EXECUTIVE SUMMARY


CONTEXT

The use of Cash and Voucher Assistance (CVA) in Myanmar dates to 2008, with the first CVA emergency response to Cyclone Nargis. By 2020, more than one million people received a total of 35.6 million USD worth of CVA, distributed by 63 organisations nationwide. Even so, government acceptance of CVA was not uniform in all contexts and sectors of implementation.

On 1st February 2021, the Myanmar military overthrew the government in a coup d’état. The combined effects of COVID-19 as well as the February 2021 coup have turned back the development clock by years. The resulting economic crisis comprised of inflation, depreciation of the Myanmar kyat (MMK) against the United States dollar (USD), as well as a liquidity crisis/low supply of bank notes and closure of banks.

OBJECTIVES

In light of this, this review aimed to harness lessons learned from the design, implementation and monitoring of past and current humanitarian CVA projects by humanitarian actors before and after 1st February 2021 in order to inform future crisis response in Rakhine, Kachin and Northern Shan states. Accordingly, the review mapped the use of CVA and CVA stakeholders, collated qualitative accounts of challenges and opportunities faced by humanitarian organisations, identified adaptations to the change in economic situation, market functionality and protection risks.

Methodology

The review took place from October 2021 to March 2022 and utilised a qualitative approach relying on a variety of primary and secondary data sources, both capturing qualitative and quantitative data. The research team reviewed a total of 56 documents and interviewed 39 humanitarian practitioners.
In Rakhine, WFP accounted for the largest share of the CVA volume transferred with 75% (USD 15,586,124) in 2020 and 93% (USD 19,578,449) in 2021. 34% of the assistance was distributed to recipients by local and national organisations acting as implementing/cooperating partners of international organisations.

In Kachin and Northern Shan, WFP is the largest and most active cash implementer accounting for 76% (USD 778,605) and 59% (USD 4,287,130) of total transfer volumes respectively in 2020. This remains similar in 2021 with WFP representing 63% (USD 5,380,683) in Kachin and 95% (USD 1,348,369). 57% of CVA in Kachin and 42% in Northern Shan respectively.

In Rakhine, Kachin and Northern Shan, CVA for food represented the biggest CVA volume since 2019 until the time of this review. This is due to the WFP being the largest CVA actor in the three states.

In Rakhine, the main delivery was direct cash/cash in envelopes provided through humanitarian agencies accounting for 89% of transfers in 2020 and 98% in 2021.

The same is true in Kachin with direct cash/cash in envelopes covering 50% in 2019 and 2020, and 72% in 2021. Implementers had used mobile money and e-vouchers since 2018. However, this was halted as a result of the liquidity crisis, with coverage dropping from 28% in 2020 to 0% in 2021.

In Northern Shan, the main delivery mechanism was direct cash/cash in envelopes as well, accounting for 87% in 2019, 100% in 2020 and 98% in 2021.
• In all three contexts of Rakhine, Kachin and Northern Shan, interest in implementing CVA has not decreased with COVID-19 and the military takeover. **Cash transfer remains the community's preferred modality**, in light of the freedom and access that cash affords, so long as markets are functional. De facto government acceptance for cash appears to be guaranteed for food assistance in the whole of Rakhine, while the authorisation for MPCA and cash for other sectors depends on the organisations and the location. There have been no obstacles regarding acceptance in Kachin and Northern Shan since the military takeover.

• **From a market standpoint, CVA feasibility has largely remained unchanged.** The military takeover had temporary effects on market availability/supply, due to extra checkpoints and roadblocks, but the availability of goods for basic needs has not been affected. **Markets have largely proven resilient; however, the equilibrium remains fragile.** Access to credit and cash flow remain severely constrained and transportation is expensive and challenging. There is a risk of decrease in production and long-term damages to key supply chains, such as the one for locally produced rice. This means that the operational limitations and difficulties relate not only to cash modality, but also to in-kind.

• In-kind assistance implemented by humanitarian organisations requires obtaining travel authorisations (TA) in place in most areas of the country, which are reportedly increasingly difficult to obtain, even more so than for CVA. Hence despite the challenges, cash remains the most feasible and relatively simpler option compared with other modalities.

• As a result of inflation, the purchasing power of households receiving CVA in MMK has been eroded.

• Although a Minimum Expenditure Basket (MEB) exists as a reference towards transfer values since 2021, **it is inconsistently used across humanitarian agencies** and is based on poverty data that do not reflect the current situation. Besides the MEB that is in use, humanitarian organisations utilise a monthly analysis of the food basket conducted by the WFP to adapt their transfer values.

• There are some conflicting reports of humanitarian organisations being able to adjust their transfer value to the crisis to maintain the purchasing power of recipients. It appears that about half of organisations were not able to increase their transfer value because of

• The liquidity crisis has challenged the feasibility of using CVA in Myanmar. As a result of the crisis, FSPs were unable to operate in such a cash-constrained environment, and hence had initially stopped operations with CVA partners.

• Implementers have resorted to the only delivery mechanism available, which is **cash in envelopes**, due to the liquidity constraints and the temporary cease of activity of FSPs.

• The liquidity crisis has led to the emergence of new market actors, who offer money withdrawal services with fees ranging from 3 to 13% – Hundis. Most international and national actors have resorted to using Hundis services since the military takeover. There is **secrecy among humanitarian actors about the specifics of the use of Hundis**, and **more generally speaking on how the liquidity crisis is being managed.** Hundis may pose a risk as they might be influenced by political or social agendas depending on the proclivities of the individual business operators.
are distributed to recipients by local and national organisations acting as implementing/cooperating partners of international organisations.

- Protection risks are context specific rather than modality specific. Reduced access and contact with beneficiaries as a result of the military takeover has led to less control and oversight from humanitarian organisations.

- The use of CVA is more discreet than in-kind, which increases the safety of both humanitarian personnel and recipients. Some humanitarian organisations have adjusted the delivery mechanisms to their specific target groups, e.g., door-to-door delivery of cash in envelopes to physically impaired recipients.

- The overall trend to shift to cash in envelopes directly distributed by the humanitarian organisation has reduced the risks linked to the protection of personal data, as there is no third party involved. To mitigate the risk of extortion, actors such as Mercy Corps have taken voucher vendors closer to the cash recipients by organising fairs.

- Since 2018, there has been a strong emphasis on giving a more prominent role to LNGOs in the design of CVA programmes. The combination of COVID-19 and the military takeover have accelerated this transition. However, this has not changed the division of roles and responsibilities significantly, and international organisations are still in charge for the most part.

- In Kachin, according to various interviews, there were many LNGOs with no technical CVA gaps – perhaps owing to the long engagement of actors with CVA. Only smaller LNGOs needed CVA capacity training. In Northern Shan and Rakhine, on the other hand, informants felt the gaps were stronger.