

Briefing on Cash Transfers for the International Development Committee, submitted by members of the Cash Learning partnership (CaLP) including



The Independent Commission on Aid Impact recently concluded that cash-based programming delivers strong development results and represents excellent value for money for the UK taxpayer. It recommended that DFID scale up its use of cash-based programming as part of its wider efforts to increase the impact, efficiency and transparency of UKAid.

What are cash transfers?

Cash transfers can be used to provide help to those affected by humanitarian crises and drive long-term development. They can take the form of small, regular payments as well as larger cash grants, enabling people to meet their most urgent needs and to invest in the things they need to foster development and recovery after a disaster.

One of the many advantages of this approach is that it can be adapted depending on the needs of the people and the situations. Examples of cash for poverty relief include regular payments to vulnerable people or poor households. These payments can be made in the form of paper vouchers, mobile money transfers or pre-paid debit cards that can be used to withdraw cash.

Is there good evidence regarding cash transfers?

The evidence base regarding the effectiveness of cash programming is one of the strongest in international aid. A systematic review by the [Overseas Development Institute](#) found more than 200 high quality studies from around the world relating to cash.ⁱ When the results of these are

compared systematically, they find that cash-based programmes are a very effective way of delivering a range of development results, including economic development, improved health and nutrition, school attendance and psychological well-being. There is also very strong [evidence](#) that cash is a cost-effective way of delivering to people affected by humanitarian crises.ⁱⁱ

Cash-based approaches stimulate markets and economic development

Cash transfers also have an economic multiplier effect. Cash is spent in the local economy, typically with small businesses and market traders who may also be suffering because of the situation or crisis. Studies show that cash relief can boost employment and enterprise, thereby fuelling the economy when it needs it most. One study shows that every \$1 given in cash relief generated \$2.13 of GDP for the Lebanese economy.ⁱⁱⁱ Another study showed that giving people cash grants helped them to increase their assets by 58%, and their earnings by 34%.^{iv}