interventions were still provided alongside, to complement the cash transfers. For example, UNHCR (who IFRC partnered with for multipurpose cash), were also providing housing and other complementary services, activities and in-kind support alongside the cash, free of charge. This included the provision of urban accommodation,

psychosocial support, translation services, homework afterschool support, language classes<sup>[1][2]</sup> recreational activities and new arrival kits (e.g. diapers, sanitary pads). The accommodation, including water and other facilities, were essential for people to meet their shelter needs and most of their WASH and energy needs in a dignified manner. Strategies were also required alongside to support the integration of asylum and refugee households into the government social protection scheme.

## **Q: Are you able to use cash in conflict areas?**

It is easy to see why people may think that cash distributions may be impossible in difficult conflict contexts. Careful assessments must be made about security and how cash may affect markets or local relationships, but if there are functioning markets and banking infrastructure, cash distributions can still be an effective way to deliver aid. In some cases, for example where there are problems with access and delivering in-kind aid, cash offers a solution

Cash distributions also allow us to get to people quickly during conflict. For example, in Ukraine where logistical supply lines are blocked such as areas where roads are impassable, cash transfers can still be provided through digital means such as via mobile phones or via electronic transfers onto debit cards.

However, access to market and banking infrastructure could be potentially challenging in conflict zones inside Ukraine, especially in non-government-controlled areas. This does not rule out the use of cash, but IFRC and the National Society will factor in the fluidity of the situation across a range of scenarios such as a functioning system to collapsed markets, shops and banking services, before making any decision.

It is important in all crises to assist people in the way that they feel will most be useful to them. Just because someone has experienced a crisis such as conflict, through no fault of their own does not mean they should be stripped of their autonomy and dignity. We listen to those we help and we evaluate the situation to establish the best and most efficient way we can support them.

## **Q: How do you decide who 'qualifies' for cash distribution?**

Each crisis is different but two principles guide all distributions of aid: need and vulnerability. Our teams of cash specialists work with local Red Cross and Red Crescent partners to establish those most in need. The project staff will also take into account the amount of funding available, levels of need and vulnerability and then make a decision on who qualifies for a cash distribution.

In 2015, the Ukraine Cash Working Group Task Force on Targeting made a recommendation for a harmonised approach to guide agencies in selecting who qualifies for cash distribution, based on who is most vulnerable. The recommendation looked at protection criteria as the main priority (for example, female headed households, families with children under 5 or the elderly) but also took into consideration the income levels of proposed households. This included whether people had no income, irregular income or social benefit income only. Another layer was added to determine a greater degree of vulnerability, which was described as an 'aggregating factor', such as house destroyed. This is just one way that decision can be made for deciding who to give cash to and

enables us to work together better with other agencies so we are consistent in our approach and people in communities do not feel it is unfair if they were left out.

## **Q: How much cash do you give per person or family?**

The amount of cash given to each individual varies from crisis to crisis and from country to country. Many factors are taken into account when calculating how much cash to give, such as currency fluctuations, the state of the market, average household incomes. We have to be responsible when delivering any form of aid. Our aim is to help people through a crisis but we must bear in mind how this assistance can affect the local economy or markets. The calculation for how much cash to give an individual or household is called a Minimum Expenditure Basket (MEB), defined by country Cash Working Groups and we will adapt for the National Society's purposes.

The Ukraine Cash Working Group has a Minimum Expenditure Basket, which determines a household's requirement to meet its basic needs and average cost. Since 2017, the MEB has been fully aligned with that of the Government of Ukraine using the Ministry of Social Policy's data on minimum expenditure, which is regularly updated to reflect the market dynamic as a benchmark for calculation. Following the conflict escalation, the CWG has since revised the amount of multipurpose cash to provide to cover 70-100% of the estimated income gap. Some agencies are also providing other forms of cash to top up the multipurpose cash amount, such as providing cash for rent.

Each country's MEB will vary based on the priority expenditures of the refugees and the host country provisions in that context, as well as household income levels.

The amount of cash to provide will also need to be monitored in line with market prices in each context to ensure it remains adequate to meet recipients' projected expenditure needs, taking into account any major inflation or price fluctuations, although this is less likely to be necessary in neighbouring countries

Since 2016, joint agency market monitoring has been conducted in Ukraine to collect prices across different geographical areas. To date, the Ukraine response so far shows that even in a context of high inflation, cash can remain relevant and effective for meeting a range of needs.

## **Q: Do you pay private companies to deliver cash?**

We work in partnership with local financial providers, such as banks, mobile, telecom and local remittance companies.

Cash has been able to be provided at scale in Ukraine in part due to its extensive banking sector in most of the country, except for in the non-government areas. The diversity of financial service and providers is also a supportive factor for the use of cash in neighboring countries.

In Greece, IFRC through a UNHCR contract, partnered with MasterCard for its one card system, which enabled a highly efficient way to deliver cash.

## **Q: Do we need to monitor how people spend the funds they receive?**

Throughout the response, we will continue to engage with the people we support, to monitor a number of things such as the quality and usefulness of our help and what impact it is having. However, if the cash has been provided with no restrictions, this means people are given the choice of what to buy. At some point we will ask people how they spent the funds, but simply for our information. In no event will people be asked to repay the funds they received.

If the cash was provided with restrictions or conditions, such as for rent or livelihoods, or through vouchers, this will also be monitored and there will be more of a focus on expenditure and there may be conditions such as not providing the next instalment until people have demonstrated they spent their first instalment on the intended outcome.

**Q: How can cash be given to vulnerable people affected by conflict but not undermine or compete with national Government social protection systems that are also mandated to support the most vulnerable?**

Any use of cash assistance for the Ukraine crisis should seek to work with government social protection system in each country as much as possible, in particularly for harmonizing, coordinating and aligning support between our cash programming and existing or newly introduced social protection payments in response to the crisis.

Each NS in the region is well positioned to engage with social protection system in their context based on the Movement's longstanding CVA expertise and unique role as auxiliary to governments. Working with social protection systems also ensures the approach is as locally driven and owned as possible. Engaging with social protection systems brings opportunities to support resilience and longer-term outcomes arising from the crisis, which is likely to remain for some time.

Depending on the existing relationship or the strength of the country's social protection system we can engage with government on cash and social protection in one of two ways.

- a) Seek advocacy opportunities to promote the use and effectiveness of cash and social protection with governments in response the refugee influx to enable people to access payments (neighboring counties) or to support improvements to shock responsive social protection (Ukraine) and explore options for engagement
- b) Consider ways to collaborate with existing government social protection systems who may be adapting or expanding cash programming, in response the Ukraine crisis. Collaborating together will contribute towards a more efficient use of CVA at scale to meet the vast needs of the crisis, whilst strengthening national systems and longer-term recovery.