
Making the case for cash-based interventions

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Cash-Based Interventions (CBI) can be used across sectors and can be a powerful tool to achieve programme objectives. Under the [Grand Bargain](#)¹, international donors have endorsed a shift towards greater use of cash and vouchers and aid agencies committed to making humanitarian aid more efficient.²

The adoption of CBI approaches in sectoral and multisectoral programming is constantly growing. According to approximate estimates, CBI accounted for almost a fifth of international humanitarian assistance in 2020 – twice the amount it was in 2016.³ The overall volume of CBI programming increased 13 per cent from 2019. In 2020, the volume of CBI was USD 6.3 billion and a total of USD 5 billion was transferred to recipients. The volume of CBI implemented by non-governmental organizations increased significantly from USD 0.8 billion to USD 1.2 billion (25 per cent of the global total) and United Nations agencies increased CBI volumes by 7.5 per cent.⁴

1.1.1 What is CBI for IOM

With the increasing use of CBI as delivery modalities in humanitarian programming, IOM has devised a strategy (Strategy for Humanitarian Cash-Based Interventions 2019–2021) that outlines the overall goal and objectives for systematizing, expanding and integrating CBI. IOM uses CBI as part of its humanitarian programming, as well as in support of outcomes that go beyond humanitarian priorities and contribute to longer-term development processes. Therefore, the use of CBI modalities strengthens the Humanitarian-Development-Peace Nexus and supports the well-being of crisis-affected people. When implemented properly, CBI may have advantages over in-kind distributions such as reduced response time, lower costs, transfer of skills/knowledge and allowing the recipients to prioritize what to purchase and take decisions based on their own needs and preferences. CBI also has a multiplier effect, which can lead to increased employment and expanded markets, therefore supporting the community as a whole.

This CBI manual is part of IOM's commitment to institutionalizing Cash-Based Interventions as modalities of assistance across its activities. Though most of the guidance and tools provided in this CBI manual can be applied to a range of contexts, the manual is focused on emergency and humanitarian assistance.

- IOM uses the term CBI for all programmes where cash and vouchers (in one form or another) are provided to beneficiaries (individuals, households, or communities) to directly purchase

and access goods or services.

- CBI are modalities of assistance to achieve programmatic objectives and are not a goal in itself. It is by nature cross-sectoral and should thereof complement, and be complemented by, other modalities where possible to achieve better results.

Processes, such as assessment, procurement, delivery of assistance, settlement of liabilities, monitoring and evaluation, are all present in CBI as with in-kind distributions. On the other hand, changes are needed in certain procedures and there is a need to adapt them to CBI in order to address the spirit behind the impacted procedures. In the absence of CBI-specific guidance, please follow the existing instructions and processes.

This manual relies on established tools such as the [IOM Emergency Manual](#), the risk mitigation table, instructions on how to record, track and measure CBI expenses in IOM corporate systems, the IOM Data Protection Manual and various templates of documents to be used throughout the assistance process.

1.1.2 Advocacy: Reasons to use CBI

CBI can be powerful modalities to support those in need. There is a number of strong arguments in favour of using CBI over in-kind assistance, which can be used to support advocacy. A brief overview of the key reasons CBI should be considered are as follows:

- **Choice and dignity:** Offering cash or vouchers maintains people's dignity by giving them choice and agency. CBI provides individuals and households with a greater degree of choice and allows them to spend money according to their own priorities and preferences. The availability of cash gives households a sense of restored power over their immediate situation.
- **Rapid recovery:** Allows for a quicker recovery of communities following disasters and conflicts and has a positive multiplier effect on the local markets where it is applied.
- **Flexibility:** CBI can be used for a specific purpose or multiple purposes such as to access food, non-food items, health services, pay for rent, transport, school fees, and much more.
- **Cost-efficiency:** In some cases, cash or vouchers are more efficient than in-kind assistance. Even when they are more costly, other benefits of cash or vouchers may outweigh cost-efficiency considerations. This may require a cost-benefit analysis.
- **Effectiveness:** In some cases, CBI can also be more effective than in-kind assistance. Increased effectiveness can be demonstrated by increased results and beneficiary satisfaction. In CBI, this can be achieved through for example joint cash feasibility assessment, calculation of the Minimum Expenditure Basket, establishment of transfer value beyond a specific sector or joint negotiation with financial service providers.
- **Handover strategy:** In some cases, it may be easier to develop cash and voucher programmes with national authorities and then hand them over.
- **Faster response time:** With the right processes in place, the use of cash or vouchers may allow faster response. When goods are available and accessible locally, cash-based interventions have the potential to be more rapid than bringing supply from out of country. For example, when direct transfer of food to affected areas is hindered by political, logistical, security or other reasons, but local markets are functioning, cash or vouchers would enable a

timelier implementation.

- Multiplier effect: By stimulating local markets, CBI may benefit more than merely the direct recipients of cash. Local traders, service providers, transport workers, suppliers and transporters of goods may all benefit from households having money to spend.

CBI is still a relatively new way of supporting affected populations. Practitioners may find that they need to be able to make the case for using CBI and address fears across different audiences. There is a wealth of research to support the use of CBI across different contexts. IOM has curated these resources, which can be accessed at the link below.

[Making the case for cash - latest research](#)

¹ In May 2016, representatives of 18 donor countries and 16 international aid organizations from the United Nations, international non-governmental organizations and the Red Cross and Red Crescent Movement agreed a 'Grand Bargain'. [The Grand Bargain](#) outlined 51 commitments aimed at improving the efficiency and effectiveness of international humanitarian aid.

² Under Commitment 3: Increase the use and coordination of cash-based programming.

³ [Global Humanitarian Assistance Report 2021](#).

⁴ [Global Humanitarian Assistance Report 2021](#).

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