

ATM cash assistance: does it work?

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Direct financial assistance for refugees in Jordan is proving popular and effective.

Over 40,000 refugees and asylum seekers in the Hashemite Kingdom of Jordan (Jordan) are registered with UNHCR and live primarily in urban settings. As Jordan has functioning national institutions, UNHCR has concentrated on reinforcing the capacity of Jordanian institutions (such as health clinics and schools) to include Iraqis in their services, alongside actively pursuing resettlement and – in a limited number of cases – voluntary repatriation for refugees, and providing safety nets for the most vulnerable.

Given the urban setting, UNHCR's Jordan office questioned whether the conventional method of distributing food rations, hygiene kits and non-food items was indeed the most effective, efficient and dignified means of addressing the basic needs of refugees, and instead decided to introduce a system of direct financial assistance through Automated Teller Machine (ATM) cards. "In an urban environment, where necessities are available at every corner, giving refugees the means

to buy whatever suits them not only makes them ten times happier but from a logistical perspective it is also that much more efficient," says UNHCR Jordan Programme Officer Amra Nuhbegovic.

In the last two decades, there has been much debate about providing cash assistance instead of the traditional in-kind assistance. Several concerns have been raised about providing cash assistance, including that it may be used for anti-social purchases and/or that it may cause protection problems (insecurity, disadvantages to vulnerable family members, etc) or encourage corruption. Among the questions discussed within UNHCR have been:

- At what level should such payments be set, and how should they relate to the minimum wage (if one exists) received by nationals?
- What is the most effective, efficient and equitable manner of distributing cash to refugee households?

- How can the expenditure of cash payments be monitored and their impact assessed, so as to ensure that they are not spent in an inappropriate way?
- Do cash payments discourage refugees from finding work and alternative income-generating opportunities?
- Once cash payments have been introduced, is it possible to withdraw them without causing hardship to refugees or increasing their level of frustration and thereby creating greater security risks for UNHCR staff?

Almost 5,000 vulnerable Iraqi families in Jordan now receive cash assistance each month. How much they receive is based on the amount received by vulnerable Jordanians through the national social safety system: the equivalent of US\$106 for one person, increasing with family size to a maximum of \$410 for a family of 10 or more. Refugees are eligible if they are registered with UNHCR and are living on incomes below the poverty level¹ as are all families with school-aged children when specific conditions to ensure their educational needs are met. UNHCR's implementing partner, International Relief & Development,² conducts home visits to assess that beneficiaries meet the criteria. The ATM cards are distributed by the bank and need to be replaced once a year. The distribution of the card is usually to the men, as they are the primary refugee applicant, and this is perceived as culturally appropriate. Reassessment of the ATM beneficiary list is ongoing and some people are removed from the list for reasons including resettlement, having expired asylum-seeker certificates or disqualification after reassessment.

After the first year of implementation, UNHCR conducted an impact assessment and cost effectiveness analysis of the programme, surveying more than 1,000 ATM



Iraqi refugee using ATM in Amman, Jordan.

cash assistance beneficiaries through home and phone visits, holding focus group discussions and interviewing implementing partners. The findings of the assessment indicate that cash assistance is efficient, effective and dignified and that fears about misuse or protection problems have not been realised. Furthermore, refugees themselves overwhelmingly favour cash distribution through ATM cards over any other kind of assistance method.

Effective

Iraqis are not permitted to work in Jordan without an official work permit (which relatively few have obtained) and, with rising inflation and decreased employment opportunities for the Jordanian nationals, there continues to be significant dependence on assistance. Cash assistance has enabled persons of concern to enjoy the minimum acceptable standard of living in their country of asylum. "Cash assistance has been a great benefit to me," said one Iraqi man living in Amman. "It has covered most of my expenses, such as rent, medication, food. Without it I would have had to go back to selling garbage scraps on the street."

The evaluation found that cash assistance appears to be an effective way of promoting protection of refugees' rights to shelter, food and medicines, and that little is used for inappropriate items such as alcohol or cigarettes.

"They eat better food; they move to better accommodation," said one implementing partner. "Also, people have lower levels of stress when they get financial assistance." After receiving cash assistance, the 1,069 current beneficiaries surveyed reported accessing better housing (49%) and food (50%), and 7% reported that the financial assistance helped them to send their children to school for the first time.

Efficient

The ATM system makes assistance more accessible, thus overcoming a major challenge of distributing assistance in an urban refugee context. It is convenient for refugees to withdraw cash near their homes whenever they choose; 40% of beneficiaries walk to the

nearest ATM and 54% pay only 1-2 Jordanian Dinar (US\$1.40-2.80) to travel to an ATM.

Furthermore, there is no value lost in the distribution of cash through ATMs. Whereas in-kind assistance is often sold at local markets at a reduced value, cash assistance can be fully utilised by the beneficiaries.³

The ATM card system is also more financially efficient than in-kind assistance or cash assistance distributed by NGOs. The overhead costs (bank and card fees) for the ATM card system are only 2.26%, while the overhead cost for assistance distributed through implementers (transportation, warehousing, distribution, etc) could be as high as 23%.

Dignified

"Beforehand, it was much more difficult having to stand in line at the crowded distribution point for hours," said an Iraqi mother of three. "Passers-by would stare at us which used to be an embarrassment, while now, thank God, I can go to the bank with my plastic card at my convenience. Within ten minutes, I am back home." Beneficiaries who are able to make their own choices about how to meet their basic needs gain a deep sense of empowerment and the freedom to prioritise.

The impact assessment found that 98% of respondents prefer to receive financial assistance through the ATM card system compared to any other system, such as receiving cash at an NGO office where beneficiaries would sometimes have to wait in long queues to receive assistance. Ultimately, providing an avenue by which refugees are able to be part of the local population – shopping at a neighbourhood market, choosing which necessities to buy, using cash to pay for items – promotes tolerance, equity and dignity.

Safe

In the Jordanian context, there is little evidence that the ATM card system creates significant protection risks. Only 1.3% of respondents to the impact assessment felt that the money is misused in their family. With few exceptions, older persons and persons with disabilities have been able to rely on support from

their community (as well as NGO and bank staff) to access ATMs.

In addition, ATM cash assistance is less of a security risk for beneficiaries and NGOs. It is a less visible means of receiving assistance as refugees are not seen carrying large non-food items or food packages. Women in particular reported a greater feeling of security in collecting their assistance anonymously at ATMs rather than at an NGO office. Implementing partners also felt that, with this system, they face less risk of fraud, security incidents, human error and stealing.

Finally, implementing partners have heard relatively little about incidents of fraud. Stealing cards or PINs appears uncommon. Although some refugees mentioned that people being resettled may sell their card upon departure, UNHCR mitigates this issue by cutting assistance automatically upon departure.

Conclusion

In September 2009 UNHCR officially introduced a new policy on refugee protection and solutions in urban areas which states that "in situations where it is viable, UNHCR will establish ATM card systems, both in view of their efficiency and because they enable refugees to maintain a greater degree of dignity."⁴ While questions still arise about the benefits and challenges of providing cash assistance (and its applicability in other settings), the success in Jordan is clear. Putting the decision about how refugees choose to meet their most pressing needs into the hands of the refugees themselves has worked.

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1. The Jordanian national poverty level was defined in 2006 as \$46 per person/month, a figure close to the \$50 per person/month used widely as a poverty line throughout the region.

2. <http://www.ird-dc.org/what/countries/jordan.html>

3. J Crisp, J Janz, J Riera, S Samy 'Surviving in the city: A review of UNHCR's operation for Iraqi refugees in urban areas of Jordan, Lebanon and Syria', Policy Development and Evaluation Service, UNHCR, July 2009: 37. <http://www.unhcr.org/4a69ad639.html>.

4. UNHCR. 'UNHCR policy on refugee protection and solutions in urban areas', September 2009. <http://www.unhcr.org/4ab356ab6.pdf>