

HAITI: UNCONDITIONAL CASH TRANSFERS – LESSONS LEARNT

Introduction

The challenges of responding to the catastrophic earthquake in Haiti were huge and varied, prompting agencies to think and act creatively. Christian Aid's partners were at the forefront of the humanitarian response, distributing cash to people affected by the disaster two weeks after the earthquake struck the country. Some Christian Aid partners chose to respond with cash, rather than with goods in-kind, as they recognised the diverse needs of those affected, the flexibility of cash to meet those needs, the dignity of transference of choice and the importance of supporting the local markets to rebound at such a critical time.

Each partner designed their own programme, and this paper highlights the successes and challenges of their approaches, in a bid to contribute to the growing body of cash transfer programming best practice.

Emergency context

On 12 January 2010, Haiti was struck by an earthquake measuring 7 on the Richter scale. It hit 15km southwest of Port-au-Prince, one of the world's most densely populated cities with more than 30,000 people per square mile.¹ The devastation caused is well documented and created a range of humanitarian challenges. The first, and most basic, was how to meet the initial needs of more than 2 million people made homeless, thousands of whom were fleeing to the rural areas.²

Christian Aid has been supporting Haitian partners since 1980. They are experienced

at responding to emergencies, and although Christian Aid Haiti and the partners suffered greatly in the earthquake – losing staff and offices – they were still in a very strong position to react quickly and efficiently through their existing community networks, civil society organisations (CSOs) and with links to local authorities.

Response options: why cash?

Initial assessments highlighted the enormous range in needs. Not only was food prioritised, but non-food item replacement (fuel, cooking equipment, small business supplies), access to basic services (shelter materials, payment of medical or education bills), and costs linked to displacement or reintegration (transport, rent) were also individual priorities. As well as highlighting the wide range of needs, Christian Aid partners' assessments also found that while international agencies were facing huge logistical challenges in sourcing and distributing basic items, due to transport and storage infrastructural damage, local markets had begun to function again just a few days after the earthquake. In this urban context with a cash-based economy and resilient traders, cash transfers were selected as an efficient and effective response to a complex situation.

Four out of the six Christian Aid partners that responded immediately elected to use unconditional cash transfers. They each designed their programmes slightly differently, but based their plans on Christian Aid's guidance of US\$26 per person per month.

By using unconditional cash through a remittance agent, cash was in the hands of the affected population 14 days after the earthquake

Setting the amount

The primary aim was to meet basic needs. A Sphere standard dry food ration basket was established and a real-time market value for this was then calculated – factoring in the post-disaster price inflation.³ The value was set at US\$26 per person per month. With an average family size of five, US\$130 was proposed as a monthly household cash value for distribution.

Why unconditional cash transfers?

- Assessments identified an enormous range of needs that would be difficult to meet with an in-kind response.
- It allowed beneficiary choice, leading to more appropriate, individual goods selection.
- It increased dignity, putting the direction of the recovery into the hands of the affected people.
- It was a more cost-effective option than providing goods in-kind, especially given the infrastructure challenges.
- Local urban markets were functioning almost immediately, with rural markets largely unaffected.
- There was reduced access to income, as small businesses and livelihoods were destroyed and remittances from urban to rural family members stopped due to loss of income.
- Loss of livelihoods and remittances meant that many households were surviving on lower incomes and were less able to service existing debts. In addition, the cost of recovery meant that households often took on more debt. Unconditional cash reduced the need to take further loans to pay interest and exacerbate the household debt.
- A direct cash transfer system had the ability to include vulnerable groups often excluded from Cash for Work (CfW).⁴
- It was fast and simple to set up if using cash envelopes or contracting a remittance agent.
- The existing culture of remittances in Haiti made the transfers a more suitable choice.

Why not in-kind?

The **range of needs** was vast and a large number of people were on the move. Unconditional cash transfers allowed dignity and choice without weighing down the affected people with physical materials.

Logistical entry points such as ports, airports and border crossings were damaged, overloaded or closed. Many international agencies spent weeks waiting for goods to be ready for distribution. Medium-scale cash was faster and easier to distribute using a range of methods.

The **markets** were stocked and able to meet many of the basic needs (certainly not all, shelter being a clear exception). Supporting functioning markets created a sense of life returning to normal.

Why not Cash for Work?

Food insecurity was a major factor behind the decision not to support labour-intensive CfW programmes. Urban food insecurity reached 52 per cent after the earthquake⁵ and rural household vulnerability increased rapidly as they hosted more than 600,000 displaced people leaving the cities.⁶ Anecdotal evidence suggested that the payment value approved by the government was only able to meet the daily food needs that the labour itself created.

There was significant CfW coverage, with enormous programmes (such as that provided by the United Nations Development Programme), which soon saturated the market.

The **financial cost of recovering** from the damage caused by the earthquake was too great to be met with CfW programmes, and the time needed to salvage goods, repair shelters and look after relatives meant that CfW programmes would be a diversion from these important activities.

Why not vouchers?

Had preparedness work been carried out in advance, vouchers would have been a good second choice. However, the time needed to set up a range of contracts with suppliers would have outweighed the benefits. Speed was the winning factor for opting for unconditional cash as the immediate response option.

Beneficiaries would have been **tied to specific retailers**, making vouchers unsuitable for those leaving for the rural areas.

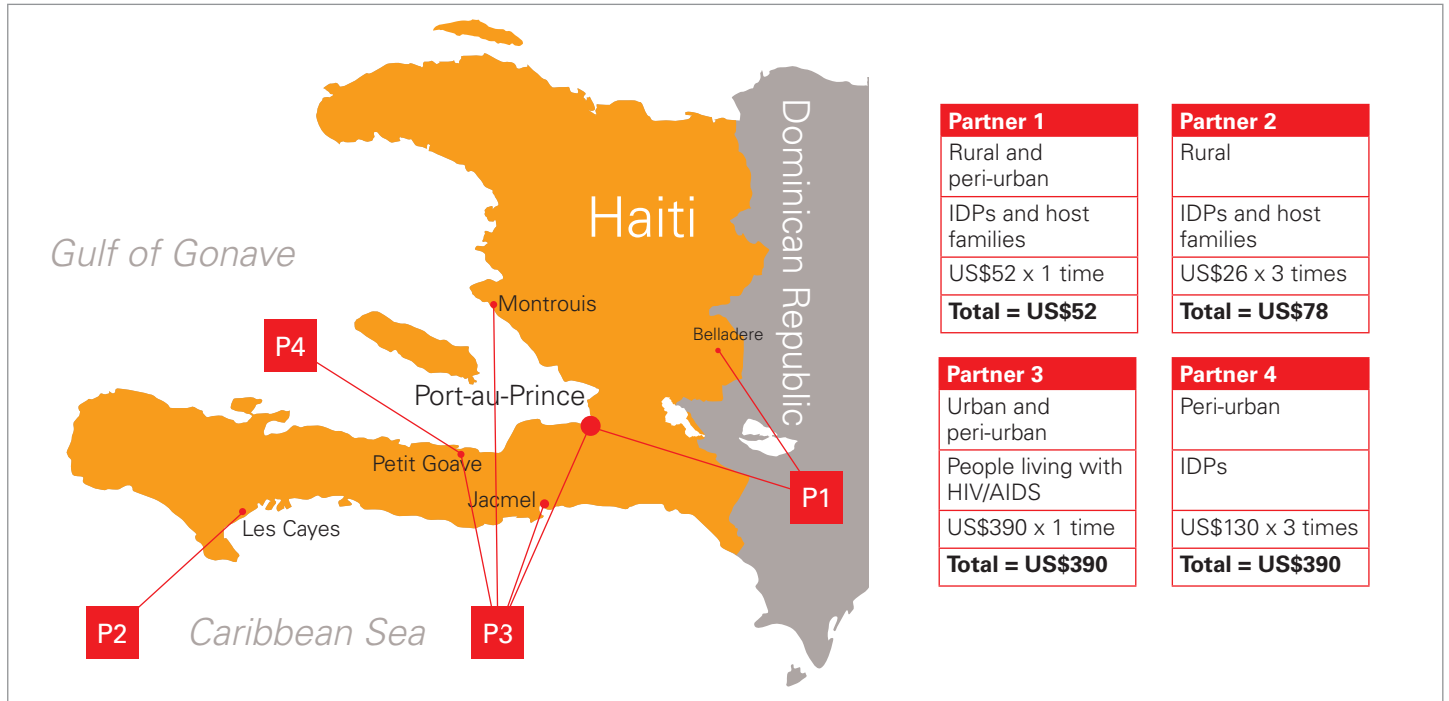


Figure 1: Map of Haiti with details of partners' locations and intervention summary

Distribution mechanisms

1. Remittance agents

Partner 4 (see Figure 1) set up a contract through a remittance agent, in a peri-urban camp environment where the partner distributed cash only in its immediate response programme.

The only surviving cash distribution system in that location was CAM (Caribbean Air Mail),⁷ a well-established and utilised remittance agency, used to sending funds from the US, Canada and the Dominican Republic to recipients in Haiti.⁸ A contract was set up with CAM to transfer cash to a predetermined list of beneficiaries on behalf of the partner. Before distributions could be made, the partner compiled beneficiary lists based on early assessments and created ID cards with unique issue numbers and distribution punch holes. The beneficiary lists and correlating ID codes were shared with CAM, who batched the distributions into groups with specific date and time slots for collection, to avoid queuing and pressure on the CAM office. CAM was responsible for preparing the money, recording receipts and making the security arrangements, and it charged the partner a three per cent fee for these services. The partner was responsible for informing the beneficiaries of the distribution days and times, observing the distributions, and addressing any issues raised during the process.

The first transfers were made 14 days after the earthquake. The beneficiaries were treated in the same way as existing CAM customers, giving them a sense of dignity

throughout the process and removing the sense of being part of an 'aid distribution'.

2. Cash envelopes

Three out of the four partners used direct distribution with a cash envelope; all were distributing in rural locations. These three partners were using cash as one element alongside complementary programming with in-kind food, shelter materials, and psychosocial or health activities.

This approach was time-efficient in the first few weeks after the emergency, as the banking system was not fully functioning, the number of households to which funds were to be distributed was relatively low (a maximum of 2,000 families per partner), and it was suitable for community sites with a wide geographical spread. The partners controlled the distribution, communicating the date, time and location, or distributing directly to each home. ID cards were made and record sign sheets kept. This approach avoided the three per cent contract fee with the remittance company but involved a higher human resource cost, reducing the amount of funds directly reaching beneficiaries.

Distribution speed

While the remittance agents' approach was in place very quickly, the time that beneficiaries needed to wait at the point of distribution was much longer than for those receiving cash envelopes. Seventy-six per cent of beneficiaries queued for more than three hours to collect the funds, compared to 13-17 per cent waiting three hours or more for the cash envelope distribution.

Solange LaGuerre fled from Port-au-Prince to Les Cayes, where she received US\$78 in cash: 'With this money I bought a pig for my mother to rear and sell later on for a profit... I also paid the school fees for my children and bought some food for my family.'

Impact

1. How was it spent?

a. Meeting a diverse range of needs prioritised by households

Figure 2 illustrates the wide range of needs the beneficiaries were able to meet using their cash transfer. Had the more traditional in-kind response been used in lieu of unconditional cash, at most 59 per cent of the needs could have been met (food, cooking fuel and water). The use of unconditional cash transfers showed that 41 per cent of the needs the beneficiaries

prioritised were diverse (health costs, rent, debt, small business costs) and could not have been met even with a well-targeted in-kind response.

Had there been concerns over the appropriate use of the cash, vouchers could have been used for school fees, food items or household goods. However, as well as having greater set-up costs and taking longer to implement, a voucher scheme would not have been flexible enough to meet the remaining needs of beneficiaries.

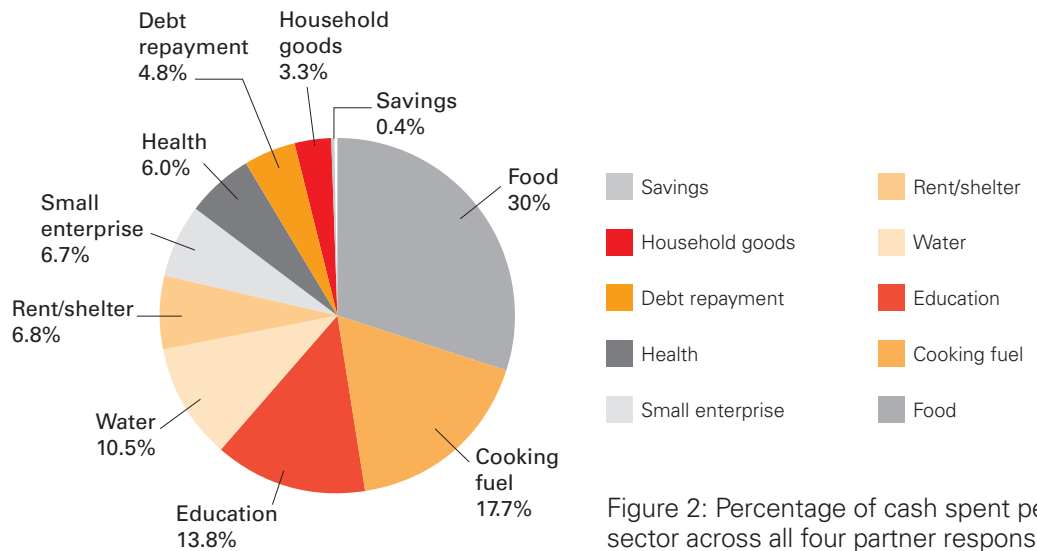


Figure 2: Percentage of cash spent per sector across all four partner responses

b. Rural versus urban/peri-urban expenditure trends

By comparing the use of the cash between the rural and urban/peri-urban environment, the versatility of cash is clear. Those in the urban locations had greater shelter, fuel, water, debt and small business

needs, whereas 28 per cent more people prioritised food in the rural areas – perhaps because they were hosting displaced family members and being overlooked by food distributions that were focused on Port-au-Prince and the surrounding areas.

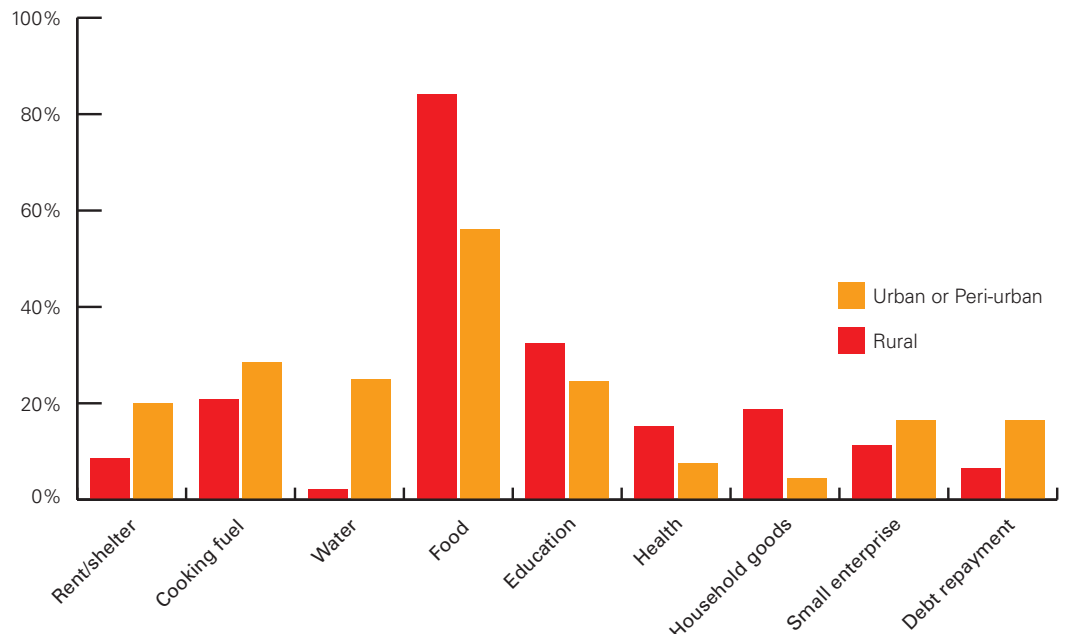


Figure 3: Percentage of people spending on each sector – rural and urban comparison

‘When I received the money it was like paradise. It was a miracle because I was living in hell. The cash allowed me to feed my family’ – Rosemund Ernest, beneficiary of a Christian Aid partner.

c. Gender influences on spending

While the cash transfers were targeted at households rather than individuals, it was important to assess whether the gender of the cash recipient greatly affected the spending decisions. The evaluation data revealed almost no discernable difference, with the greatest variation being that women were slightly more likely than men to purchase cooking fuel (three per cent) and food (two per cent), while men were two per cent more likely to pay for education and health costs than women.

These negligible differences are encouraging, suggesting that in this response, targeting women for the distribution was not a primary concern. More evidence is needed from other cash-based responses before making gender-focused recommendations for future programming.

2. Tackling debt

An average of five per cent of all the cash distributed by Christian Aid’s four partners was used to repay existing debts. In addition, 15 per cent of the cash distributed under this programme was used to replace lost household goods and small business items, allowing some families to recover and generate income without needing to take on further debt. Despite this, roughly 33 per cent of the programme’s beneficiaries took on additional sources of credit. Overall, 13 per cent more Haitian households were in debt in 2011 compared to before the earthquake, with rural indebtedness being greater than urban.⁹ Had more agencies responded with cash transfer programming targeted at rural households, hosting families and the displaced, this trend might have been reduced.

3. Ability to save or invest in livelihoods

Partner 4’s approach of a large, regular transfer of US\$130 a month for three months (US\$390 in total) created the best chance for the beneficiary to start or restart a business, compared with a single transfer of the same cumulative amount of US\$390.

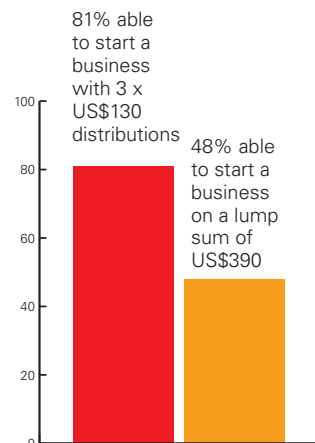


Figure 4: Single transfer of US\$390 versus three transfers totalling US\$390 and the ability to start or restart a business

Less than two per cent of those receiving a single transfer were able to make any savings, whereas those with two or more transfers were 24 per cent more likely to do so, regardless of the cash value given, demonstrating that the cash value is less significant than the number of transfers received. This illustrates how well-planned cash transfers can meet basic needs and give individuals the control and decision-making power over their own recovery.

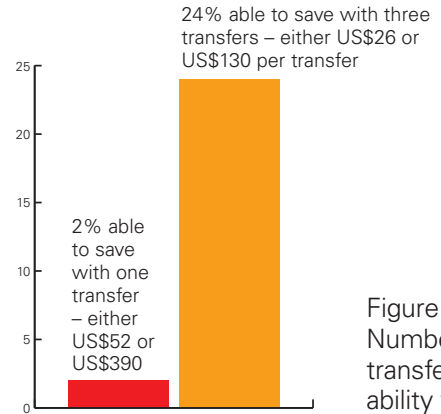


Figure 5: Number of transfers and ability to save

4. Beneficiary satisfaction

The evaluation found that 98 per cent of beneficiaries preferred receiving cash transfers over in-kind distributions¹⁰ – and while there are often security concerns when designing Cash Transfer Programmes (CTPs), the data gathered showed that 94 per cent of beneficiaries did not share this concern during the distributions. This is significant since 58 per cent of beneficiaries were living in camps or tents set up within the cities and had compromised security control.

An overwhelming 66 per cent agreed that a regular once-a-month transfer was the preferred frequency, followed by 17 per cent favouring once a week. It is clear that a one-off payment of US\$52 made by Partner 1 was seen as deeply unsatisfactory, while Partner 2 gave only US\$26 more (US\$78) but spread over three transfers, resulting in a much greater degree of satisfaction. One explanation of this is that Partner 2 worked in extremely rural locations, where the base income was significantly lower than those in urban or peri-urban locations, leading to a greater sense of appreciation.

Evaluation

The findings within this report are taken from an independent evaluation that was conducted in October 2010 and produced in January 2011. The data collection was gathered using the Cash and Learning Partnership survey tool that was designed for agencies implementing CTPs in Haiti. A 10 per cent sample size was set, giving a total of 405 beneficiaries surveyed in eight different locations.

Successes and lessons from Haiti

Successes

Partnership approach

By working with local partners, Christian Aid was one of the first organisations to distribute cash in Haiti, with the first transfers made 14 days after the earthquake.

Partners ensured access to vulnerable groups in a range of geographic areas overlooked by many international organisations.

Distribution method

The use of the existing remittance system avoided time delays and allowed beneficiaries to access funds through a familiar system, without discrimination.

Cash envelopes were reasonably fast and cost-effective, but required additional security considerations.

For greater reach, the remittance system was superior to cash envelopes.

Cash modality: unconditional

In an external evaluation, the partner distributing a cash only-based response was found to have the greatest impact and was the most efficient, possibly due to being focused on the programme set-up systems.

Unconditional cash led to a number of unexpected outcomes, with the funds used to start or restart a business, repay debt and even save.

Beneficiaries

Beneficiary consultation and awareness-raising carried out in advance led to low numbers of households with concerns about receiving cash.

Security was a greater concern for Christian Aid and partners than for the beneficiaries, with 98 per cent having no security concerns during the process.

Coordination, monitoring and evaluation

The Cash Working Group, which was set up very early on, was an excellent way of gathering momentum and agency confidence, as well as a community for sharing and producing monitoring and evaluation tools.

Conducting an independent evaluation was extremely valuable for reassuring management and donors, and adding to the collection of learning.

Lessons

Preparedness

Much can and should be done in advance in terms of preparedness – setting up contracts in advance for vouchers, mobile cash, remittance and banking networks etc – to broaden the possible response options.

Investment is needed to ensure buy-in and increased knowledge of programme and partner staff in designing, implementing, monitoring and evaluating CTPs across Christian Aid.

Market impact

More support should have been given to partners with limited experience in market surveys, to ensure they were conducted before, during and after transfers, to ascertain any impact.

Beneficiaries and impact

Partners needed to inform beneficiaries more clearly about the cash process, with details of the value of each transfer, number of transfers, frequency, etc.

The amount of the cash transfer is less significant than the number and frequency of transfers. Regular transfers allowed beneficiaries to save some of the cash they received. Transfers once a month would have been preferred by beneficiaries in Haiti.

The use of funds was almost identical between sexes. More evidence on this would be helpful from other responses.

Agencies need to consider debt implications if responding with in-kind or conditional cash.

Distribution mechanism

Using existing systems such as the remittance agencies has enormous benefits in terms of speed of set-up, familiarity and lack of stigmatisation. However, this system can create delays and long queuing times if not well designed. A clear and communicated distribution schedule, the distance from home to collection point, and the provision of seats and shade for more vulnerable people should be considerations, as per other distribution plans.

Monitoring and evaluation

There is great value in collecting and documenting evidence to demonstrate the need for cash transfer programming to management, donors, supporters, and programme and partner staff, to counter the association of antisocial use.

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Endnotes

1 Compared to London's 13,200 per square mile, demographia.com/db-worldua.pdf

2 OCHA, haiti.humanitarianresponse.info/Default.aspx?tabid=208

3 Sphere, sphereproject.org

4 Fifty-four per cent of Christian Aid's survey respondents were either elderly or orphaned.

5 World Food Programme Executive Brief on the Haiti Emergency Food Security Assessment, 2010, home.wfp.org/stellent/groups/public/documents/ena/wfp217076.pdf

[wfp.org/stellent/groups/public/documents/ena/wfp217076.pdf](http://home.wfp.org/stellent/groups/public/documents/ena/wfp217076.pdf)

6 International Organisation for Migration data.

7 Caribbean Air Mail, camtransfer.com/about%20us/mission.jsp

8 In 2009 remittances into Haiti

totalled 15.4% of GDP, <http://siteresources.worldbank.org/INTLAC/Resources/Factbook2011-Ebook.pdf>

9 acted.org/en/haitian-households-economic-situation-and-indebtedness

10 Of a sample of 166 beneficiaries.

UK registered charity number 1105851
Company number 5171525
Scotland charity number SC039150
Northern Ireland charity number XR94639
Company number NI059154
Republic of Ireland charity number CHY 6998
Company number 426928

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Christian Aid has a vision – an end to poverty – and we believe that vision can become a reality. We urge you to join us.

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