

The central role of cash transfer programmes in the response to the urban disaster in Haiti: lessons learned



Domitille KAUFFMANN – April 2012
Wednesday, 16 May 2012

Now that we are in the transition phase, it seems essential to identify and share lessons and good practices from the humanitarian response to the Haiti earthquake, and notably concerning cash transfer programmes which were central to the urban response. These lessons should be applied both to the new national programmes which are being implemented in Haiti, particularly the initiatives for the most vulnerable people and social protection programmes, and also to the contingency and response plans which are being developed to deal with the risk of new disasters.

A variety of cash transfer methods

The earthquake of 12 January 2010 hit Port-au-Prince and the surrounding areas with full force. In these urban contexts, the population essentially depend on markets for their food and non-food needs. They also generally need to pay for their basic needs such as water, cooking fuel, and access to services like health, education and transport. The limits of classic food aid to respond to the scale of humanitarian needs in this largely monetised urban context [1] quickly became apparent and humanitarian organizations opted as early as January 2010 for cash transfer programmes. Preliminary studies of the Port-au-Prince markets had shown that, though seriously affected by the earthquake, they had the potential to respond to the needs of the communities affected by the disaster [2] These programmes were implemented on an even larger scale from the end of March 2010 when the Haitian government officially asked for all food distributions to stop and for a national Cash-For-Work (CFW) [3] The response to the earthquake therefore involved a variety of types of cash transfer programme: Cash-For-Work programmes, the distribution of food and non-food vouchers and direct cash donations (with or without conditions).

Coverage of a variety of needs

These cash transfer programmes made it possible to respond to a wide variety of needs at the household level in a number of sectors (food security, shelter, recapitalization, non-food items, repayment of debt linked to livelihoods, education, etc.). Christian Aid analysed that the beneficiaries of their direct unconditional donation programmes used 41% of the money distributed for health care, education, rent payment, debt repayment or reviving their small businesses. They underlined that this would not have been possible with in-kind aid or vouchers [4].

Identification of beneficiaries and vulnerabilities in urban environments

It was very difficult, if not impossible, to distinguish between vulnerabilities linked to the earthquake and the chronic poverty which existed before the disaster. Selection criteria in urban environments are more complex and tend to be less visible or verifiable than in rural areas [5], which highlighted the importance of working with local actors. In addition, a classic indicator like income is often too difficult to calculate to identify the most vulnerable families. Indeed, a lot of urban livelihoods depend on the informal economy and on day-to-day job opportunities and/or petty trade, without regular income. It was therefore necessary to identify other criteria for the selection of beneficiaries (e.g. indicators which measure the extent to which the primary needs of households have been satisfied and their access to basic services like Education and Health) [6].

Several lessons can be drawn regarding the establishment of a minimum amount for cash donations or for daily wages for the beneficiaries of CFW programmes:

Establishment of a minimum wage in urban and rural contexts

In order to establish a harmonised approach, the Haitian government (in connection with UNDP/BIT) quickly gave directives for CFW programmes, notably for the daily rate. However, this minimum rate was not respected by all actors during the first weeks, which created some tension and led to the rate being raised from 180 to 200 HTG. It was also important to adjust wage rates depending on whether it was for an urban or rural context. In rural areas, agricultural wages are lower than in urban areas, and it was appropriate to apply different rates for CFW programmes in order to limit inflationary effects. Certain actors reported that CFW programmes had had a negative effect on agricultural employment which created problems for farmers who needed labourers, but no in-depth studies have been carried out about this subject.

Minimum amount, frequency of payments and livelihoods recovery

In general, cash transfer programmes made it possible to inject large sums into the local economy to complement what the diaspora sent to their families, but only had a limited impact on the mid-term economic recovery of households. One of the reasons for this was that the number of days that people worked on CFW programmes (from 10 to 20 days) or the amounts paid via cash donations were not sufficient to really allow household economies to recover. For CFW it is recommended that people should be employed for a minimum of 2 months to give beneficiaries a chance to recover the revenue that they have lost [7]. It has also been shown that, in terms of direct donations, the amount of money transferred is less significant than the number and frequency of payments. For the same total amount, beneficiaries who received several payments were able to save part of the money distributed as opposed to the others who received the money in only one payment. Payments on a monthly basis would seem to be the most appropriate [8].

CFW, identification of community work in cities and clearing of rubble

It was much more difficult to identify activities with added value for the community in the very badly affected urban areas of Port-au-Prince than in the less badly-affected rural areas where there is more clearly defined community organization. Identifying activities in urban contexts requires negotiations with a wide variety of urban actors, which can hold up the implementation of programmes or the provision of aid to families. In addition, CFW programmes were used to clear rubble but this was problematic on a number of levels: choice of plot to be cleared (public or private), of place to deposit rubble and the low effectiveness and efficiency in evacuating the rubble [9]. On this final point, a mixed solution combining manual labour and heavy machinery would seem to be the most appropriate considering that certain areas are inaccessible to vehicles and that certain tasks cannot be done without manual labour. The problems encountered in the evacuation of rubble were also linked to a lack of anticipation by certain actors of the logistical costs of this activity and the reticence of certain donors to pay for these costs. This lesson was already highlighted in 2008 in Gonaïves.

Disbursement mechanisms [10] and the development of Mobile Money

The disaster provided a major opportunity to develop payments by mobile phone in Haiti. This system was used for the first time after the earthquake through a partnership between the American NGO, Mercy Corps, the American company, Trilogy International Partners, who own the mobile phone operator, Voilà, and the banking institution, Unibank [11]. In its food vouchers programme in Saint Marc, Mercy Corps used Voilà so that beneficiaries could pay sellers directly via cash transfers by mobile phone. This first experience of mobile money was very encouraging and it was subsequently adopted by numerous organisations [12].

Anticipating operational methods and developing disbursement capacities

Humanitarian organisations' lack of preparation in implementing cash transfer programmes on a large scale was an important factor which held up the delivery of aid (poor preparation of beneficiary lists, delays in transfers to banking or credit institutions, time needed to process wages and payments, etc.). As cash transfer programmes do not require specific logistical means, a certain number of actors (NGOs and UN agencies) with no experience of using these approaches overlooked or underestimated the technical complexity involved (management and administrative capacity, etc.) and therefore improvised their way through these programmes without being properly equipped for the task. The fact that humanitarian organisations did not anticipate their needs and communicate these also had a negative effect on financial institutions as they were unable to prepare themselves as a consequence. Some organizations have drawn lessons from this experience and are developing their capacities for this type of project. With a view to emergency preparedness in the country, it is also important to develop partnerships and operational methods between humanitarian actors and other stakeholders such as financial institutions and mobile phone companies.

Security

Some negative effects on people's security were reported (the creation of social tension, racketeering, corruption, sexual abuse, etc.). These problems are often observed in emergency operations, but the context in Port-au-Prince, where there are gangs and a high level of urban violence, and the operational methods of NGOs, who worked via neighbourhood committees or newly formed camps, undoubtedly exacerbated these risks. The importance of a market approach from the emergency phase: One of the lessons learned from this urban response is the importance of taking the market into account very early on in order to link relief and development through support for economic sectors. Several actors agree that the economic recovery programmes could have been launched much earlier by involving businesses such as micro-finance institutions.

Monitoring of markets and programmes

As a consequence, detailed monitoring of markets was essential to keep track of the positive or

negative impacts of programmes, to identify new opportunities for economic recovery, etc. Many actors pointed out that there was insufficient market monitoring following the EMMA survey of February 2010. Agencies did conduct monitoring and evaluation of markets for their programmes but what was missing was a market monitoring mechanism for the response as a whole. This work could/should have been orchestrated by the Coordination Nationale de la Sécurité Alimentaire (CNSA), in partnership with FewNet, the VAM and the cash transfer programme coordination mechanism. In addition, programme monitoring mechanisms were often not effective enough to properly monitor the effects of programmes on households, and to readjust them if necessary. The brutal change from food distributions to CFW was not analysed and nor was the overall impact of CFW programmes or of cash transfer programmes in general. Some questions therefore remain unanswered regarding the real effects of the humanitarian response, such as the negative effects it may have had on economic recovery, on displacement between the city and rural areas and the creation of pull factors drawing people to the city.

Further reading:

- Christian Aid. *Humanitarian Briefing Paper - Haiti: unconditional cash transfers - lessons learnt*, January 2012. <http://www.cashlearning.org/downloads/resources/casestudies/Haiti%20cash%20response%20briefing%20p>
- Philippa Young, et Emily Henderson. OXFAM. *The Haiti Earthquake: an Urban solution*, s. d. <http://www.cashlearning.org/downloads/resources/casestudies/haiti.pdf>
- Suba Sivakumaran. UNDP. *Cash Programming in Haiti - Lessons Learned in Disbursing Cash*, 2011. <http://www.cashlearning.org/downloads/resources/evaluations/cash-programming-in-haiti-lessons-learned-in-disbursing-cash.pdf>
- François Grünewald, Béatrice Boyer, Domitille Kauffmann and Julie Patinet, Groupe URD. *Real-time evaluation of humanitarian action supported by DG ECHO in Haiti*, December 2010 – March 2011, http://www.urd.org/IMG/pdf/GroupeURD_evaluationECHO-Haiti_final_SA_ANG.pdf
- François Grünewald, Béatrice Boyer, Domitille Kauffmann and Julie Patinet, Groupe URD. *Port-au-Prince – Evaluation de l'action humanitaire en contexte urbain*. To be published

[1] The urban population remains partly dependent on the transferral of food from their families living in rural areas and non-monetary exchanges are therefore not negligible.

[2] Emergency Market Mapping and Analysis(EMMA) February 2010.

[3] CFW projects had at least 500 000 beneficiaries in 2010. programme to be implemented.

[4] Christian Aid, *Humanitarian Briefing Paper - Haiti: unconditional cash transfers - lessons learnt*.

[5] Id.

[6] ACF. *Etude sur la vulnérabilité urbaine à Port-au-Prince. Définition de critères de vulnérabilité pour la sélection des populations cibles des interventions Sécurité Alimentaire et Moyens d'existence*, June-July 2011.

[7] Philippa Young and Emily Henderson, *The Haiti Earthquake: an Urban solution*.

[8] Christian Aid, *Humanitarian Briefing Paper - Haiti: unconditional cash transfers - lessons learnt*.

[9] USAID. OFFICE OF INSPECTOR GENERAL. *Audit of USAID's cash-for-work activities in Haiti : Audit report n°. 1-521-10-009-P. 24 September 2010. 21 P.*

[10] UNDP, « *Cash Programming in Haiti - Lessons Learned in Disbursing Cash* ».

[11] Mercy Corps, « *Diary of a mobile money program - e-Books* ».

[12] The Abagrangou programme, for example, uses this new technology.
