

# CASH TRANSFERS FOR FOOD SECURITY IN FRAGILE SETTINGS

## POLICY BRIEF

**Cash transfers are increasingly being seen as potential solutions in situations of food and nutrition insecurity and fragility. They are used to provide relief to the poor and vulnerable to help cushion the impact of shocks, of which the COVID-19 pandemic is an acute example. For both governments and civil society organizations (CSOs), it is important – now more than ever, given the immediacy of the global health crisis – to learn how, and to what extent, cash transfers can contribute to food security, especially in fragile settings. This policy brief summarizes the main findings of the research project ‘Cash Transfers in Relation to Food and Nutrition, Security and Fragility’ and provides policy recommendations distilled from these findings.**

### Relevance for Dutch policy

The Dutch Ministry of Foreign Affairs (MFA) has made the prevention of conflict and instability one of its priorities in development cooperation policy. Likewise, global food security has been a major policy goal for the Netherlands for more than a decade. In addition, Sigrid Kaag, Minister for Foreign Trade and Development Cooperation, has recently confirmed that the MFA is committed to scaling up its implementation of cash transfer programmes, in an effort to fight poverty and inequality and contribute to the resilience and dignity of the poorest of the poor. Yet, this development is largely based on a humanitarian view of cash transfers. Thus, knowledge about cash transfers and their relationship with long-term food security and fragility is of particular relevance for Dutch policymakers.

This policy brief is based on the research project **Cash Transfers in Relation to Food and Nutrition Security and Fragility**, conducted by The Broker and supported by the Knowledge Platform on Inclusive Development Policies (INCLUDE), the Food & Business Knowledge Platform (F&BKP), and the Knowledge Platform Security & Rule of Law (KPSRL). For more, see Magendane, K., Karssenbergh, M. & Yannicke, G. (2021). *Cash transfers for food and futures. New insights into cash transfer programming in fragile settings*. The Broker, INCLUDE, F&BKP and KPSRL.

While the interactions between cash transfers and fragility, cash transfers and food security, and food security and fragility, have been extensively documented, there remains a knowledge gap on the relationship between the three (cash transfers, food security and fragility) – referred to as the ‘triple nexus’ in this project. Recognizing both the potential and the lack of understanding of cash transfers in food insecure and fragile contexts, [The Broker](#) initiated this research project, supported by and in collaboration with [the INCLUDE Knowledge Platform](#), [the Food and Business Knowledge Platform](#), and [the Knowledge Platform Security & Rule of Law](#).

### Power & politics

#### Conflict sensitivity and collaboration

When implementing a cash transfer programme, especially in fragile settings, being acutely aware of the power dynamics at play is of utmost importance. In practice, this means that in order to be effective, designers and implementers of such programmes need to operate in a conflict-sensitive manner and take into account the needs and interests, not only of their target groups, but also of other influential stakeholders in the areas in which they operate. This is particularly important in contexts in which tensions, or even outright conflict, are present, as there is a risk of exacerbating such dynamics leading to increased instability.

### About the consortium

This project was carried out by The Broker, in collaboration with, and funded by, three of the Dutch [knowledge platforms](#).

#### The Broker

The Broker is a knowledge brokering organization that specializes in the fields of human security, inclusive economy and sustainable governance. Its core aim is to uncover knowledge, link it to stakeholders, and ensure that the knowledge contributes to inclusive, sustainable and evidence-based policy making.

#### INCLUDE

The Knowledge Platform on Inclusive Development Policies (INCLUDE) aims to ‘make knowledge work’ for policymakers and practitioners. It co-creates and shares knowledge on inclusive development in Africa with Dutch and African policymakers and practitioners, including the Dutch MFA.

#### F&BKP

The Food & Business Knowledge Platform aims to facilitate a better understanding of how food systems work and how they can be strengthened. By developing a more focused knowledge agenda, the F&BKP seeks to nourish practices and policies for sustainable food and nutrition security. From 2021, the F&BKP will be integrated in the [Netherlands Food Partnership](#).

#### KPSRL

The Knowledge Platform Security & Rule of Law aims to promote knowledge exchange and identify, define and answer research questions with the aim of underpinning Dutch development policy (and its implementation) in fragile and conflict-affected settings.

Establishing working relationships with those in power, as well as including relevant stakeholders in all stages of programming, is key to the success of cash transfer programmes. To that end, an engagement strategy should be formulated prior to the start of the design process. Yet, when operating in fragile settings, the political arena – and, hence, political cooperation partners – are often unpredictable. Sudden political shifts and upheavals may require quick changes, in terms of programme design as well as working relationships. Designing flexible programmes

and ensuring that operations are not dependent on the support of one political actor is, therefore, highly advisable. A non-partisan approach is, where possible, the most effective approach, as it allows organizations to continue their operations, even in the most fragile settings.

### Local partnerships and stability

In addition to working with power holders, collaborating with local CSOs and communities has been indicated as important in ensuring the effectiveness and sustainability of cash transfer programmes. Outsourcing various activities to local and community-based organizations, enables individuals and communities, that would otherwise be left out, to be reached. Additionally, such local collaborations generate a broad and locally-rooted support base for the cash transfer programme. Moreover, the inclusion of local partners in the design and implementation process contributes to the sustainable impact of the cash transfer programme.

Insight from this research further indicates that, in those programmes where collaboration was sought with a variety of locally-based organizations and communities, social cohesion was improved. All of this suggests that inclusive



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processes – i.e. including power holders, local communities, and local organizations, as well as other stakeholders, in the various stages of cash transfer programming – have the potential to enhance stability, or, at the very least, ensure that instability is not exacerbated.

### Markets & the economy

#### A warning on markets

Whether cash transfers are the right instrument to realize food security is largely dependent on the presence of a functional and accessible (food) market. When food and other goods are not available at local markets, cash transfers have proven to be less effective. Furthermore, cash transfers may even have negative spill-over effects if there is low market integration. A sudden influx of cash can lead to market distortion and harmful inflation, exacerbating pre-existing inequalities in market structures. In contexts where markets are not functional, in-kind assistance is the most effective approach to ensure food security in the short term.

Critical voices argue that cash transfers are not a suitable instrument to be implemented in fragile settings, because markets in those contexts are weak and volatile due to external shocks. However, based on the findings in this research project, organizations have dealt with the unstable nature of markets in fragile settings and successfully implemented cash transfer programmes. Moreover, the research found that markets in fragile settings are not necessarily weak or lacking development potential. Hence, cash transfers can be highly effective in fragile settings.

#### Integrated approaches

In fragile contexts, it is even more important than usual to ensure that the modality

used for the cash transfers is adjusted to the particular conditions of the local market. In this way, harmful disruptions can be avoided, and local economies supported. In a market-based intervention, organizations not only provide cash to beneficiaries, but also offer additional support to strengthen local markets.

These extra services can be seen as part of a so-called ‘integrated approach’. Integrated approaches are built on the assumption that cash transfers contribute to long-term food security and resilience when they are delivered in combination with other services, as described above. Such additional services often focus on building local capacity and knowledge, including entrepreneurial and agricultural skills. Integrated approaches and market-based interventions are not only relevant in a context where markets are not functioning, but also in contexts with highly functioning markets.

The organizations consulted for this research unanimously subscribe to the idea that a standalone cash transfer programme is not sufficient to realize resilience and long-term food security. In areas where cash transfers are complemented by other services, they tend to have a more significant impact on the livelihoods and resilience of beneficiaries.

### Challenges & trade-offs

#### Funding and transfer values

A common challenge faced by organizations is that they do not have a sufficiently large enough budget to give beneficiaries an amount that enables them to meet multiple needs (beyond immediate food consumption). The consulted organizations unanimously agreed that a transfer value based on the [Minimum Expenditure Basket \(MEB\)](#) is not sufficient to contribute to long-term food security and resilience. In some cases, due to a lack of funding, organizations are forced to give beneficiaries a transfer value even lower than the established MEB.

In addition to limited budgets, funding is often inflexible as well. Although they generally have similar goals as implementing organizations, donors tend to lack flexibility in their funding mechanisms. This is particularly problematic for organizations operating in fragile settings, where complexities on the ground may demand quick changes and the implementation of contingency plans.

### Trade-offs and dilemmas in cash transfer programming

When implementing cash transfer programmes to enhance food security in fragile settings, organizations and policymakers may face various dilemmas and trade-offs:

- When a cash transfer programme has long-term objectives, patience and perseverance are required to build relationships with and between all relevant stakeholders and actively include them in the design and implementation process. This often comes at the cost of short-term gains.
- Although collaborating and negotiating with a wide range of actors in conflict settings is usually beneficial, there is a downside to such an approach: organizations run the risk of undermining their long-term objectives by working with powerful actors that do not share their agenda or that are involved in the conflict and may, consequently, lose their hold on power in the (near) future.
- With limited funding, organizations are faced with three clear trade-offs: (1) support more people with a relatively low transfer value or support fewer people with a higher transfer value; (2) support more people for a short period of time, or fewer people for a longer period of time; or (3) support few people, but include integrated approaches in the design of the programme.
- In fragile settings humanitarian organizations may be better equipped to provide cash transfers. Taking a coordinating and supporting role might be a difficult choice for development organizations, but complementing the activities of humanitarian organizations will most likely yield results in terms of long-term food security and resilience.

### About the project

The research project ‘Cash Transfers in Relation to Food and Nutrition, Security and Fragility’ started in June 2020 and was concluded in December 2020. The project had three main objectives:

- To fill the existing **knowledge gaps** about the triad relationship between cash transfers, food security and fragility.
- To inform current strategies and responses in a timely, accessible and actionable manner. As cash transfers are increasingly incorporated in the development cooperation strategy of the Dutch MFA and as a central component of the coronavirus response in many countries, this project has great **political relevance**.
- To leverage the strengths of, and harness synergies between, the **knowledge platforms**, each of which is specialized in one of the central dimensions of this project: INCLUDE in cash transfers; F&BKP in food and nutrition security; and KPSRL in conflict and fragility.

The first phase of the research included a literature review and exploratory interviews with key stakeholders. The key findings of these activities can be found in this [short read](#). This phase was concluded with an interactive workshop, during which insights were shared and discussed with a broad range of stakeholders, including policymakers, practitioners and academics. Informed by the input gathered during this workshop and further advised by a reference group consisting of representatives of the three knowledge platforms, as well as a number of external experts and stakeholders, The Broker entered the second phase of the project.

During the second phase, in-depth interviews were conducted with stakeholders and representatives from a variety of interesting case-studies and organizations. This phase included the writing of a synthesis report, the organization of a closing workshop, as well as the formulation of the present policy brief. The synthesis report as well as other knowledge products resulting from this project can be found [on this webpage](#).

### Recommendations for policymakers

- **Prior to designing a cash transfer programme, conduct an on-site context and stakeholder analysis.** This allows for conflict-sensitive programming as well as the identification of significant local actors, beyond official authorities and beneficiaries.
- **Include relevant stakeholders in all stages of the programme.** This also pertains to local powerholders – including official and de facto authorities – but be mindful of jeopardizing the legitimacy or sustainability of the programme in case of political tension/conflict.
- **Taking a non-partisan approach and coordinating/cooperating with humanitarian interventions are essential if the organization implementing the cash transfers wishes to continue their operations in highly fragile settings.** Conflict-sensitive programming means that organizations may be able to continue their pursuit of long-term goals like food security, even in places where there is outright conflict. This requires strengthening collaboration between humanitarian and development-oriented organizations, as well as increased integration of these approaches at the policy level.
- **After the context and stakeholder analysis, an engagement strategy should be formulated.** Ideally this is part of, or happens before the start of, the programmatic design process.
- **Flexibility in programming and funding is key, especially in fragile settings.** When implementing a cash transfer programme in a volatile environment both implementers and donors need to be flexible. If one party is inflexible, the necessary adjustments to changing circumstances or outbursts of conflict cannot be made effectively.
- **Collaboration with local and community-based organizations enhances the inclusiveness and sustainability of cash transfer programmes.** Not only do such collaborations foster a broad and locally-rooted support base, they also help in reaching the most marginalized/invisible groups. In addition, if outbursts of conflict force I/NGOs to retreat from the area, locally-rooted organizations are often able to continue implementing the programme.
- **It should not be assumed that markets are not functioning in conflict-affected areas.** Even in contexts with violent conflict, markets often continue to function, perhaps in a less formal or not cash-based form. This means that cash transfer programmes – where necessary in the form of (food) vouchers – continue to be applicable.
- **Cash transfers should be implemented in conjunction with other, complementary interventions to have maximum impact.** When looking to strengthen the local market, cash transfers can be combined with activities that create an enabling environment that promotes trade and transport. Again, this calls for an improved connection between humanitarian and development efforts when it comes to cash transfers.
- **Multi-purpose and unconditional cash transfers are more effective than conditional cash transfers in contributing to long-term food security and resilience,** as they increase food consumption directly in the short term and enable beneficiaries to make investments for the future, for example, in livestock or starting a small business.
- **Budgets for cash transfers should be sufficiently large, otherwise the impact is not only small, but much less sustainable.** If the budgets are too limited, organizations can only: support beneficiaries to meet direct (food) needs; support too few people, meaning that positive spill-over effects are not strong enough to have an impact at scale; or offer support for only a short period of time, meaning that beneficiaries are limited in building their resilience. An additional budget that supports integrated approaches to cash transfer programmes could prove highly impactful.

## Key resources

### **The State of the World's Cash 2020**

This report by the Cash Learning Partnership (CaLP) provides an overview of trends and developments regarding cash and voucher assistance (CVA). Additionally, it provides useful recommendations for actors operating in humanitarian and fragile settings. The report reflects issues including: the importance of coordination between implementing organizations; the localization agenda in cash transfer programming; and the alignment of cash transfer and social protection programmes.

### **Cash Programming in Emergencies**

This 'best practice review' by the Humanitarian Practice Network and the Overseas Development Institute synthesizes existing cash transfer guidelines, centralizes lessons from research and evaluations, and adds practical examples drawn from cash-based interventions. Additionally, the report illustrates various challenges for conducting cash transfer programmes in fragile settings, and various strategies to overcome them.

### **The Global Framework for Action**

This two-pager provides a collective road map for increasing the scale and quality of cash transfer programming. Organizations and donors can use this framework as a checklist to evaluate the effectiveness of their cash transfer programmes in fragile settings.

For strengthening the nexus between humanitarian cash transfers and social protection in fragile settings, two final resources can be recommended: This [CaLP briefing paper](#) as well as this insightful short-read [Identifying practical options for linking humanitarian assistance and social protection in the COVID-19 response](#).

### **INCLUDE knowledge platform**

The [online publications archive](#) on social protection from INCLUDE and its partners, including a [synthesis report](#), research outcomes, policy briefs, downloads and more, with a specific focus on Africa.

## Authors

Kiza Magendane (The Broker)

Mariëlle Karssenberg (The Broker)

Yannicke Goris (The Broker)

## Graphic design

Kim van Wijk (The Broker)

## Reference groups

Marleen Dekker	INCLUDE
Frans Verberne	F&BKP
Megan Price	KPSRL
Ida Rademaker	MFA
Martine Rutten	MFA
Asma Hashi	MFA
Gitte Buch	100WEEKS
Annegre de Roos	Save the Children
Gerrit-jan van Uffelen	WUR – CDI
Roeland Hemsteede	Consultant

## Language editor

Susan Sellars