

**IMPORTANT:** Goods (such as blankets, clothing, canned food) should never be collected or shipped unless they have been specifically requested by an experienced relief organization and funding for shipping and distribution has been identified ahead of time. *Cash donations to experienced disaster relief voluntary agencies enables them to purchase exactly what is most needed by the victims and helps the local economy recover from the disaster too.*

### **Advantages of Cash Donations**

Financial contributions allow professional relief organizations to provide much needed, culturally appropriate assistance to disaster victims in a timely, efficient manner that supports the local economy.

When deciding between making a financial donation or donating materials, keep in mind the following reasons why cash is often preferred.

#### **Five Reasons Why Cash Is Best**

##### **1. Needs-Based Procurement: Cash allows disaster relief professionals to procure exactly what is needed in a disaster situation.**

The donating public usually does not have access to a **professional and accurate** evaluation of victims' needs. Often, lists of needed goods found in the media are based on incorrect assumptions or faulty assessments. In addition, these lists are often not specific enough to be useful. Even if a good list is used, donors have no way of knowing who else will be making similar donations. A well-meaning public may unintentionally donate materials that are already available at the disaster site or to meet needs that the disaster did not create.

Cash contributions allow disaster relief professionals and the affected people themselves to purchase exactly what is needed in the right quantities. Cash contributions, in other words, allow for disaster relief to be demand-driven (based on victims' needs) rather than supply-driven (based on what goods have been donated).

##### **2. Efficient Delivery: Cash is the most efficient donation because it does not use up scarce resources and because it can be transferred very quickly.**

Because relief supplies can almost always be purchased at or near the site of a disaster, relief professionals prefer to purchase them locally. This frees up transportation routes, staff time, warehouse space, and other crucial commodities which are in very short supply during a disaster. Items purchased locally can also be delivered to those in need more quickly than material donations.

##### **3. Lower Costs: Cash donations do not require transportation costs, which can outweigh the value of materials donated.**

The cost to sort, package, and transport individual, material donations to disaster victims is often greater than the cost of purchasing the items locally. And unlike donated materials, cash donations entail no transportation cost. When a disaster strikes a poor country, it is very important to make every dollar stretch as far as possible. Purchasing relief supplies locally is one way of stretching that dollar.

##### **4. Economic Support: Cash supports the economy of the disaster-stricken region.**

When relief supplies are purchased locally, cash is pumped quickly back into an economy that desperately needs it. This is why relief professionals try to use local market structures (vendors, shippers, etc) to distribute aid whenever possible. The long-term goal after any

disaster is to return people to self-sufficiency. Disaster assistance efforts that support local markets contribute to this goal.

While cash donations support a local economy, inappropriate material donations may have the opposite effect. Material donations may compete with local vendors who are selling similar items. Recipient governments often have to pay significant costs to unload, transport, and distribute donated material. If unusable by the local population, the country may also have to pay for destroying the donations.

**5. *Cultural and Environmental Appropriateness*: Cash donations can be used to purchase supplies that are appropriate to the local culture and environment.**

There are many cultural and environmental factors to consider when providing disaster relief, and the American public may be unfamiliar with the local climate, culture, and tastes. For example, clothing must be suitable to the local climate and to religious, social, and political sensibilities. Food must be familiar to the affected people and fit within their overall consumption patterns. Equipment requiring electricity must have the right voltage (if, indeed, there is electricity at all).

These are but a few examples of the complex issues inherent in aid delivery. Disaster relief professionals are trained to understand these complexities and usually have the advantage of years of experience in a particular region. Cash donations can be used by professionals to purchase supplies that fit within the wider context of social, religious, political, and environmental issues.

**Source:** [http://www.interaction.org/disaster/advantages\\_cash.html](http://www.interaction.org/disaster/advantages_cash.html)