

# Cash and voucher in relief and recovery: Red Cross Red Crescent good practices

For the International Red Cross and Red Crescent Movement, providing cash relief or vouchers to disaster-affected families is proving a viable alternative to the direct distribution of food or other relief items and supports early recovery and restoring livelihoods.

Such assistance can take a variety of forms:<sup>1</sup>

## Cash grants:

Households receive money to meet their basic food and non-food needs or to purchase assets enabling them to resume economic activity.

## Cash for work:

Work on public or community projects is remunerated. The wages enable the workers to meet their basic needs, while the projects benefit the community as a whole.

## Vouchers:

Recipients are able to obtain a range of predetermined commodities. Vouchers may have either a cash value or a commodity value and can be exchanged in a special shop or from traders in fairs and markets.

Cash for work is regarded as conditional assistance, that is, it is given in return for a service, whilst cash relief and vouchers are unconditional and are mostly distributed on the basis of targeting criteria.

The distribution of cash relief or vouchers has been used successfully in a number of contexts:

- When the 2004–05 harvest in the Sahel region of Niger was severely damaged by the worst locust invasion in 20 years, cash was distributed to the affected population. The initiative helped to break the cycle of food insecurity, put households back on a more secure financial footing and improved their access to markets and health care. By receiving cash rather than food, the beneficiaries were able to choose whether to spend the money to meet immediate needs or to enhance longer-term coping strategies by, for example, investing in livestock or seeds.

- In Ethiopia in 2002, cash-for-work programmes were set up to address food insecurity. These employment-generation schemes made it possible to use relief resources to achieve a development objective and to strengthen communities' disaster-preparedness capacities. Benefits included reduction of economic migration, improved infrastructure and environmental conservation.

- Following Hurricane Mitch in the Americas in 1998, a cash component was included in recovery programmes in selected communities. Beneficiaries used the cash to purchase assets essential to their recovery, such as seeds, tools and fertilizer, or, where the food situation was desperate, for their immediate subsistence. An evaluation showed that in the communities where cash relief was part of the programme, there was an immediate impact on livelihood security, as it alleviated urgent food needs and thus decreased the risk of agricultural assistance being sold to raise cash. The cash also reinforced investment in production – the purchase of materials, labour and, on a moderate scale, assets necessary for long-term productivity.



<sup>1</sup> Adapted from Oxfam, *Cash-transfer programming in emergencies: A Practical Guide*, 2006

- In 2003, vouchers were distributed to targeted populations in the Palestinian territories. Restrictions on the movement of people and goods within the West Bank and between the West Bank and other parts of the territories had led to a near paralysis of the Palestinian economy. The lack of trade and employment opportunities and the consequent loss of purchasing power had contributed to the impoverishment of the Palestinian people. The ICRC started up a programme to assist 20,000 of the most vulnerable households in the urban centres of the West Bank, whereby vouchers could be used to obtain essential goods through a number of local suppliers selected by tender. The vouchers were designed both to cover specified items such as soap, sugar, tea, oil and flour and to enable the purchase of food, household products and school items as required. Although it did lead to some tensions and misuse, the programme helped to keep the local economy going and to preserve the beneficiaries' dignity.

- After the 2003 earthquake in Bam, Iran, the Red Crescent Society of the Islamic Republic of Iran and the British Red Cross distributed cash through a joint programme to enable the most vulnerable victims to meet their immediate needs. Recipient families used the grants mainly to buy household items or in some cases to offset education costs. The identification and targeting of beneficiaries, however, raised some issues that slowed down implementation of the programme. The Red Crescent Society of the Islamic Republic of Iran took the view that as everyone had suffered similar losses, they should all receive the support. Both the National Society and the Welfare Office saw targeting as a form of discrimination and feared it would exacerbate tensions that had already arisen in Bam in relation to the relief effort. The British Red Cross, meanwhile, justified targeting on the grounds that people's ability to recover differs even when they have suffered similar damage or loss and that this should be taken into account when allocating assistance.

- In the aftermath of Hurricane Katrina in 2005, the American Red Cross distributed "stored value cards" to survivors. According to this system, a predetermined amount of assistance, based on the person's disaster-related emergency needs and available means, is loaded onto the card and that person is then able to use the card to buy whatever he or she needs. Cards can be reloaded if further assistance is deemed appropriate.



Thus, people affected by the disaster were given the means to survive while applying for Federal aid or regaining access to their own resources. In the areas directly affected, the cash assistance bolstered the local economy, while in areas hosting large numbers of evacuees, it lessened the economic burden on the community. It also enabled donors to see the immediate impact of their contributions.

- After the flooding in Germany in 2002, the German Red Cross set up a cash-distribution programme. The programme had three components. The first involved providing small amounts of emergency cash to help people over the period when cash dispensers were not functioning. The second was designed to assist people in replacing household goods and clothing. The third was aimed at aiding reconstruction. While the emergency cash component had no impact on livelihoods, the household goods and reconstruction components, which involved substantial amounts of assistance, did provide longer-term support.

Before a decision is taken to pursue any of the options described above, a thorough needs assessment should be carried out that takes account of the local economy and security issues. Cash-for-work programmes need to ensure that the work involved does not supplant normal productive activity, such as harvesting or fishing. Lastly, it should be kept in mind that cash gives people greater freedom in choosing what to purchase than vouchers do.

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