Support for cash programming

The use of cash transfers in place of or alongside food aid has been gaining favor over the past decade. There is a growing sense that cash and voucher transfers are more efficient to distribute and they help beneficiaries to maintain human dignity while at the same time providing access to a wider range of goods and services. There is also an argument that cash transfers help stimulate local markets and engage the private sector in ways that food aid does not. This trend is supported by a global context in which the combination of new policies, technologies, concentrations of people in urban settings and increasingly integrated markets help create an environment that is supportive of the wider use of cash transfers to meet humanitarian needs. Utilizing HEA, FEG has supported cash programming in Mozambique, the Central African Republic, and Pakistan. HEA can help in the context of both humanitarian responses and longer-term social safety nets.

Over 500 HEA baselines are available for parts of Africa, Asia, Latin and South America, providing a significant resource for cash programming. The HEA baselines provide details on how people spend their cash in the reference year. This helps analysts determine the essential components of a minimum expenditure basket (MEB) and it helps determine the cash amounts needed to program multi-purpose cash transfers.

HEA Outcome Analysis can be used to model specific changes to household food and cash income, resulting in a reliable estimate of the cash needs given a specific hazard (like a drought). Modeling can be based on a current situation using a recent needs assessment, or a projected situation based on available forecasts. Combined with seasonal analysis and price projections, an accurate monthly transfer amount can be planned throughout the year.

The set of graphs on the left, above, show total income (food and cash combined and expressed as cash) for poor households in an area of Sindh Province, Pakistan in the reference year and in a hazard year. The graph on the right shows that the household will experience this deficit from May through October. A monthly cash transfer of around 1,580 PKR is required in order to fill the gap for these six months.
Household Economy Analysis (HEA) is a unique livelihoods-based framework designed to provide a clear and accurate representation of the inside workings of household livelihood systems at different levels of a wealth continuum, and the connections between these livelihoods and the wider economy. HEA translates these complicated systems into readily accessible information for donors, policy makers, program managers and planners to help them: understand household constraints and opportunities in the short and longer term; design appropriate projects to meet a range of objectives; and measure the real impact of a program or policy in livelihood terms.

**HEA Tools**

A number of HEA tools have been developed by FEG over the past 20 years in order to provide flexible and customized answers to decision makers from a wide range of sectors. They include the Livelihoods Impact Analysis Sheet (LIAS), The HEA Dashboard, the Analysis of Herd Dynamics (AHEaD) tool, the Graduation Prediction System (GPS) tool, the Water and Livelihoods Analysis Spreadsheet (WELS), and the Baseline Storage Spreadsheet (BSS), among others.