



Food and Agriculture
Organization of the
United Nations

Cash-based transfers

Increasing the resilience of agricultural livelihoods





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In numbers



25-30% cheaper to implement cash transfers compared with in-kind assistance



every USD 1.00 injected can generate up to **USD 2.00** in the local economy

FAO's cash-based transfers benefit smallholder farmers who are particularly vulnerable to natural hazards, market volatility, conflicts and protracted crises

Cash and vouchers play a critical role in FAO's response to shocks and crises when farmers, pastoralists and fishers can no longer buy food or the productive inputs they need because their assets have been damaged or depleted.

FAO's cash-based transfers provide immediate relief to farmers, and contribute to strengthen the resilience of their livelihoods to future shocks (e.g. drought, poor production, etc.), increasing agricultural production, improving food security and nutrition, and reducing rural poverty. They support the transition from humanitarian assistance to development, including through enhanced linkages with social protection systems that can be leveraged to respond to shocks and crises.

FAO is committed to using cash and vouchers as its preferred method of assistance, including in emergencies, as they allow recipients to choose for themselves, enabling farmers to purchase the goods and services they need most in local markets.



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Benefits of cash-based transfers

When local markets are functioning and quality goods are available, cash-based transfers are an important tool to develop more productive and resilient agricultural systems that enhance and maintain food security

FAO's programmes using cash and vouchers can be highly effective in delivering FAO's mandate and in leveraging FAO's technical expertise.

They are able to support:

- Smallholder farmers and rural communities, promoting more resilient livelihoods and sustainable rural development.
- Use of improved quality seeds, fertilizers and other agricultural inputs.
- Land and water management.
- Climate change adaptation and disaster risk reduction.
- Livestock production and animal health.

FAO's cash-based transfers are important for



Recipients' dignity and choice

Cash empowers men and women by allowing them to prioritize and address their own needs.



Food security

Cash increases household expenditures on food and basic goods.



Agricultural production

Cash can increase investment in inputs and ownership of productive assets, and encourages the adoption of improved agricultural practices.



Risk management

Cash-based transfers can reduce the risk of resorting to negative coping mechanisms during crises and mitigate the impacts of shocks.



Economic multipliers

The injection of cash stimulates local markets and economies thus benefiting communities as a whole.



Transparency

Cash-based transfers are easier to track whenever disbursed through electronic mechanisms, reducing the risk of misappropriation of funds.



Cost efficiency

Compared with in-kind assistance, administrative and overhead costs to deliver cash-based transfers are often significantly lower.



Financial inclusion

Providing cash-based transfers (through mobile money, smart cards, etc.) can facilitate beneficiaries' access to financial services (credit, savings and transfers) and payment systems, allowing them to become active participants in financial systems.

FAO's cash-based transfers make use of the Organization's wide range of technical expertise in areas such as agricultural production, seed security, land management climate change adaptation and rural development



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Types of cash-based transfers

FAO implements a variety of cash-based transfers according to the specific objective and context, as follows:

- 1 Cash transfer (conditional and unconditional)
- 2 Cash for work
- 3 Cash+
- 4 Voucher programmes
- 5 Input trade fairs

These transfers are designed to support vulnerable populations when:

- local markets are functioning and are physically accessible to both men and women;
- basic goods and services are locally available; and
- risk of inflation is limited.

1



Cash transfers

Conditional and unconditional cash transfers provide poor and vulnerable households with the resources required to maintain a minimum standard of living, address their basic needs and invest in productive activities.



Unconditional cash transfers

Cash is disbursed to beneficiaries without the need to fulfil any particular condition.



Conditional cash transfers

Cash is disbursed to beneficiaries with the condition of having to carry out certain actions or meet specific requirements, such as attending a training, adopting good agricultural practices, etc.

The degree of conditionality can vary from “soft” (limited monitoring and no enforcement of sanctions) to “hard” conditions, which are monitored and penalties enforced for non compliance.

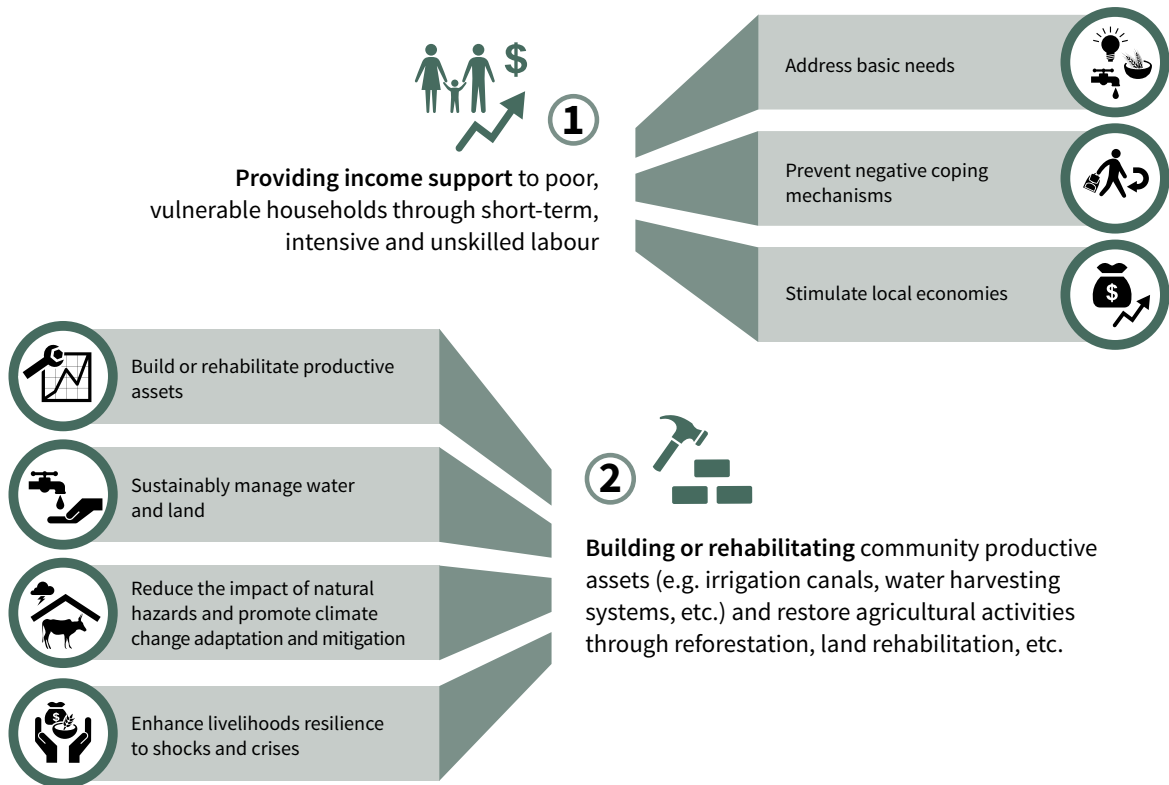
- **FAO’s technical expertise is key to **combine cash transfers****
- **with **agricultural interventions** to ultimately benefit the wider**
- **communities through local economic multiplier effects**

2



Cash for work

Beneficiaries are paid in exchange for completion of specific works or activities, including rehabilitation of degraded lands through reforestation, soil and water conservation activities as well as building and rehabilitating community infrastructures, such as irrigation canals, water catchments and rural roads.



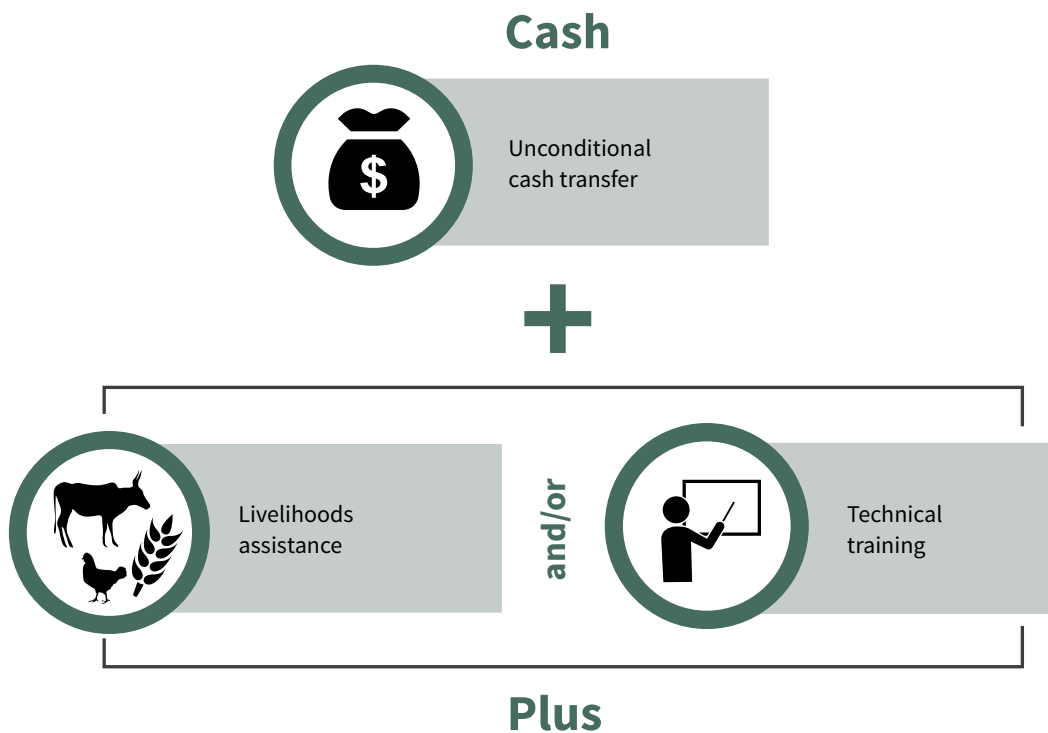
- **FAO's technical expertise in water and land management,**
- **disaster risk reduction and climate change adaptation** is key
- **to ensure the quality and sustainability of the productive assets**
- **built or rehabilitated through cash for work**

3



Cash+

To maximize their impact and sustainability, the provision of unconditional cash transfers to beneficiaries is complemented with productive inputs, assets and/or technical training. The cash provided to beneficiaries enables them to address their immediate food and other basic needs while the “plus” component promotes their engagement in productive activities.



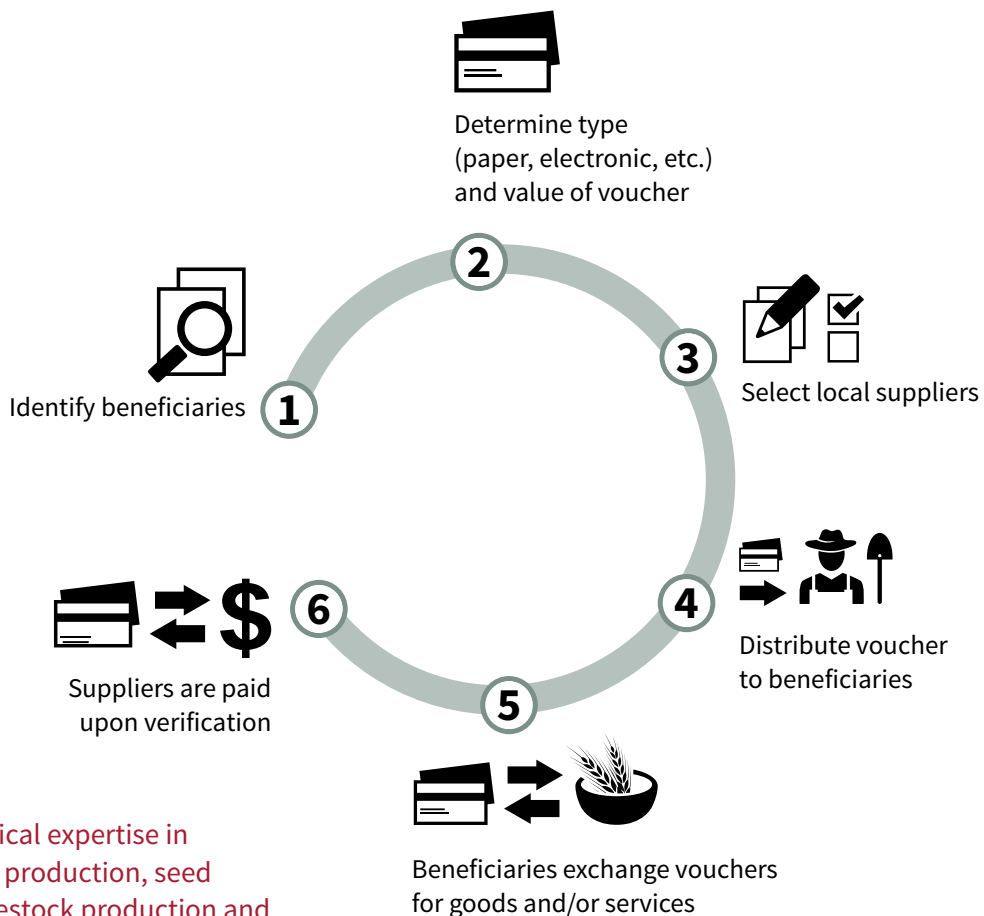
- **FAO’s technical expertise is key to identify the right mix of**
- **complementary interventions to strengthen livelihoods resilience;**
- **to define the best timing based on agricultural and pastoral**
- **seasons; and to assess the impact**

4



Voucher programmes

Beneficiaries receive vouchers that they can redeem for goods and services (e.g. seeds, fertilizers, tools, animal feed, veterinary supplies, etc.) at selected shops.



- FAO's technical expertise in agricultural production, seed security, livestock production and animal health is key to ensure that beneficiaries can access quality input, goods and services

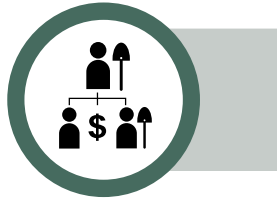
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Input trade fairs

Temporary one-day markets where farmers and pastoralists can purchase agricultural inputs and services through the exchange of vouchers.

Input trade fairs are recommended to



Support farming and pastoralist communities that live in remote, isolated areas with limited access to markets



Provide male and female farmers and pastoralists with access to a wide range of quality inputs and services



Facilitate information sharing among farmers regarding the performance of different varieties of seeds

- FAO's technical expertise in **agricultural production**, quality
- seed standards, quality requirements for hand tools, fertilizers
- and other inputs, as well as animal production and health, is key
- to maximize the impact of input trade fairs





Gender-sensitive cash programming

FAO's cash-based transfers are designed to ensure that men and women equally benefit from the intervention

FAO's cash and voucher programmes specifically aim at empowering recipients, allowing them to make their own decisions to improve their livelihoods. The design of cash and voucher programmes takes into consideration the various context-specific roles and challenges of men and women as well as how to address their specific needs. For instance, in cash-for-work programmes, the activities that beneficiaries carry out are tailored to the specific skills that men and women have and to the specific constraints they face, to ensure they equally benefit from the intervention.

FAO's voucher programmes and agricultural fairs are also designed to meet the specific needs of rural men and women, for example by providing vegetable seeds, small ruminants and poultry to women to address their livelihoods needs.

Capacity development and tools

Capacity development programme

Launched in 2014 to ensure the success and continuing technical improvement of its cash-based programmes, FAO's capacity development programme on cash and vouchers now consists of both webinars and face-to-face trainings, covering the programmatic as well as the operational dimensions of the various cash and voucher modalities implemented by FAO.

Corporate tools

The Guidelines for Public Works (cash-, voucher- and food-for-work) and the Guidelines for input trade fairs and voucher programmes provide practical guidance to the design and implementation of selected cash-based programmes.



Enhancing nutrition

Cash-based transfers allow to address malnutrition by improving food consumption and healthy diets, strengthening livelihoods and reducing women's workload

Cash-based transfers have the potential to reach a large number of men, women and children who are malnourished or at risk of malnutrition, and help them to address both immediate and longer-term nutritional needs.

FAO applies a nutrition lens to cash-based transfers in view of improving the nutrition status of beneficiaries. Based on the context-specific causes of malnutrition, transfers are complemented with nutrition-sensitive interventions and awareness-raising on key nutrition issues. Cash+ in particular combines cash transfers with activities such as the provision of quality seeds of fruits and vegetables, the establishment of home gardens, training on good practices for milk and meat preservation as well as cooking demonstrations.

Social protection

As a flexible tool, cash transfers have a potential to bridge the gap between humanitarian and development assistance. To increase the productive inclusion of the most vulnerable populations, FAO is working to link its cash-based programmes to its technical assistance on social protection.

As government-led cash transfer programmes are key social protection tools, FAO supports governments in generating evidence of their impact on food security, nutrition and production in order to advocate for their scale-up, particularly unconditional cash transfers and cash+. Furthermore, FAO assists governments in the development of risk-informed and shock-responsive social protection systems able to prevent risks and respond to shocks and crises.



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www.fao.org/emergencies | www.fao.org/resilience

CONTACT

Dominique Burgeon | Director, Emergency and Rehabilitation Division and Strategic Programme Leader – Resilience | Rome, Italy | TCE-Director@fao.org
Food and Agriculture Organization of the United Nations