



EUROPEAN COMMISSION

DIRECTORATE-GENERAL HUMANITARIAN AID AND CIVIL PROTECTION - ECHO

ECHO A - Strategy, Policy and International Co-operation
A/4 – Specific Thematic Policies

Brussels, 12 October 2011

Subject: **Roundtable "Scaling up Cash Transfer Programming in Emergencies"**

Time / venue: **23 September 2011, 08.30-17.15 hrs**
Berlaymont building, Brussels

1. Summary

The roundtable focused on the scaling-up of Cash Transfer Programming (CTP) in emergencies, more specifically for the provision of Humanitarian Food Assistance (HFA). CTP includes the use of cash and voucher transfers.

The objective was to share information and debate CTP with representatives. 66 participants attended: donors (EUMS, US, Australia), NGOs, UN agencies, private sector, researchers and the European Commission (DG ECHO and DEVCO).

Recent, large-scale and challenging emergency operations were used as examples to share lessons learnt and discuss challenges related to scaling up CTP as emergency immediate response. Possible solutions and necessary adjustments for both practitioners and donors were also discussed.

The roundtable was structured around four panels: i) Setting the Scene; ii) Potential and challenges of going to scale; iii) CTP as first response in emergencies; and iv) Donors' perspectives on the use of cash transfers at scale.

Consensus was reached on the need to better understand the conditions under which scaling-up CTPs is appropriate, on their potential as emergency immediate response, and on the importance of choosing the right combination of HFA tools to ensure that the response adequately meets the needs of the affected populations and is appropriate to the given context.

2. Main Points

Performance (successful operations reported)

The use of cash and voucher transfers at scale (including a discussion on what "at scale" means) and as immediate emergency response (within two to four weeks from the shock) can only be defined on the basis of a range of context-specific parameters. Given the increasing use and familiarity with cash and vouchers, the question is no longer whether CTP should be used as a tool to address food insecurity but rather "when" and "how" to deploy it as part of a broader food assistance response.

Different organizational models and approaches were presented: INGOs Alliance such as PEFSA (Pakistan Emergency Food Security Alliance) in Pakistan; UN and INGOs "cash consortium" in the Horn of Africa; The Red Cross movement; WFP; FAO; Private sector support (e.g. partnership between Visa Inc. and the government of Pakistan to support IDPs following the floods in 2010).

Prerequisites were discussed to ensure successful performance of an operation. They include:

- Response analysis: Making an appropriate and context-specific selection of tools (or combination of tools¹) requires analyzing specific issues such as local and regional market systems; available delivery mechanisms; cost-efficiency and effectiveness; the prevailing security situation and the beneficiaries' acceptance of cash and/or vouchers as transfer modality.
- Good coordination among implementers and support from donors, governments and local authorities in deploying CTPs.
- Availability of well-functioning and reliable financial service providers with a good geographic coverage in country.
- The presence of qualified staff who can be quickly mobilized;
- The existence of baseline information (such as baseline market assessments);
- The organizational knowledge and experience in the country / area affected by the crisis, which supported quick and confident decision making processes;
- The existence of long-term safety net programmes, used as a platform for quick scaling-up².

Within CTP, different delivery mechanisms have been deployed in large-scale humanitarian operations. However, they can be grouped in two main categories: those using an electronic platform and those using direct/physical cash payments. The main challenges of electronic CTP have been presented (poor financial inclusion, lack of identification, mistrust of formal financial institutions, mistrust in non-physical cash, need for awareness and education, exclusion errors linked to infrastructural requirements), together with their major benefits (such as the possibility of merging interventions of different sectors and donors).

So far, cash transfers have been more widely used in early recovery interventions, to sustain livelihoods (or in chronic crisis). However, their use as immediate response in emergencies is to be pursued. Responses to humanitarian crises in urban settings may constitute a more direct entry point for cash-based interventions as immediate response.

The issue of cost-efficiency and effectiveness of cash and vouchers was discussed. To date, there is no clear evidence that these tools are more cost-efficient than in-kind transfers (different cost items have to be considered). In terms of effectiveness, this may largely vary based on the response's objectives.

¹ Combining different transfer modalities could have high impact..

² The above considerations highlight the relevance of Linking Relief, Rehabilitation and Development (LRRD) as success factor for cash programming in emergencies. On one hand, interacting with governments and advocating / supporting cash programmes as part of the social protection systems will simplify a rapid and at-scale response in the event of emergencies; on the other hand CTP set-up in times of crisis can have long term impacts (e.g. creation of infrastructures, basic financial education for beneficiaries, opening of bank accounts which can be used for savings afterwards.

Challenges (constraints faced)

Some of the major challenges faced by implementers and decision makers in scaling up CTP were discussed, including:

- The tendency to fall back into the organizational "comfort zone" hampering innovations and application of new technologies which would facilitate large scale unconditional CTPs immediately after a shock³.
- The limited capacity to implement CTP, both in terms of knowledge and staff's skills (notably staff supporting/implementing operations);
- The trade-off between quality and speed, and between scale and confidence / security during first-phase responses should be carefully considered. Emergency interventions should strike a balance between maintaining rigor while allowing for flexible and timely response.
- The challenge of measuring the impact of CTPs, in particular in relation to agencies' mandate and donors' needs for accountability (cash fungibility makes CTPs more likely to have a wider multi-sectoral impact);
- The effectiveness of cash-based responses in contexts of acute malnutrition remains an issue deserving further investigation;
- In conflict-affected countries, cash-based as well as in-kind transfers programming may need to adopt innovative solutions;
- Obstacles related to reaching beneficiaries not familiar with financial transactions, and the mistrust of non-physical cash;
- Ensuring the collaboration from donors, in terms of supportive policies and funding, overcoming regulatory and administrative barriers, as well as psychological barriers;
- The role of cash within cluster coordination mechanisms needs to be further addressed.

Solutions or necessary readjustments (for donors and implementers)

In light of the above mentioned success and constraint factors, top solutions for the international community should include:

- Capacity Building, increased awareness and advocacy based on evidence;
- Donor support and positioning, making sure the same standards are applied for cash-based as well as in-kind interventions in terms of risk (financial, reputational and accountability) acceptance and risk control mechanism
- Institutionalization of CTPs
- Improved coordination between agencies, and across the different sectors
- Involvement of the private sector when and where possible

Suggested re-adjustments for implementing agencies include:

- Carrying out a systematic and improved response analysis
- Embedding CTPs in contingency plans and, where possible, building on pre-existing engagement in social protection
- Working on institutional incentives and blockages (e.g.: roles, accounting systems, etc.)

³ The Cash For Work modality could be considered when programme objectives suggest so, and not as a default design modality.

Conclusions

The humanitarian community needs to gain confidence in using cash-based programming. Additional investments are required to ensure large scale CTPs can be rapidly deployed as a first response in emergencies whenever more appropriate than in-kind. The use of cash and vouchers during the immediate response phase in emergencies still poses particular challenges to the humanitarian community.

The response (cash-based or in-kind) should be context-specific. Cash (or in-kind) alone is not necessarily the right response in the early days of an emergency. It is essential to design a flexible response and consider a combination of tools (cash, vouchers and in-kind) which would complement each other and more adequately meet beneficiaries' needs.

The appropriateness of the transfer modality selection will be determined by quick, simple albeit rigorous assessments

There is a need to gear up coordination from lead agencies and donors. One way would be to increase information sharing and increase speed of response and pre-existing plans with the CTP options imbedded.

The private sector has the capacity to scale up fast, it should be supplementing the capacity of implementing agencies.

Annex 1 . Roundtable "Scaling-up Cash Transfer Programming in Emergencies"

Date: 23 September 2011, 08.30 – 17.15 hrs

Venue: Brussels, Berlaymont building (Room Walter Hallstein, 1st floor)

Objective: To identify and discuss possible solutions in addressing the main challenges in scaling-up the use of cash transfers in the provision of humanitarian food assistance

Organized by the European Commission Directorate General for Humanitarian Aid and Civil Protection (DG ECHO) jointly with WFP and in association with the Cash Learning Partnership (CaLP) and the IFRC

Agenda

08.30 - 09.00: Registration and coffee

09.00 – 09.15 hrs: Welcome.

By Walter Schwarzenbrunner, Director, DG ECHO C, Resources Partnerships and Operational Support

09.15 – 10.30: Setting the Scene: Cash Transfers in the Humanitarian Toolbox

(Objective: introductory summary of recent changes, evidences and main challenges)

Speakers:

- Sarah Bailey (ODI) and Paul Harvey (Humanitarian Outcomes)
- Ugo Gentilini (WFP)
- Nicolas Barouillet (CaLP)

10.30 – 11.00 hrs: break

11.00 – 13.00 hrs: Going to Scale: Potential and Challenges

(Objective: institutional approach to scaling up cash transfer programming in humanitarian assistance, including internal procedures, risk mitigation...)

Speakers:

- Annalisa Conte (WFP)
- Emma Delo (IFRC) and Nicolas Fleury (ICRC)
- Private sector

13.00 – 14.00: lunch break

14.00 – 15.30 hrs: CTP as First Response in Emergencies

(Objective: experience from recent emergency interventions – Horn of Africa, South Asia...)

Speakers:

- Camilla Knox Peebles (Oxfam)
- Abigail Masefield (DG ECHO)
- Astrid De Valon (FAO)

15.30 to 15.45 hrs: break

15.45 – 16.45 hrs: Donor Perspectives on the Use of Cash Transfer Programming

Speakers:

- Tim Waites (DFID)
- John Brannaman (USAID)
- Devrig Velly (DG ECHO)

16.45 – 17.15 hrs: Wrap-up

By Jan-Artur Sienczewski (DG ECHO) and Valerie Guarnieri (WFP), facilitators of the roundtable.