

Direct cash transfers to address Loss and Damage: principles for effective response

Cash transfers are a highly impactful investment in addressing loss and damage: a tool that is effective, flexible, localised and scalable enough to respond to the widespread and individualized impacts of loss and damage - economic and non-economic - in ways which put affected individuals and communities in the driving seat. Our vision is for direct, unconditional cash to be a major pillar of global loss and damage support.

GiveDirectly is a nonprofit that sends money directly to the world's poorest communities. Based on our experience of delivering loss and damage support to survivors of Cyclone Freddy in Malawi, and from reaching more than 1.6 million people with direct cash transfers, this note sets out what good loss and damage programming looks like from our perspective and how direct cash helps to deliver on that. These principles have been endorsed by the Loss & Damage Collaboration. You can read the full version and the case study on which it was based [here](#).

1. Engage the right people

Prioritize government leadership where possible

Cash enables governments to respond rapidly and at scale in ways that meet different needs, building shock-responsive social protection systems.

Engage affected communities to shape the response

Cash can be used as recipients choose, putting individuals and communities in the driving seat and letting families chart their own course to recovery. Communities - including marginalized groups - should shape and co-design responses.

Crowd in complementary support to amplify impact

Cash works best alongside functioning markets and services and can be used to crowd in other support.

2. Design for impact

Identify and reach the worst-affected people

Technological tools – from satellite imagery to AI to call record data – can be used to quickly identify the worst-affected people and channel cash to them. And communities should engage to help identify the most vulnerable and ensure an inclusive response.

Cover all loss and damage experienced

Unlike other types of response, large cash transfers can be sized to cover the breadth of economic and non-economic loss and damage experienced: meet basic needs, support durable reconstruction and ensure resilient recovery.

Deliver assistance as efficiently and transparently as possible

Nearly 80% of the world have access to a financial account. Digital payment channels (including mobile money) are fast, scalable and secure, enabling financial inclusion and opening up other economic opportunities.

3. Maximize quality and safety

Keep recipients safe

Cash is a secure and dignified way of sending assistance – the channels used to deliver it can also be used to verify its safe arrival. Follow best practice in safe, inclusive cash delivery.

Get the timing right

Cash support can be timed to arrive when it's most needed – to support planting season, to help families get through lean season, or when people need to resettle and/ or rebuild.

Focus on results and accelerate learning

This is an emerging field – we call on others to scale and replicate this approach in other contexts and share what they learn.

Direct cash transfers to address Loss and Damage: **calls to action**

We call on governments, donors, civil society and the Fund for Responding to Loss and Damage (FRLD) to use large, direct and unconditional cash transfers as a central, community-led tool for addressing loss and damage.

Governments of countries suffering loss and damage

Directly deliver a significant proportion of Loss and Damage finance through large cash transfers to affected communities

Build and strengthen the social protection systems needed to respond to future shocks through direct cash support.

Santiago Network

Ensure governments of countries suffering loss and damage have access to the necessary technical assistance to design and implement effective and inclusive cash transfer responses which build and strengthen government systems.

Support countries to build and strengthen shock-responsive social protection systems, targeting and data management tools. Establish and share best practice.

All actors

Use the principles to guide programme design and implementation and update and strengthen them based on your experience in different contexts.

Individual donors

Make direct cash assistance to communities a major part of each loss and damage response you fund

Provide flexible and outcome-based funding to support large, unconditional cash grants which can be used as recipients choose.

Fund for Responding to Loss and Damage

Recognize direct cash transfers as an effective tool for addressing loss and damage and build systems to support cash response

Establish mechanisms which support the rapid disbursement of cash to the worst-affected communities. Ensure that financing mechanisms enable funding to flow where it is most needed, not just where it's easiest to deliver.

International and local civil society

Prioritize direct cash assistance as a loss and damage response

Keep cash support unconditional, using large enough transfers to support basic needs, reconstruction and rehabilitation and recovery.