

Cash Transfers as Humanitarian Aid: Analysis of the Viability of the “Héroes De La Salud” Program in Venezuela

Nelson Totesaut Rangel¹

¹(Department of Law and Politics Studies/ Universidad Metropolitana, Caracas, Venezuela.

ABSTRACT: Venezuela has been experiencing a complex economic crisis for some years now. In this regard, certain aid plans have been implemented. This paper aims to analyze a specific one, Héroes de la salud, which refers to an economic relief program for health personnel in the midst of the fight against COVID-19. This program has many peculiarities, since it is a proposal made by Juan Guaidó, using frozen funds from the Central Bank of Venezuela in the United States. In addition, it also has the particularity of the mechanism as such, since it is a delivery of cash (or money), a relatively new practice in the field of humanitarian aid. Therefore, we will implement the existing methodology on the case, to analyze whether the program had the necessary starting requirements to be successful or not.

KEYWORDS –cash transfers, crisis, COVID-19, humanitarian aid, Venezuela

I. INTRODUCTION

The crisis in Venezuela has captured great global interest. Not only because it has the elements of a comprehensive crisis, but because it has been given a political importance that we cannot ignore. Within the world of humanitarian assistance, there are some cases that attract more attention than others. This usually brings with it a generous wave of donations to attack the scourge. We have an iconic example with the Asian tsunami that brought with it the “most generous financing in history, raising at least \$13.5 billion in cash.”¹ even when it wasn't the worst disaster the world has ever known².

Likewise, we can mention many cases that received less attention or “generosity” even though they ended up being more catastrophic in their outcomes:

A storm surge in the Bay of Bengal in 1970 killed 300,000 to 500,000 people in one night. The Tangshan earthquake in China in 1976 killed at least 242,000 people. Floods in Bangladesh in 2004 destroyed more than 1 million homes, displaced more than 4 million people, and affected more than 36 million people. The Ethiopian famine of 1984-1985 killed more than 900,000 people³.

It is true that the humanitarian crisis in Venezuela is far from the magnitude of the aforementioned catastrophes. However, the publicity and focus that has been given to it is worth mentioning. The US has frozen

¹Cosgrave, J. & Telford, J., *Joint evaluation of the international response to the Indian Ocean tsunami* (synthesis report: expanded summary), London: Tsunami Evaluation Coalition, 2007, p.19.

²Ibidem, p.8.

³Ibid, p.9.

funds from the country, and then granted aid through USAID. This custom, common among them, has been explained by certain authors (see Kevlihan, De Rouen & Big Laiser, 2014: 838)⁴, since it is a common practice of American foreign policy to grant aid disguised as altruism.

This work seeks to investigate a joint humanitarian response between the US and internal agents (the then so-called “interim government” of Juan Guaidó) known as *Héroes de la Salud*. It involves a cash donation in three installments (each of one hundred dollars) to health personnel for their work in the fight against COVID-19.

This case is interesting to analyze for two reasons. On the one hand, due to the origin of the funds; on the other, due to the particularity that humanitarian aid has in the mechanism of delivering cash instead of food, or any other essential goods.

This is a qualitative and quantitative documentary research work, where the available data regarding humanitarian aid and its short-term effects will be reviewed. It will demonstrate the effectiveness of the cash delivery programs. In addition, we will investigate the conditions of the moment and the contribution that the plan in execution would mean. We will divide the work into several chapters.

II. THEORETICAL PART

Cash transfers as Humanitarian Aid

Cash transfers are something rather new. “Two years ago, (...) [by 2005] cash was rarely even considered as a possible response to humanitarian crisis”⁵. Prior to the Asian Tsunami, they were used just to some degree. But, since 2005, “a major emphasis has been given to cash and voucher programs”⁶. What is important to stress is that these transfers do not happen to be something apart from the whole humanitarian respond mechanism. But rather, “they are part of a wider process of emergency assistance”⁷.

Giving cash instead of food can be an alternative under specific conditions. Not all contexts represent a good scenario for this tool, but it can serve as a boost to locals. For example, “in Malawi, it was found that cash transfers enabled poor households to benefit from government subsidies for fertiliser”⁸. Furthermore, “cash transfers may enable people to pay off debts and therefore regain access to credit, including credit provided by micro-finance institutions”⁹.

The impact on how this tendency is growing is very interesting. The European Civil Protection and Humanitarian Aid Operations (hereinafter, ECHO) “introduced [in 2009] its new Humanitarian Food Assistance (HFA) policy, which represented a major shift in emphasis for European resources in humanitarian food emergencies”¹⁰ (Maxwell et al, 2013). The cyphers show “that the proportion of HFA funding for cash and vouchers increased from 2% in 2007 (€5 million) to 20% in 2010 (€78 million)”¹¹.

⁴Kevlihan, Rob, Karl DeRouen, and Glen Biglaiser, Is US humanitarian aid based primarily on need or self-interest? *International Studies Quarterly* 58 (4), 2014, 839-854.

⁵Harvey, P., *Cash-based responses in emergencies*, HPG Report 24, London, Overseas Development Institute, 2007, p.53.

⁶Maxwell, Daniel G, John W Parker, and Heather C Stobaugh, What drives program choice in food security crises? Examining the “response analysis” question, *World Development* 49 (0), 2013, p.68.

⁷Harvey, P., *Cash-based responses in emergencies*, HPG Report 24, London, Overseas Development Institute, 2007, p.49.

⁸Ibidem.

⁹ Ibid, p.40.

¹⁰Maxwell, Daniel G, John W Parker, and Heather C Stobaugh, What drives program choice in food security crises? Examining the “response analysis” question, *World Development* 49 (0), 2013, p.73.

¹¹Ibidem.

However, giving cash is harder than it looks. At a first glimpse, it may appear that throwing money simplifies the way humanitarian aid works. In the end, cash is faster to deliver than prepared food. Nevertheless “giving people cash does not imply simply dumping the money and leaving them to fend for themselves”¹². Because, what is the use of receiving cash for food if there is not anything to eat in the first place? The same will go for getting donations for building a proper shelter. For this, they “may need help to secure land rights, build disaster-resistant housing or manage procurement and contractors”¹³. And, like this, every situation translate to specific factors. For that, cash transfer is a mechanism that may look easy, but end up being more complex than it seems.

Moreover, cash transfers serve as a way of self-administration. Not everyone suffers from the same illness, so transferring money may let people solve their narrow circumstances. For businesses owner -just to mention a case- the mechanism may allow them to restart their operations. Of course, the organisations always keeping a close eye on how the money is getting expended and giving the pertinent support.

This is due to the fact that, even when cash transfer is a way to reduce the size of humanitarian apparatus, “by reducing the need for capacity to be devoted to the procurement, transport, and storage of in-kind assistance, providing [it] does not mean that agencies should lose a focus on proximity and witness for disaster-affected populations”¹⁴.

When to transfer cash

We have stated that cash transfers could be a good replacement for old-fashioned aid services such as food and medical supplies. Nevertheless, we also mentioned that in not all circumstances providing cash may result in the best outcome. To established which circumstances fit for cash transfer, “Samson et al. (2006: 29) suggest that four central questions need to be asked in selecting social transfer instruments: Who benefits from social transfers? What size of social transfer is provided to beneficiaries? Are targeting mechanisms employed to reach the poor? What conditionalities (if any) are imposed?”¹⁵. Or, in other words, it must be “context-specific”.

Furthermore, Maxwell et al (2013)¹⁶ also mention some tools that we must keep in mind for the response analysis. These are Market Analysis Tools, Livelihood-Specific Tools, Nutrition-Related Tools, Modality-Specific Tools, Harm or Risk Migration Tools and Process-Oriented Tools. The first one, Market Analysis, “focus on gathering and assessing information on markets in order to determine the potential impacts of different response options on market outcomes”. Livelihood-Specific “provide guidelines or analytical approaches for assessing appropriate food security responses to protect livelihoods”. Nutrition-Related is used to help proper nutrition and products. The fourth, Modality-Specific “help to determine the modality of food assistance”. The fifth, Harm or Risk Mitigation, helps to identify and avoid risks. Lastly, Process-Oriented, “aim at achieving a consensus approach, either within an agency or among a collective of agencies (such as a cluster)”.

At this point, it appears like tools can make the job easier. With them, it could be possible to analyse which type of aid is the most precise to give. However, these tools are “technically complex and time-

¹²Harvey, P., *Cash-based responses in emergencies*, HPG Report 24, London, Overseas Development Institute, 2007, p.49.

¹³Ibidem.

¹⁴Ibid.

¹⁵Samson et al., 2006, according to: Harvey, P., *Cash-based responses in emergencies*, HPG Report 24, London, Overseas Development Institute, 2007, p.50.

¹⁶Maxwell, Daniel G, John W Parker, and Heather C Stobaugh, What drives program choice in food security crises? Examining the “response analysis” question, *World Development* 49 (0), 2013, p.69.

consuming”¹⁷. Thus, “agencies simply do not have the capacity and staff time to fully utilise them”¹⁸. Also, because they try to fit in every situation, the choices given by the tools are not always the one that agencies end up facing on the field. Every crisis will develop its own peculiarities, making it unique. For example, if an agency does decide to give cash, “it cannot be assumed that longer-term cash-based safety nets will be a substitute for humanitarian relief”¹⁹. Because even when “a long-term safety net may reduce people’s vulnerability to food insecurity (...) humanitarian relief will still be needed” (ibid). As an example of this, we can notice how

Cash-based safety nets are increasingly being seen as viable even in poor countries in Sub-Saharan Africa. In contexts where aid has been provided for many years, such as Ethiopia and northern Kenya, greater investment in cash-based safety nets is seen by donors in part as a way of reducing the need for recurrent spending on humanitarian relief. Longer-term safety nets are viewed as a better way of dealing with chronic poverty, food insecurity, and destitution²⁰.

For this, it comes to the agency’s choice which pathway “or primary strategy to use to protect food security and nutritional status in emergencies” (Maxwell et al, 2013). Many evidence shows both good and bad outcomes. But, in general, as cash transfers are increasingly being used, it appears that it is a good option to diversify the provided aid.

Additionally, the World Food Program²¹ stress out four advantages of cash transfer operations. Summarised, these are:

- It is fast, efficient, and generally secure.
- It offers greater choice. By giving beneficiaries (...) control over their spending, cash boosts individuals’ agency and morale.
- It stimulates trade. By injecting money into the local economy
- It strengthens partnerships with governments.

Furthermore, it also acknowledges that this is “not suitable in all contexts”²². For example, “where markets are dysfunctional or banking services unreliable, the benefits of cash are limited. In some cases, it may also pose a risk of inflation or market distortion”²³.

This is why even when cash transfer seems like a good option in any condition. The problem does not rely on the aspect of receiving cash instead of actual food. Because, in order to send cash, you also need to apply other mechanisms along the process. And, for this, you will previously need to conduct an evaluation (security

¹⁷Ibidem, p.77.

¹⁸Ibid.

¹⁹Harvey, P., *Cash-based responses in emergencies*, HPG Report 24, London, Overseas Development Institute, 2007, p.50.

²⁰Ibidem.

²¹WFP, *Empowerment through cash transfers*. Extracted from: <https://www.wfp.org/world-humanitarian-summit/empowerment-through-cash-transfers>, 2018.

²²Ibidem.

²³Ibid.

conditions, procurement methods, risk of political manipulation, etc.) “to determine whether to opt for cash over food”²⁴ or not.

III. RESULTS AND DISCUSSION

Context evaluation

It is exceeds our research to analyze the humanitarian crisis in Venezuela in depth. The causes of this are multiple, since a combination of bad administrative policies, obsolete economic plans, corruption, falling oil prices and sanctions led the country to a comprehensive crisis and a collapse of the health system that was combined with the COVID-19 pandemic.

Given the collapse of the economic system, the political system was also affected. On January 23, 2019, the President of the National Assembly, Juan Guaidó, proclaimed himself Acting President of Venezuela, alleging certain electoral irregularities during the last presidential electoral process. It is not our job to discern the legal elements and motivation of Guaidó's “interim term”, but it is to mention that an important part of countries “recognised” his mandate. At its peak, there were 54 countries that expressed their support for him.

The political instability made the economic situation even worse. The sanctions against Venezuela by the United States government (which began in 2017) decimated the national oil industry and froze the country's assets: “the US Treasury Department has chosen to freeze Venezuela's legitimate accounts in the US banks and deny legal transactions, even those associated with actors working to alleviate the country's humanitarian emergency or support a democratic transition”²⁵. This, according to the Center for Economic and Policy Research, has led to the death of “around 40,000 Venezuelans,”²⁶ according to a study carried out in 2019.

Although we mentioned that we would not go into the vicissitudes of the crisis, it is necessary to point out the participation of the United States to then understand that the plan that *Héroes de la Salud* was financed by assets that the Central Bank of Venezuela has frozen in the US (about 342 million dollars) and certain donations from the US government through its USAID program²⁷.

That is why (and as a result of the COVID-19 pandemic), Juan Guadó announced through the social network Twitter that he would grant “economic support of one hundred (100) US dollars per month for three (3) months to nurses, doctors and employees of the public health sector”, for a maximum of eighty (80) million dollars²⁸. Which would be taken from Venezuela's Frozen Funds abroad, baptized: “Fund for the Liberation of Venezuela and Attention to Life-Risk Cases.”²⁹ In addition, the motivation to pay one hundred (100) dollars to “all Venezuelan families to be able to survive this quarantine”³⁰ was stated. Support that, as far as we could find out, it was never granted.

The means chosen to deliver the financial aid of this program would be the AirTM platform, an “online wallet” that allows the sale and purchase of currencies, from a completely online platform. Avoiding the possibly interruption from Venezuelan authorities.

²⁴Samson et al., 2006, according to: Harvey, P., *Cash-based responses in emergencies*, HPG Report 24, London, Overseas Development Institute, 2007, p.50.

²⁵WOLA, 2019, according to Güzel, M., Venezuela sanctions and the concept of extraterritorial humanitarian responsibility, *Extracted from*: <https://tinyurl.com/y2covhsg>, 2019, p. 170.

²⁶CEPR (2019), according to *Ibidem*

²⁷According to data from the year 2019, the agency contributed with \$56 million between 2018 and 2019 to address the humanitarian crisis in Venezuela. *Ibid.*

²⁸Presidencia.com, *Héroes de la salud*. Recovered from: <https://tinyurl.com/y4k94klm>

²⁹*Ibidem*.

³⁰*Ibid.*

Evaluation of the program

To start addressing the Venezuelan case, it is first appropriate to analyse the situation with Samson et al. (2006: 29)³¹ and answer the four central questions:

- Who benefits from social transfers? Health sector personnel, understood not only nurses and doctors, but also as all personnel who work in the field.
- What size of social transfer is provided to beneficiaries? The program talks about one hundred (100) dollars per month, for three months. Not exceeding a ceiling of eighty (80) million dollars. That is, approximately two hundred and sixty-seven thousand (267,000) beneficiaries.
- Are targeting mechanisms used to reach the poor? The mechanisms used are purely technological. That is, to request help you require the Internet, a computer or a smartphone, since the mechanism is requested through a web page. In addition, electronic means are also required since the benefit is delivered virtually.
- What conditionalities (if any) are imposed? Many. When analyzing the conditions of the country we can see that the main limitation is the means by which aid is delivered. According to the Venezuelan Observatory of Public Services, as of June 2020, 33.7% of the population did not own a smartphone and 52.6% reported service interruptions every day. For their part (and this being the most scandalous figure), 65.7% of those surveyed said they did not have fixed internet access at home. And, of those who do have it, 65.3% say they have failures every day³².

But beyond the technical difficulties, it is true that the AirTM platform is one of the most versatile in Venezuela. It allows you to exchange US dollars for the local currency, the Bolívar.

Now, we must take into account the tools of Maxwell et al (2013): market analysis tools, livelihood-specific tools, nutrition-related tools, modality-specific tools, risk or damage migration tools and tools oriented to processes, we have to delve not only into the effective obtaining of aid, but also into the in situ conditions to be able to use it.

Venezuela is a virtually dollarized country. Approximately 60% of transactions in the country are made with a currency other than the Bolívar, with the dollar being the most popular among them³³. Therefore payments in dollars seems to be appropriate.

Nevertheless, although payment in dollars is consistent, the conditions in the country for obtaining food are complex. According to studies by the Documentation and Analysis Center of the Venezuelan Teachers' Federation (CENDASFVM), about two hundred and eighty-four (284) US dollars are needed for a food basket for a family of five members³⁴. That is, only to buy food.

In the market analysis tool, we can specify that although the money may or may not be enough, the goods to be acquired exist, making the injection of capital a stimulus to the economy. Paradoxically, despite the sanctions and blockades, the shortage of food and goods in general does not seem to exist. This responds to the relaxation of controls by the government, which allowed a greater supply of products in the market³⁵. Therefore, it seems that providing aid through cash is (at least from a food point of view) productive.

³¹Samson et al., 2006, according to:Harvey, P., *Cash-based responses in emergencias*, HPG Report 24, London, Overseas Development Institute, 2007, p.50.

³²Observatorio Venezolano de Servicios Públicos, Resultados del Estudio de Percepción ciudadana sobre servicios públicos,Extracted from: <https://tinyurl.com/y6xaost3>, 2020, pp.22-31.

³³Ecoanalítica, según Figueroa, A. (2020). *Ecoanalítica: Pagos con dólares en efectivo en comercios bajó de 80% a 51,4%*. Recuperado de: <https://tinyurl.com/y68x9nly>

³⁴CENDASFVM (2020). Según: El Interés (2020). *Comer es un lujo para los venezolanos: cesta básica sube 18 veces en un año*. Recuperado de: <https://tinyurl.com/y4t9fnyj>

³⁵Álvarez, V., *La Economía venezolana: Balance 2020, Perspectivas 2021*.Extracted from: <https://tinyurl.com/y3fvyosu>, 2021.

IV. CONCLUSION

“Cash transfers should be seen as part of the humanitarian response toolbox: as a complement to in-kind assistance, as well as an alternative to it.”³⁶ This idea pretty much sums up the problem. It is very difficult to say when to give it, because we have seen how even methodological tools can fail to achieve an accurate analysis. Nevertheless it is important to understand “that giving money to people does not mean throwing money away and leaving people to fend for themselves, and that complementary interventions will continue to be necessary, to support land rights or rebuild roads, for example.”³⁷ Cash transfers must work alongside a comprehensive humanitarian response. A “smart mix”, as the WFP calls it, to maximize good results.

In the case of Venezuela, the problem goes much further than food. Although 91.7% say they have drinking water, only 13.6% claims to receive it constantly³⁸. The same happens with the electrical energy service where the largest group (22.9%) says that they suffer from electrical interruptions several times a day, every day. In contrast to only 2.6% who never suffer from such interruptions³⁹.

With these examples we can notice that food, medicine, education and water may be some of the goods that may be missing even if we have cash. Therefore, throwing money away without the infrastructure can lead to a catastrophic conclusion as money is wasted and needs are not met. Because “public goods will not necessarily be provided through the private market, even if cash is available, and will likely still require intervention from the government or an aid agency.”⁴⁰ In the end, if we intend to provide humanitarian aid, we must witness human calamities, which would be difficult to do if we intend to solve the problem through a computer, with a transfer and a single click.

Venezuela serves as a dual experiment. To evaluate the real effects of cash, the practice would have to be prolonged for a while. In the meantime, we can only conclude that the Héroes de la Salud bonus, although not harmful, was not accompanied by adequate tutelage. At the end of the day, the biggest challenge is the mechanisms to obtain it, seeing that Venezuela is a country with great technological difficulties, and the benefit is limited to that means.

REFERENCES

- [1.] Cosgrave, J. & Telford, J., *Joint evaluation of the international response to the Indian Ocean tsunami* (synthesis report: expanded summary), London: Tsunami Evaluation Coalition, 2007, p.19
- [2.] Kevlihan, Rob, Karl DeRouen, and Glen Biglaiser, Is US humanitarian aid based primarily on need or self-interest? *International Studies Quarterly* 58 (4), 2014, 839-854.
- [3.] Maxwell, Daniel G, John W Parker, and Heather C Stobaugh, What drives program choice in food security crises? Examining the “response analysis” question, *World Development* 49 (0), 2013.
- [4.] Harvey, P., *Cash-based responses in emergencies*, HPG Report 24, London, Overseas Development Institute, 2007.
- [5.] WFP, *Empowerment through cash transfers*. Extracted from: <https://www.wfp.org/world-humanitarian-summit/empowerment-through-cash-transfers>, 2018.
- [6.] Güzel, M., Venezuela sanctions and the concept of extraterritorial humanitarian responsibility, *Extracted from*: de: <https://tinyurl.com/y2coyhsg>, 2019.
- [7.] Presidencia.com, *Héroes de la salud*. Recovered from: <https://tinyurl.com/y4k94klm>
- [8.] Observatorio Venezolano de Servicios Públicos, Resultados del Estudio de Percepción ciudadana sobre servicios públicos, Extracted from: <https://tinyurl.com/y6xaost3>, 2020.
- [9.] Álvarez, V., La Economía venezolana: Balance 2020, Perspectivas 2021. Extracted from: <https://tinyurl.com/y3fvyosu>, 2021.

³⁶Harvey, P., *Cash-based responses in emergencies*, HPG Report 24, London, Overseas Development Institute, 2007, p.57.

³⁷Ibidem.

³⁸Observatorio Venezolano de Servicios Públicos, Resultados del Estudio de Percepción ciudadana sobre servicios públicos, Extracted from: <https://tinyurl.com/y6xaost3>, 2020, pp.6-7.

³⁹Ibidem, p.16.

⁴⁰Harvey, P., *Cash-based responses in emergencies*, HPG Report 24, London, Overseas Development Institute, 2007, p.57.