What does the US Funding Freeze mean for Cash and Voucher Assistance?

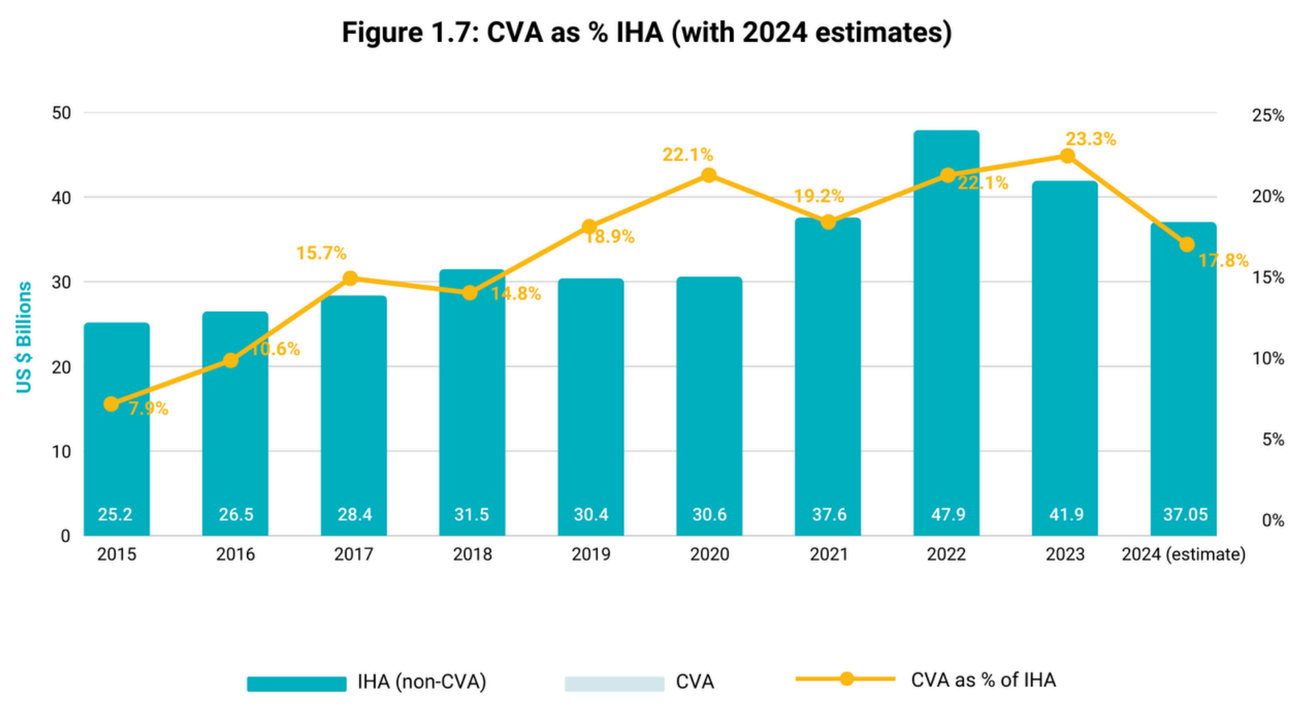
Summary slides

We wrote this report so that…

- Humanitarian stakeholders could better understand how the US funding freeze and expected cuts to foreign aid could affect cash and voucher assistance (CVA) for crisis-affected people.

- We worked on historical data around US government funding for CVA to map out potential future scenarios relating to CVA.

Firstly - what's the global picture of CVA in the past few years?



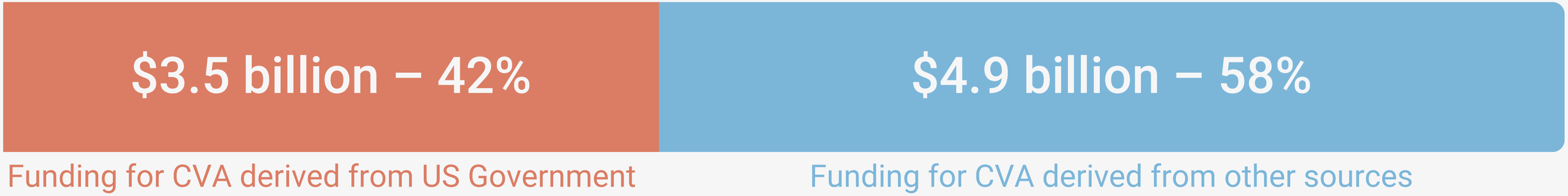
CVA as a proportion of IHA dropped to an estimated 17.8% in 2024, as compared to 23.3% in 2023.

Using estimates, this report pointed to a **significant reduction in CVA** as a percentage of overall International Humanitarian Assistance (IHA) in 2024 **even before the US funding freeze.**

This raises serious questions about which factors may have driven this, and whether CVA was already losing some traction.

How much of the funding for CVA has come from the US Government?

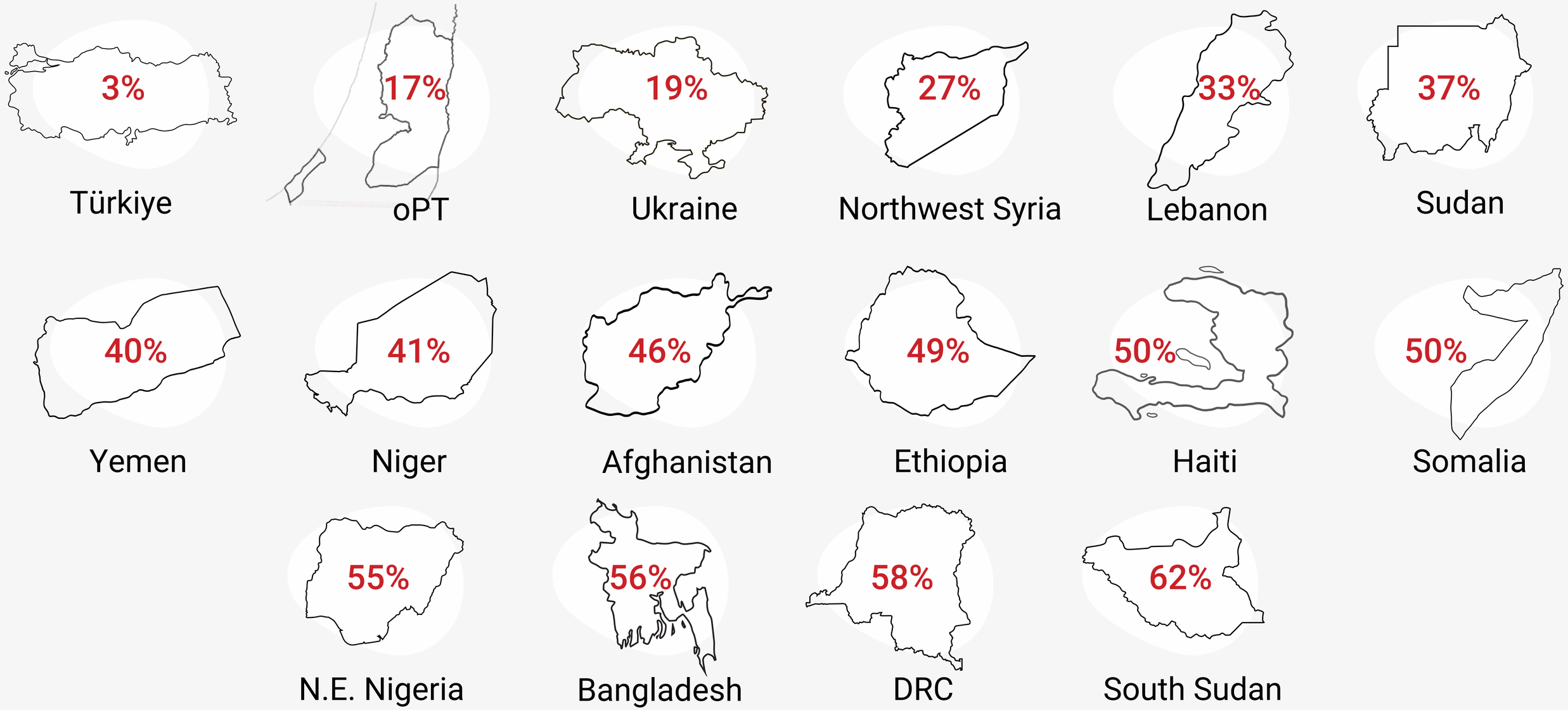
In 2022* we estimate that 42% of CVA funding came from the US government.



In 2024, the US government covered up to 62% of large-scale CVA within a given response.

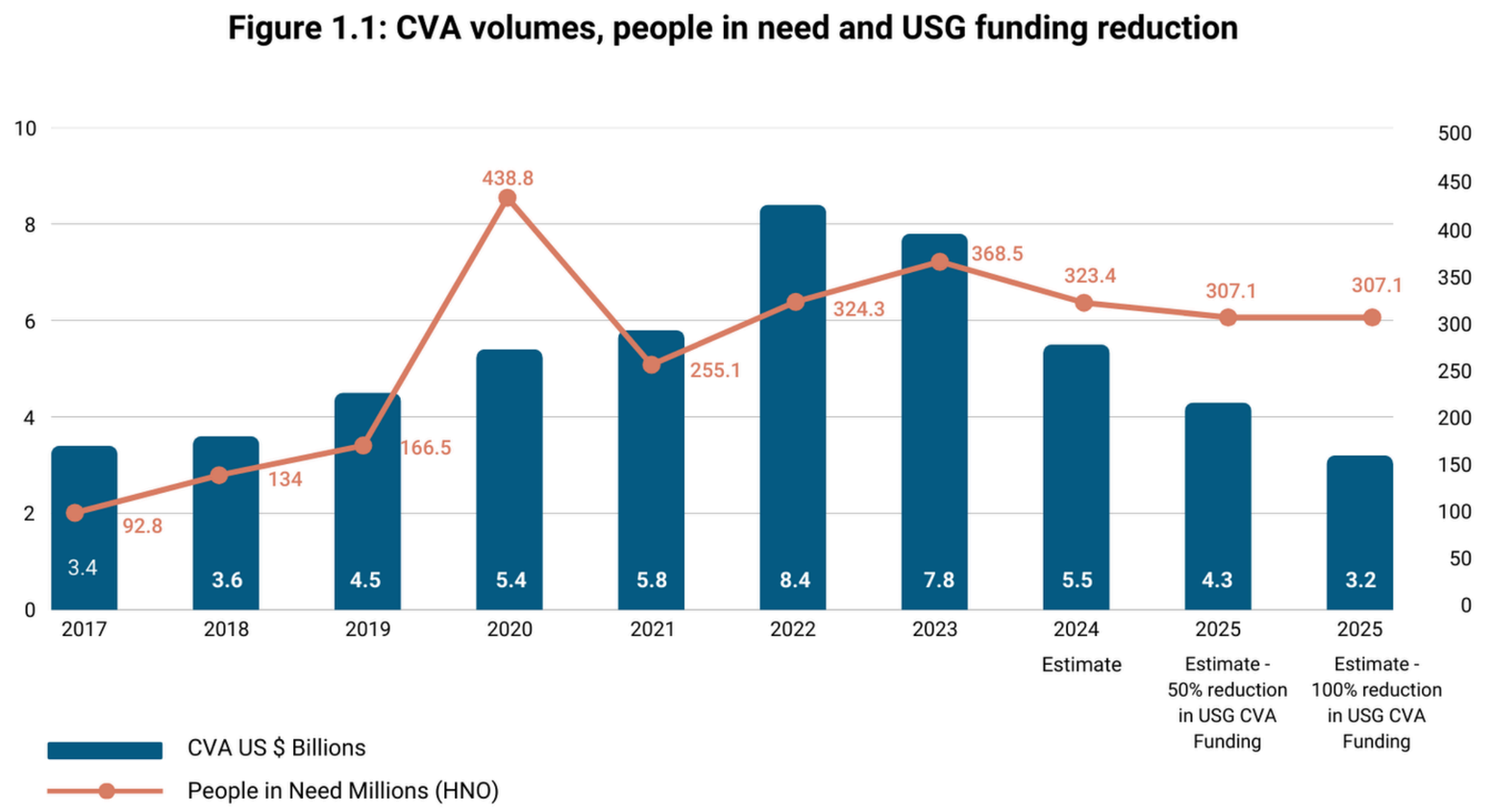
*2022 was the only year for which we were able to find documented figures on US spending specifically on CVA.

Percentage of USG derived funding for CVA on a country-by-country basis



The data indicates that many large-scale CVA responses in 2024 were highly dependent on US government funding. This funding likely being reduced or withdrawn could result in significant gaps in assistance for 2025.

Potential impact on CVA volumes and people



The projections for 2025 are based on the estimate of 42% of global CVA, and a baseline of US $5.5 billion in 2024.

If <u>all</u> USG funding for CVA is cut - CVA volumes could drop to as low as US $3.2 billion in 2025.

A 42% drop from 2024

If <u>half</u> USG funding for CVA is cut - Global volumes could fall to around US $4.3 billion this year.

A 21% drop from 2024

This means that CVA volumes could drop to a similar level to 2017, but with more than three times the number of people in need of humanitarian assistance.

Let’s repeat that…..

Global CVA volumes in 2025 could drop to a similar level to 2017….

2017

3.4

billion dollars

2025
(worst case scenario)

3.2

billion dollars

….but with more than three times the number of **people in need** of humanitarian assistance.

2017

92.8

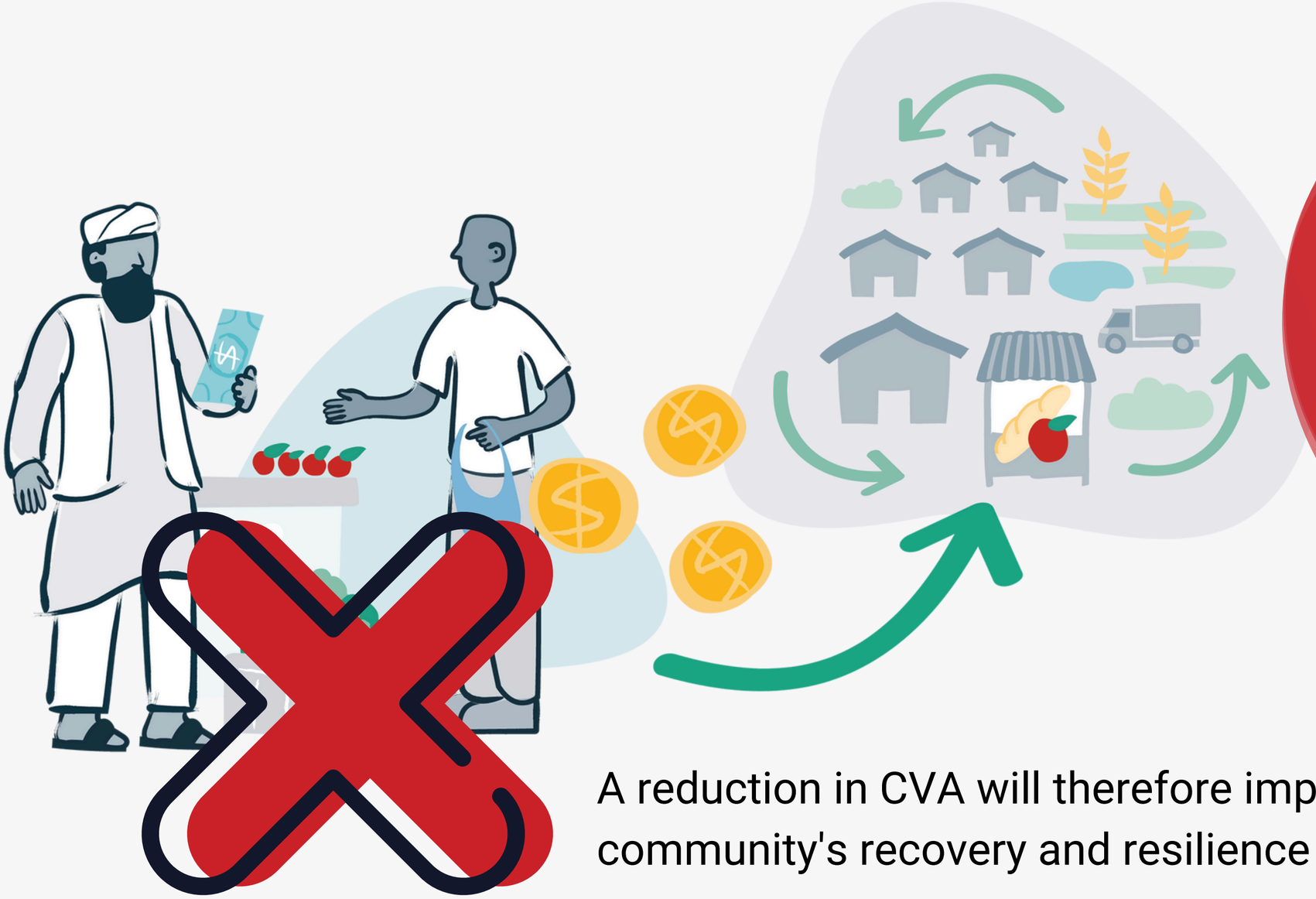
million people in need

2025

307

million people in need

A cut in CVA would also impact on its spillover benefits

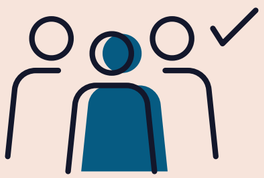


$1 of CVA provided to recipients results in $2 of indirect market benefits.

A reduction in CVA will therefore impact on the wider community's recovery and resilience to future crises.

The risk is very real that the hard-fought for gains we have made in terms of scaling up CVA will unravel - with **fundamental implications for our collective mission** to ensure choice and dignity for people in crisis.

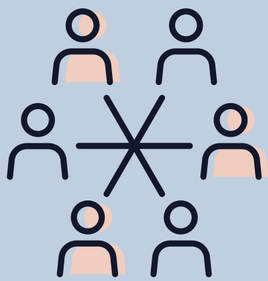
A Call to Action ....



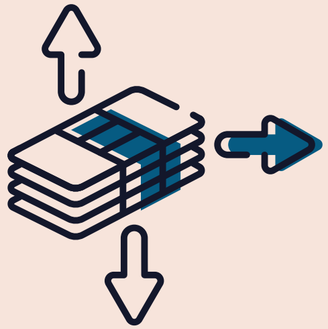
Make and remake the case for CVA - strengthen our collective advocacy around the case for CVA - extending our advocacy beyond the converted.

Broaden the CVA coalition - reach out to new partners - non-traditional donors - foundations and philanthropic donors - the private sector.

Support local actors - pivot our activities and innovate to protect CVA partnerships and capacities.



Collaborate - Coordinate - to find short and medium solutions to funding gaps and ensure we are being as efficient as we can.



Provide flexible funding - donors should work together to assess how they can flex their funding to address key gaps.

The trajectory of CVA growth in terms of volume, at least as a function of International Humanitarian Assistance, may have already peaked.

CVA will have an even more vital role to play in addressing the needs of crisis affected people.

Stakeholders at all levels must find ways to reprioritise and reformulate how to provide essential humanitarian programming.

For the full detail please read the report

We invite you to contact CALP with any questions or comments

Please note: The report uses various data sources to estimate CVA volumes and US funding percentages, while acknowledging the limitations of available data. These are explained fully in the report.