



European
Commission



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European Civil Protection and Humanitarian Aid Operations

Cash transfers

What is it?

The cash transfers are assistance in the form of money - either physical currency or e-cash.

In many humanitarian crises, goods are available on the market, but the affected population has lost the means to buy them.

In such cases, cash transfers can be securely provided to those who need it most. The beneficiaries can choose how to use the money, giving them the dignity of choice.

Why is this important?

Evidence shows that cash transfers are often more efficient and effective than other forms of aid.

The cash transfers modality provides affected people with the means and flexibility to decide and prioritise their recovery. In many contexts, cash assistance allows more aid to reach the beneficiaries directly.

It also supports local markets and lays the foundations for communities' recovery and resilience. Cash transfers are effective in addressing negative coping strategies such as poor diets or debts.

Cash can link with existing social protection systems or build the blocks for future longer-term assistance from the outset.

Given its multi-purpose nature, cash is central to addressing people's needs in a coordinated and demand-driven way.

Cash preparedness ensures that humanitarian organisations are ready to deliver cash before a shock by having, for example, procedures and agreements in place.

Cash is also a catalyst for innovation. It is strongly associated with other reforms in humanitarian assistance, such as localisation, market-based support and digitalisation.

How are we helping?

The EU has a long-standing commitment to using cash in humanitarian settings, where the context allows.

Our commitment is grounded in the policy and operational work of EU humanitarian work. It is also backed up by the political endorsement of Council Conclusions on Common Principles for Multi-Purpose Cash assistance, adopted in June 2015.

The EU has committed to delivering 35% of humanitarian assistance in cash transfers under the Grand Bargain.

The EU promotes cash operations, which build on technological advances and innovations and use technology to strengthen interoperability and link to longer-term solutions.

EU humanitarian aid prefers digital solutions such as electronic cash transfers and digital identities. These solutions make sense from a cost, effectiveness or efficiency standpoint. Digitalisation must have safeguards in terms of data protection.

Cash transfers (and digital cash, whenever possible) is a default modality for EU humanitarian aid. Nevertheless, to ensure the most appropriate modality for aid delivery, a robust analysis on context, accountability to target groups and market is indispensable.

The use of cash transfers to deliver the EU's humanitarian assistance has grown in recent years, from 24% of the total budget in 2016 to 34% in 2019 and 2020.

Our thematic policy document on cash transfers provides guidance to EU humanitarian partners on using cash transfers. Several cross-cutting issues, such as protection, disaster preparedness, greening, and localisation are reflected in the note. The policy also encourages innovation through digitalisation and interoperability.

The policy is complemented by the large-scale cash guidance note (annex 1), with specific considerations for larger-scale cash programmes above €10 million. The guidance encourages our humanitarian partners to carefully consider and jointly define large scale transfer programmes to avoid fragmentation of their efforts. In addition, it seeks to strengthen inclusive approaches and cost-efficiency.

The EU cash compendium presents a selection of case studies on the EU's humanitarian cash assistance. The case studies highlight how projects apply the DG ECHO large-scale cash guidance note, how they ensure coordination with other donors and linkages with social safety nets, and challenges and lessons learnt.

The most vulnerable are the hardest hit by the economic consequences of the coronavirus pandemic. Humanitarian cash transfers play a critical role in responding to the secondary impacts of COVID-19 by continuing to deliver aid safely.

The European Commission is part of the Donor Cash Forum (DCF), together with Canada, Denmark, Germany, Norway, Sweden, Switzerland, United Kingdom and United States.

The European Commission signed up to the Joint Donor Cash Statement in 2019. The donors commit to working in a more harmonised way to support partners to provide more coherent, efficient and effective assistance to people affected by crises. Since January 2021, the European Commission is co-leading the DCF with Switzerland.

Together with the Cash Learning Partnership (CaLP), the European Commission took a co-lead role of the working group on "Tracking Cash and Voucher Assistance (CVA)" until 2020. The group was established for decision-making as a sub-workstream of the Grand Bargain Cash workstream. The Guidance on Tracking CVA comprises the key outputs of the work.

Facts & figures

EU humanitarian aid cash transfers in 2019 and 2020:

€1.2 billion

34% of the total budget

Top countries in terms of cash transfer value are:

Türkiye, Lebanon, Afghanistan, and Yemen