Food versus cash in the El Nino 2015-2016 Southern Africa Crisis: Case studies from Malawi, Mozambique, Zambia and Zimbabwe

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1. Introduction

In July 2016, the World Food Programme (WFP) released a press statement reporting a planned increase in mobile money transfers in eight countries in southern Africa, working in partnership with international mobile operators (WFP, 2016)[2]. WFP started using cash-based transfers to deliver food assistance in the late 2000s, an approach that has grown exponentially to represent a quarter of its food assistance portfolio: in 2015, WFP served 9.6 million people in need with cash-based transfers in 84 operations across 54 countries (Ibid). This positioned WFP as the largest humanitarian organisation to use cash-based transfers on a global scale.

Despite this radical shift, epitomised in the concept of food assistance, only six per cent of humanitarian aid worldwide comes in the form of cash transfers. Many organisations involved in humanitarian response argue that cash transfers should be seen as the rule, not the exception. An increasingly important example of bridging the humanitarian and development divide in the face of the unfolding humanitarian crisis in southern Africa are the response mechanisms involving both cash and food transfers. Cash transfers in particular are increasingly part of the response by governments, NGOs, United Nation (UN) agencies and donors. These responses have to account for the diverse interlinked and connected markets as well as the availability of financial and payments services providers.

Taking the “unprecedented crisis” exposed and exacerbated by the El Niño-related drought in southern Africa, this paper explores the interaction between these response mechanisms and markets in the region, in particular focusing on the interplay between regional markets, including small-scale food producer access, food availability, and the food or cash-based-aid responses currently underway. The paper draws on a review of current literature and interviews conducted with respondents from various agencies in the region.

2. *The El Niño and its impact in southern Africa*

Between late 2014 and July 2016, southern Africa experienced an El Niño-related drought, which is likely the worst meteorological drought in the region in 35 years (BBC 2015[3]; WFP 2016[4]). This followed the third driest season in the last 80 years (Stoddard 2015[5]). El Niño is

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[2] World Food Programme, “WFP to Extend Food Assistance Via Mobile Money in Southern Africa”, United Nations Press Release, 27 July 2016, http://allafrica.com/stories/201607291039.html

[3] BBC. 2015. South Africa grapples with the worst drought in 30 years. Available: http://www.bbc.com/news/world-africa-34884135 (23 May 2016).

[4] World Food Programme. 2016. El Niño: Undermining resilience. Implications of El Niño in Southern Africa from a Food and Nutrition Security Perspective. Available: http://documents.wfp.org/stellent/groups/public/documents/ena/wfp282004.pdf (6 June 2016).

[5] Stoddard, E. 2015. South African drought follows third driest season in 80 years. Reuters Africa, 10 November 2015. Available: http://af.reuters.com/article/southAfricaNews/idAFL8N13532R20151110?pageNumber=1&virtualBrandChannel=0 (23 May 2016).

the warm phase of an irregular periodical variation in winds and sea surface temperatures over the tropical eastern Pacific Ocean (called the El Niño -Southern Oscillation or ENSO) (CPC 2015[6]). It subsequently impacts global climate and disrupts normal weather patterns, which as a result can lead to intense storms in some places and droughts in others. Southern Africa normally experiences droughts as a consequence of El Niño with the cool phase known as La Niña being associated with floods in southern Africa (CPC 2015). As this is the third “super-El Niño” in just over three decades, reducing the phenomenon’s frequency from 20 to 10 years, some climatologists are deliberating whether or not these conditions are now exacerbated by climate change (Pearce 2016[7]).

The key factor for southern Africa is that the drought impact, and now potentially that of floods associated with La Niña, expose and compound the existing underlying vulnerability within many parts of the region. Despite macro-economic growth in southern Africa there are high levels of economic and gender inequality, rising levels of unemployment, a high prevalence of communicable diseases such as HIV and AIDS and Tuberculosis, and the snowballing of non-communicable diseases. These entwine to expose affected communities to complex and compounding shocks including those of climate.

The impacts of the 2015 – 2016 El Niño, combined with poor harvests over the past two seasons, overlaying the underlying context of vulnerability, have confounded food availability and accessibility. Delayed and reduced rains in areas dependent on rain-fed agriculture severely limited food production, in particular in Malawi, Mozambique and Zimbabwe. Historical patterns show that when La Niña immediately follows an El Niño period, it often has an even greater overall humanitarian impact, as coping capacities are eroded, meaning more people are at risk of hunger, disease, water shortages and displacement in late 2016 (OCHA 2016[8]).

A 2013 study commissioned by the Southern African Regional Interagency Standing Committee (RIASCO) found that southern Africa is exposed to compound and contiguous risks and "multiple, frequently repeating and compounding shocks [preventing] communities from fully recovering" (Holloway *et al* 2013[9]). The existing socio-economic conditions in mean that inevitably the most vulnerable groups such as women, the very young and elderly suffer more during shocks. It is important to highlight that such situations reinforce, perpetuate and increase gender inequality making difficult conditions even worse for women and increasing the risk of gender-based violence. The nature of the humanitarian crises that emerge from such combinations are clearly changing, as more people are in need for longer

[6] Climate Prediction Center (CPC). 2012. Frequently Asked Questions about El Niño and La Nina. National Centers for Environmental Prediction. 26 April 2012. Available: http://www.cpc.noaa.gov/products/analysis_monitoring/ensostuff/ensofaq.shtml#DIFFER (2 June 2016).

[7] Pearce, F. 2016. El Niño and Climate Change: Wild Weather May Get Wilder. Yale Environment 360, 11 February 2016. Available: http://e360.yale.edu/feature/el_nino_and_climate_change_wild_weather_may_get_wilder/2960 (2 June 2016).

[8] OCHA (2016) Regional Outlook for Southern Africa: Recommendations For Humanitarian Action and Resilience Response, 29 March to May 2016, Available: http://reliefweb.int/sites/reliefweb.int/files/resources/south_africa_humanitarian_outlook_5may2016.pdf (6 June 2016).

[9] Holloway A., Chasi V., de Waal J., Drimie S., Fortune G., Mafuleka G., Morojele M., Penicela Nhambiu B., Randrianalijaona M., Vogel C. and Zweig P. 2013. Humanitarian Trends in Southern Africa: Challenges and Opportunities. Regional Interagency Standing Committee, Southern Africa. Rome, FAO.

periods (ODI 2015[10]) placing the humanitarian system under severe strain. This requires approaches that ensure aid is utlised as efficiently as possible.

3. *Building Resilience*

On 15 March 2016, the Council of Ministers in the Southern African Development Community (SADC) approved the declaration of the drought as a regional disaster, calling on donors to assist affected countries. They approved the creation of a regional logistics or coordination centre to co-ordinate an immediate response, as well as formulate medium to long-term solutions to mitigate the effects of a changing climate in the region; help communities be more resilient to future weather events; and to prevent any further deterioration of the current crisis[11].

The Regional Outlook for Southern Africa for March to May 2016 released by the United Nations Office for the Coordination of Humanitarian Affairs portrayed a particularly stark perspective of the region (OCHA 2016). Countries' capacities to cope with the humanitarian crisis were clearly constrained with the scale-up being small and largely inadequate to meet the increase in needs. This was despite governments and partners' short-term life-saving interventions and resilience efforts designed to mitigate the impacts of the drought including actions such as water tanking, borehole drilling and rehabilitation, de-stocking, provision of livestock feed and release of maize from strategic grain reserves. Humanitarian partners continued to support governments with technical expertise in rapid multi-sectoral and market assessments. The UN escalated humanitarian assistance directly to people in need, mainly in the sectors of food, nutrition and water, sanitation and hygiene (WASH). Some international NGOs had adapted their development programmes to respond to the drought. Cash and food transfers were part of this mix with a number of agencies "experimenting" with new approaches.

Within all of these responses, the concept and language of "building resilience" had become accentuated. Working with a resilience approach means transforming 'business as usual' by changing or enhancing existing practices through bridging the humanitarian and development approaches; increasing multi-stakeholder, multi-sectoral synergies through partnerships; and implementing risk-informed, multi-year programming that incorporates joint analysis *(*RIASCO 2014[12]). This was clearly needed in a context where the nature of the crisis had changed, and the humanitarian system itself was under increasing pressure. As demonstrated below, cash transfers in particular meet these criteria of resilience building. The key theoretical considerations behind them should be considered before exploring the actual experiences.

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[10] Overseas Development Institute. 2015. Doing cash differently**:** How cash transfers can transform humanitarian aid, Report of the High Level Panel on Humanitarian Cash Transfers, September 2015, Available: https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9828.pdf (1 June 2016).

[11] In very broad terms, resilience building had become part of the necessary response to this situation. Resilience is the 'ca-pacity of a system, community or society potentially exposed to hazards and stressors to adapt, by resisting or changing in order to reach and maintain an acceptable level of functioning and structure. This is determined by the degree to which the social system is capable of organizing itself to increase its capacity for learning from past disasters for better future protection and to improve risk-reduction measures'

[12] Southern African Regional Interagency Standing Committee (RIASCO) (2014) Resilience Framework, Final Draft 31 July 2014.

4. *Theoretical considerations: cash and food transfers*

The 2004 Indian Ocean Tsunami is considered as the first humanitarian situation where cash transfers were used as an alternative to food aid (Bailey 2013[13]; Kita 2014[14]). Cash transfers have increasingly been used as a standalone response to disasters, or used in combination with food aid. The term 'cash transfer' is broadly used to encompass both physical cash and payments delivered through electronic payments systems. Vouchers are coupons or credits that must be spent on specific goods and services from certain vendors. These should not be conflated, as they present different opportunities, costs and constraints (ODI 2015).

In the last decade there have been a concerted effort to research cash transfers as an humanitarian tool. As a result, the feasibility, cost and effectiveness of these transfers in humanitarian settings is better understood. These evaluations have helped to shift the debate from one shaped by ideology, political economy and 'inference' of evidence to one pivoting on robust and context-specific results. Yet methods for cost-effectiveness analysis vary and need to be more standardized and nuanced so much still needs to be done in terms of setting up evaluations to build the evidence.

Drawing on twelve impact evaluations deliberately comparing alternative transfer modalities, Gentilini suggests that the effectiveness of cash and food seems, on balance, similar in attaining intended objectives (2014[15]). Gentilini argues that in most cases, differences in impacts were not statistically significant. When significant, there was a mild tendency of cash transfers to be more effective than food in enhancing food consumption, while food seemed to outperform cash in increasing household caloric intake. Gentilini concluded that in general, transfers' performance and their difference seem a function of the organic and fluid interactions among a number of factors such as the profile and 'initial conditions' of beneficiaries, the capacity of local markets, and programme objectives and design, instead of inherent merits of one modality over the other (2014).

Focusing specifically on nutrition, evidence from humanitarian evaluations make a strong case that cash transfers often improved dietary intake (Bailey and Hedlund 2012)[16]. Cash transfers consistently increased household spending on food and often increased the diversity of foods that households consume. There was, however, less evidence that cash transfers improved caring practices and almost no evidence for or against their impact on disease. Expecting cash transfers alone to improve nutritional status is overambitious unless the causes of malnutrition are specifically related to household access to food – and even then only when cash is the most appropriate response (Bailey and Hedlund 2012). Strong

[13] Bailey, S. 2013. The Impact of Cash Transfers on Food Consumption in Humanitarian Settings: A review of evidence http://reliefweb.int/sites/reliefweb.int/files/resources/cfgb---impact-of- cash-transfers-on-food-consumption-may-2013-final-clean.pdf

[14] Kita, S. 2014. Is cash transfer a better devil than food aid? A study of Malawi's use of cash transfer as a response tool to food insecurity in 2012/2013 and 2013/2014, unpublished study.

[15] Gentilini, U. 2014. Our Daily Bread: What is the Evidence on Comparing Cash versus Food Transfers? Discussion Paper 1420, World Bank, Social Protection and Labor Global Practice.

[16] Bailey, S. and K. Hedlund. 2012. The Impact of Cash Transfers on Nutrition in Emergency and Transitional Settings: A re-view of evidence. Humanitarian Policy Group, Overseas Development Institute. http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications- opinion-files/7596.pdf

analysis of the causes of malnutrition in a given context and of the likely impacts of different interventions is fundamental to determining appropriate responses.

Similar issues emerged in a study in Malawi that assessed how effective the use of cash transfers was as a response tool to the humanitarian situation (Kita 2014). The findings did not show that cash should substitute food as a response tool; neither did it find that cash is always the best option. The author concluded that although cash transfers, on a larger scale, offered more benefits than food aid, it should not be considered as a panacea. Its implementation should be considered carefully and be promoted if backed by reliable market assessments and other considerations, and should also include closer monitoring of market behaviours during programme implementation. Bailey and Hedlund echoed this sentiment: cash transfers should be considered as one possible tool in a holistic approach to addressing malnutrition and its causes (2012).

In a recent Report for the High Level Panel on Humanitarian Cash Transfers, the Overseas Development Institute (ODI) made a more confident argument in support of cash in humanitarian situations (2015). They argue that the available evidence is compelling: in most contexts, humanitarian cash transfers can be provided to people safely, efficiently and accountably (ODI 2015). This evidence constitutes over 200 resources and studies, including randomised control trials, evaluating the effectiveness of cash transfers (ODI 2015).

In dealing with concerns about how cash impacted local economies, the ODI review claimed that the evidence often did not support claims of a negative impact. In terms of inflation for example, local markets often responded to cash injections without causing inflation and generated positive impacts on local economies. In terms of livelihood building, cash supported livelihoods by enabling investment and building markets through increasing demand for goods and services. In terms of efficiency, particularly with the growth of digital payments systems, cash could be delivered in increasingly affordable, secure and transparent ways. Indeed, ODI argue that when delivered through digital payments, cash was no more prone to diversion than in-kind assistance (2015). These opportunities can only be fully realised if cash is provided flexibly and without restrictions on its subsequent use, preferably through digital payments systems (ODI 2015).

The review did concede arguments for food, however: giving people cash is not always the best option as sometimes markets are too weak or supply cannot respond, in which case cash transfers would not be appropriate and in some cases could lead to inflation. Sometimes government policies make it impossible to provide cash. As such political sensitivity is required to avert a hostile response from state officials.

Standing back from these arguments, the *raison d’être* of cash transfers is that they enable people to spend money on what they need most thereby placing choice and agency upfront. This is the mainstream argument in favour of cash. Conceptually, the most fundamental dilemma is the trade-off between providing choice and promoting a given externality (ODI 2015). In-kind transfers are often considered ‘paternalistic’ since they constrain recipients from maximising their utility through choice. ODI indicate that restrictions on how transfers are used may be appropriate in some circumstances, such as encouraging the purchase of certain types of quality items, for example, special foods for nutrition interventions or quality shelter materials (2015).

In essence arguments around food and cash transfers in humanitarian settings should not be seen as an “either-or” but rather one that looks at both and is context specific: what is the right kind of assistance for a particular situation. The interests of humanitarian organisations drive too often decisions about aid. Such decisions should be informed by the needs of people and communities they are trying to help. Different mechanisms are required for different contexts.

5. *Regional lessons: drawing on recent experiences*

The following section distils a number of key insights and experiences from across southern Africa, drawing in documents and interviews with representatives of key organisations such as the WFP, DFID and the Country Offices of CARE International and Save the Children International. Its evident that there are several different varieties of cash-type assistance, ranging from vouchers that have to be exchanged for specific products, to cash transfers that are made conditional on beneficiaries meeting some kind of requirement, to unrestricted and unconditional cash transfers. Others yet are aligned with existing large-scale social protection programmes to emphasise the humanitarian needs of the current crisis. The insights are drawn from four country “case studies”, namely Malawi, Mozambique, Zambia and Zimbabwe that enable different issues to emerge.

5.1 *Zimbabwe:*

CARE has supported flexibility in responding to crises, including acute crises precipitated by climate events and other disasters. In the CARE USA White Paper on Food Aid from May 2014, CARE specifically noted that they will, “undertake(s) a context-specific market assessments and response analyses to understand the potential food aid and food assistance tools available that will best meet the needs of vulnerable people” (2014[17]). Such an undertaking occurred in Zimbabwe during the current crisis. As a result, CARE has been implementing one of the world’s largest humanitarian cash transfer programs through mobile cash transfers (MCT), sending money via mobile or cellular phones to over 350,000 individuals across 15 districts. The current program funded through DFID began in August 2015 and was designed to run up to March 2016. The project received an extension in March, and CARE paused the project to complete a re-targeting exercise of drought-affected individuals in April 2016. The project is on-going and likely to be extended through a second lean season to April 2017. An evaluation of this program is currently being finalised. Anecdotally CARE staff based in country believes that the MCT has been a success.

The rationale for distributing cash through mobile technology is strong if markets are functioning and commodities are available. The modality has allowed CARE to respond at speed to reach the most vulnerable before irreversible asset loss and hunger set in. This provided both necessary short-term relief and protected assets for recovery. The transaction costs associated with cash transfers were significantly lower and safer compared to

[17] CARE USA. 2014. White Paper on Food Aid – revised May 2014, Available: www.ccoayiti.org/IMG/pdf/**care**_usa_**food_aid_white_paper**_final-2.pdf (10 May 2016).

transfers in kind. As beneficiaries were able to purchase basic food and non-food items, the cash spread out to the local economy, benefiting non-participants such as local traders and shop owners. Moreover, the Zimbabwean government issued import permits for maize from Zambia, which allowed some of that country's surplus to move towards demand.

Thus far, initial evidence supported the theory that with maize available in local markets, supplies were reaching store shelves in vulnerable communities. As a result, prices were decreasing, and cash transfer recipients were able to procure the food they needed. Maize price stability was attributed to continual maize grain availability, at Grain Market Board (GMB) depots and grain selling points, at the controlled price of $22.50 per 50kg and at $15.00 per 50kg special price for rural communities. Private traders continued to tame their prices to match the GMB prices. Early farmer maize sales and the unrestricted movement of grain across provinces and districts have increased availability of the product on the informal market.

Food availability on the market was, however, not a given in a fast changing context such as Zimbabwe. In early July 2016 the Zimbabwean government imposed a ban on the importation of basic goods from South Africa, including some food items, to stimulate the local economy. The ban led to violent protests at the Beit Bridge border post as Zimbabwean authorities confiscated items and enforced the order[18]. This disrupted informal and formal trade not only in Zimbabwe but further afield in Malawi and the Democratic Republic of Congo. Another example of a fast changing situation is that of the import of Zambian maize. Although Zambia had a surplus and maize was moving across the border through informal exportation (from areas of low value at US$150 per ton in Lusaka to US$350 per ton in Harare), an export ban was expected as the Zambian government was concerned about too much grain leaving the country and its own needs not been met. Nonetheless, as the borders were largely porous, maize would likely to continue to move. Failing that, WFP had the ability to import maize into the country, as it does across the region, which has implications for understanding supplies options other than the market. Indeed, WFP was continuing with food assistance and supporting an initiative of the Zimbabwean government in food distribution (giving additional cash to recipients in a joint distribution model).

MCT continues to be feasible in Zimbabwe because of the widespread mobile network coverage and a growing population segment using mobile cash. Several shopkeepers or retailers accept mobile cash, thereby allowing direct purchase of goods without the recipient ever needing to "cash out". To give some detail to the recent experience in Zimbabwe, whereby CARE worked with Econet as the service provider, recipients received a message "Drought relief cash delivered by CARE/World Vision", when their funds became accessible. Econet provided a series of reports following the transfer, including a statement of account, a successful/failed transaction report, and a cash-out report. Recipients could take the message to any Ecocash Agent at a standalone kiosk or in a shop to "cash out" from the agent or utilise their e-wallet directly to make purchases at the shop. At any growth point there were often a handful of agents, although in some areas they were sparse. Other agents were mobile and able to move around to meet demand. Anecdotally, CARE staff

[18] Shannon Ibrahim, "Beit Bridge Burns", The Sunday Independent, July 3, 2016.

heard of agents travelling long distances to get their cash float in major towns or cities and bringing it back to meet the demand of the project. These kinds of systems are being tracked particularly as the current cash crisis may be having an effect on the project.

Large-scale cash transfer programs often require agents to have significantly higher amounts of cash on hand than normal. In previous humanitarian cash transfer experiences, lack of liquidity (or cash on-hand) has been a major stumbling block. This has been a concern in Zimbabwe: in June 2016 a shortage of banknotes resulted in a new black parallel market. It was striking that this was happening more than seven years after Zimbabwe abolished its own money, the Zimbabwean dollar, and adopted the US dollar and other foreign currencies to avoid unofficial trading. The success of this approach has been limited: although bank deposits grew tenfold following the introduction of the multi-currency system, money supply growth slowed and liquidity conditions became tighter as deteriorating economic conditions forced the country to import more than it exported. The result of running a large trade deficit for many years is depletion in paper money. Exacerbated by falling commodity prices, weather conditions and infrastructural breakdowns in the supply of water and electricity, the liquidity crisis has been worsened by the Rand's depreciation against the US dollar. These liquidity challenges had affected some agents having inadequate cash to meet increased demands although the evaluation would confirm the extent of this. Nonetheless, CARE posits that although there has been a tighter liquidity crunch since May 2016, which is a concern for the MCT, their analysis shows that over 70 per cent of beneficiaries are able to cash out their full entitlements from agents.

There were other challenges which CARE had to engage. In a context without widespread connectivity, mobile cash transfers may be unfeasible. The availability of SIM cards took approximately one month, which is problematic in an emergency situation. There was also limited handset ownership and as such people could not tell when money was transferred to their wallets, which delayed timely access. Finally some shop owners would force beneficiaries to buy some goods before allowing for "cash out".

In reflecting on the overall successes of the mobile cash transfers approach, CARE staff believed that cash was more convenient compared to food as it gave communities alternatives, and empowered them to make decisions about how to use the money. It was also an efficient way of giving aid: a few seconds to transact compared to waiting one full day at a food distribution point. Local traders witnessed positive change in their businesses.

WFP in Zimbabwe was also at an advanced stage in developing a pilot for an electronic voucher system in the middle of 2016. In a closed loop system, selected retailers would redeem an electronic voucher provided through a NetOne card. Part of the logic was to reduce the need for hard currency, as cash was simply not available in the amounts required. Retailers could participate if they had a bank account and the capacity to provide enough volume of food for the demand. In the pilot, 50 retailers had been selected in a particular district. NetOne would provide "live" monitoring of the system. The pilot was part of a general trend within WFP to move towards a 30 per cent target for cash transfers to compliment in-kind. Having developed internal expertise around cash transfers, WFP expected to increasingly use innovative ideas connecting both modalities that were based on a thorough market assessment and be context specific.

5.2 *Malawi:*

The dominant experience in Malawi in terms of an humanitarian response has been predominantly around food transfers. As a result many agencies have developed capacity and experience in this mechanism with little experience in cash transfers although these have happened over short periods over the past decade. This has been compounded by long-term projects with USAID that have supplied commodities. The use of alternative approaches such as using cash was often questioned in terms of structural limitations: market infrastructure, networks, traders, and general food availability were anticipated as limiting factors to a cash-based approach. However, market-based programming was gaining credence and market assessments followed by cash transfers was becoming part of the humanitarian approach in Malawi.

The current El Niño was unfolding after two drought-impacted seasons. In the preceding drought period, an Emergency Cash Transfer Response Programme had been implemented through the Malawi Vulnerability Assessment Committee (MVAC) supported by an NGO Consortium[19]. This programme was highly instructive in how cash transfers can have multiple effects and linkages. The programme was specifically designed to “save lives, build resilience and protect the livelihoods of 242,774 food insecure individuals, including children, in families that were affected by floods and drought in 2013/14 cropping season in 22 Traditional Authorities” (IDM 2015[20]). All targeted households effectively received cash in lieu of food with “community resilience and food security” improved through establishing linkages to long-term programmes and community capacity building initiatives. This reflected the use of a cash transfer programme for achieving a combination of relief and development under a resilience-building ethos.

The evaluation established that 76.9% of cash was used to purchase food and food related costs, which underscored the safety net provided by the programme (IDM 2015). It had strong positive impacts on the consumption of more nutritious food groups such as protein rich foods, and fats and oils. In addition the programme was effective in reducing referrals to nutritional rehabilitation units with a decline from 15.6% of households sending a child for nutritional rehabilitation at baseline (December 2013) to 1.8% of households during the programme. A significant 97.4% of beneficiaries had two or more meals a day and 93.9% reported that the food from the cash transfer lasted over three weeks. This helped reduce dependence on casual labour thereby enabling beneficiaries to concentrate on other livelihood activities including their own gardens. As there were deliberate efforts in targeting women, 65% of beneficiaries were women.

In terms of connectedness, the programme’s three-pronged approach was instrumental in linking the interventions to long-term development programmes through add-on components to the Emergency Cash Transfer Response. These included voluntary savings and lending, which led to increased membership to the village savings groups locally. Generally, the

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[19] The consortium consisted of Oxfam, Save the Children International, Concern World Wide, Concern Universal, GOAL Malawi and Christian Aid.

[20] IDM Consulting. 2015. Final Evaluation of INGO Consortium Emergency Cash Transfer Response to 2014/2015 MVAC Programme, Final Report, Lilongwe, Malawi.

impact was most evident at household level. Some households invested the money to build buy livestock such as goats and chickens. Others invested money into farming by renting land and purchasing fertiliser and seed or vines for sweet potatoes. Others used the money to buy school uniforms for their children and dependants and started to provide breakfast before going to school. Yet others purchased utensils or used cash as an investment into their petty businesses, some of which generated an income on a weekly basis.

The delivery mechanism was through Airtel, a mobile communications company. Mobile phone services were deemed cost effective as cash transfer tool because it did not involve large sums of money and personnel to disburse the funds (IDM 2015). The system required a limited movement of large sums of money in risky environments. It also allowed implementation using limited logistical requirements such as transportation and food storage. Additionally the programme introduced an innovative extension message delivery. Having access to mobile phones meant beneficiaries received messages indicating receipt of e-money and, in addition, periodic messages concerning good nutrition and agricultural practices. The delivery mechanism has the potential to be a platform available for other services particularly in remoter rural areas.

The final evaluation concluded that the cash transfer was “the appropriate approach in light of the situation on the ground and the advantages it brought to the household and the communities as a whole when compared with the food aid” (IDM 2015). In a context where markets were functional, the cash based response was appropriate, as efficiency was achieved compared to if cash was used to buy maize on household’s behalf, and then delivered to them. Importantly 73.3% of beneficiaries preferred receiving cash to food grants or food transfers. The main reason given was that cash provided flexibility, enabling households to choose from a menu of items that suited a particular situation as opposed to prescriptive food grants. Nevertheless, issues concerning the range of the mobile phone network, security at the Airtel agents and adequate training of beneficiaries, as well as the agents, required attention to improve on the delivery of the programme.

In contrast, a second evaluation argued that Airtel was not the most cost efficient method of cash delivery when considered solely in terms of cost per beneficiary per cash delivery (Gourlay 2014[21]). When compared to alternative cash delivery systems, the mobile money system added to the complexity of the process and thus did not achieve the objective of maximising ease of use for beneficiaries nor increase the speed of the process for beneficiaries. There was evidence of over-charging by local agents and some uncertainty about the amount of money beneficiaries should receive. As a result, “the majority of beneficiaries…did not realise the envisaged gains of increased flexibility in accessing payments” (Gourlay 2014). In addition significant problems were encountered in securing documentation and verification for “cash outs” through local Airtel agents. Timely reconciliation of payment data created a challenge with tracking transfers, identifying duplicates or fraudulent activity. Emphasising the benefits of a single cash delivery partner, particularly a uniform charge across the programme, should be contrasted with

[21] Gourlay, D. 2014. Evaluation Report for 2013/14 INGO Integrated Emergency Cash Transfer In Malawi, Final Report, August 2014.

appropriateness of the conditions of each local area. Airtel, for example, lacked an adequate network of agents with sufficient liquidity to cash-out a significant proportion of project beneficiaries.

Justification for the use of an organisation such as Airtel must therefore be based on additional factors such as secondary benefits. The main added benefit provided to beneficiaries was the communications benefits associated with mobile phone ownership. Beneficiaries greatly appreciated receiving a mobile phone, and most continued to use the phone after the programme end. Traders within the programme area expanded their businesses to meet beneficiaries demand especially on food commodities. Most markets in the targeted areas became functional and active from the time the cash transfer was introduced. The findings on impact on food prices were, however, mixed (Gourlay, 2014). On the one hand, respondents indicated that there was no inflationary impact on food prices because these were already high when the programme started. On the other hand, some communities reported that the programme had a temporal inflationary impact on food prices due to food prices, particularly maize, rising on local markets on the day beneficiaries received their money with price levels returning to normal levels a day or two later.

The evaluation highlighted areas requiring attention despite the relatively high level of success of the programme. It was felt that beneficiaries needed to be more substantially integrated into other resilience building activities including livelihood interventions and early recovery programmes. Inclusion of financial literacy and education would potentially lead to more benefits to community structures and the district at large. There was also need to harmonise the relationship between the service provider and its agents, which dispensed cash. Very few agents were available in the targeted areas and few had economic muscle to support the programme. In addition, a harmonised beneficiary management system is required such that beneficiaries can be tracked throughout the project, and to ensure that data is shared by or with the cash delivery provider in a standardised format. Clear procedures for prompt updating of any changes to the beneficiary database, using an agreed format and within an agreed timescale, were required.

5.3 *Zambia:*

According to the latest UN forecast, despite an expected 21 per cent decrease in output, national maize supplies in the 2015/16 marketing year were more than adequate for domestic consumption requirements in Zambia (OCHA 2016). This was based on the record crop of 2014 that reinforced grain stocks and resulted in large carry-over supplies. However, on account of the below-average April 2016 harvest, the Government planned to import maize, largely from South America, to help stabilise supplies in 2016/17. Around 800,000 people could not meet their basic minimum food needs in the first half of 2016 (OCHA 2016). Looking ahead, food insecurity towards the end of 2016 would most likely to be concentrated mainly in southern areas (especially the south-west), as western and northern areas were likely to benefit from above-average rainfall. Overall the food security outlook was less severe than for other countries in the region.

WFP has worked closely with the Government of Zambia to meet the humanitarian needs through a combination of food and cash transfers, building on existing social protection mechanisms. Two large-scale programmes provided an opportunity upon which to “build” a relief programme to enable people most severely impacted by the drought: the three-year social cash transfer which targeted 240,000 people and the Disaster Management and Mitigation Unit (DMMU) that distributes maize to selected households. Combining the two with UN support would enable beneficiary households that receive cash transfers to also receive a bag of maize. In terms of the social cash transfer programme, the UN and government intended to scale-up the transfers in the districts worst affected by El Niño. In terms of the DMMU, WFP was working with government to manage and distribute 100,000 tons of maize from the Strategic Grain Reserve. In essence the intention was to develop an integrated programme that would bring together the cash transfers with in-kind transfers plus a nutrition component with the World Health Organisation (WHO). This could focus on nutrition interventions for pregnant and lactating women and children under two years of age. In districts where there were no cash transfers or scale up was impossible, the plan would focus on in-kind transfers.

Distribution at community level was planned through Community Welfare Assistance Committees (CWACS), existing groups that who would be trained to target both emergency and cash transfer beneficiaries. Although the details had not yet been finalised some ideas about the humanitarian response were emerging. The CWACS would receive the food from a distribution point once their targeting was complete to collect the maize. This would be distributed to the point by an NGOs or the private sector operating with an electronic-voucher system that would enable accurate information to be generated about where the maize's collected and by whom, and to whom delivered amongst other details.

E-vouchers have been used successfully in CARE Haiti’s Kore Lavi program to improve the access of targeted beneficiaries to adequate and nutritious local food. According to the CARE analysis, using vouchers strengthens local markets by creating a stable demand for local producers and suppliers to produce diverse and nutritious food. Each family in the target group receives monthly vouchers, equal to approximately 25% of the average local household food consumption. Households are provided with two types of vouchers: paper and electronic. Paper vouchers can be used to purchase fresh items like fruit and fish; while electronic vouchers can be used to purchase staples, such as maize and bean. Both vouchers can be used to purchase locally grown products in order to support local farmers. Considering strengths of this approach, it is clear that beneficiaries can get access to fresh fruits and vegetables, are able to participate in a formal market, and exercise their own agency by being able to make their own food choices. In turn, local farmers are able to receive a fair price for their products, participate in a stronger market, and meet the needs of their community.

The argument in Zambia was that vouchers would provide more efficient and reliable delivery than manual systems. The challenge, however, was the existing method of accessing maize from the SGR: at present the maize was brought from the producer areas into Lusaka and Copperbelt and then distributed onwards to areas of need, sometimes nearby the original point. More efficiency was required particularly under a humanitarian situation. On obvious argument that emerges is to enable markets to work outside of government systems, which implied accurate information flows for traders to respond to opportunities.

In discussions about the Zambian situation, it emerged that WFP was considering alternative strategies to in-kind transfers alone. WFP, as all agencies, needed to understand the local context well and to respond appropriately. In some contexts, markets required stimulation to bring in the necessary food. In Zambia, there was the “luxury” of a maize surplus, an existing cash transfer programme and a government willing to engage to build on in the design of a new, short-term response using vouchers. What was missing was an effective surveillance system which included food and nutrition indicators to guide such responses.

WFP has been working with electronic delivery mechanisms for cash transfers in other contexts. As articulated by WFP in Zambia, “e-payments” have the potential to enable greater scale and speed of response, enhance specificity of resource transfers to match needs of crisis-affected populations, improve monitoring and increase accountability while reducing opportunities for corruption and diversion. However, these have not been adopted systematically by WFP due to an overall lack of infrastructure, which limits their potential use. To overcome this lack of infrastructure, ACF has developed the “Kit for Autonomous Cash transfer in Humanitarian Emergencies” (KACHE) supported by the WFP’s Cooperating Partners’ Innovation Fund (CPIF)[22]. This was widely shared amongst WFP offices in the wake of El Niño.

The kit consists mainly of a cloud-based platform (www.kacheproject.org), near-field communication (NFC) smartphones with Android applications, Bluetooth printers and smart cards. In other words a kit designed to manage different modalities of cash transfers such as e-vouchers, e-cash and paper vouchers in contexts with no functioning local communication network. The kit was tested in the Gao region of northern Mali from May to September 2015 and, as part of a project co-financed by WFP, 724 beneficiaries received the equivalent of around 60 Euros three times between July and September in the form of e-vouchers based on KACHE’s smart cards. A total of eight vendors localised within three villages distributed goods for a total value of around 130,000 Euros attending an average of 117 beneficiaries per day per vendor. Monitoring data were accessible in real-time on a cloud-based platform, facilitating monitoring for ACF staff and the reconciliation and reporting processes for WFP.

Indeed, while the El Nino requires a specific large-scale humanitarian response, it may create opportunities for linkages with social protection. The engagement between government and the UN is this regard is an important example of understanding opportunities. Humanitarian cash transfers have been linked with longer-term social protection programmes elsewhere. In Kenya and Ethiopia safety nets have been designed to expand and trigger increased payments in response to shocks that would normally be met through humanitarian response (ODI 2015). However, it is not generally applicable that social protection programmes can be the basis for shorter duration cash or food transfers: there is a set of issues about the alignment of objectives, incentives and principles among humanitarian and development actors that requires attention. Objectives are often different, with humanitarians focusing on protecting basic consumption and more developmental social protection having broader aims.

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[22] ACF. Kit for Autonomous Cash transfer in Humanitarian Emergencies, WFP’s Cooperating Partners’ Innovation Fund (CPIF).

Nonetheless what was unfolding in Zambia may provide the stimulus to help set the country as the “bread basket” of southern Africa by facilitating a more effective response system.

5.4 *Mozambique:*

Multi-purpose and multi-sector cash or voucher programmes address humanitarian needs across sectors. They are qualitatively distinct from single sector-specific transfers, for example cash for education or vouchers for food items, only addresses one need per intervention. Multi-sector programmes aim to address more than one sector in the intervention, whereby the programme is designed to have simultaneous impacts in each of the sectors involved.

The COSACA consortium consisting of OXFAM, CARE, CONCERN and Save the Children International have been implementing cash transfer programming in areas affected by the drought in Gaza and Inhambane. Targeting 21,500 households with a monthly food voucher (worth 1,800 metical/USD 40), beneficiaries buy food items such as maize flour, rice, cooking oil, sugar and salt from pre-selected suppliers or traders. A recent assessment looked at the feasibility and appropriateness of a future cash transfer programme in these provinces providing insight into the challenges associated with cash transfers generally (Mushaya, 2016[23]). From discussions with Save the Children staff, a key issue was for organisations developing a humanitarian response that considered a cash and food transfer modality needed to be more explicit in grappling with the realities on the ground rather than impose a particular view. The importance of bringing in community perspectives was therefore emphasised.

Some key issues emerging from village-based focus group discussions provide a glimpse into perceptions around food, cash and voucher transfers (Mushaya 2016). When asked about the choice between cash and vouchers, arguments were raised for both. One group favoured vouchers to obtain food and non-food items from local traders probably influenced by a lack of the confidence that cash could be delivered to village level; many believed that ‘corrupt officials’ would take the money. Another two groups preferred cash for food, non-food items and restocking because they believed that cash gave immediate access to food and other items compared to vouchers. Most agreed that the vouchers or cash should be given to the female member of household, as they were responsible for managing the household budget.

In terms of accessing food through markets, local traders had stopped giving credit as many people had failed to repay their debts. As a result many household assets such as roof sheeting, tables, beds, and mobile phones were sold to buy food items. Many local traders were also not well stocked due to limited demand (reported in March 2016). This had implications for the time required for re-stocking to take place if cash was injected into the community. Traders at village level were willing to participate in a voucher program but they required a capital injection for their stocks level to meet demand.

[23] Mushaya, C. 2016. “Cash Transfer Programming (CTP): Feasibility & Risk and Delivery Mechanism Assessments in Gaza Province, Mozambique”, Save the Children International, Mozambique.

Food price increases were also identified as key. Prices for basic goods such as maize flour; maize and rice more than doubled between October 2015 and February 2016 partly because of the shortages of maize due to the drought with communities substituting maize with maize flour and rice, which are imported from South Africa and Pakistan/or India respectively. Inflation rate year-on-year was 11.25 per cent in January 2016. Most importantly the devaluation of the local currency against South African Rand, US Dollar and other major currencies exacerbated price increases - the Mozambican currency fell more than 40 percent against the USD in 2015[24].

Another challenge identified by the assessment was an appropriate service provider to enable the cash transfer (Mushaya 2016). Local banks had limited geographical coverage in terms of branches, ATMs and agents in remote areas with, for example, branches in two districts of the COSACA project areas Chokwe and Mabalane. Ordinary villagers cannot easily meet the requirements of official identification and tax clearance number to access banking services. As an alternative, some medium traders have capacity to act as money transfer agents: some are already facilitating cash transfer within their communities charging a commission of 10 per cent on the amount transferred, which is relative high considering that banks charges are very minimum. However, some traders were willing to negotiate on the commission percentage. Mobile Network Providers in Mozambique, MCel and Vodacom, had mobile money services; MKesh and MPesa respectively. Mobile money transfers have the lowest fees and recipients are not charged for withdrawals from agents. However, both MCel and Vodacom had limited network coverage in remote villages at the time of the assessment.

Another key dimension was to undertake pilot to bring in government and secure their support for unconditional cash transfers. Government was not generally supportive of no conditions preferring options such as WFP's food for work approach, which was coordinated with the official yet small-scale social protection programme. The approach to build communication and understanding about different modalities within the Consortium was therefore key. Building a relationship between organisations that had different approaches and were doing things differently.

Similarly across the country case studies, the question of food availability on the market arises. In a rapid assessment undertaken by WFP in Tete and Gaza provinces completed in June 2016, the question of a shortage of food due to low production and unreliable trade from other regional countries was addressed (2016[25]). The assessment held that not all the districts in Tete province had been affected to the same extent by the drought and that some districts had performed even better than the previous year (producing areas in Maravia and Zumbo)(WFP 2016). Nonetheless the overall deficit was estimated to 54,000 Mt (WFP 2016). An additional concern, however, was that the porous borders meant that whenever traders found good arbitrage opportunities, some (or most) of the supplies in districts with surpluses would likely outflow the country.

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24 http://www.tradingeconomics.com/mozambique/inflation-cpi

25 WFP. 2016. Rapid Market Assessment in Tete and Gaza provinces, power point presentation, Maputo, Mozambique, 30 June 2016.

Another serious concern that affected the movement of food was the road network, which was not very developed in these provinces, apart from a few tarmac roads that connected the main cities. Costs to transport goods to and from remote areas escalated over time on unpaved roads with many households far away from markets. An additional cost for traders was a reliance on hired trucks, as many did not own transportation. This had the effect of creating a great variety of prices the further the distance from the supply source. In remote areas closer to borders, despite measures to control the flows of both grain and maize meal, informal trade was the norm, thus relaxing the price pressure in deficit areas. Another issue affecting movement of food, particularly in Inhambane Province, was on-going insecurity.

Finally, complexities in the supply chain needed to be acknowledged and understood. There were several actors involved, from farmers to points of collection, and from wholesalers and retailers to petty-traders. As expected, the mark-up and the profit margins varied the more actors were involved in the supply chain further from production activities. In particular, depending on their financial capacity and cash-flow constraints, wholesalers were hoarding stocks to eventually sell maize grain when prices increased in August to December (WFP 2016).

Despite these challenges, the COSACA assessment found on balance that a cash transfer programme was feasible and appropriate in the context of Gaza and Inhambane (Mushaya 2016). Traders and Mobile Network Providers were identified as the most appropriate delivery mechanisms for unconditional cash grants. Piloting was therefore recommended in three villages chosen as a representative sample of remote villages and one close to main market of Chokwe: Mapai–Ngala, Mapungane and 7 de April. These villages would allow piloting of both delivery mechanisms. Although the general environment was characterised by unstable prices and high inflation, factors not conducive for cash transfer programming, the pilots would ascertain the impact on the monthly entitlements of beneficiaries over a short, emergency period. Similarly the pilots would ascertain whether traders could be found at village level with capacity, trading licenses and tax clearance certificates.

6. Key Emerging Issues:

Working with a resilience approach means transforming ‘business as usual’, which implies changing existing practices through focusing on: bridging the humanitarian and development approaches; increasing multi-stakeholder, multi-sectoral synergies through partnerships; and implementing risk-informed, multi-year programming that incorporates joint analysis. As demonstrated, increasingly important examples are emerging in southern Africa around the different response mechanisms involving cash and food transfers to meet increasing food needs under the El Niño-related drought. Within the four country “case studies” there are clearly a number of important innovations emerging, generally characterised by careful assessments that complimented understanding of local context. Without this knowledge, general application of cash, food or both may not have been optimal

It is important to recognise that careful evaluations of these programmes are necessary to help shift the debate from “either-or” to what works based on robust and context-specific results. Too often arguments are shaped by ideology, political economy and ‘inference’ of evidence. As Gentilini argued, the performance of transfers and their difference seem a function of the fluid interactions among a number of factors such as the profile and 'initial conditions' of beneficiaries, the capacity of local markets, and programme objectives and design, instead of inherent merits of one modality over the other (2014). Taking these factors into careful consideration is important to build the evidence base.

Across the country studies, respondents to interviews made it clear that food and cash transfers in humanitarian settings should not be seen as an "either-or" but be context specific. Meeting a humanitarian mandate required finding the right kind of assistance for a particular situation. It was also widely recognised that cash opened up new opportunities to make humanitarian aid more responsive, more accountable and more supportive of local systems and markets, and be better coordinated. In particular the flexibility of cash transfers meant that people – rather than aid agencies – determined what they needed most. Cash therefore breaks the cycle of aid being limited to the goods and services that humanitarian agencies can procure and deliver.

Another important factor emerging was use of the private sector's comparative advantage in delivering payments and food. The movement of money was increasingly possible in southern Africa with two decades of investment in skills, technology and business practices. Using digital payments made disbursement and receipt of transfers transparent and traceable, thus increasing security for recipients and giving people an entry point into other formal financial systems. Using this technology not only enabled an ease of cash transfer but also clarity about where the money went: cash transfers, and digital cash in particular, are a vehicle for a radical improvement in transparency around how much aid reaches recipients. The region provided an opportunity to take advantage of and support the expansion of payment systems, as more people were connected to financial systems.

In terms of supporting local markets, much depends on the particular context and a context that was rapidly changing under a crisis situation. How markets function in crises is not well understood, nor is the impact of humanitarian aid on markets and economies. These questions remain important and reiterate the important of building evidence for future programming.

Finally, emerging conversations reiterate that social protection programmes that give cash transfers to people can be adapted to meet the needs of people affected by disaster. If such programmes are designed to respond to acute shocks that are normally met by humanitarian assistance, they have the potential to reach people more quickly and efficiently. Once again, much remains to be understood about such claims.

7. Recommendations

Arguments positioning cash against food have consequences for people vulnerable to the crisis unfolding in the region. This polarisation will make agencies inefficient if not harmful. The different modalities need to be understood for the humanitarian response to be effective.

To reiterate, cash and food transfers are more than an ideological position. Different transfers' performance are likely a function of the interactions among factors such as the profile and situation of beneficiaries, the capacity of local markets, and programme objectives and design, instead of inherent merits of one modality over the other.

Although food transfers are still by far the dominant modality in the region, there is a rapid shift towards cash - even within predominantly “food-based organisations” such as WFP. This is based on the benefits of flexibility, efficiency and beneficiary choice. Such a shift should recognise that there are still important arguments for food: giving people cash is not always the best option when markets are too weak or supply cannot respond, in which case cash transfers would not be appropriate and in some cases could lead to inflation.

The fact that cash and in-kind assistance are likely to co-exist for a long time, important questions arise about how to use these modalities singly, alternately or jointly, in any given setting. It is thus clear that much more should be done to explore and understand these questions.

This implies that partnership are vital: cash payments rely both on the informed cooperation of beneficiaries and on agreements with a range of commercial and non-profit entities. The process hinges on the capacity of agencies as a development actor and an humanitarian response actor.

A powerful argument for cash transfers that is emerging in the region is that such transfers are an opportunity for more transparency because of the comparative ease in tracking the movement of money than the movement of food. As such cash can be a vehicle for transparency. Research may help determine this particularly with innovations in the field of digital transactions and mobile banking and payment; the infrastructure for new aid delivery concepts improves year by year.

Even within an humanitarian situation, which prioritises saving lives and livelihoods above all else, there is still a need to invest in research to understand cash transfers as a tool. This is to better grasp the feasibility, cost and effectiveness of these transfers in humanitarian settings particularly as the current southern African situation is likely to become the “norm” under climate change scenarios. As exemplified in southern Africa, the nature of the humanitarian crises are clearly changing, as more people are in need for longer periods placing the humanitarian system under strain. This implies that careful evaluations need to be set up as the actual transfer mechanisms are being designed and deployed.

Finally, as a resilience approach becomes more prominent in southern Africa, this will imply transforming ‘business as usual’ by changing existing practices through bridging the humanitarian and development approaches; increasing multi-stakeholder, multi-sectoral synergies through partnerships; and implementing risk-informed, multi-year programming that incorporates joint analysis. Cash and food transfers, including working in conjunction, are important tools in this regard.