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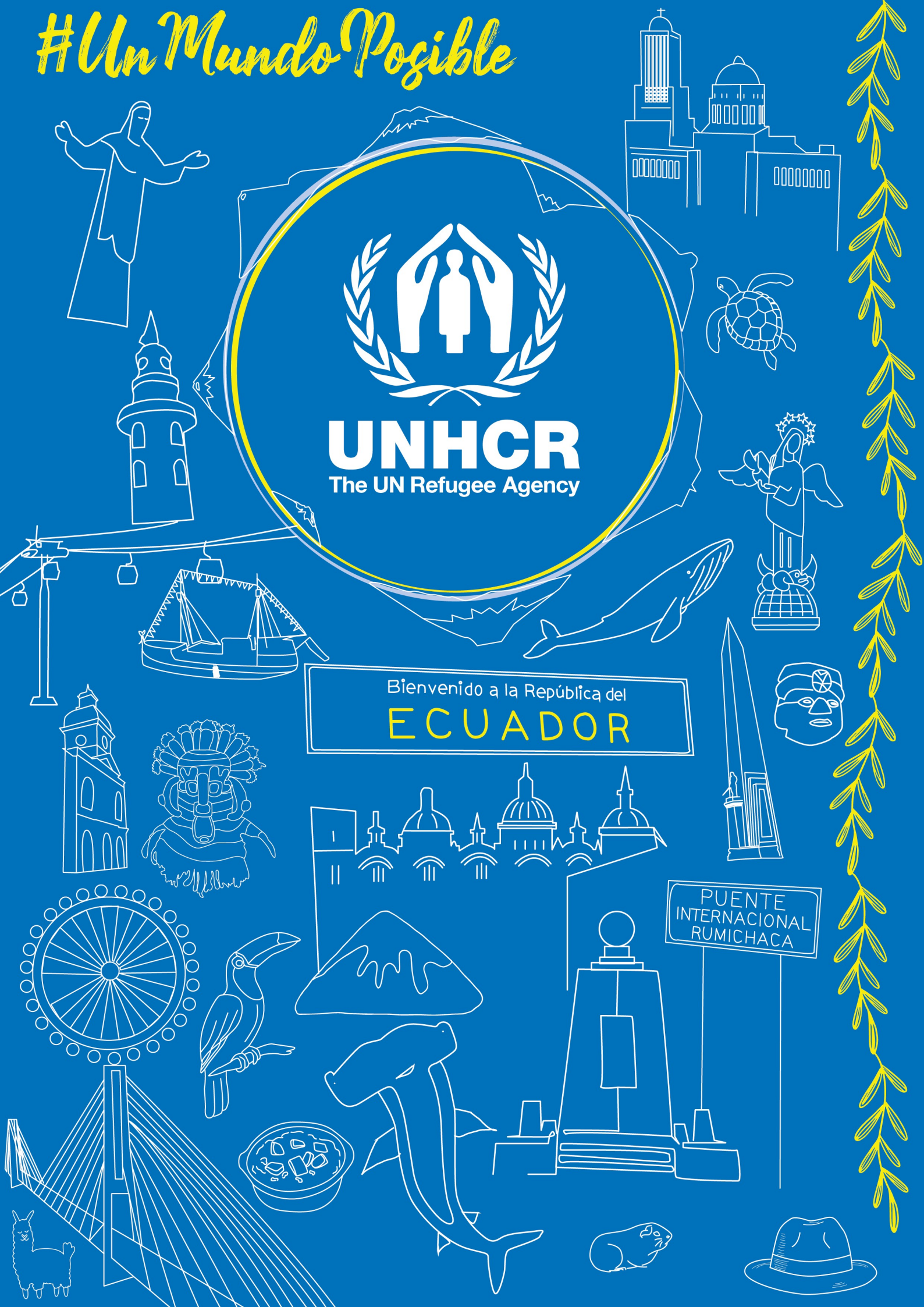


CASH ASSISTANCE IN ECUADOR

UNHCR The UN Refugee Agency

POST-DISTRIBUTION MONITORING

March 2024

Through Post-Distribution Monitoring (PDM), UNHCR's Operation in Ecuador obtained key information on the implementation of the cash transfer programme to cover the needs of refugees and other displaced people in the country. The information presented here helps measure the impact of cash assistance and the scope of its results, in addition to allowing the identification of opportunities for improvement and good practices in the delivery and use of cash by people forced to flee and their preferred delivery mechanisms.

EXECUTIVE SUMMARY

The main Cash-Based Intervention (CBI) implemented in Ecuador is done through multipurpose cash (MPG) for targeted vulnerable cases to cover their basic needs. Since 2023, UNHCR implements directly this cash assistance through prepaid bank cards issued by *Banco Pichincha* bank. According to the 2023 PDM, the MPG contributed positively to the wellbeing of assisted households, helping improve their living conditions (83%) and to reduce their feeling of stress (76%). Households did not experience major challenges accessing the assistance, and in those cases where problems arose, these were generally related to technical challenges in using the prepaid cards, like how to change the PIN code. 18% of households felt at risk throughout the cash assistance cycle (collection, keeping and spending the cash assistance), particularly during its collection. This is associated with security concerns like robberies and the general worsening security situation in the country. Despite the perception of risk, no incident or problem related to their physical integrity were reported. Regardless of the rising insecurity in Ecuador, both recipient of cash assistance and UNHCR staff in the field consider the prepaid cards a safe delivery mechanism. Following trends of previous years, UNHCR's cash assistance is generally used to cover rent above other needs: 81% of households prioritized rental payments, followed by food (70%) and health care (20%). In contrast with other data sources available in the country, like the GTRM Joint Needs Assessment, which highlights that food is the priority above all basic needs, the assumption is that the complementarity with WFP's food voucher allowed households to reserve UNHCR's cash assistance for rent and other basic needs. On the other hand, the cost of living is increasing constantly in Ecuador and this affects directly recipients of UNHCR's cash assistance who source products and services in local markets, where rising prices, mainly in food, have been particularly concerning. Despite the positive impact of cash interventions, the proportion of households who can cover half or more of their needs with the assistance has gradually but constantly reduced through the years (84% in 2021, 56% 2022 and 52% in 2023). In this context, resorting to negative coping strategies increased by 2 percentage points in 2023 compared to the previous year, in 97% of households. As the main negative coping mechanism, families resorted to reducing expenditures to meet food needs (85%). An alarming increase (+8 percentage points, as compared to 2022) was the *non-payment of rent fees* – which in turn increased risks of eviction. As a matter of fact, although families commonly use their assistance for rent payments and the complementarity with WFP food voucher covers parts of their food needs, both rent and food are the main needs families cannot cost entirely with the cash assistance due to increasing prices, thus pushing them to resort to negative coping mechanisms. On top of this trying situation, insecurity is impacting their income generation, increasingly leaving families relying only on humanitarian assistance to cover their most pressing needs. While data reflects an increase in the use of some negative coping mechanisms, others – especially those related to prioritized protection profiles under the national protection strategy – decreased, including that of *stopping children from attending school*, moving from 33% in 2022 to 30% in 2023.

Taking into consideration the positive impact and despite the challenges mentioned above, cash remains the preferred modality for assistance among forcibly displaced people (98%) either in cash only or in a combination of cash and in-kind.

CBI IN ECUADOR

Table 1: Transfer value breakdown

MPG for basic needs	
Family size	**Total amount (3 months)**
1	$ 220,00
2	$ 360,00
3 or more	$ 460,00

The main cash-based intervention (CBI) implemented by UNHCR in Ecuador is the multipurpose cash (MPG) to cover basic needs. The MPG for basic needs is provided to prioritized forcibly displaced people during three consecutive months with a total average of USD460 per household (see Table 1), although amounts delivered vary according to the family size. The amount of the MPG for basic needs is calculated according to the Ecuadorian Vital Basket. In 2023, the total MPG for basic needs budget was USD1.158.850 delivered to 2,861 households. The MPG for basic needs is provided to eligible households based on a specific socio-economic and protection-based scorecard which helps prioritize depending on the availability of funds. MPG for basic needs was delivered by UNHCR through prepaid bank cards made available by Banco Pichincha as the national financial service provider. This prepaid card is a specific bank product that can be used to withdraw money from the ATM networks as well as to pay through Points of Sale (POS). In addition, the prepaid card can be used within Pichincha's outsourced bank network "Mi Vecino", which allows customers to withdraw and undertake some banking actions in small partner retail participants of this network, generally in areas with limited or none bank presence.
UNHCR Ecuador directly implements several other CBIs in different areas, including livelihoods, child protection, community-based protection and education. For the purpose of this exercise, the PDM only covers the implementation of MPG for basic needs.

PDM METHODOLOGY

To conduct the PDM, UNHCR Ecuador used a survey with a representative sample at national level. Surveys were conducted by an external provider through telephone calls using the corporate CBI PDM questionnaire adjusted to the specific context. Prior to the exercise, the provider was trained in basic protection criteria and CBI basic concepts. The universe considered to calculate the sample was all cases that had received all three cash disbursements by the month prior to the data collection. The sample was defined with a 95% confidence level and 5% margin of error. The PDM exercise was conducted between August and November 2023. Each case interviewed had had between 4 and 6 weeks since the last cash disbursement. To identify the cases and extract the randomized sample, UNHCR Ecuador used the proGres database. Also, the information was collected through the Kobo Toolbox.

Table 2: Survey breakdown

2023	Universe	Sample	Total valid surveys conducted	Successful Call Rate
	95% confidence level, 5% margin of error			
August	276	164	156	57%
September	329	190	190	58%
October	355	170	170	48%
November	94	45	45	48%
Total	**1054**	**569**	**561**	**53%**

In addition to the quantitative data collected through the survey, five focus group discussions were carried out in Guayaquil and Quito to complement such analysis, with an average of five to nine participants. The groups were divided by nationality and transfer amount while no age, sex or ethnicity criteria was used for this purpose (table 3):

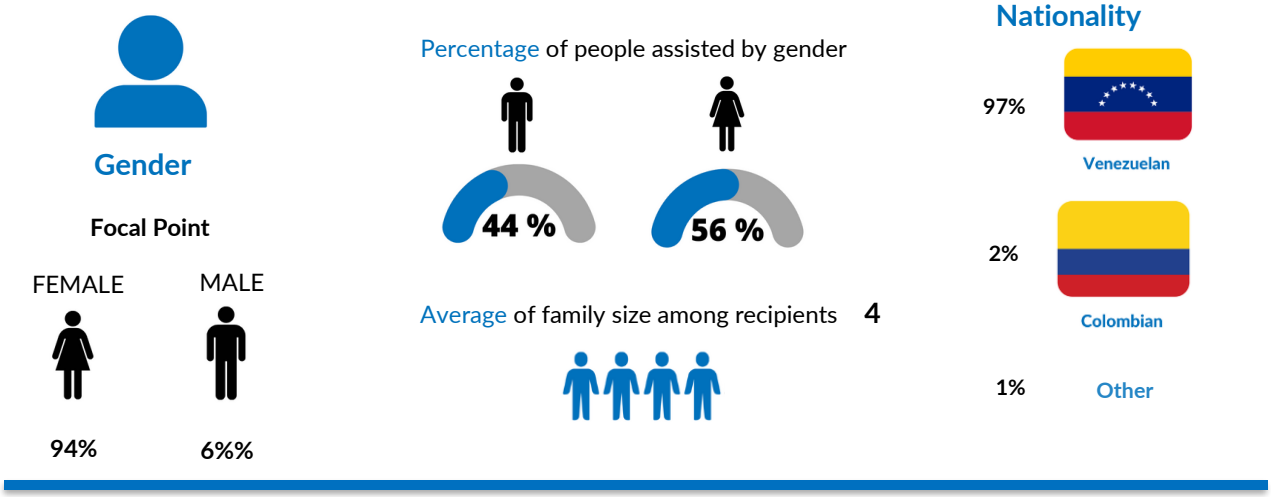
Table 3: Focus Groups Composition

Focus Groups	Nationality	Locality	Classifiers
1	Venezuelans	Guayaquil	$ 120,00
2	Venezuelans	Guayaquil	$ 160,00
3	Venezuelans	Quito	$ 120,00
4	Mixed (Venezuelans & Colombians)	Quito	$ 160,00
5	Colombians	Quito	$ 160,00

KEY FINDINGS

CHARACTERISTICS OF RESPONDENTS

Household Demographic Details



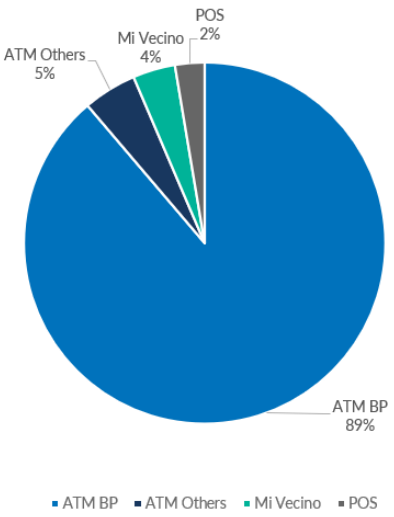
RECEIVING AND SPENDING CASH ASSISTANCE

Collecting Cash Assistance

Recipients of cash assistance were consulted on the use of prepaid bank cards, which is the payment modality used by UNHCR to implement directly after several years of doing through partners with cardless ATM coded. As shown in chart 1, families prefer to cash out the assistance withdrawing from ATMs, either of the same Financial Service Provider (FSP) or other banks. The use of “Mi Vecino” network and the direct use of prepaid cards through the Points

of Sale (POS) is still not common among recipients. According to the information available, ATMs are more familiar, easier to manage and allow individuals to easily seek support from bank staff to solve any problem. Although ATMs are the most used option, recipients also opt to use the "Mi Vecino" network when it is closer to their home or where they have a better relationship with the shop owners. On the other hand, people usually do not use the prepaid card to buy or pay directly at commercial establishments through POS as this option is not always available, and when it is, the card is not always accepted as it is still not a well-known financial product[1].

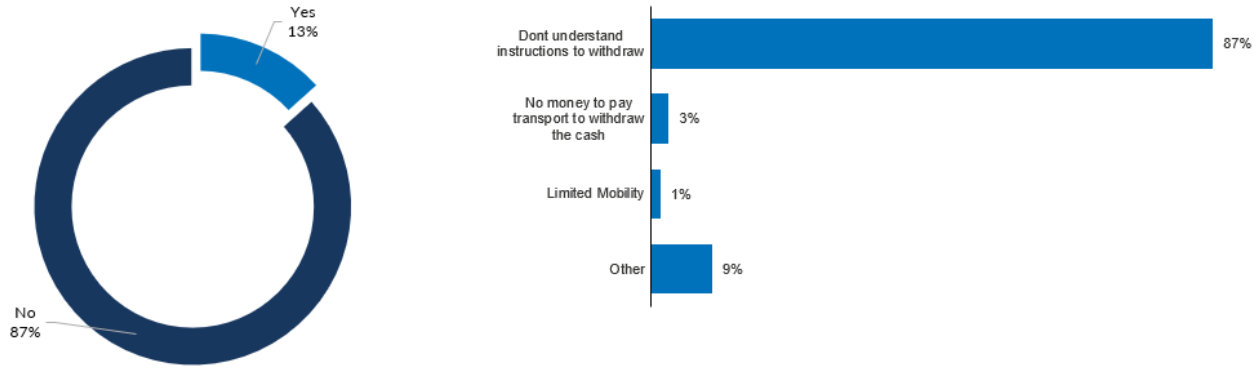
Chart 1: Ways to use the prepaid card



Spending Cash Assistance

Although the prepaid cards were recently rolled out in 2023, their use did not represent a major problem in terms of usage. As shown in chart 2, the vast majority of recipients did not need any help to use the card or spend the cash assistance, while for those who did, issues were mainly related to difficulties in understanding the instructions to withdraw.

Chart 2: Households in need of help to withdraw or spend the cash

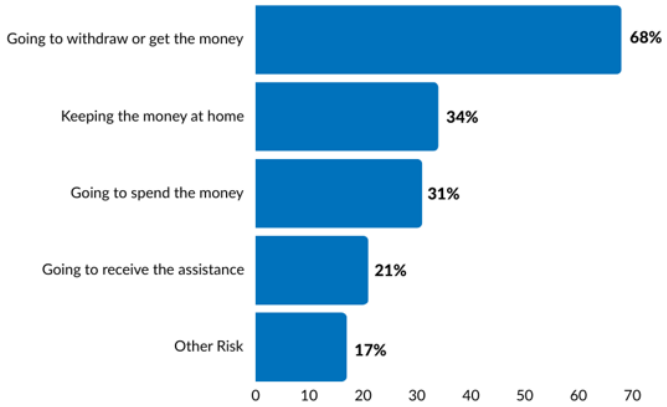


Risks and Problems

The objective of this section is to verify whether people felt insecure at any point in the cash delivery process, either receiving or spending the cash assistance, as well as if, at any time, the cash assistance exposed recipients to specific problems.

[1] The bank cards used by UNHCR are non-personalized, hence no name is displayed in the mean of payment. The use of non-personalized/anonymous cards was recently introduced in the Ecuador reason why these cards are not well known compared to the more common personalized debit/credit cards.

Chart 3: Risk identified by households that felt at risk at some point in the cash delivery process



Overall, around 18% of households felt at risk or unsafe and 27% experienced some sort of problem when collecting, spending, or saving the cash assistance, compared to 21% and 17% registered in 2022 respectively. Risks were identified while cashing out (through all modalities, like withdrawing from ATMs or the "Mi Vecino" network) as shown in chart 3. It is worth noting that although the prepaid card provides several options to cash out and/or spend the cash assistance, recipients preferred to withdraw the entire amount at once through a regular ATM. This information is coherent with the most common item the cash is used for: rent payment. The rent average is USD86 which might explain why recipients generally withdraw the entire amount at once instead of diversifying through the use of the card.

Among the 17% of those who identified other risks, the vast majority highlighted robberies or assaults in public spaces as the main concern/risk. On the other hand, in terms of problems experienced, these are generally related to the collection of money. The most recurring is forgetting the password, as shown in chart 4. It is important to highlight that throughout the year no household reported accidents or problems that put at risk their physical integrity because of the use of the prepaid card. All this data was confirmed through the focus group discussions where recipients could provide specific example of risks (including walking late at night to collect money; neighbours or other people see them using the card/assistance; carrying money in hand; use of public transportation due to insecurity) and problems experienced throughout the process (discrimination from bank staff or "Mi Vecino" operators while withdrawing or seeking support, either because of their skin colour or their foreign accent when speaking). At the same time, recipients provided examples of mitigation strategies such as using different ATMs, especially in safer places like malls or big bank branches, or to be accompanied by someone they trust.

- **Afro-descendant Colombian woman**: "*When we were going to withdraw at an ATM, people stared at us, like we were 'freaks'. I think people wonder, 'Is it their card or did they steal it? 'It's scary.".*

Monitoring results showed a clear challenge in one of the components of the Bank product: "Mi Vecino" network, the outsourced option Banco Pichincha provides outside of their official branches. The poor service experienced by recipients is generally related to this network (charts 4 and 5), which is designed to increase the coverage and use of specific bank services through small retails across the country, particularly in remote areas with limited or no presence of financial institutions. UNHCR relies on this service to reduce the cost of transportation for recipients, especially in remote areas, and to mitigate specific protection risks. While during the first year of implementation this cash out option did not provide the expected results, it is important to consider that both "Mi Vecino" network and the prepaid card are new services/product, which entails there is still a lack of knowledge on their use, including by "Mi Vecino" operators.

Chart 4: Problems faced among those households that experienced some problem in the cash process

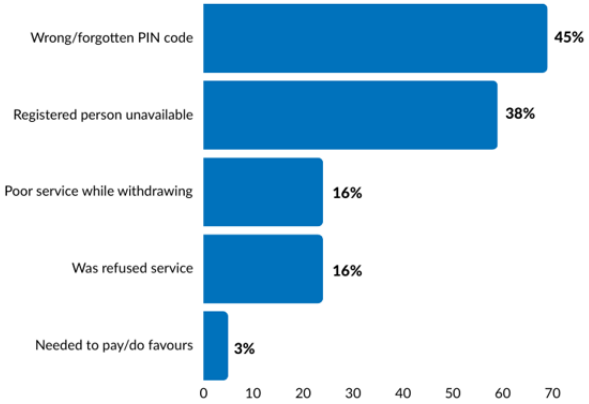
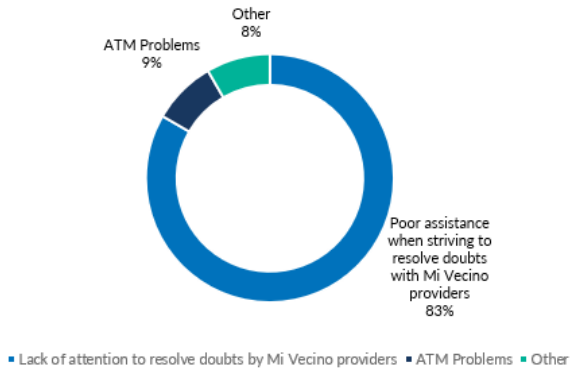


Chart 5: Different poor services experienced



Markets and Prices

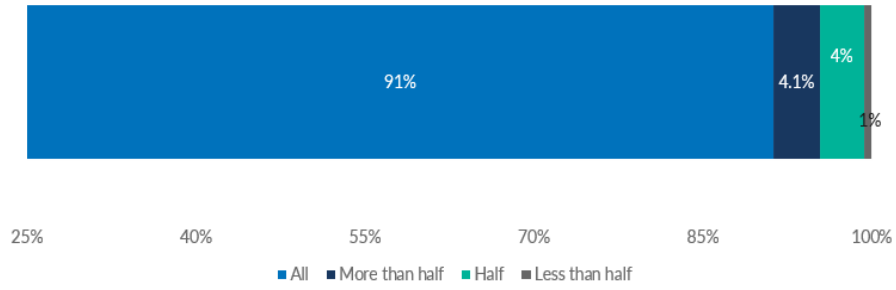
Regarding the dynamics of the markets where households used the cash assistance, the monitoring reflects a favourable economic environment, as almost all families were able to find the items or services they needed (97%) and of the right quality (97%).

However, besides the availability of goods and services, in line with previous years and considering the national macroeconomic situation, most households reported an increase in good prices, especially food. It is important to note that fluctuation in prices of goods is normal in Ecuador, a country that relies on seasonal harvesting and imports.

Expenditures

This section explores the consumption trends of assisted households, considering their purchase power and main expenditures. Given that the PDM methodology covers four weeks of having received the cash assistance until the survey collection, the data reflects that most households spent most or all the assistance within the mentioned timeframe (chart 7).

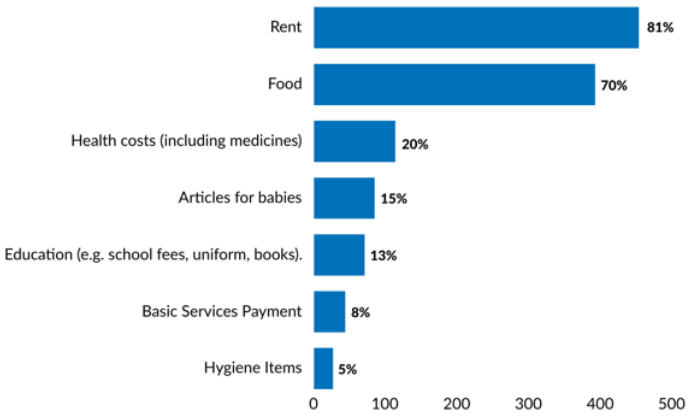
Chart 7: Cash spent since the last distribution



In terms of expenditure, as reflected in chart 8, recipient households used the cash assistance for rent, food, health, education, and basic services like electricity and water.

As compared to the 2023 Joint Needs Assessment (JNA)[2], a variation of urgent needs and expenditures was identified. Where food is the top priority according to the JNA, followed by housing, UNHCR's PDM showed that the cash assistance is spent mostly on rent. This could be related to the fact the UNHCR's MPG is generally complemented with a WFP food voucher. The complementarity of the assistance allows forcibly displaced households to use the UNHCR cash assistance to specific items and services like rent, that cannot be covered with other types of assistance like the food voucher.

Chart 8: What did you spend the UNHCR cash on?



[2] R4V (July 2023). Plataforma de Coordinación para Refugiados y Migrantes de Venezuela: Evaluación Conjunta de Necesidades. Pages 20-22. Available in: https://www.r4v.info/es/document/gtrm-ecuador-evaluacion-conjunta-necesidades-julio-2023

RESULTS OF CASH ASSISTANCE

Objective of the intervention:

Multipurpose cash assistance plays a vital role in supporting forcibly displaced households. According to the data collected, 83% and 76% of households reported improvements in their living conditions and a reduction in the feeling of stress, respectively, thanks to the cash assistance.

Considering the main objective of the multipurpose cash assistance is to cover part of the basic needs of targeted households, the percentage of families who were able to cover at least half of their needs reduced from 56% in 2022 to 52% in 2023. It is important to highlight that the PDM covers only the capacity to cover basic needs using the UNHCR cash assistance and does not reflect the complementary assistance provided by WFP through food vouchers. When asked about the goods and services that households are not able to cover with the cash assistance (chart 10), rent is the most recurrent, as mentioned in more than three quarters of the cases. This finding shows that housing/rent payment is the main item in which households invest the cash assistance and, at the same time, the item that cannot be entirely covered with the assistance.

Chart 9: Contribution of cash assistance in different key impact areas

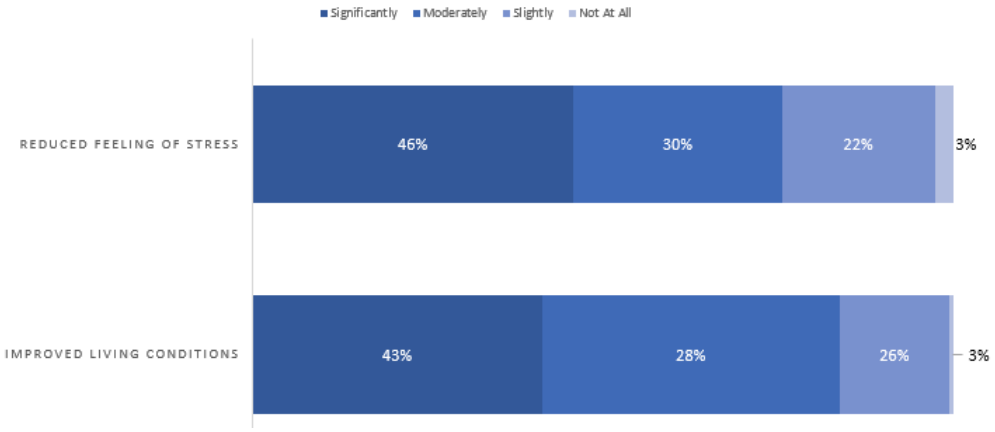
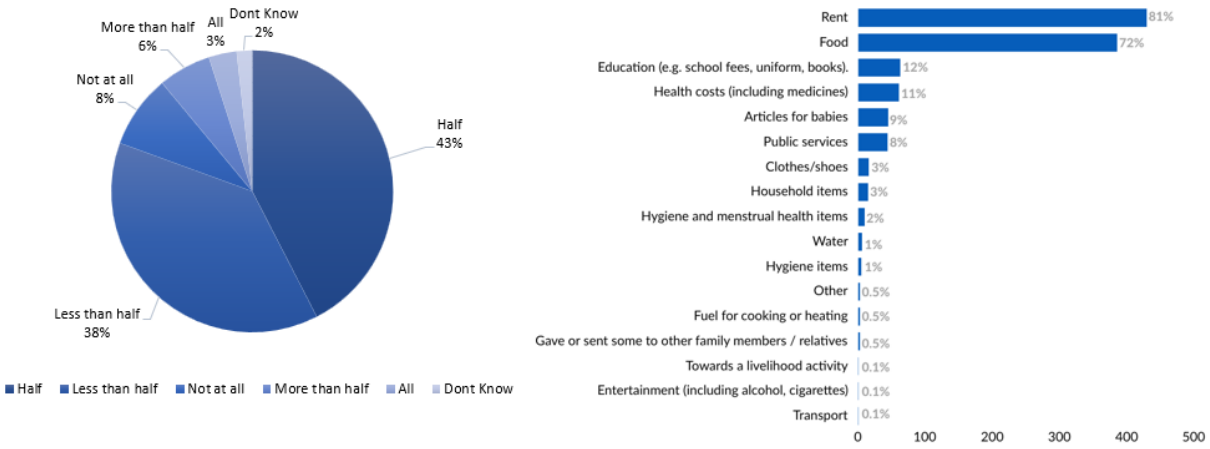


Chart 10: % of households meeting basic needs



It is worth noting potential bias while collecting such information, as per the following elements:

- Being in situations with specific needs of medium and high risk with significant socioeconomic vulnerabilities.
- Having an expectation of receiving another cash delivery.

In addition, it is important to factor the economic situation in the country within the analysis. Cost of living is rapidly increasing in Ecuador. As per the Minimum Expenditure Basket (MEB) for Refugees and Migrants calculated in 2022,

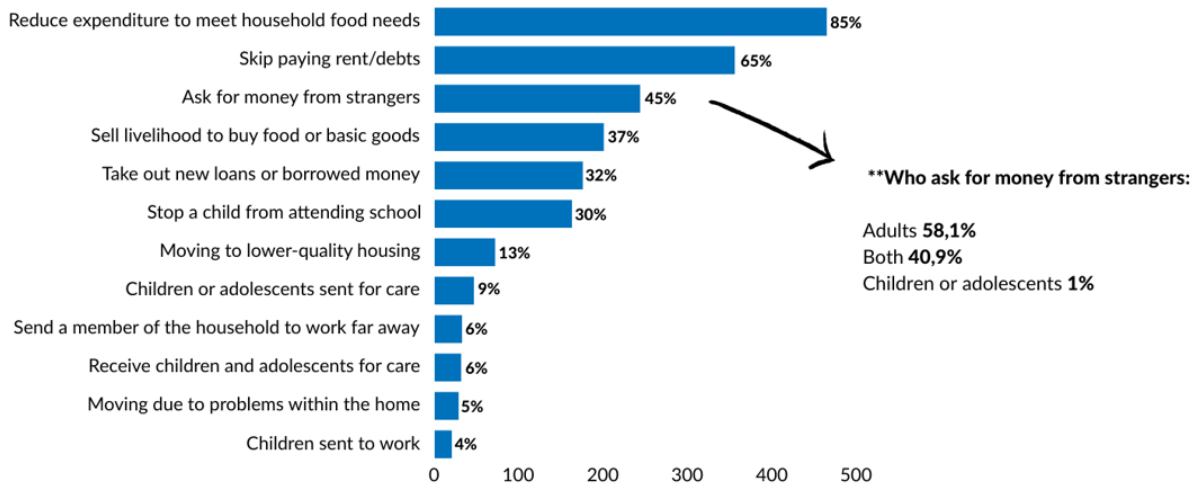
the amount of cash needed on a monthly basis for a family of four was USD853[3] while the official national rate for 2023 stood at USD786,31 (regular MEB) and USD551,68 (the vital MEB). MEB for refugees and migrants is generally higher than the national one as they must assume extra costs while settling in a new country and lack support networks. The different MEBs have constantly increased throughout the years, without a parallel increase in the values transferred by humanitarian actors. UNHCR's threshold is set at a maximum of USD160 per month in order to align with the cash transfer of public social protection programmes and avoid the risk of tensions among refugees and host communities.

Use of coping mechanisms:

From a protection point of view, knowing the extent to which people can cover their basic needs is relevant to analyze the potential risks of resorting to negative coping mechanisms. In 2023, the percentage of households that had to resort to one or more negative coping mechanisms was 97%. This percentage varied through the different years in which the PDM has been conducted, moving from 97% in 2020, to 88,4% in 2021, to 95% in 2022, and increasing once again in 2023.
To better understand this section, it is important to understand what a negative coping mechanism is according to UNHCR. These are extreme or desperate measures that a person can take to meet their urgent and/or priority needs, where the result exposes them to greater protection risks. People in vulnerable conditions are more likely to engage in risky coping strategies, including illegal and criminal activities such as prostitution, smuggling, survival sex, and child labour. Additionally, resorting to overcrowding is common, where several families share reduced spaces with other known or unknown families to lower housing costs. Some families are also facing extortion by criminal groups, forcing them to sell their livelihoods and thus reducing their opportunities to generate an income. This, apart from presenting additional protection risks for the population, pushes families back into dependency on aid from humanitarian organizations.

In 2023, as in previous years, households had to reduce general expenditures to meet food needs or skip rent payments. This coincides with the consumption trends that set rent and food as the main priorities but also the main items they cannot fully meet, along with the overall reduced capacity to cover at least half of the household's basic needs. Skipping housing rent payments can heighten the risk of eviction, exposing households to additional protection risks.

Chart 11: Top 10 coping strategies used (out of households using coping strategies)



[3] R4V (September 2022). Informe: Compresión de la Canasta Básica de Gasto Mínimo para Refugiados y Migrantes en Ecuador". Pages 21-22. Available in: https://www.r4v.info/es/document/gtrm-ecuador-canasta-basica

The Ecuador Operation closely monitors data of specific negative coping mechanisms, especially those related to the prioritized profiles under the protection strategy. In this sense, and despite the increase in the percentage of households resorting to negative coping mechanisms, improvements in some areas have been observed, including the reduction of not enrolling or removing children from school (-3 points compared to 2022) and children or adolescent sent for care (-4 points compared to 2022).
Increases were observed in areas like the reduction of expenditure to meet household food needs (+8 points compared to 2022) and skipping rent payments or assuming new debts to satisfy other needs (+ 7 points compared to 2022).

In order to better understand the reason behind the increase in resorting to some negative coping mechanisms, apart from the already mentioned reduction in the purchase power of forcibly displaced households, UNHCR Ecuador considers several elements that cannot be separated for this exercise. This includes the generalized deterioration of safety and security in the country that is limiting the already difficult capacity to generate income, as well as the increasing number of households that are losing their livelihoods as they have to move to more favourable or safe places within the country.

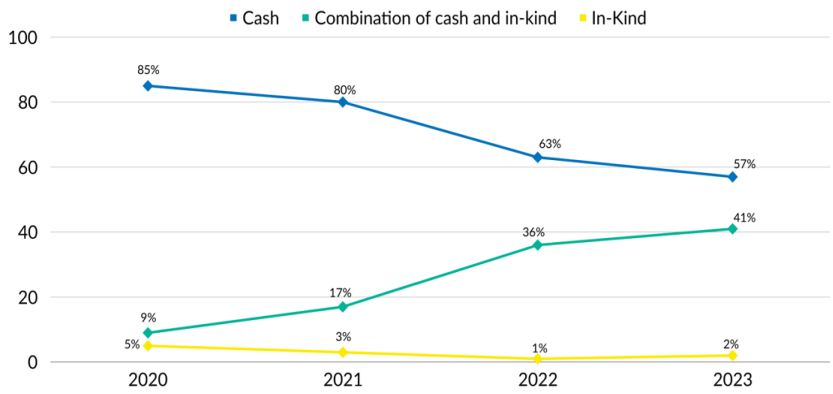
ACCOUNTABILITY TO AFFECTED PERSONS

In terms of accountability, including communication and satisfaction with the service, it can be noted that nearly half of the cases (44% of the households) learned of the possibility to access cash assistance for basic needs from their closer networks, which include relatives, friends and neighbours. This is in line with findings of the participatory assessment conducted by UNHCR in 2023, which reflects the key role primary networks play during the first months after arriving in the country, to promote a safer environment[4], even more so in a context of escalating violence and insecurity.
In line with previous years, refugees still face barriers in reporting complaints and providing feedback (CFMs) on cash assistance. According to the data, 91% of households do not know how to access these services while only 9% do. Despite the high percentage, it can be recalled that only 4% of the cases had or planned to report a claim or suggestion about cash assistance. When the claims were reported or the feedback was provided, the most common channel was through the hotline, which is indeed one of the options through which recipients can contact UNHCR for different purposes, including for complaints.
Overall, the interaction between recipients and UNHCR staff during the cash assistance process was satisfactory in 99% of the cases.

Preference on assistance modalities:

In terms of modalities for the provision of assistance, the monitoring exercise reflects households prefer cash assistance, either only cash or a combination of cash and in-kind (chart 12), over the only in-kind option. According to participants of focus group discussions, although there is a general preference for cash because of the versatility in its use and the freedom to prioritize their expenses according to

Chart 12: Households´ Preferred Modality



[4] UNHCR (February 2024). Ecuador: Informe de Resultados de los Diagnósticos Participativos. Page 46.

their needs, for those families with education needs (e.g., school supplies or uniforms) or health needs (e.g., medicines to treat chronic or severe illnesses) the preference shifts to a combination of cash and in-kind. This is because the education and/or health costs, which represent significant and recurrent costs, cannot be prioritized over more urgent needs like rent or food with the limited transferred amount. A bias is generally noted within the collection of data in this point. Recipients generally understand that a combination of cash and in-kind means they receive the full amount in addition to the in-kind support, when, in reality, in-kind support replaces a portion of the cash provided.

CONCLUSIONS AND RECOMMENDATIONS

- The provision of multipurpose cash assistance (MPG) plays a key role in the protection response UNHCR provides to the most vulnerable cases. The improvement of living conditions as well as the reduction of stress still indicate a clear positive impact on the wellbeing of assisted households.
- The roll out of the prepaid card delivery mechanism was successful, although several challenges have room for improvement:
    - The performance of the "Mi Vecino" network at technical level and in terms of knowledge of its use for small retails.
    - Create communication material to help reduce issues related to the use of the prepaid card.
- In terms of assistance, the gap between the needs and the capacity to cover them with the assistance delivered is constantly widening, and it is now impacting on how much families have to resort to negative coping mechanisms. The operation should review the amounts and identify the possibility to update them, considering the limits set by national authorities.
- In order to mitigate the increasing assistance gap, UNHCR should strengthen the coordination with other actors implementing cash assistance to seek complementary in line with the already established UNCCS scheme.
- Continue holding focus group discussions, as a good practice, to help complement the analysis on different protection elements that are difficult to identify through surveys, including racism, xenophobia, aporophobia, GBV, etc. UNHCR will continue conducting focus group discussions in 2024 based on the availability of funds.
- For the 2024 PDM, UNHCR will include the objective data from Pichincha Bank on the use of prepaid cards.
- The insecurity in the country is impacting the implementation of cash assistance. The profile of households in need is changing and communication material should be adjusted to the new context. In that sense, UNHCR should review the targeting criteria and review the CBI protection risk matrix.
- Due to the displacement of families with high protection needs, the Operation should design a cash assistance component to respond to their needs.