



# CASH IN ARMED CONFLICT

---

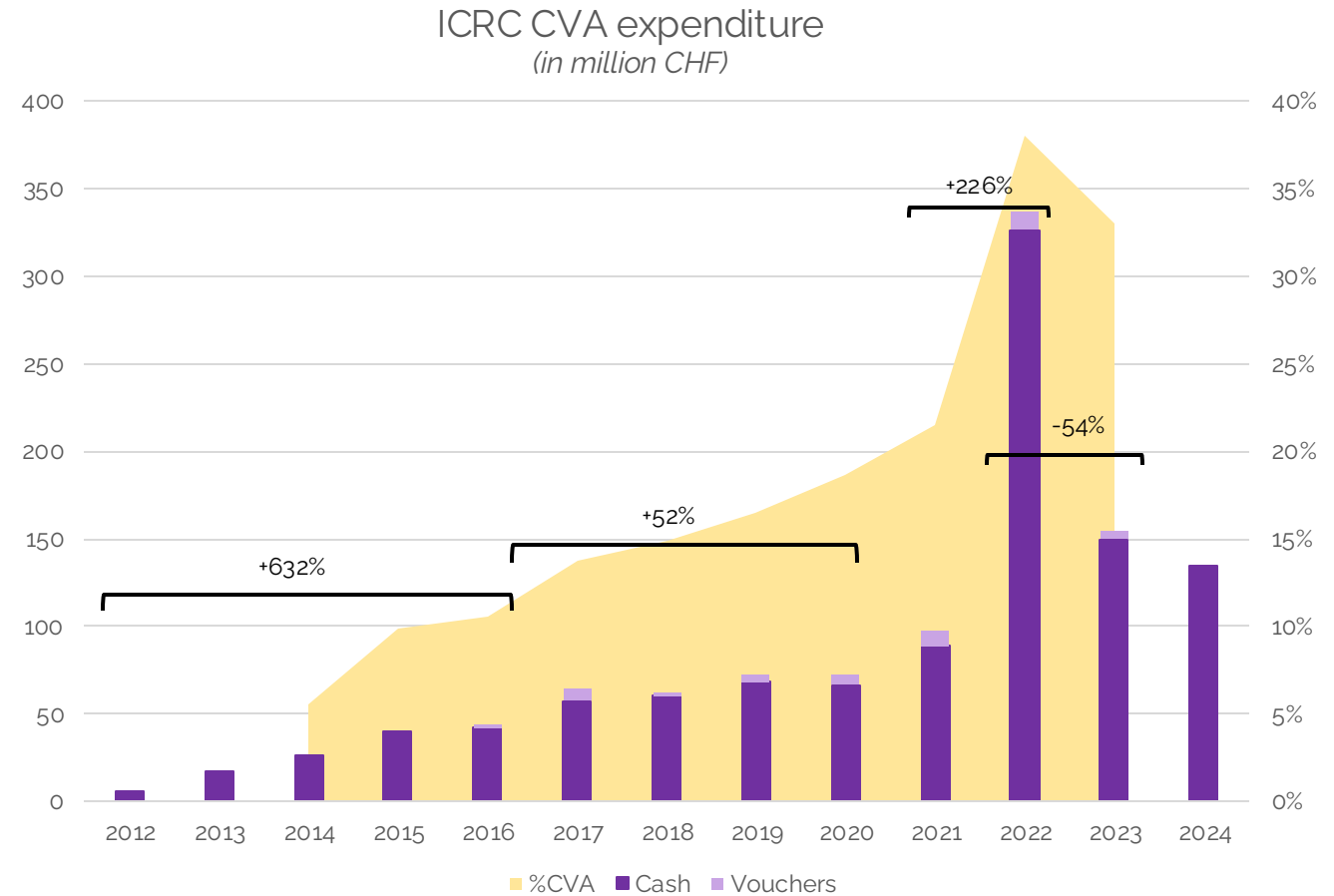
AUGUST 2024



ICRC

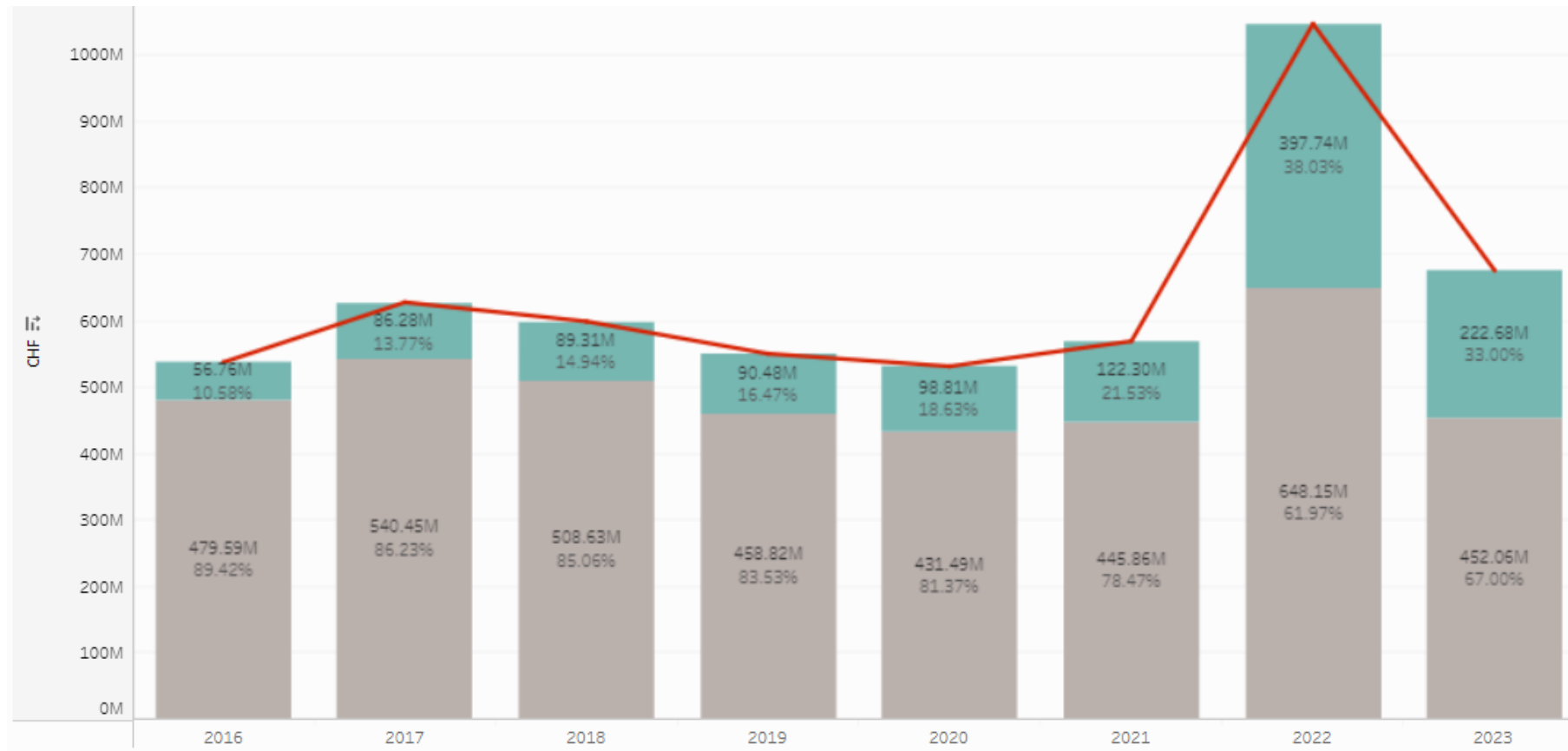
# CVA AND THE ICRC

- **CVA budget has more than tripled (+226%) in a single year in 2022 reaching CHF 318 million**
  - Largely enabled by digital payments and scaling up of CVA where Delegations were already prepared
  - More appetite for CVA, more options for delivery mechanisms
  - Vouchers decreasing, but remains an option
- Economic Security Department remains the largest cash budget holder, but Health and Protection are also growing
  - Demand building from other metiers



# CVA AND THE ICRC

- In efforts to “count cash”, this is our best approximation
  - ~38% in CVA in 2022; 33% in CVA in 2023
  - Consistent growth in proportion of cash despite funding (excluding exceptional year)



# TRENDS IN THE RISE OF CASH

- **Localization.** Shift in 'getting aid in' to 'keeping people and society going' prioritizes local actors, local services, and local economy.
- **Digital technology.** Increasing options offered by mobile phones, bank cards, and ATMs means transferring cash directly to individual faster, safer, and at scale.
- **“Remote” programming.** Hard-to-reach areas meant that humanitarian organizations can reach people in other ways that direct physical presence on the ground.
- **Rise in armed conflicts in urban areas.** More and more humanitarian action in sophisticated economies, where markets are strong and financial solutions are high.

# CASH IN CONTEXT

Some contexts are more **“cash ready”** than others:

- Functioning markets
- Capable financial service providers
- Political environment – Government policies
- Cash economy in the target population

**“Cash preparedness”** is also key to increase scale of cash transfers quickly

- Set up systems and processes
- FA - FSPs
- Knowledge and experience
- Tools & guidelines



WHY CASH IS AN ESSENTIAL TOOL IN HUMANITARIAN ACTION

# MANAGING RISK

- **Market interference.** Sudden and inappropriate injection of cash can distort markets.
- **Unintended use.** Successful outcomes of for affected people should be defined by the people themselves.
- **Negative impacts on the protection of individuals.** HH/community social tensions. Migration and smuggling. Elderly and people with disabilities.
- **Security.** Expose recipients and staff.



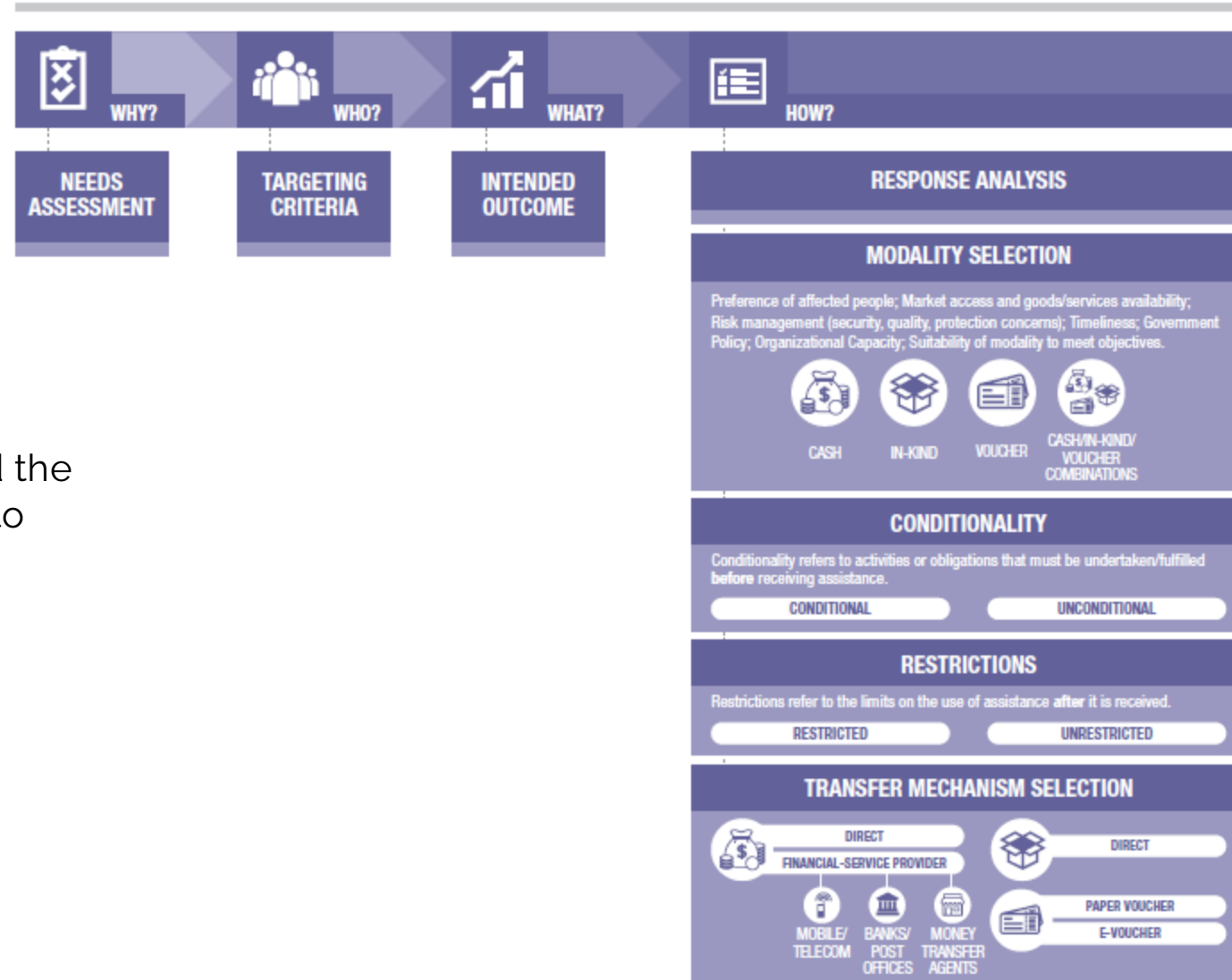
# THE POLITICAL ECONOMY OF CONFLICT

- Armed conflict and OSV lead to changes in both the formal and informal economic systems in any given country or region. These changes often create a **“war economy”**.
  - Short term: human casualties and physical destruction of assets + infrastructure
  - Long term: collapse of public services and food production systems, increased migration, social and cultural disintegration
  - Often results in **the growth of the informal economy.**
- Humanitarian aid into an economic system also impacts the economic dimension
  - Food aid impacts economy at macro + micro level, often negatively influencing food prices and local food production
  - Multiplier effect and concerns of inflation

# NEEDS FIRST

- **Needs first.** Needs of the affected people and the context in which they are living and surviving to determine the best humanitarian response.

ICRC intervention design process





# CASH TRANSFERS + COMBINING WITH OTHER ACTIVITIES

- Where markets function, transfer of **unconditional, unrestricted cash enables people to prioritize their needs as they see fit**, whether that's food, rent, clothes, school fees, legal / administrative costs, or paying their mobile phone bill.
  - ICRC will continue to recommend use of unconditional and unrestricted cash transfers for relief response for basic needs wherever context is cash ready
- **Cash is seldom a one-stop shop for meeting every need of every person.** Typically, we find ourselves using a range of different humanitarian methods to achieve multiple humanitarian objectives.
  - Often we will require a well-judged mix of different humanitarian activities

# WHEN CASH IS BEST IN CONFLICT

- **Range and versatility of cash assistance.** ICRC experience suggests that cash is a versatile tool and has been successfully used in 50+ contexts.
- **Importance of non-cash options.** Cash is not always best in conflict like limited, hard to reach areas where military situation is highly volatile and access to affected people are sporadic.
- **Need for speed.** Urgency of situation forces ICRC to adopt in-kind without waiting to be “cash ready”
- **Volatility and need for flexibility.** Volatility and rapid change are consistent features of conflict where it can ebb and flow across different parts of a country. Ability to switch modalities. Ability to adapt programming.



# WHEN CASH IS BEST IN CONFLICT

- **Hard to reach areas.** Security concerns and political resistance will require us to work remotely through partners, often NS. Digital cash transfers offers ability to respond without physical access.
- **Prioritizing infrastructure and services.** Continuing basic services in health, water and sanitation, electricity and education is essential. Cash at HH level helps people pay fees related to accessing these services.
- **Protection of people at risk.** Cash cannot address the violence that affects the level of protection afforded to vulnerable people.
- **Balancing efficiency, effectiveness, and value for money.** Cash has potential to offer major savings in cost and efficiency. Importance to also assess outcome achieved by people, not only resources received by people.
- **Coordination and consolidation of cash in conflict.** Coordination has produced significant debate and disagreement, but led to the GB cash coordination caucus.
- **Humanitarian principles and single-provider model.** Risk of identification / association with particular coordination agency or FSP which may be perceived as one-sided.



# DATA PROTECTION

- Personal data collected **include “KYC” data, as well as geolocation and/or other metadata and biometrics.** As with collection of any personal data, there are inherent privacy-related threats and risks.
- Key concerns include:
  - **Use of data by authorities for law enforcement purposes** including surveillance and profiling of individuals
  - **Use of data for commercial purposes** such as service providers offering further services or advertisements or profiling them for credit worthiness
  - Security risks can arise with **multiplication of sensitive data** creating additional vulnerability points for unauthorized access
  - Challenges around **individual consent** in agreements with FSP



# POLICY RECOMMENDATIONS FOR CASH IN CONFLICT

- 1.** Humanitarian organizations must continue to take account of the specificity of armed conflict as they develop policy on cash.
- 2.** Cash is a necessary, but not sufficient, on its own, response to people's needs in armed conflict and its suitability as the best option for people in a given situation must be considered carefully and strategically.
- 3.** People should be involved in decisions about “cash or in-kind” whenever possible and consulted carefully as conditions change during conflict.
- 4.** Cash is usually best applied alongside other forms of humanitarian action and engagement.
- 5.** Operational flexibility and readiness to “switch” back and forth between cash and other forms of assistance should be retained in armed conflict – especially protracted conflicts.
- 6.** Principles of impartiality and neutrality must guide the assessment and delivery of cash throughout situations of armed conflict and be designed into any financial services involved.

# CVA IN CONFLICT RESOURCES

1. [Cash transfer programming in armed conflict: the ICRC's experience](#)
2. [Cash Hub - Cash in conflict](#)
3. [Present and engaged: how the ICRC responds to armed conflict and violence in cities](#)
4. [Supporting social protection: five considerations for a principled humanitarian action](#)
5. ["Doing no harm" in the digital age: what the digitalization of cash means for humanitarian action](#)
6. [People-centric humanitarian response in conflict: strategies, insights and dilemmas.](#)  
Webinar (Day 3): Well-being: towards a more meaningful response in conflict settings?



**Thank you**

Clara Setiawan, Global CVA Lead - ICRC

[csetiawan@icrc.org](mailto:csetiawan@icrc.org)

Loyse Tabin, Income and Markets Specialist, ICRC

[Ltabin@icrc.org](mailto:Ltabin@icrc.org)

