

COORDINATION AND CASH TRANSFER PROGRAMMING

CONTENTS

ACKNOWLEDGEMENTS	3
ACRONYMS	3
Introduction	4
Part 1: Context analysis	5
Part 2: Analysis of current obstacles	6
Part 3: Potential future challenges	10
Part 4: Potential future opportunities	12
Part 5: Looking forward	14
Annex 1: References	17
Annex 2: List of interviewees	18
TABLES	
Table 1: Cash coordination challenges	8

HOW TO USE THIS THEMATIC REPORT

These table of contents are all linked to their respective pages. At any point in the document, please click on the button in the top left hand corner and this will take you straight back to the contents page.



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ACRONYMS

CaLP	Cash Learning Partnership
CERF	Central Emergency Response Fund
CTP	Cash Transfer Programme/Programming
DEZA	Swiss Agency for Development and Cooperation
DFID	Department for International Development
ECOSOC	Economic and Social Council
HC	Humanitarian Coordinator
HFP	Humanitarian Futures Programme
IASC	Inter-Agency Standing Committee
NGO	Non-Governmental Organisation
OCHA	Office for the Coordination of Humanitarian Affairs
OECD	Organisation for Economic Cooperation and Development
OFDA	Office for Foreign Disaster Assistance
UN	United Nations
USAID	US Agency for International Development
WEF	World Economic Forum
WFP	World Food Programme



INTRODUCTION

The project

Since the 2004 Indian Ocean Tsunami there has been a progressive trend within the humanitarian sector at large to use cash transfers as a programme modality both in response to, and recovery from, conflict and disaster contexts. This research project, undertaken by the Humanitarian Futures Programme (HFP) in conjunction with the Cash Learning Partnership (CaLP), builds on this momentum. Based on various understandings of the changing humanitarian operating environment, it presents an analysis of what CTP might look like in the future (2025), and assesses the extent to which CTP and the actors involved are 'fit' for developments in the sector. The project's findings and assumptions are designed to serve as the basis for the development of a forward-looking action agenda, conceived under CaLP's leadership and with support from a group of relevant experts formed to advise the project.

The first phase of the research delivered an analysis of the transformative factors likely to affect humanitarian action in the future and the potential trends in CTP. These factors were subsequently discussed in a Trends Analysis Meeting,¹ and included: the institutionalisation of cash; new actors, relationships and partnerships; the increasing uptake and role of national governments; and advances in innovation and technology. The project's second phase examined implications of these trends for the future of CTP. It focused on four themes in particular which, following consultation with CTP actors and examination of existing research, were identified as critical topics for the future of CTP. These critical themes included: the potential links between social protection mechanisms and emergency response; the future of financing CTP; the use of CTP by governments responding to national emergencies; and coordination systems and CTP. The latter is the subject of this report. A final, overarching report synthesises the findings from phase 1 and the four thematic elements of phase 2, offering an emerging picture of CTP in a rapidly changing humanitarian landscape.

This report

Coordination² is a critical issue that has received insufficient attention in research and analysis on CTP. This research aims to build on previous work supported by CaLP to examine the particular obstacles and opportunities that cash transfers pose for coordination, including those related to the cluster system, strategic coordination, working with governments and the private sector, as well as potential new approaches to coordination. It considers how weaknesses of humanitarian coordination pose obstacles to using CTP, now and in the future. The following four questions related to cash transfers and coordination are explored:

1. What coordination challenges and opportunities does CTP pose?
2. What weaknesses of humanitarian coordination pose an obstacle to using cash transfers to the extent to which they are appropriate?
3. How will these challenges and opportunities change in the future?
4. What actions are needed to prepare for future obstacles and take advantage of future opportunities?

The research is based on a review of literature (research on CTP, coordination, leadership and the humanitarian system) and a limited number of interviews with individuals from think tanks, donors and aid agencies (see Annex 2 of this report). The desk-based nature of the study and the limited time available are both limitations. The examples provided are biased towards the humanitarian responses for which information and

¹ See Trends Analysis Meeting report: <http://www.cashlearning.org/2012-2014/-fit-for-the-future->

² 'Coordination' is broadly defined as the ways in which actors (e.g. NGOs, UN agencies, governments, private sector) work together to achieve common humanitarian aims, for example through communication, collaboration and cooperation. This includes but is not limited to the mechanisms through which humanitarian aid is coordinated.



documentation were available. CTP and coordination are evolving. For this reason the paper focuses on overarching opportunities and challenges and how these might change in the future; 'current' challenges identified at the time of writing perhaps inevitably will change. The purpose of the paper is to raise and explore key questions rather than provide definitive answers on this complex subject; recommending how CTP should be integrated within international coordination systems is beyond its scope.

Part 1 looks at the context of coordination and CTP. Part 2 assesses general weaknesses of coordination in the humanitarian system as well as particular current challenges to the coordination of CTP. Part 3 describes how certain existing obstacles will be resolved, others will remain prominent or compound, and new challenges will emerge in the coordination of CTP in the years leading to 2025. Part 4 highlights a number of opportunities relating to coordination and CTP, as noted by the interviewees. Finally, Part 5, on looking forward, identifies the priority actions that various actors need to take in order to address the main obstacles and take advantage of the opportunities outlined in the report.

PART I: CONTEXT ANALYSIS

Cash transfers³ cross the boundaries by which aid is organised. They are used to meet needs that span both different sectors and humanitarian and development divides. Governments, international non-governmental organisations (INGOs), national NGOs, UN agencies and even non-state armed actors distribute cash as a form of relief, and CTP has attracted businesses new to humanitarian aid, such as mobile phone companies. Given the flexibility of cash transfers and the growing range of actors providing them (often for different purposes), CTP poses unique issues for how aid actors work together and coordinate. Generic weaknesses of humanitarian coordination also pose obstacles to undertaking CTP to the extent to which it is appropriate. For these reasons, coordination is a central question to the future of CTP.

Preparing for the future requires an understanding of past and current challenges. Initial debate on CTP focused on establishing that cash transfers could be appropriate. Pilot interventions using cash did not pose problems for coordination because they were few in number and small in size. Little thought was given to what future increases in CTP would mean for coordination, until responses in Pakistan, Haiti and Somalia highlighted this issue because more actors were using cash to reach greater numbers of beneficiaries. In 2011, coordination began receiving more attention in research and discussion on CTP.⁴ Analysis to date has focused on how programmes using cash transfers can be coordinated more effectively and strategically within existing systems.⁵

Future coordination challenges and opportunities will be influenced by the changing landscape of humanitarian action. In the next decade, the dominant Western focus of the humanitarian sector will be increasingly challenged by non-Western governments, regional organisations and national civil society organisations. Cash transfer responses will increase as their acceptance grows and even more actors will become involved. To be 'fit for the future', actors engaged in CTP need to be ready for future coordination challenges and take advantage of new opportunities.

The first part of this project saw the analysis of changes in the humanitarian landscape that will influence the future of CTP. Of the trends identified, the most relevant for CTP and coordination are:

³The terms 'cash transfers' and 'CTP' often refer to both cash and vouchers. However, this paper only focuses on cash transfers (i.e. money); where vouchers are discussed this is clearly indicated.

⁴Austin and Frize, 2011; CaLP, 2012; Kauffmann and Collins, 2012; Save the Children UK, 2012

⁵Austin and Frize, 2011; CaLP, 2012; Kauffmann and Collins, 2012



- Increases in the amount of CTP and scale at which it is undertaken.
- The use of CTP in different sectors and as a cross-sectoral tool.
- Expanding range of actors involved in CTP, including in the private sector.
- Stronger role of national governments in disaster responses and increased use of cash transfers by governments in domestic responses.
- Greater attention to addressing risk, such as through resilience, disaster prevention and social protection.

These trends will influence which actors will be involved in CTP in the future and the ways in which they can work together to use cash transfers appropriately, effectively and efficiently. They will also bring some new challenges and opportunities, which will be discussed later in the paper.

PART 2: ANALYSIS OF CURRENT OBSTACLES

General weaknesses of coordination in the humanitarian system

Existing weaknesses of humanitarian coordination pose obstacles to undertaking CTP where it is appropriate. The humanitarian system is a group of diverse actors that operate relatively autonomously. In ALNAP's *State of the System* reports, which analyse progress and performance of the humanitarian system, coordination was cited as a key challenge.⁶

Perhaps the most striking obstacle for CTP is the lack of collaboration across sectors and amongst aid agencies with different mandates and missions. The greatest advantage of cash is that it can be used to meet a variety of needs that span different sectors. However, UN aid agencies in particular provide cash transfers independently of one another for separate purposes, when there is obvious potential to increase efficiency by collaborating and providing a single cash transfer for multiple basic needs.

Similarly, sector-based coordination through the cluster system hinders efforts to coordinate cash transfer responses across different sectors. The cluster approach was created as part of humanitarian reform efforts in 2005, and while it has improved coordination within sectors, evaluations of the cluster system have found significant weaknesses in inter-cluster coordination.⁷ Clusters have also fallen short in providing platforms for timely and informed discussions on the appropriateness of taking forward cash transfer responses (see Somalia example below).

Leadership and strategic coordination are necessary to overcome these 'silos' and bring together different humanitarian actors around common types of transfers in the future. Both are weak points in humanitarian response.⁸ Cash transfers deviate from dominant models of charity and humanitarian assistance, and are perceived to bring greater risks than in-kind assistance, despite the lack of evidence to support this claim. Thus the need for strategic coordination of CTP is great, and yet it is largely absent.⁹ The response to the 2011 food crisis and famine in Somalia epitomised this weakness; food aid could not be provided in areas controlled by Al Shabaab and market experts cautiously promoted an alternative response through cash and vouchers.¹⁰ However, until the famine declaration, the international humanitarian community was paralysed when it came to taking CTP forward:

⁶ Harvey et al., 2010; Taylor et al., 2012

⁷ Steets et al., 2010; Harvey et al., 2010; Stoddard et al, 2007

⁸ Taylor et al., 2012; Buchanan-Smith, 2012; Harvey et al., 2010

⁹ Austin and Frize, 2011; Kauffmann and Collins, 2012

¹⁰ Hedlund et al., 2013



With regards to connectedness, coherence and therefore coordination, in 2011 the Humanitarian Country Team failed to provide the strategic leadership required to find a timely solution to the impending crisis. The Somalia cluster approach failed to generate sufficient interest or space for an informed discussion on cash transfers as a modality, until the famine declaration in July 2011 forced the issue, principally because it lacked a cash 'champion' within the UN system. Instead separate mechanisms evolved within the NGO community... to promote and eventually implement unconditional cash transfers as a viable response option in Al Shabaab-controlled areas.¹¹

The fact that cash requires 'champions' in the first place is problematic for future responses, as this indicates that the appropriateness of CTP can be easily contested, or that evidence alone is insufficient for some major aid agencies to use it at a similar scale to in-kind responses. This challenge is linked to broader gaps in response analysis – the analytical process by which objectives and modalities of programme response options are determined.¹² International humanitarian actors tend to make decisions on how they will respond to a crisis independent of one another, and the mission or mandate of an organisation is very influential when selecting programming.¹³ The tendency of aid agencies to adopt responses for which they have the most capacity will hold back CTP in the near future, as cash remains a relatively new programming tool compared to well-established in-kind modalities.

Donors have and could exert pressure on aid agencies to deliver cash transfers where they are appropriate. While a few individual donors have exerted pressure, donors are not coordinating amongst themselves to leverage their influence. There are limited platforms for donors to come together and develop a harmonised position, and many donors see CTP as a technical rather than strategic issue. Again, while lack of donor coordination is not caused by cash transfers, it will continue to result in missed opportunities for CTP.

International humanitarian organisations and coordination systems are often not sufficiently respectful of the host governments' primary role in responding to emergencies.¹⁴ This weakness challenges engagement between aid agencies and governments on CTP, and aid agencies in general are not adequately coordinating with host governments when they undertake cash-based responses. Anecdotal evidence suggests that host governments are less willing to let aid agencies 'do their own thing' when it comes to handing out cash compared to other forms of assistance, especially if cash grants are at odds with government approaches to humanitarian assistance and poverty reduction. For example, in Lebanon in 2013, some aid agencies provided cash to Syrian refugees, which was not aligned to the government's development approach of opting for subsidies rather than cash. As a result of the lack of strategic engagement between aid agencies and the government, certain cash transfer programmes were suspended by the government while a compromise was reached.

International humanitarian coordination mechanisms also tend to leave out national civil society actors; the response to the 2010 earthquake in Haiti was an extreme example of this failing. Learning and advocacy around CTP has followed a similar model of exclusivity, involving large INGOs, Western donors and UN agencies, with the majority of resources on CTP only available in English. Even resources available in other languages, such as the Humanitarian Practice Network (HPN) *Good Practice Review on Cash Transfer Programming in Emergencies*, are based on the experiences and priorities of Western humanitarian actors, and do not have readily available avenues for reaching aid actors not already involved in networks such as HPN, ALNAP and CaLP.

¹¹ Hedlund et al., 2013, pp 10

¹² Maxwell and Stobaugh, 2012

¹³ Ibid.

¹⁴ Steets et al., 2010; Harvey et al., 2010; Harvey, 2009 Stoddard et al., 2007

Current challenges to the coordination of CTP

While more and more humanitarian actors are using cash to meet a variety of different objectives, no strategic decisions have been taken on where CTP fits within existing coordination mechanisms (e.g. clusters, Inter-Agency Standing Committee, and Humanitarian Country Teams). This makes it virtually impossible to prepare for the future coordination of programmes using cash transfers ahead of crises. Rather, coordination groups dedicated to CTP have been established by CaLP, clusters and NGOs in an ad hoc manner.¹⁵ Much progress has been made on technical coordination amongst aid agencies engaged in CTP in contexts like Haiti, Somalia and Niger, but cash coordination groups have been weakly linked to established coordination mechanisms, and particularly to those involved in strategic decision-making. These groups have encouraged coordination around 'tools' (i.e. cash transfers, vouchers) rather than broader humanitarian objectives.¹⁶ The current coordination challenges posed by CTP are summarised in Table 1.

TABLE 1: CASH COORDINATION CHALLENGES

Type of coordination	Sample of coordination tasks	Progress and challenges
Technical coordination	<ul style="list-style-type: none"> Harmonising payment rates and transfer values amongst different actors both within clusters and across clusters (inter-cluster) Providing cash grant to cover multiple objectives as opposed to multiple, separate grants (one for shelter, one for food, Using common distribution mechanisms Joint monitoring 	<ul style="list-style-type: none"> Coordination is ad hoc and cases of duplication (i.e. multiple cash working groups) Some cash working/coordination groups established by CaLP, clusters and NGOs have held technical coordination meetings; groups often have weak links to cluster system; poor to non-existent inter-cluster coordination Lack of genuine coordination in particular crises due to competition between agencies (e.g. Somalia)
Strategic coordination and leadership – country level	<ul style="list-style-type: none"> Joint assessment of needs, including necessary information to make informed decisions on CTP (e.g. markets) Analysis and decision-making on appropriate types of responses (including appropriateness of CTP) Having an overall picture of responses using cash transfers and how these relate to other responses Deciding who will be the lead agency in taking forward cash-based responses in particular crises Ensuring complementarity between cash transfers and other modalities Advocacy with host governments 	<ul style="list-style-type: none"> Significant weaknesses and very little country-level strategic coordination (Somalia 2011 famine response example of delays in decision-making and lack of leadership) Very limited coordination and collaboration among UN agencies using cash for different sectors and purposes

¹⁵ CaLP, 2012; Kauffmann and Collins, 2012

¹⁶ Ibid.

TABLE 1: CASH COORDINATION CHALLENGES (continued)

Type of coordination	Sample of coordination tasks	Progress and challenges
Strategic coordination and leadership – global level	<p>Global advocacy and analysis on cash transfers</p> <p>Deciding who will be the lead agency in taking forward cash-based responses globally, particularly within the UN</p> <p>Bringing together aid agencies around common approaches</p>	<p>No formal decisions or other actions yet taken to determine where CTP operationally fits within system coordination (should it be predominantly in IASC, inter-cluster coordination, food security cluster, etc.)</p> <p>OCHA has promoted some global CTP policy discussions (e.g. at ECOSOC, IASC)</p>
Coordination tools and services	<p>Ensuring global and field-level tools and coordination services are 'cash ready' (e.g. contingency planning guidelines and preparedness policies, information management, needs assessment, Consolidated Appeals Processes, humanitarian financing, training of Resident Coordinators / Humanitarian Coordinators)</p>	<p>Although OCHA is starting to look at some of its tools and services (e.g. CTP guidance in new programme cycle guidelines, discussions on updating contingency plans) most have yet to be assessed or formally adjusted to support/accommodate CTP at scale</p>
Government	<p>Government involvement in decisions to undertake CTP</p> <p>Aligning programming with government policies</p> <p>Government leadership in coordinating CTP</p>	<p>Aid agencies not adequately engaging with governments, in some cases leading to governments blocking/suspending CTP</p>
Private sector	<p>Engagement between aid agencies and private sector delivery agents (e.g. banks, mobile phone companies, financial service providers)</p> <p>Utilising existing delivery platforms</p> <p>Working with local traders</p>	<p>Increased partnerships/contracts between aid agencies and businesses involved in transferring money</p> <p>Ad-hoc efforts underway to improve humanitarian and private sector engagement through standards and research</p> <p>Lack of private sector involvement in preparedness</p>
Learning	<p>Sharing lessons on interventions using cash transfers, creating guidelines and standards</p>	<p>Research, evidence and evaluations undertaken and disseminated through platforms like CaLP, ALNAP and HPN</p> <p>Lack of government and national organisation involvement</p>



PART 3: POTENTIAL FUTURE CHALLENGES

In light of the future trends outlined in Part 1, in the next decade it is likely that certain existing obstacles will be resolved, others will remain prominent or compound and new challenges will also emerge. General progress in CTP, coordination systems and the broader humanitarian system will affect progress in resolving obstacles.

Technical coordination and integration of CTP within international humanitarian coordination mechanisms

It is only a matter of time before actions are taken to integrate CTP within existing international humanitarian coordination mechanisms. The coordination model might involve an inter-cluster approach, 'housing' it in the Food Security Cluster or another cluster (while encouraging its use in other sectors and as a multi-sector response), a stronger role for OCHA and inter-cluster coordination or a combination of these approaches. None of these models would negate the potential for forums for learning and technical exchanges, such as working groups and web platforms. While it is perhaps inevitable that progress will be made, major humanitarian coordination actors thus far have failed to adequately take this issue on board. As the amount of CTP and the scale at which it is undertaken increase, this gap will become an even more serious challenge. Thus far it has been filled mainly by actors involved in CTP (e.g. CaLP, operational aid agencies) rather than those involved in coordination like the IASC, cluster system and Humanitarian Country Teams.

Strategic coordination and leadership

Efforts are underway to improve leadership through support to Resident Coordinators and Humanitarian Coordinators (RC/HCs) through the Transformative Agenda¹⁷ and other initiatives. The importance of including cash amongst response options, based on analysis of the context and of the problems facing people affected by crisis, should be on the agenda. An overview of the obstacles and opportunities for inter-agency collaboration on CTP should also be included. At the same time, it is overly optimistic to assume that RC/HCs will be in a position to challenge any inclinations by aid agencies to favour in-kind assistance or vouchers when cash might be more appropriate. On the contrary, if current tendencies of risk aversion amongst senior humanitarian leaders and managers continue, this too will hamper CTP, particularly at scale. The Transformative Agenda is seeking to improve coordination and leadership but is focused on modifying existing systems rather than radical changes.

Weaknesses in donor coordination will continue given the lack of incentives to coordinate, and there are no obvious solutions. Good Humanitarian Donorship is a potential avenue for addressing cash transfer issues amongst donors, but it is currently focused on determining its future relevance, and the list of issues requiring attention and coordination from donors is long.

Coordinating across sectors and using CTP as a multi-sector tool

Obstacles related to multi-sector responses and 'silos' will persist because agencies have incentives to protect their operational space and define programming based on their missions and mandates. CTP has predominantly taken place in the food security sector and increasingly will be used in other sectors. This is positive, in that cash transfers will be more consistently considered to meet a wider range of objectives. However, there will be a tendency, amongst UN agencies and clusters in particular, to promote cash-based responses within individual sectors rather than as multi-sector responses involving stronger coordination and collaboration. For some aid agencies this will take the form of choosing to provide vouchers (e.g. for food, non-food items, seeds, shelter) over cash. Vouchers may be the most appropriate intervention owing to market capacity or

¹⁷ In 2011, the IASC launched the Transformative Agenda to improve the way in which the international humanitarian system responds to a crisis. It focuses on improving the timeliness and effectiveness of collective response through better leadership, improved coordination structures and greater accountability to affected populations. <http://www.humanitarianinfo.org/iasc/>



other contextual factors, but providing vouchers solely to direct spending within a specific sector undermines the greatest advantage of cash-based responses – their flexibility. Where cash transfers are used by multiple agencies, donors will raise questions about why they are funding several aid agencies to provide cash for different purposes. This will result either in more collaboration amongst aid agencies, 'turf battles' to attract donor funding for CTP by establishing a comparative advantage, or both.

Government-led responses and coordination with host governments

The role of national governments in cash transfer responses will only grow in importance as they increasingly take charge of humanitarian responses and assert their sovereignty in relation to international disaster relief.¹⁸ Numerous governments have already provided cash transfers to respond domestically to disasters, including Pakistan, China, Sri Lanka and the US. As more governments become familiar with cash transfers through social protection schemes and the experiences of other governments, more will experiment with providing cash transfers in disaster responses. The increased provision of cash transfers through social safety nets, including in fragile and disaster-affected contexts, offers potential for greater integration of humanitarian response with longer-term safety net programmes (as discussed further in the next section). There is little documentation of government-led cash transfer interventions, and it is not clear whether cash transfers raise any exceptional coordination issues in national disaster responses. The same is true for the regional responses and the involvement of organisations like ASEAN.

Continued and increased provision of cash transfers by governments as part of domestic disaster responses will create opportunities for international donors to fund governments directly to provide cash transfers, rather than going through international NGOs and UN agencies. This model was already used to a degree in Pakistan, where the World Bank, USAID, the government of Italy and DFID supported the second phase of the Citizen's Damage Compensation Program (CDCP) in response to flooding in 2010 and 2011.¹⁹

Providing CTP through governments circumvents shortcomings related to aid agency mandates and inter-sector coordination because governments do not divide their assistance by sector in the same way. However, working through governments raises practical operational considerations and important questions about humanitarian principles, which are not unique to CTP and will not be explored here.²⁰ Limitations are posed when disasters overwhelm national capacities, such as following the 2010 Haiti earthquake, limiting their ability to undertake major relief efforts. In addition, donors may be wary of corruption risks posed by working directly through governments and supporting governments in situations of conflict and fragility, which receive the bulk of humanitarian assistance. Overall, if cash responses are increasingly led by governments and supported by national civil society organisations, then the limited understanding of their approaches and attitudes to CTP is a noticeable blind spot.

As aid agencies begin to undertake larger-scale cash transfer responses, coordination between governments and aid agencies will become even more critical for cash transfer responses. Governments are going to be vigilant of aid agencies handing out large amounts of cash, and may try to leverage such interventions for their own purposes. In Pakistan, some aid agencies explored the possibility of 'piggy-backing' on the government's cash transfer intervention, but were told that the government was the only actor that would deliver unconditional cash transfers in the country.²¹

¹⁸ ALNAP, 2010

¹⁹ Government of Pakistan, 2012

²⁰ Challenges related to principles are explored in the Fit for the Future case study on Ethiopia's Productive Safety Net Programme and Kenya's Hunger Safety Net Programme, specifically in relation to using government-led safety net programmes in humanitarian response (Slater and Bhuvanendra, 2013)

²¹ Based on communication with aid agency staff familiar with CTP in Pakistan. Aid agencies were able to do a certain amount of CTP to people not targeted by the government, but this example underscores the potential sensitivities of aid agency/government engagement on CTP.



Increased involvement of private sector in CTP

CTP has led to new types of working relationships between aid agencies and banks, mobile phone companies, remittance agents and other private sector financial service providers. Aid agencies have always engaged with for-profit enterprises to deliver assistance, such as trucking companies to transport food aid. The engagement of businesses in cash transfer activities is different because they are using humanitarian endeavours to expand their services to new markets over the medium- and long-term and develop new products. For example, in response to the 2011 earthquake in Haiti, mobile phone companies such as Digicel and Voila accelerated their development of mobile money platforms and became more heavily involved in the humanitarian response because of CTP. Cash transfer programming has become a platform for corporate social responsibility engagement for global actors such as Visa, who worked with the Pakistan government to deliver cash transfers in response to disaster.

Two factors will drive the increased involvement of businesses in CTP. The first is that aid agencies represent a potential source of profit. Second and independent of developments in CTP, financial service providers and mobile phone companies are seeking to expand their market reach, including to areas where disasters and crises occur. Despite these developments, efforts to promote strategic engagement between aid agencies and businesses engaged in CTP have been piecemeal. Businesses have different motivations, principles and ways of working than aid agencies, which might challenge the formation of partnerships and clear working relationships. Aid agencies are concerned that they will be less able to protect the personal data of recipients of cash grants if these are held by a third party private sector organisation; efforts are underway to create operational guidelines and a Code of Conduct on data management.²² Alongside these challenges are opportunities, which are discussed below.

PART 4: POTENTIAL FUTURE OPPORTUNITIES

Coordinating across sectors and using CTP as a multi-sector tool

It is inevitable that CTP will increase as experience and acceptance grows. This growth will encourage new types of working arrangements and partnerships to deliver cash transfers, as donors and others look for ways to provide cash transfers efficiently and across sectors. Rather than humanitarian aid agencies providing cash for food, cash for rent, etc., humanitarian actors could implement large-scale responses providing cash transfers to cover the basic needs of crisis-affected populations. If tracking purchases is a priority for donors and aid agencies, flexible vouchers, which could be used by recipients to purchase such a wide range of goods and services that they are similar to cash, could be provided.²³ Transfers could be complemented with other forms of support that are needed, such as training, advocacy, protection and support to basic services, as humanitarian assistance is about more than giving things. Thus far, only governments have provided cash transfers for multiple basic needs at scale for disaster responses.²⁴ Large cash transfer responses meeting basic needs could be achieved through:

²² Financing and CTP. Thematic report developed under this project.

²³ Expenditures made as a result of receiving cash transfers can also be tracked. However, with vouchers it is more straightforward to report on what goods and services were bought specifically with the voucher. Such tracking does not show how overall household expenditure patterns change owing to the marginal income received through the voucher, which would be more insightful for understanding impact and effectiveness.

²⁴ A possible exception is CTP in response to the 2011 Somalia famine, though the main objective was to ensure access to food. There are many potential explanations as to why CTP has not been used at scale by aid agencies – the limited number of aid agencies that provide assistance at a large scale (UN agencies), risk tolerance, tendencies to opt for in-kind approaches over CTP, capacity, and the natural pace of change in the humanitarian system. See Austin and Frize, 2011, for more discussion on scaling up CTP.



- UN agencies collaborating on a cash-based response to meet needs that span their sectors (i.e. a 'One UN' cash transfer or voucher).
- One UN agency supporting a cash-based intervention designed to meet multiple needs (i.e. accepting that some of the marginal income will be used in ways that fall outside the traditional interpretation of their mandate).
- NGOs forming consortia, which occurred in response to the 2011 Somalia famine.
- Donors funding financial service providers, mobile operators or other businesses to deliver transfers.
- Donors funding disaster-affected governments to provide cash transfers in domestic disaster responses.

If donors choose to provide cash assistance through governments and businesses, there would remain potential roles for national and international humanitarian agencies, including technical support to assessment, response analysis, targeting and monitoring. Providing households with a sizeable cash transfer to meet multiple needs would eliminate many of the specific coordination issues raised about multiple actors providing transfers for different needs (e.g. inter-sector coordination). Otherwise coordination will always be about linking together smaller interventions in various sectors providing cash for narrow objectives.

Joint monitoring of responses

The trend towards undertaking cash transfer responses on a larger scale will provide opportunities for joint monitoring of multiple objectives and indicators spanning different sectors, rather than the current approach of monitoring individual cash transfer interventions and their efforts towards achieving a single objective. This approach to monitoring, which is in line with the Transformative Agenda, would encourage more holistic analysis on the impact of humanitarian aid and how it supports people's own strategies as they deal with the negative impacts of crisis and disaster.

Risk, social safety nets and humanitarian response

Donors and other aid actors are paying greater attention to addressing risk, through measures to address resilience, disaster prevention and social protection. The global increase in social safety nets providing cash transfers, including in contexts vulnerable to disaster, creates possibilities to use safety nets to complement or substitute for more traditional humanitarian responses. Examples include the Hunger Safety Net Programme (HSNP) in Kenya and the Productive Safety Net Programme (PSNP) in Ethiopia. In theory, safety nets could increase the amount of cash provided to recipients and bring in new people who have been affected by crisis and risk. Such approaches could help bridge the persistent divide between short-term humanitarian approaches and longer-term actions to reduce poverty and address risk. However, in examining the PSNP and HSNP, Slater and Bhuvanendra conclude that several factors impact the extent to which safety nets might be used to support humanitarian responses – including the type and location of shocks, the coverage of safety nets, and differences in the objectives and principles governing humanitarian response as compared to social protection (2013).²⁵ The attention to risk also underscores the importance of including the potential for cash responses within disaster preparedness plans, including the financial services or other systems that could be used to deliver cash.

²⁵ See *Scaling up existing social safety nets to provide humanitarian response: A case study of Ethiopia's Productive Safety Net Programme and Kenya's Hunger Safety Net Programme* - A thematic report developed under this project, for more in-depth discussion on the opportunities and limitations of using safety nets in humanitarian response.



Increased involvement of private sector financial service providers and other businesses

The importance of financial service providers and other businesses in CTP will increase in the future, offering interesting opportunities to reach populations efficiently and at scale. The potential for more frequent, larger-scale natural disasters will result in an increased humanitarian caseload; bulk payment platforms like mobile money hold enormous potential to reach significant numbers of people with relative ease, if aid agencies and businesses can establish effective working arrangements.²⁶ If humanitarian actors demonstrate that they are major market players, they can negotiate with providers to expand services to certain areas and modify their systems to provide relevant data for monitoring and accountability purposes. There is a risk that aid agencies will not take advantage of emerging services, opting to remain in their comfort zones, creating their own systems (e.g. electronic payment systems) rather than using existing services that might reach larger numbers of people efficiently and increase the access of populations to communication, mobile money and financial services over the longer term. Benefits will only be realised if aid agencies come together, as multiple agencies with multiple demands are unlikely to influence how private sector providers invest in their services. Efforts to increase the cost-efficiency of cash transfer responses through common distribution platforms are underway and will offer insights upon which to build.

PART 5: LOOKING FORWARD

In the short term, there is an urgent need to address the basic question of where interventions using cash transfers fit with existing coordination mechanisms; adjust key coordination tools and services to ensure that they are 'cash ready'; ensure that those in leadership and coordination positions are sufficiently knowledgeable of CTP to ensure that aid agencies are considering cash transfers to bring together multiple agencies using cash and to make appropriate linkages with non-cash responses; and support existing efforts to strengthen decision-making through improving leadership, response analysis and strategic coordination. The IASC and OCHA in particular need to step up and take actions on these fronts; while there has been recognition that CTP poses some important issues for coordination, and few operational changes have been made. The repercussions of these challenges may become much greater as cash is increasingly used at scale.

Given existing weaknesses of inter-sector coordination, it is crucial that current strengths around learning and technical coordination are not lost by pushing CTP into compartmentalised coordination systems. If existing systems cannot effectively handle and promote multi-sector responses and bring together multiple actors using the same tool, they should be changed irrespective of CTP, as this poses a serious obstacle to the quality and efficiency of humanitarian responses. The more CTP is used as a multi-sector tool, the less relevant sector-based coordination models will become.

CTP offers the potential to reconsider models of humanitarian assistance and coordination. Aid agencies, donors and governments need to experiment with different models for providing cash transfers to meet basic needs, such as through consortia, direct funding to governments and businesses, and UN agency collaboration. Donors need to pressure aid agencies and UN agencies in particular to not provide vouchers solely to control spending within their sector, otherwise the future of CTP will be dominated by vouchers. Efforts to overcome aid agency tendencies towards in-kind assistance, vouchers and narrow objectives would benefit from, and indeed might require, independent advice on response analysis from senior experts targeted to humanitarian leaders and donors.

²⁶ Mobile money refers to financial transactions conducted via mobile phones.



Aid agencies need to be more strategic about using existing financing infrastructure and promoting the development of tailored delivery platforms through collective action. Whether the focus is global players such as Visa and MasterCard, or national mobile phone companies, aid agencies should give more attention and analysis to how various delivery platforms can be used to reach beneficiaries quickly at scale, and focus on promoting principled, effective and transparent working relationships. The motivations of mobile money and similar companies to expand their market reach and the corporate social responsibility initiatives of global companies both offer interesting opportunities, but the potential advantages will not be realised if aid agencies fail to leverage their influence and opt to create their own financial delivery systems rather than utilising and encouraging the development of local ones.

Learning should be promoted amongst governments and national actors. The gap between the dominant players of international humanitarian action and those leading national and regional responses is significant. There is a need for more dialogue on numerous issues, and cash transfers should be included amongst them. Efforts should be made to support 'government-to-government', learning and learning amongst national civil society organisations, rather than Western humanitarian actors presenting CTP approaches and guidelines as a *fait accompli*.

In the future, the increased use of CTP might force a rethink of humanitarian response. Divisions between sectors, and coordination based on these divides, will become less 'fit for purpose' as CTP expands. If those that fund and implement humanitarian responses develop efficient models to reach large numbers of people with money, then aid agencies will not have the option to erect firewalls around narrow spheres of engagement. The potential for CTP to facilitate radical changes will become more apparent as it becomes a larger portion of assistance. However, there are powerful institutional incentives amongst humanitarian actors to define solutions in terms of their capacities and specialisations, and cash is not universally appropriate and thus could not fully replace in-kind aid and technical interventions. CTP may contribute to a metamorphosis of the humanitarian system, but changes should be driven by ambitions to provide appropriate assistance to populations in need, and not by the promotion of one tool over others.

Progress and growing experience in CTP will be important in addressing obstacles to coordination, and analysis on how issues will evolve in the future is an opportunity for humanitarian actors to be more strategic. At the same time, the focus on the future should not be an excuse for not resolving present obstacles, which will persist if dedicated actions are not taken. All of these issues require proactive and forward-looking actions rather than dealing with them as they arise. The biggest danger for CTP and coordination in the future is that aid actors might continue doing what they have always done, and coordinate weakly across silos rather than breaking them down, regardless of the opportunities offered by CTP to transform how humanitarian actors assist people affected by crisis and disaster.

Recommended actions

- Establish where CTP fits within existing humanitarian coordination mechanisms and support its integration within existing systems and tools. The IASC in particular urgently needs to establish its position on this. If existing systems cannot effectively accommodate and promote multi-sector responses, they should be changed irrespective of CTP. OCHA needs to continue efforts to ensure that its coordination tools and services (related to preparedness, information management, financial tracking, Central Emergency Response Fund [CERF], needs assessments, Consolidated Appeals, etc.) can appropriately accommodate CTP. (IASC, OCHA)
- Continue efforts to strengthen humanitarian leadership. Trainings and technical support targeted to RC/HCs should include a module on CTP. This should not be limited to basic technical information on when CTP is appropriate. It must also address the political economy aspects of CTP, such as the incentives for UN agencies to opt for vouchers and narrow objectives for CTP, lack of common donor positions, challenges of risk aversion, the need for multi-sector coordination and the potential for CTP to meet needs spanning different sectors. (IASC, OCHA)



- Pilot UN agency joint responses (i.e. combined cash transfers and / or flexible vouchers) and cash responses by UN agencies using common platforms. Amongst UN agencies, cases could be made for this to be led by WFP, UNICEF and/or UNHCR, all of which have made important strides in developing their capacity to undertake CTP. Pilot projects should include a commitment to scaling up successful models and be designed to enable future responses at scale (UN agencies, RC/HCs, donors)
- UN agencies should not favour voucher responses solely to ensure that transfers are spent within their sector. Donors need to pressure UN agencies not to bias response options towards vouchers if cash transfers are more appropriate. (UN agencies, donors)
- Fund senior independent experts who can provide independent advice and support on response analysis to humanitarian leaders and other stakeholders. Whether to use cash or other tools is part of a larger process of response analysis, which should consider the potential for CTP amongst response options. Rather than seek 'cash experts', the approach should be to identify individuals who have the analytical capacity and experience to encourage the consideration of CTP amongst other response options. (Donors)
- Create opportunities for government-to-government engagement on CTP. This could take the form of meetings, learning events and staff exchanges. One possible avenue is through the annual ECOSOC Humanitarian Affairs Segment. (Governments engaged in CTP)
- Identify and capitalise on existing platforms to promote discussion on CTP amongst national civil society organisations. CaLP should engage with actors involved in bridging international and national disaster-response efforts to identify potential ways forward. (CaLP)
- Engage with regional organisations on CTP to explore whether cash transfers raise any specific coordination or learning issues for regional organisations that can be supported by actors familiar with CTP. (CaLP, OCHA)
- Undertake research on aid agency and private sector engagement in CTP to identify ways to encourage principled, strategic and efficient engagement, and the potential for CTP to promote access to financial services over the long term. One potential model of the research would be to have it undertaken by private sector researchers/consultants working jointly with humanitarian researchers/consultants experienced in CTP. (CaLP, aid agencies, donors)
- Think big. The vast potential to use cash transfers as a flexible tool to meet a variety of needs is hampered by aid agencies' and donors' limited willingness to experiment with models that go against the grain of long-standing working arrangements. All actors involved in CTP should experiment with models such as UN collaboration, NGO consortia for unconditional cash responses, joint monitoring, and supporting governments to deliver cash transfer responses where appropriate. There are several emerging examples that can be used for the basis of continued learning and progress. (All)



ANNEX I: REFERENCES

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ANNEX 2: LIST OF INTERVIEWEES²⁷

Name	Organisation
Kirsten Gelsdorf	OCHA
Kerren Hedlund	Independent consultant
Paul Harvey	Humanitarian Outcomes
Charles-Antoine Hofmann	IFRC
George Aelion	Food Security Cluster
Graham Farmer	Food Security Cluster
Kokoevi Sousevi	Independent consultant
Irina Mosel	HPG, ODI
Nick Leshner	OpenRevolution/Financial Mobility
Arafat Jamal	IASC Secretariat
Bjoern Hofmann	IASC Secretariat

²⁷ Donors interviewed for the 'Financing and Cash Transfer Programming' report were also asked about donor coordination.



The Cash Learning Partnership

This thematic report has been undertaken as part of a 2013 research study entitled, *Is Cash Transfer Programming 'Fit for the Future'?* The research was commissioned by the Cash Learning Partnership (CaLP) and undertaken by the Humanitarian Futures Programme (HFP), King's College London. The overall project intends to understand how changes in the broader global and humanitarian landscape may evolve in the future (up to 2025), and how these changes might shape cash transfer programming (CTP). The analysis examines these issues in the context of ongoing global dialogue on the future of humanitarianism, including the post-2015 Millennium Development Goals processes, the deliberations for the next iteration of the Hyogo Framework for Action, and the World Humanitarian Summit 2016.

It is hoped that the products from this project will be widely disseminated, and their conclusions and recommendations debated at all levels within the sector. This process should result in a set of priorities that can serve as the basis for a forward-looking action agenda. Ideally, this agenda should be conceived by the full network of actors identified in this analysis who have an interest and role in the evolution of CTP.

This thematic report has been developed as a stand-alone document, and is just one of the products developed under this project. The project's other outputs can be found in an Annex Package, and a Final Report pulls all the research together. An Executive Summary of the Final Report is also available.

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