

# IS CASH TRANSFER PROGRAMMING 'FIT FOR THE FUTURE'?

FINAL REPORT



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Kirsten Gelsdorf	UNOCHA
Kyla Reid	GSM Association
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Richard Cook	Nielson
Simon Levine	Overseas Development Institute

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## ACRONYMS

<b>ALNAP</b>	Active Learning Network for Accountability and Performance
<b>ASEAN</b>	Association of South East Asian Nations
<b>BRICS</b>	Brazil, Russia, India, China and South Africa
<b>CaLP</b>	Cash Learning Partnership
<b>CERF</b>	Central Emergency Response Fund
<b>CDAC</b>	Communicating with Disaster Affected Communities
<b>CTP</b>	Cash Transfer Programming/Programme
<b>DAC</b>	Development Assistance Committee
<b>DEC</b>	Disasters and Emergency Committee
<b>DRR</b>	Disaster Risk Reduction
<b>DFID</b>	UK Department for International Development
<b>ECHO</b>	Humanitarian Aid and Civil Protection department of the European Commission
<b>ECOSOC</b>	Economic and Social Council
<b>ECOWAS</b>	Economic Community of West African States
<b>HCT</b>	Humanitarian Country Team
<b>HFP</b>	Humanitarian Futures Programme
<b>HIC</b>	Higher-income Country
<b>HSNP</b>	Hunger Safety Net Programme
<b>IASC</b>	Inter-agency Standing Committee
<b>ICT</b>	Information and Communications Technology
<b>IFI</b>	International Finance Institution
<b>IHA</b>	International Humanitarian Actors
<b>INGO</b>	International Non-governmental Organisations
<b>LIC</b>	Lower-income Country
<b>MDGs</b>	Millennium Development Goals
<b>MIC</b>	Middle-income Country
<b>TAG</b>	Technical Advisory Group
<b>PS</b>	Private Sector
<b>PSNP</b>	Productive Safety Net Programme
<b>NGO</b>	Non-Governmental Organisation
<b>UN</b>	United Nations
<b>UNDOCO</b>	United Nations Development Operations Coordination Office
<b>UNISDR</b>	United Nations International Strategy for Disaster Reduction
<b>UNOCHA</b>	United Nations Office for Coordination of Humanitarian Assistance
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>USAID</b>	United States Agency for International Development
<b>WEF</b>	World Economic Forum
<b>WFP</b>	World Food Programme

# CONTENTS

ACKNOWLEDGEMENTS	4
ACRONYMS	5
<b>SECTION 1: INTRODUCTION</b>	<b>9</b>
Background and purpose of the research project	9
Scope and methodology of the research	9
The composition of the research team	10
Intended audience for the report	10
Structure of the final report	10
Key Terms	11
<b>SECTION 2: PROJECT OVERVIEW</b>	<b>14</b>
Seven overarching research questions	14
Research approach and methodology	14
Project structure, key activities and timeline	15
<b>SECTION 3: CTP IN AN INCREASINGLY COMPLEX OPERATING ENVIRONMENT: AN ANALYSIS OF THE DRIVERS AND TRENDS AFFECTING CTP IN THE FUTURE</b>	<b>18</b>
Global drivers of change	18
CTP in an increasingly complex humanitarian landscape	20
CTP evolution and trends	23
A summary of key issues and opportunities from the trends analysis	25
<b>SECTION 4: CTP PATTERNS AND POSSIBILITIES: FOUR THEMATIC STUDIES</b>	<b>28</b>
Rationale for and scope of the four thematic research studies	28
Is emergency cash 'fit for the future'? Summary of the four research studies	29
A summary of key issues and opportunities from the four research studies	37
<b>SECTION 5: DISCUSSION PAPER: CASH TRANSFERS IN A FUTURES CONTEXT</b>	<b>40</b>
Introduction	40
Social protection and cash transfers	41
Cash transfers in a governmental context	42
Coordination and CTP	43
Financing CTP in an ever-more complex future	44
Preparing for a futures-oriented CTP	46

<b>SECTION 6: CONCLUSIONS:TOWARDS A FUTURES-ORIENTED CTP</b>	<b>48</b>
Overall research conclusion	48
Four key findings	49
<b>SECTION 7:TOWARDS A NEW BUSINESS MODEL FOR CTP</b>	<b>53</b>
Six broad recommendations	54
Recommendations for specific stakeholder groups	57
Beyond the scope of research	62
<b>TERMS OF REFERENCE</b>	<b>64</b>
'Fit for the Future': The future of cash programming and its implications on institutionalisation of cash by all humanitarian actors, private sector, donors and governments	64
Proposed methodology	65
Outputs	68
Management	68
Timing	68
Payment	68
<b>FIGURES</b>	
Figure 1: Methodological approach	14
Figure 2: CTP in the context of global drivers of change	19

## HOW TO USE THIS 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.

# SECTION I



# INTRODUCTION

## BACKGROUND AND PURPOSE OF THE RESEARCH 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 in times of emergencies and for recovery, in both conflict and disaster contexts. A number of reviews and research studies<sup>1</sup> have been undertaken that aim to explore the strategic, institutional and operational challenges to support appropriate cash- and voucher-based interventions. These studies have built a knowledge base for cash transfer programmes (CTPs), including an understanding of the different cash modalities, the roles of diverse stakeholders, and the opportunities as well as the challenges in taking cash to scale.

This research is designed to further contribute to that growing knowledge base for CTP. The project has been undertaken by the Humanitarian Futures Programme (HFP), King's College London, in conjunction with the Cash Learning Partnership (CaLP) and aims to examine how changes in the broader global and humanitarian landscape may evolve in the future (towards 2025) and how they may influence and shape CTP's future progression. The analysis examines these issues within the context of the broader global dialogue that is taking place on the future of the post-2015 Millennium Development Goals (MDGs) and the deliberations for the Hyogo Framework for Action). The report should serve as a catalyst for further dialogue and debate, and for the development of a forward-looking action agenda for programming cash in emergencies. It calls for this agenda to be developed and taken forward by a broad network of actors at the global, regional and national levels.

## SCOPE AND METHODOLOGY OF THE RESEARCH

The research has been undertaken in two inter-linked parts, from March through to December 2013. Part 1 provided an analysis of a range of trends and transformative factors in the broader external environment that are likely to affect humanitarian action in the future. This analysis also included a review of the priority trends in CTP and how they may influence how the modality evolves.

Part 2 examined in more detail the implications of the drivers of change identified in Part 1 on the future of CTP, focusing on four themes deemed to be highly relevant and important to the future of CTP. This research took the form of smaller studies on these four themes: [1] a case study on the potential to use social protection systems in emergency CTP, [2] a speculative analysis of the uptake of emergency CTP by governments in the future, [3] analysis of opportunities and challenges for the coordination of CTP and [4] analysis of opportunities and challenges for the financing of CTP. In order to synthesise the analysis from the two parts of the project, bring together all the elements discussed thematically, and ensure that the futures focus is adequately reflected in the research, a fifth analysis was undertaken on [5] cash transfers in a futures context. The report, in the form of a discussion paper, speculates on what CTP overall might look like in 2020-2025, with an emphasis on how evolutions in Information and Communications Technology (ICT) may influence cash.

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<sup>1</sup> See, for example, Cash Transfers Literature Review, Policy Division 2011, UKAID; Cash Transfers in Development and Relief Contexts; A Review of the Literature, July 2007; Overseas Development Institute; Review of the External Environment in the Context of Oxfam's Ambition of Implementing CTP at scale by 2015, Final Report and GHA Report on Humanitarian Assistance 2013, Development Initiatives.





## THE COMPOSITION OF THE RESEARCH TEAM

The research was led by HFP with support from five expert consultants in CTP and Social Protection. The research was guided by a Technical Advisory Group (TAG) that liaised with CaLP and HFP, comprised of donor governments, UN agencies, international NGOs, cash-oriented platforms and think tanks, and the private sector. The TAG provided valuable guidance on the four research studies and a peer review of the draft reports and the final report. It is anticipated that the TAG will continue to collaborate with CaLP to disseminate the research and help develop an action agenda to take the findings and recommendations forward.

## INTENDED AUDIENCE FOR THE REPORT

The primary audience for the report is donor governments and international humanitarian policy-makers and practitioners who currently have a role in emergency cash programming and a stake in how it evolves in the future. This includes, for example, donor governments, international finance institutes (IFIs), UN agencies, international NGOs (INGOs), the International Red Cross and Red Crescent Movement, and Humanitarian Consortia (e.g. Inter-agency Standing committee [IASC], ALNAP [Active Learning Network for Accountability and Performance], and the Cluster System).

The secondary audience is those actors and organisations that are likely to have an increasingly influential role to play in the 'future of cash' and how it evolves. These include, for example, regional organisations, national governments and local civil society groups. It also includes those deemed to be 'non-traditional' humanitarian actors, for example, emerging donor governments, the Diaspora, and members of the ICT sector as well as the private sector.

## STRUCTURE OF THE FINAL REPORT

The final report has been developed as one of three stand-alone products. The other two products include an Executive Summary and an Annex Package.<sup>2</sup>

The final report is organised into six sections. *Section 1: Introduction* describes the rationale for the project and the aims of the research. *Section 2: Project overview* summarises the research questions, methodology and scope of the project, and the key activities undertaken. *Section 3: CTP in an increasingly complex operating environment: An analysis of the drivers and trends affecting CTP in the future* looks at potential changes in the broader humanitarian context and current trends in CTP in order to understand the types of overarching issues that may affect CTP's evolution in the future. *Section 4: CTP patterns and possibilities: Four thematic research studies* provides a summary of the studies undertaken in part two, including the overall findings from this collective work. *Section 5: Discussion paper: Cash transfers in a futures context* provides a speculative analysis of how CTP overall may evolve in the future as a result of transformative evolutions, particularly in ICT. *Section 6: Conclusions: Towards a futures-oriented CTP* presents the analysis from the overall research, calling for a new business model for the use of cash. *Section 7: Looking forward: Towards a new business model for CTP* offers a set of broad recommendations that, if undertaken, could potentially serve as the building blocks for a new business model for CTP. The section further offers specific recommendations for key stakeholder groups including cash-oriented donor governments, CaLP and its members, the UN system, the World Bank, national governments, the private sector and think tanks/research organisations.

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<sup>2</sup> All three products – The Executive Summary, the Final Report and the Annex Package can be found on the CaLP website <http://www.cashlearning.org/2012-2014/-fit-for-the-future>. They can also be found on the HFP website <http://www.humanitarianfutures.org/projects/cash-transfer-programming>. The annex package includes: Trend Analysis Meeting Report; four thematic studies reports: *Scaling up Existing Social Safety Nets to Provide Humanitarian Response: A Case Study of Ethiopia's Productive Safety New Programme and Kenya's Hunger Safety Net Programme*; *Government Uptake of CTP – Trends, Characteristics and Implications for International Humanitarian Actors in Emergency Response*; *Opportunities and Challenges for the Coordination of CTP*; *Opportunities and Challenges for the Financing of CTP*; *Draft Discussion Paper: Cash Transfers in a Futures Context - Dimensions of Diverse Disruptors*; Notes from Findings Meeting.



## KEY TERMS

**Business model** refers to the basic template for a company or organisation to compete in the marketplace. It describes how it intends to convert inputs to outputs and how it will work with internal and external players in order to create value. Any resilient business model must be able to create and sustain value over time, otherwise it is likely to go out of business or fashion.

**Cash transfers** are either unconditional or conditional transfers of a specified amount of money to a target group, enabling beneficiaries to purchase the items necessary for their basic needs including, but not limited to, food.

**Conditional cash transfer** refers to a cash transfer conditional upon the beneficiary (a) providing a service of some kind (e.g. work), (b) using a service, e.g. attending a school or health clinic or (c) spending the transfer on an agreed commodity or type of commodity. Conditions that may be attached to cash transfers can be categorised as (a) qualifying conditions and (b) use conditions.<sup>3</sup>

**Disrupter** relates to both innovation and disruption, which are similar in that they are both makers and builders. A disruptive innovation takes a left turn by literally uprooting and changing how we think, behave, do business, learn and go about our day-to-day activities. Another concept for the term says that a disruptive innovation displaces an existing market, industry, or technology and produces something new and more accessible to an underserved group of customers. 'Catalytic innovation', a subset of disruptive innovation, is concerned with providing 'good enough' solutions to inadequately addressed social problems, often on a national scale.<sup>4</sup>

**Driver of change** refers to factors outside an organisation that will shape future dynamics in predictable and unpredictable ways.

**Humanitarian action** in this research refers not only to relief operations but also to a wide spectrum of activities from prevention and disaster risk reduction (DRR) through to preparedness, response and recovery.

**Information, Communications and Technology (ICT)** refers not only generally to the technologies that enable users to access, store, create, transmit and manipulate information, but also to the technologies surrounding cash and its delivery. In this context, advances in ICT encompass but are not limited to elements such as ubiquitous computing, social media and mobile communications, e-financing, paperless cash, products for delivery mechanisms, and data processing software.

**Mental map** refers to a set of assumptions that in aggregate become a framework for how a person or a group understands and interacts with the world.

**Non-traditional humanitarian actors** refers to the private sector, the military, the Diaspora, non-state actors, state-owned enterprises and non-Western donors.

**Private sector** refers to that part of the economy that is owned and controlled by individuals and organisations through private ownership. Herein we also use private sector to refer to state-owned enterprises under state capitalism which are created by the government to undertake commercial activities, and commercial activity within the informal sector.

**Resilience** is the ability of a system and its component parts to anticipate, absorb, accommodate, or recover from the effects of a shock or stress in a timely and efficient manner.

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<sup>3</sup> This definition has been taken from CaLP's Glossary of CTP-related terms. Available at <http://www.cashlearning.org/resources/library/35-glossary-of-cash-transfer-programming-terms>

<sup>4</sup> Christen, C., Baumann H, Ruggles, R. and Sadtler, T (2006) *Disruptive Innovation for Social Change*, Harvard Business Review, December.



**Scaling up** refers to efforts to increase the impacts of innovative and successfully tested concepts or initiatives that have first been undertaken in the form of pilots or experimental projects. Scaling up is designed to benefit more people and to foster policy and programme development on a lasting basis.<sup>5</sup>

**Social protection** is defined in different ways by different stakeholders. In general, it comprises a range of responses from poverty-targeted transfers to age-cohort based programmes such as social pension and other forms of social insurance. Social protection can provide support through cash or in-kind transfers but is distinguishable from emergency response by its longevity.

**Social Safety Nets (SSNs)** sit somewhere between emergency responses and longer-term social protection and are more commonly found in the poorest countries, where long-term social protection is limited by financing constraints. In practice, social protection and safety nets often refer to the same thing but different organisations choose different terminology.<sup>6</sup>

**Traditional humanitarian actors** include UN agencies, the Red Cross and Red Crescent Movement, donor governments and INGOs.

**Transformation** relates to efforts aimed at altering the fundamental attributes of a system.

**Unconditional cash transfer** applies to a direct cash grant with no conditions and without conditions on actions that have to be performed to 'earn' the cash (e.g. no work or behavioural requirements). There is no requirement to repay any money, and people are entitled to use the money however they wish.<sup>7</sup>

**Vision** is a statement about the future that an organisation is striving to achieve – which may focus on the internal transformation of an organisation per se, or a systems change in a sector or the world.

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<sup>5</sup> See *Scaling up health service delivery from pilot innovations to policies and programmes*, 2007, Edited by Simmons, R. Fajans, P and Ghiron, L, World Health Organisation & ExpandNet.

<sup>6</sup> See further discussion in the thematic report developed under this project - *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*.

<sup>7</sup> This definition has been taken from CaLP's Glossary of CTP-related terms. Available at <http://www.cashlearning.org/resources/library/35-glossary-of-cash-transfer-programming-terms>.

# SECTION 2

## PROJECT OVERVIEW

This section summarises the rationale for the research design, along with the methodology and project structure.

### SEVEN OVERARCHING RESEARCH QUESTIONS

Seven broad overarching questions were posed by CaLP in its Terms of References (Annex 1). These questions framed the research and are listed below:

- What will the humanitarian world look like by 2020-25? Who will be the main actors and what will be the main influences?
- What are the trends in current and future projected funding of CTP?
- What strategies are donors, governments, the private sector and international humanitarian coordination bodies considering in order to ensure that they are 'fit for the future'?
- How will emerging donors play a role in the changing humanitarian landscape and the rise in new modalities such as CTP?
- Is the humanitarian sector ready for more interaction with private sector actors in the implementation of CTP and other innovative approaches? What will this look like and how will this work?
- What strategies and institutional plans should be included (by donors and various policymakers) to ensure future capacity and readiness?
- What are the potential obstacles to supporting the projected growth of CTP?

### RESEARCH APPROACH AND METHODOLOGY

A preliminary analysis of the seven questions suggested that the research would need to strike a balance between the use of quantitative, qualitative, speculative and desk-based research approaches in order to successfully address the broad spectrum of issues posed by the questions. Additionally, the research needed to consider not just immediate or current patterns and trends in CTP but also shifts in the broader environment in order to gain insight into how CTP might look in the future.

**FIGURE I: METHODOLOGICAL APPROACH**

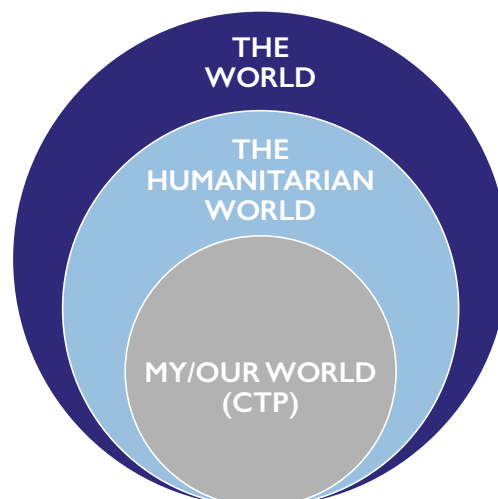




Figure 1 outlines the methodology that was used to undertake the analysis. The three inter-related circles draw on the concept of 'Outside-in Thinking',<sup>8</sup> which is widely used in futures scenarios thinking and planning. The analysis starts in the outer ring with an examination of global trends relating to transformations in technology, geopolitics and economic forces, for example. The second ring focuses on the way that global drivers of change may influence humanitarian action with respect to how it is conceived and delivered. The third circle concerns trends in CTP and the way that external factors in the two outer rings could influence CTP in the future. Throughout the project the research moved back and forth between these three levels of analysis.

What the project could realistically achieve in the given timeframe and resource availability was also a determining factor when thinking about the research scope and approach. Therefore, the four priority themes that were selected for further research represented those deemed to be of high relevance to the future of CTP, and ones that would further build upon research previously undertaken by CaLP.<sup>9</sup>

Lastly, the research design reflected the discussions at the project's inception that the research needed to:

- Take into account the linkages and patterns between the different research elements, with a particular emphasis on the four research themes; at the same time retain the futures dimension.
- Strike a balance between being speculative and 'far reaching' – in order to stretch people's thinking about how cash could be/is likely to be used in the humanitarian landscape of 2025 – but not be predictive.
- Focus mainly on the use of cash for disasters and with functioning governments – but acknowledge that cash is only one type of transfer modality. Different crisis contexts will determine what modality (cash, in-kind, vouchers) or combination of modalities is most suitable to achieving a specific response intervention objective; there are pros and cons to each modality.
- Tap into the expertise and resources of members of the broader 'cash' community, including INGOs, donor governments, think tanks and members of the UN system.
- Produce a set of practical outputs for further debate and discussion.
- Serve as a catalyst for developing a forward-looking action agenda after the project.

## PROJECT STRUCTURE, KEY ACTIVITIES AND TIMELINE

### **Part 1 (March-June): An examination of CTP in an increasingly complex humanitarian landscape**

Part 1 focused on the first two of the seven research questions posed in the project:

- What will the humanitarian landscape look like in 2020-2025? Who will be the main actors and what will be the main influences?
- What are the trends in current and future projected funding of CTP?

The main activities included a desk-based literature review of global crisis drivers; an analysis of transformative factors affecting the humanitarian landscape; an analysis of CTP Trends; the formation of a Technical Advisory Group (TAG); and a one-day Trend Analysis Meeting, including a summary report on the meeting.

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<sup>8</sup> Source: Searce, D, Fulton D and the Global Business Network community (2004) *What if, The Art of Scenarios Thinking for Nonprofits*, p.12

<sup>9</sup> See HFP Report on the Trend Analysis Meeting; and *Ready or Not? Emergency Cash Transfers at Scale*, (2011) CaLP.

## Part 2 (July-December): Implications of trends on the future of CTP – what possible futures do we need to prepare for?

Part 2 consisted of an analysis of the remaining five of the seven research questions:

- What strategies are donors, governments, private sector and international humanitarian coordination bodies considering in order to ensure that they are 'fit for the future'?
- How will emerging donors play a role in the changing humanitarian landscape and the rise in new modalities such as CTP?
- Is the humanitarian sector ready for more interaction with private sector actors in the implementation of CTP and other innovative approaches? What will this look like and how will this work?
- What strategies and institutional plans should be included (by donors and various policymakers) to ensure future capacity and readiness?
- What are the potential obstacles to supporting the projected growth of CTP?

These questions were explored in the context of the various activities undertaken in Part 2, which included:

- The four thematic research studies.
- Meetings with the research team.
- The development of HFP's *Draft Discussion Paper: Cash Transfers in a Futures Context: Dimensions of Diverse Disrupters*.
- A meeting with CaLP's Steering Group to review the discussion paper.
- A one-day Findings Meeting (25 September ) to share the research findings with a wider set of stakeholders and receive further input.
- Peer review of the reports from the four studies and the draft Final Report.



PHOTO: TOBY ADAMSON/OXFAM

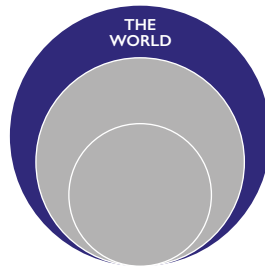
# SECTION 3



# CTP IN AN INCREASINGLY COMPLEX OPERATING ENVIRONMENT: AN ANALYSIS OF THE DRIVERS AND TRENDS AFFECTING CTP IN THE FUTURE

As noted, a key consideration for the research was to situate the analysis of the future of CTP within a broader context in order to provide insights into the types of forces and contextual factors that could ultimately shape CTP. This section discusses these trends and factors from three inter-linked perspectives: CTP in the context of global drivers of change; CTP in an increasingly complex humanitarian landscape; and trends in CTP.

## GLOBAL DRIVERS OF CHANGE



A literature review supported the proposition that the global landscape and that of humanitarian action have changed considerably. For example, the US's National Intelligence Council's Global Trends 2025<sup>10</sup> states that:

*'The international system – as constructed following the Second World War – will be almost unrecognizable by 2025. The transformation is being fuelled by an historic shift of relative wealth and economic power from West to East and by the increasing weight of new players – especially China and India. Concurrent with the shift in power among nation-states the relative power of various non-state actors – including businesses, tribes, religious organisations and even criminal networks will continue to increase. It concludes that the international community will be composed of many actors in addition to nation-states.'*

The concept note for the World Humanitarian Summit 2016 also recognises the changing humanitarian landscape and the link between these changes and global trends such as climate variability, demographic change and changing geo-political factors. The note calls for 'a better understanding of the impact of these interconnected trends and approaches and for humanitarian systems to be more inclusive, effective, responsive and interoperable'.<sup>11</sup>

In addition, UNISDR's consultations for the development of a post-2015 Hyogo Framework for Action (HFA2) notes several issues that point the way towards a next generation of risk reduction and resilience - 'all the evidence shows that underlying risk drivers, including the effects of climate change and the trans-boundary nature of risk, will accelerate in the coming decade'.<sup>12</sup>

Figure 2 identifies a set of global, intertwined drivers of change that could most likely significantly impact upon the humanitarian system in the future, as well as on CTP.

<sup>10</sup> *Global Trends 2025: A Transformed World*, National Intelligence Council, US Government, November 2008, p.1.

<sup>11</sup> World Humanitarian Summit 2016, Concept Note, Draft September 2013, p.1.

<sup>12</sup> Synthesis Report: Consultations on a Post-2015 Framework on Disaster Risk Reduction (HFA 2), April, 2013, p.4.

FIGURE 2: CTP IN THE CONTEXT OF GLOBAL DRIVERS OF CHANGE



<sup>13</sup> Relating to globalisation: at the same time, an off-shoot of globalisation is the growing emphasis on localisation and more intense interest by more and more nations to protect their customs, culture and language. Shearman, Claire, 'Communities, networks, creativity and culture: insights into localisation within globalisation' in Michael Talalay, Chris Farrands, and Roger Tooze (eds), *Technology, Culture and Competitiveness: Change and the World Economy*, Taylor and Francis, New York, 2005.

The very nature of cash is inextricably linked in one way or another to these factors. Trends related to technological changes and their implications, both positive and negative, are particularly relevant to the future of CTP. Furthermore, the way that changes in the shift of balance of power continue to evolve, the growing importance of localisation and factors related to an increasingly urbanised and connected world are also likely to have implications for how CTP is configured and delivered. Trends related to increasing inequality could potentially undermine development and humanitarian efforts for resilience building and vulnerability reduction leading to, for example, a greater demand for CTP in times of emergencies. The analysis and discussion of the trends suggest that, from a futures perspective, regular scanning of the external environment is a useful way to become attuned to and gain insight into developments that are important to and may affect how cash evolves in the future.



PHOTO: SURAJ SHAKYA

## CTP IN AN INCREASINGLY COMPLEX HUMANITARIAN LANDSCAPE



Following the analysis of the global drivers of change, the research considered the impact that these drivers might have on humanitarian action. HFP's own research suggests that, in particular, the transformative factors outlined below are likely to characterise the future humanitarian operating environment and influence CTP.



- **FACTOR 1 CHANGING NATURE OF HUMANITARIAN CRISIS DRIVERS**

The dimensions and dynamics of conventional crisis drivers, such as volcanic eruptions, floods and earthquakes, will increase exponentially due to a confluence of these hazards with what can be described as 'contextual' factors. These may include, for example, the interface of technology with natural hazards or the interaction between, say, climate change and an increase in the impact of hydro- meteorological hazards. Environmental changes, including climate change, will further exacerbate the potential impact of these standard crisis drivers. They will join a growing number of environmental, technological and infrastructural threats that will intensify risk and vulnerability across the globe.

- **FACTOR 2 CHANGING TYPES, DIMENSIONS AND DYNAMICS OF CRISIS IMPACTS**

Uncertainty, rapid change and complexity will increasingly be the hallmarks of humanitarian crises in the foreseeable future. The dimensions of more and more humanitarian crises will be regional and in some instances global. The dynamics can be seen in terms of synchronous failures, simultaneous and sequential crises. This will include new types of sudden and slow-onset crisis agents, including technological systems failures, large-scale industrial and chemical collapse, terrorist threats, energy insecurity, pandemics and increasing civil strife.

- **FACTOR 3 GROWING POLITICAL CENTRALITY OF HUMANITARIAN CRISES**

Humanitarian crises are increasingly moving from the periphery of governmental interests to centre stage. Consequently, humanitarian crises now have far greater political significance than they had in the latter part of the 20th century. Governments will have to deal with reputational and survival issues if they fail to demonstrate that they can prepare for and respond adequately to humanitarian crises. Decisions about who provides assistance, and how they provide it, will increasingly be determined by abiding political interests.

- **FACTOR 4 GOING BEYOND RELIEF AND RESPONSE**

A growing concern for sustainability and recognition of the importance of resilience will shift the focus of humanitarian action away from providing support after an event occurs to that of managing risks. However, calls to better link humanitarian and development assistance approaches will need to find ways to address some of the persistent and well-entrenched institutional challenges, and be matched by far more predictable donor policy and financing that specifically seeks to link resilience, sustainability and humanitarian effectiveness.

- **FACTOR 5 INCREASING USE OF COUNTRY SYSTEMS AND REGIONAL MECHANISMS**

The 2005 Paris Declaration on the Aid Effectiveness Agenda and the forging of the 2010 Busan 'New Deal' for Engaging in Fragile States recognise the need for approaches to development and engagement in fragile contexts to change, on the part of donor governments and recipient countries. Both frameworks are anchored in the principles of country ownership and leadership, and call for external actors to harmonise and align their interventions and support around national priorities. Alongside these global and national shifts, the role of regional mechanisms will continue to increase, leading to a 'new regionalism'. Increasingly, countries with middle-income status (MICs) that are signatories to these principles will expect or dictate that external actors align their assistance with national priorities.

- **FACTOR 6 EXPANDING RANGE OF HUMANITARIAN ACTORS**

A plethora of new actors is contributing to humanitarian action, from the private sector and non-state actors to the military, Diaspora groups and online communities contributing through crowd-sourcing and crowd-funding. While they contribute new capacities and expertise, the expansion of actors also brings significant challenges with regard to coordination and collaboration with 'traditional' humanitarian actors. This includes issues around speaking the same 'language', understanding and reconciling the diversity of motives for engagement as a result of different value systems and principles, and the potential for competition between 'traditional' and 'non-traditional' humanitarian actors.



• **FACTOR 7 DIVERSE INTERPRETATION OF HUMANITARIAN PRINCIPLES AND VALUES**

As new actors continue to emerge and engage, current assumptions about the application and universality of humanitarian principles will be increasingly challenged. Principles such as independence and neutrality may not only be challenged but may need to be negotiated. Other principles, such as the right of access and impartiality, are likely to be interpreted and applied differently by non-traditional humanitarian providers, depending on the particular political context of the crisis. Those undertaking humanitarian activities have to be sensitive to differing assumptions about principles in a diverse global and humanitarian community.

• **FACTOR 8 THE SHIFT FROM SUPPLY- TO DEMAND-DRIVEN RESPONSE**

As crisis matters increasingly take centre stage in governments' agenda, humanitarian action is likely to become more demand-driven, with recipient governments becoming more outspoken about their preferences and criteria for the acceptance of aid. Governments, as well affected communities, are likely to be more insistent on the quality and effectiveness of aid provided, and more vocal about the failures of international assistance to deliver against these criteria.

• **FACTOR 9 FINANCING AND RESOURCE MOBILISATION**

Emerging donors from BRICS, the Gulf States as well as private donors over the past decade illustrate how the dynamics of geo-politics and humanitarian aid financing are changing. Their approaches to providing humanitarian assistance may not necessarily be channelled through international coordination mechanisms. This is likely to have profound implications for the role and profile of international humanitarian actors<sup>14</sup> and funding coordination. Other financing challenges will arise as a result of the expanding role of technology, remittances and the implications of social networking where, for example, crowd-sourcing will enable donations to be filtered 'directly' to projects without an NGO intermediary or the direct exchange of cash.

• **FACTOR 10 INNOVATION AND TECHNOLOGY**

New types of humanitarian threats and their expanding dimensions will require more innovative and integrated approaches to prevention, preparedness and response planning. The ever-expanding range of possibilities of technology, particularly with respect to social media, ICT and mobile technology will increasingly evolve at a rapid pace and transform current thinking and approaches to aid delivery. On the other hand, disruption to these systems could severely challenge effective humanitarian action with regard to things like information management and coordination. This interaction between an ever-increasing range of technologies and information and natural hazards will pose governance and operational challenges to both governments and the international humanitarian community as they are forced to contend with, for example, multiple channels of information in times of disasters as well as the provision of cash.<sup>15</sup>

In many ways these humanitarian transformative factors are reflected in the various global humanitarian and development agendas. This suggests that the links between CTP and these agendas need to be clear, and that CTP needs to be adequately incorporated in these deliberations. Thus, it will be increasingly important for CTP stakeholders to have a common perspective on matters, for example, related to the implications of technology on an expanding range of actors on CTP coordination. Further, CTP's contribution to the outcomes of these agendas, in terms of greater predictability, accountability, responsibility and partnership<sup>16</sup> will be important to articulate and demonstrate.

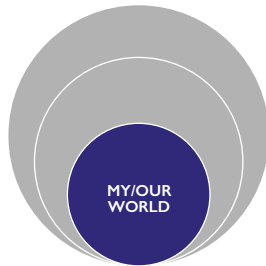
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<sup>14</sup> This report uses the term international humanitarian actors to refer to INGOs, NGOs, UN agencies and donor governments.

<sup>15</sup> Adapted from Kent and Burke 2011, Kent 2013.

<sup>16</sup> See IASC Transformative Agenda-2012.

## CTP EVOLUTION AND TRENDS



The third level of analysis focuses on current trends in CTP, including its use in development and humanitarian assistance, and how this is evolving.

### From debate to acceptance

There has been a shift away from 'proof of concept' of cash transfer modalities to accepting cash and vouchers as standard humanitarian approaches. This trend will continue as humanitarian actors previously unfamiliar with cash transfers gain exposure and have incentives to programme them. Such incentives include those related to policies (e.g. Food Assistance Convention, donor guidelines and policies), those that can be generated by new types of partnerships and consortia (e.g. national NGOs with UN agencies and INGOs, NGO alliances), and the desire to provide the best assistance possible to people in need. That said, it can also be expected that certain actors, both formal and informal, at various levels will continue to prefer to provide aid in-kind, and there will also be those who decide that they do not have a comparative advantage in providing cash responses.

### Increased programming of cash transfers, including at scale

The response to the 2011 Somali famine was the first large-scale cash and voucher response by the international humanitarian community. In the future there will be increased provision of cash transfers at scale in settings where they are appropriate.<sup>17</sup> This can potentially reduce the significant gap between the volume of in-kind assistance and cash-based assistance. Yet, striking a good balance between in-kind and cash assistance will depend on the extent to which the pros and cons of different aid assistance modalities are understood in different crisis contexts and factored into response decision-making. Incentives to do so will be influenced by factors including domestic politics (e.g. agricultural and food aid policies in the US), perceived risks, vested interests, and acceptance of cash transfers and diverse ideas on how best to assist people affected by crisis. This will influence the increase of CTP, including at scale. It may also pose or increase challenges related to risk tolerance, leadership and the varying capacities of aid agencies, at least in the short term.

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<sup>17</sup> There is no consensus on what constitutes 'scale' or a 'scaled up' response (Austin and Frize, 2011). Austin and Frize approached this question by asking about the number of beneficiaries reached. However, the reach of individual aid agencies (national and international) is limited by their own capacities and geographical presence, regardless of the transfer that they use. This is one reason why donors fund multiple organisations, why UN agencies and INGOs engage multiple partners, and why NGOs sometimes form consortia to provide assistance with a common approach or objective (for example, a consortium of NGOs in Somalia reached 1.5 million beneficiaries with cash and vouchers from August 2011-2012). Governments do not face these constraints, or at face them to a much lesser degree, because they have systems in place to reach their citizens with basic services (and in some cases social transfers). There are different ways to approach discussions on scale. One is to choose a number of households that constitutes 'scale' (e.g. 10,000; 50,000 or 100,000 households), recognising that there is a difference between actors capable of reaching large numbers of people (e.g. governments, UN agencies, consortia and in some cases INGOs and national Red Cross and Red Crescent societies) and the number of people collectively reached by aid agencies, including those undertaking smaller responses with varying objectives. Another is for aid agencies (and donors) to consider whether their current systems and approaches could accommodate cash transfer responses with similar reach as previous responses that delivered in-kind assistance. A final approach is to hypothesise an overall percentage of assistance (e.g. 30%; 50%) that might be delivered by cash and vouchers, and what changes this would imply for the humanitarian system.

## **Institutionalisation of cash**

Numerous aid agencies involved in the planning and delivery of humanitarian assistance have modified and developed new internal systems, capacities and ways of working. As part of these changes, more aid agencies will likely take measures to accommodate cash transfer modalities in their programming. Such systems include coordination (including the strategic coordination of assistance; not just coordination via clusters), financing mechanisms and appeals processes.

## **New actors, new relationships, new partnerships**

CTP has contributed to the increase in the involvement of mobile phone companies, remittance companies, micro-finance institutions and banks in the delivery of humanitarian aid (typically contracted by aid agencies). CTP has also promoted the use of technology to develop innovative delivery mechanisms and services. Cash-based responses will increasingly rely on financial infrastructure and private sector capacities where these exist and where they are well-placed to reach those in need. As such, it is likely that 'traditional' humanitarian actors will progressively forge new working relationships with these actors and institutions. The increased demand for these services will in turn lead to a growing number and diversity of enterprises seeking to engage with humanitarian agencies to make a profit as well as for moral reasons. The private sector will likely create further demand for its expertise by developing products and services geared to humanitarian cash transfer responses, and expanding operations to crisis-affected areas.

## **Challenges to mandates and sectors**

Cash has the ability to support households to meet multiple needs, which span the different sectors through which international humanitarian assistance is organised and, in some cases, the way that humanitarian agencies define their mission and mandate. UN agencies whose mandates fall disproportionately in specific sectors could position themselves by either favouring vouchers (whereby the use of the transfer can be controlled), establishing a comparative advantage in CTP or collaborating to deliver cash-based responses that address needs normally met by different UN agencies. On the other hand, NGOs may increasingly opt to provide more cash transfers at scale through consortia models, an approach which offers the potential for collective mission alignment for a more sectoral, needs-based response.

## **Use of CTP by governments**

Several governments have distributed cash and vouchers to respond domestically to disasters, including Pakistan, China, Sri Lanka and the US. Governments experienced in this approach will continue to use it. Some governments that have not distributed cash to date will likely experiment with this approach for the following reasons: the move by governments in asserting national sovereignty, as noted in the global and humanitarian trends, will put decision-making about aid assistance in times of crisis in the hands of national governments; the rise in the creation of social protection schemes, which include cash transfer, is increasing governments' capacity and willingness to use cash transfers in domestic disaster responses; and governments are likely to be influenced by the experiences of other governments who are using CTP increasingly regularly and successfully.

## **Safety nets and humanitarian response**

Safety nets providing cash transfers are on the rise in Latin America, Africa and the Middle East. These safety nets could be used to respond to shocks that typically trigger humanitarian responses (e.g. droughts) and also build resilience ahead of shocks. However, the extent to which they will replace or augment more 'traditional' humanitarian responses or to build resilience ahead of them has not been subject to much analysis, which makes it difficult to speculate on the extent to which they will perform this function in the future.



### **Risks related to cash transfers will be realised**

Due to the increased acceptance of cash-based responses, the tendency to provide cash transfers via small-scale, closely monitored interventions will likely give way to more and larger interventions that are monitored less closely, in line with current monitoring practices of in-kind assistance. As a result, it is inevitable that there will be more risks, for instance, with instances of diversion, security incidents and corruption. Yet, these risks are prevalent in crisis contexts and affect all forms of assistance.

### **Increased financing of cash transfers and diversification of funding channels**

Reliable data is not available on the amount of global humanitarian aid provided in the form of in-kind assistance compared to cash-based responses. However, it is probable that the financing of cash transfers is disproportionately coming from certain donors, for example, ECHO and USAID<sup>18</sup> and also that there is comparatively little financing through Consolidated Appeals Processes (CAPs) and pooled funding mechanisms. Looking to the future, little is known about the criteria that emerging donors use to determine their funding decisions, and so their role in the potential future funding of cash transfers is difficult to predict.<sup>19</sup> Further, how donor governments allocate their funding is subject to domestic politics, their perceived added value and other influences, including concerns about accountability and value for money. As a result, not all donors will support cash responses to the same extent, and few future patterns can be predicted.

### **A move away from researching and debating cash in isolation**

The practices of researching and evaluating cash transfers as a stand-alone tool will lessen, in part, due to the evidence base on cash that has been built. With increasing calls to focus on resilience, there will be more attention given to the bigger objective of humanitarian response and aid effectiveness. This will include a focus on the role of and added value of cash, but in the context of how best to meet certain humanitarian and resilience objectives (e.g. nutrition, health) as the end objective, rather than conceiving cash and vouchers as the starting point.

## **A SUMMARY OF KEY ISSUES AND OPPORTUNITIES FROM THE TRENDS ANALYSIS**

Part 1 of this research finds that, both in terms of its current configuration and capacity, the implications of a more turbulent and complex crisis landscape and increasing politicisation of humanitarian action will challenge the 'traditional' humanitarian sector. It also finds that there is a growing conceptual acceptance of cash as a modality for humanitarian aid, though this perception may not necessarily be matched by practice or financing.

At the same time, discussion on the gaining perception of the acceptance of cash will increasingly need to link to discussions about future humanitarian aid effectiveness. Calls at the global level to put more emphasis on being able to demonstrate improvements in the humanitarian system at large and to better link resilience, vulnerability reduction and sustainability, will all have a bearing on how cash evolves. Thus, it will be important for cash to be included in global-level humanitarian reform and improvement dialogue fora.

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<sup>18</sup> Global Humanitarian Assistance Report, 2012, Development Initiatives.

<sup>19</sup> Kuwait and Brazil have funded cash-based interventions (Development Initiatives, 2012).



The role of technology and innovation is noted in the analysis at all three levels –global, humanitarian and that of CTP. This suggests that technology will be a substantive driver of change in the future. This may very well challenge current thinking with respect to the notion of technology and, for that matter, cash as a 'tool'. Furthermore, the rapid pace of change of technology will test humanitarian capability to keep up with the speed at which technological change is occurring and information is proliferating.

Discussion on CTP's potential use as a cross-sector tool offers the opportunity to move away from current, compartmentalised, cluster-based response approaches. CTP's use as a cross-sector intervention could also help bridge the increasingly artificial divide within the disaster-management spectrum.<sup>20</sup> Coordination could potentially become easier and more cooperative if it is less sector-driven and more cross-sector oriented. Yet, for this to occur, issues within the sector and amongst humanitarian actors will need to be reconciled. These include, for example, low levels of cash financing, the competition between cash actors for roles in CTP, and the lack of incentives to fund appropriate programming.

The analysis in this first part of the project also demonstrates that the expanding range of actors will change the coordination structures of the 'traditional' humanitarian sector, and the existing international architecture will increasingly need to be taken into account. New humanitarian actors, such as the Diaspora, non-Western NGOs, non-state actors, the military and the private sector have their own motives, values, principles and timeframes for engagement that are often decidedly different from those of their international humanitarian counterparts. Less clear, however, is how to resolve these differences. These issues may be further compounded in light of increasing national sovereignty, where governments may prefer to first look to local and national actors for support in times of crisis, rather than to the international humanitarian system.



PHOTO: TOM PIETRASIKO/FAM

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<sup>20</sup> See Trend Analysis Meeting Report, 3 June 2013.

# SECTION 4



# CTP PATTERNS AND POSSIBILITIES: FOUR THEMATIC STUDIES

This section summarises the rationale for the selection of the four research studies, the links between parts 1 and 2 of the project, and the key findings and recommendations from the four thematic studies.

## RATIONALE FOR AND SCOPE OF THE FOUR THEMATIC RESEARCH STUDIES

The identification of the four research themes emerged from the trend analysis. These four themes were deemed to be of priority to the future evolution of cash, and further research was thought to build upon CaLP's other research work.<sup>21</sup>

**Theme 1:** *The use of social protection systems in humanitarian response* was considered to be both a new area for research and one of high interest in the broader debate on how to take cash to scale, including its institutionalisation. Global drivers of change related to social and demographic shifts as well as geo-political changes have profound implications for the way nation states define their responsibility to look after and protect their citizens within the context of their national development priorities, including the post-2015 MDG agenda. The role of social safety nets strongly featured in the discussions of the CTP Trend Analysis Meeting, including the need to better understand the interface between the development and humanitarian nexus. This research takes the form of a case study analysis of two African countries with well-established social protection programmes.

**Theme 2:** *Uptake of emergency CTP by governments* explores another facet of the debate on how best to take cash to scale, in the context of the increasing use of country systems and the shift away from supply- to demand-driven response. This analysis focuses on governments having responsibility to provide for their citizens, in the context of their increasing assertiveness to manage disasters on their own terms. In fact, this practice of governments providing for citizens in times of disasters is consistent with a long-standing humanitarian policy (UN Humanitarian Resolution 46/182) of 1991 that affirms that the affected state has 'the primary role in the initiation, organisation, coordination and implementation of humanitarian assistance within its territory'.<sup>22</sup> This research takes the form of a speculative analysis on what increased uptake of CTP by governments in emergencies may look like in the future, drawing on available evidence to date in national contexts.

**Theme 3:** *Coordination and CTP* was selected in light of the coordination challenges that cash poses and exposes in the sector, and on the basis that coordination is a fundamental element of the other three research topics. Coordination is also one of the four pillars of the IASC Transformative Agenda, and a key issue for the forthcoming World Humanitarian Summit 2016. While the theme itself has been well studied, including the issues and challenges for CTP, less understood is what a coordination model for CTP could look like in the future, and how CTP per se could potentially help shape the revision of the existing coordination mechanisms towards promoting more harmonised response analyses.

**Theme 4:** *Financing of CTP* was deemed to be important due to the complexity of the topic and its link to the five principles for making aid more effective: ownership, donor alignment, donor harmonisation, results and mutual accountability.<sup>23</sup> A stand-alone study would also allow for more in-depth exploration of the themes discussed in the Trend Analysis Meeting, including the implications of an increasingly globalised economy on humanitarian aid financing and issues related to financing for CTP from the perspective of donor governments, both 'traditional' and emerging.

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<sup>21</sup> For example, *Ready or Not? Emergency Cash at Scale* (2011), CaLP; *Research Gaps and Needs in CTP* (2013), CaLP.

<sup>22</sup> HPG Policy Brief 37: *Towards good humanitarian government: The role of the affected state in disaster response*, P. Harvey, September 2009, p.1.

<sup>23</sup> See: Paris Declaration (2005) and the New Deal for Engaging in Fragile States, Busan (2010).

## IS EMERGENCY CASH 'FIT FOR THE FUTURE'? SUMMARY OF THE FOUR RESEARCH STUDIES

### **Research study 1: 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**

#### *Research summary*

At the heart of many social protection programmes is the premise that by providing long-term regular transfers, people are better able to cope with shocks and stresses rather than reverting to harmful coping strategies, and thus to be more resilient. The rationale for the examination of the potential use of such systems for emergency response is based on the thinking that using existing social protection programmes could allow for a quicker, more efficient, better coordinated and therefore more effective response. Some of the distinctions commonly made between humanitarian responses and social protection, for example, that humanitarian response meets basic consumption needs in the short term while social protection supports human development in the long term, may prove to be not quite so strong in practice in the future. The research provides an analysis of the actual and potential role of social protection systems in humanitarian response, the extent to which such mechanisms have been used for timely and at-scale humanitarian response, as well as opportunities and challenges to taking this forward in the future.

This research is a case analysis of two major social protection programmes: Ethiopia's Productive Safety Net Programme (PSNP) and Kenya's Hunger Safety Net Programme (HSNP). Both were established to provide an alternative response in situations where much of the hunger found was seasonal or chronic rather than unpredictable, and where the predominant food-based response was raising concerns about inefficiency. The study included desk-based review of programme documentation, evaluations and analyses. In addition, programme experts in the two countries were consulted for further information.

#### *Key questions explored*

- What is the actual and potential role of social protection systems in humanitarian response, using evidence from the PSNP in Ethiopia and the HSNP in Kenya?
- What could be the potential implications of increased use of social protection mechanisms for international humanitarian actors?
- What are the challenges and opportunities to achieving alignment and consistencies between social protection programmes and emergency programming, and collaboration between humanitarian and development actors?

#### *Summary of findings*

Though the experience of the PSNP and the HSNP are limited, as case studies they provide some very useful insights into the potential for and challenges to using existing social protection programmes for emergency response. The analysis concludes that alignment of short-term cash response with long-term social protection systems is not as simple or straightforward as is frequently assumed.

The study identifies four areas for further analysis, which focus on issues related to caseload, pre-conditions and coordination, and incentives, principles and procedures. In terms of caseloads, one of the main challenges to using existing social protection programmes is the question of whether beneficiaries of such programmes have different characteristics to those affected by any given emergency. With respect to pre-conditions, the research finds that it is only possible to scale up existing social protection programmes if they have a high coverage, are well established, where the financial and administrative architecture for early warning and contingency planning are in place, and where resources are pre-positioned. These pre-conditions point to a wider range of institutional and financial arrangements that are required, noting that transfers can be a useful instrument and can be scaled up, but only if data is available on those in need, the mechanisms are in place

to deliver the transfer, and additional resources are available. For all these elements to align, coordination between all types of actors is critical, including the pre-established arrangements for intra-agency and inter-agency coordination, as well as those at the intra-ministerial level and with government.

With respect to incentives and principles, humanitarian and social protection actors see their responsibilities to beneficiaries quite differently. The former may tend to focus on protective and preventive objectives, rather than on promoting transformative objectives that development actors may be more inclined to emphasise. Further, humanitarian agencies, with their principles of neutrality and impartiality, may find themselves operating in a system which has different processes, procedures, rules and principles. This includes working with governments whose social protection goals and objectives are distinctly political or politically aligned.

### ***Looking forward***

The case study analysis concludes with two overarching insights as opposed to specific recommendations:

1. The two case studies provide important insights into the opportunities and challenges for using existing programmes for humanitarian response. It should be noted that they represent only a limited part of the spectrum of approaches to social protection. Further research may also benefit from an analysis of the multi-sector potential of CTP, and how results and lessons learnt from emergency CTP can be leveraged to design social protection policies.
2. The most important lesson is that all actors need to think through the opportunities and challenges associated with linking emergency responses to existing social protection programmes far more carefully than has been the case to date. However, the analysis also states that this may be easier said than done due to the fact that, in practice, there are simply too few documented examples of the use of social protection programmes for emergency response, particularly in low-income countries. Even in richer countries which have very large humanitarian expenditures and large-scale social protection programmes (for example Nigeria, Pakistan, Indonesia and Iraq) there has been very little or no experience or experimentation with using social protection programmes for emergency response. For the time being, it will be important to look for opportunities to learn from attempts to use social protection programmes in this way, as and when they occur.



PHOTO: WOLFGANG GRESSMANN/OXFAM

## **Research study 2: Government uptake of emergency CTP: Trends, Characteristics and Potential Implications for International Humanitarian Actors in Emergency Response**

### *Research summary*

The study is underpinned by two principle hypotheses: firstly, that towards 2025, governments both in middle-income countries (MICs) and lower-income countries (LICs) will be increasingly concerned about asserting control in humanitarian crises. As a result, they will be more inclined to devise or utilise their own national or regional systems for disaster response. Secondly, that such a trajectory will have implications for the use of cash in emergency response, including in which countries it is used, critical issues for future programming and, in particular, the roles to be adopted by IHAs.

The research was a combination of speculative analysis supported by desk-based review of the literature on specific national examples on the topic. Due to the lack of accessible information of practical national examples, those included in the report are primarily based on the experience of countries in Asia (Bangladesh, India, Pakistan, Sri Lanka and the Philippines). The literature review was augmented with key informant interviews with representatives from a limited number of donors, UN agencies, governments, NGOs and the private sector.

### *Key questions explored*

- What types of shifts are we seeing with respect to governmental behaviour in response to humanitarian crises and humanitarian actors?
- What insights does an analysis of a range of recent government disaster responses highlight with regard to: a) governmental assertion of sovereignty; b) whether MIC and LIC governmental use of CTP in times of emergencies is growing; c) patterns in government-led CTP; d) what this means for the role of IHAs in the future; and e) what tensions exist, and what opportunities related to current roles could be created?
- Is MIC/LIC governmental use of CTPs in times of emergency growing and, if so, how is it changing and what does this mean for the role of IHAs in the future?
- In light of related potential shifts, what activities do the IHAs need to consider to both prepare for and engage with governments up to 2025, including building and working with government capacities?

### *Summary of findings*

As humanitarian crises increasingly move from the periphery of governmental interests to centre stage and governments assert ever-more control over domestic crisis management, governments with both high and low capacity will increasingly want to be recognised as being in the driver's seat in domestic emergency response. The analysis finds that the implications of this shift for IHAs need to be better understood. On the one hand, it provides an opportunity for a new paradigm for collaboration between international actors and governments, but on the other, it poses very real challenges to current thinking and approaches.

Further, the implications of this shift on the actual programming of cash need to be better understood in relation to where, when and how it is used as a modality. Also to be considered is what this requires with respect to technological capacity, as well as transparency and accountability factors for processes related to targeting, registration and delivery, and data security.

IHAs, for example, may have to accept that they can no longer implement emergency cash programmes independently of governments, but instead be expected to support governments when invited, or choose to support other actors in a much more demand-driven approach. The research also points to the possibility that IHAs may need to be prepared for a change in their role. It is likely that IHAs will have a prominent role in capability-enhancement of governments, national NGOs and civil society, as well as providing expertise and independence in monitoring, evaluation and advocacy.

However, there is currently a lack of clarity about what the potential entry points could be, compounded by an environment where international assistance is increasingly driven by demand. The need for IHAs to rethink their entry points in emergency response, whether it be supporting cash or in-kind initiatives, presents an opportunity for IHAs to take steps to begin to better articulate comparative advantages and added value in a way that fosters collaboration to take cash to scale. It is also likely that IHAs will need to rethink current relationships and with whom alliances should be built in the future, amid tensions of 'principled' response. Further, as governments increasingly turn to the private sector in humanitarian crises, particularly as technology continues to be an important driver in CTP and humanitarian responses more broadly, it is essential for humanitarian agencies and governments to have a more in-depth understanding of the private sector's perceived and potential role in CTP. Alliance-building processes need to take into account challenges to humanitarian principles of independence and neutrality, and support the allocation of roles. They need to pay less attention to mandates and more to an understanding of 'who is best suited to do what' in different crisis and national contexts. In general, the study concludes that there is a lack of awareness of what governments are doing in relation to using cash transfers in emergency response, and the challenges and opportunities encountered.

### ***Looking forward***

The research puts forward five priority recommendations:

1. In the more immediate term, governments should be included in meetings of national or regional Cash Transfer Technical Working Groups. Key donor governments, UN agencies and NGOs should develop an international/regional platform for multi-actor exchange on the issues encountered by governments when using cash transfers as an emergency response modality. One existing mechanism is the annual Economic and Social Council (ECOSOC) Humanitarian Affairs Segment Discussions. The Economic Community of West African States (ECOWAS), Association of South East Asian Nations (ASEAN) and other regional platforms could also be considered as key facilitators to help promote a more common understanding of national contexts and government responses in respective regions, and the potential support regional organisations can provide.
2. CaLP should establish a panel focused on the use of ICT to provide insight on the flows of cash and their impact on governments' use of CTP in emergency response, including alternative forms of cash. Such a panel should meet regularly and its membership should evolve to reflect innovation in the field. In the first instance, it may include representatives from the Bitcoin Foundation and Mobile Money, as organisations that have expertise on alternative forms of cash.
3. The UN Office for Coordination of Humanitarian Assistance (OCHA) and the World Economic Forum (WEF) should consider launching a multi-level review exercise for the *Guiding Principles for Public-Private Collaboration for Humanitarian Action*. The principles should be reviewed in relation to emergency cash responses, with the aim of understanding how they have been operationalised. The review can also help inform how the principles can better serve as a framework for relationship-building overall, and for the formulation of measures to strengthen partnering capability at the national, regional and international levels.
4. Criteria/guidelines should be developed to ensure appropriate standards of accountability and impact are agreed upon with governments. This could, for example, include the development of a roster of accredited actors who can engage in different stages of the cash transfer process. These criteria/guidelines and the subsequent roster should be developed on a country-by-country basis, and could be coordinated by UN resident coordinators on the behalf of the government. This would need to take a phased approach, starting with governments that have strong national disaster-management agencies and are attempting to prepare for emergency cash-based responses by improving their registration and delivery systems, of which the development of the criteria would be a part.
5. International humanitarian actors should work with governments to engage the private sector and non-Western technological partners such as India, China and South Korea, to provide customised risk-data – datasets, maps and information on a wider set of vulnerability factors for particular hazards – and, at a more localised level, to support informed response decision-making.

### **Research Study 3: Coordination and Cash Transfer Programming**

#### ***Research summary***

Coordination<sup>24</sup> is a critical issue that has received insufficient attention in research and analysis on CTP. This research is designed to build upon previous work supported by CaLP. It examines the particular obstacles and opportunities that cash transfers pose for coordination, including those related to the cluster approach, strategic coordination, working with governments and the private sector, as well as the potential of new approaches to coordination. It was informed by a literature review and a limited number of interviews with individuals from think tanks, donors and aid agencies.

#### ***Key questions explored***

Four questions related to cash transfers and coordination were explored:

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

#### ***Summary of findings***

The research identifies a number of current challenges, as well as potential future obstacles and opportunities, to the coordination of CTP. It notes that, in the short term, it is urgent to unpack the basic question of where interventions using cash transfers fit within existing coordination mechanisms. It also highlights the need to adjust key coordination tools and services to ensure that they are 'cash ready'. Further, it highlights the need to ensure that those in leadership and coordination positions are sufficiently knowledgeable on CTP, and that aid agencies therefore consider cash transfers as a response modality to bring together multiple agencies using cash and to make appropriate linkages with non-cash responses. This means supporting existing efforts to strengthen decision-making through improving leadership, response analysis and strategic coordination. The report suggests that IASC and OCHA in particular need to step up their ongoing efforts on these fronts. While there has been recognition that CTP poses some important issues for coordination, 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 diverse 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.

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 through UN agency collaboration. Donors need to pressure aid agencies and UN agencies in particular not to 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 towards humanitarian leaders and donors.

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<sup>24</sup> Coordination is broadly defined as the ways in which actors (e.g. NGOs, UN agencies, governments, private sector actors) 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.



### *Looking forward*

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 moves to represent a larger portion of assistance. However, currently there are powerful institutional incentives amongst humanitarian actors to define solutions in terms of their capacities and specialisations. Cash is not universally appropriate, and thus cannot 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 or modality 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 being dealt with as they arise. The biggest danger for CTP and coordination in the future is that aid actors will continue doing what they have always done, and coordinate weakly across silos rather than breaking them down.

#### **Ten broad recommended actions are put forward:**

1. 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.
2. Continue efforts to strengthen humanitarian leadership. Trainings and technical support targeted at resident coordinators or humanitarian coordinators 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 and OCHA should lead the development and facilitation of these trainings and the provision of technical support.
3. 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 taken 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.
4. UN agencies should not favour voucher responses solely to ensure that transfers are spent within their sector. Donor governments need to pressure UN agencies to not bias response options towards vouchers if cash transfers are more appropriate.
5. Donors should fund senior independent experts who can provide unbiased advice and support in 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.



6. 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.
7. Identify and capitalise on existing platforms to promote discussion on CTP amongst national civil society organisations. CaLP could engage with actors involved in bridging international and national disaster response efforts to identify potential ways forward.
8. CaLP and OCHA should engage with regional organisations on CTP to explore whether CTP raises any specific coordination or learning issues for regional organisations that can be supported by actors familiar with CTP.
9. CaLP, with the support of donors working with cash, should 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 for the research would be to have it undertaken by private sector researchers/consultants working jointly with humanitarian researchers/consultants experienced in CTP.
10. 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 as a basis for continued learning and progress.

#### **Research Study 4: Financing of Cash Transfer Programming**

##### ***Research summary***

This study examines trends in financing for CTP, looking at both bilateral funding for CTP and funding that is channelled through pooled funding mechanisms, focusing on challenges and opportunities. It explores the obstacles that prevent donors from financing CTP to the full extent that is appropriate, and future opportunities for increasing levels of support. The research included desk-based review and interviews with 17 managers of pooled funds as well as individuals from donor agencies.

##### ***Key questions explored***

- What are the current obstacles to financing cash transfer programmes when they are an appropriate response?
- How will these challenges change in the future and what new challenges might emerge?
- What are the opportunities for increasing funding for cash transfer programmes in the future?
- What actions are needed to prepare for future obstacles and to take advantage of future opportunities?

##### ***Summary of findings***

Donors participating in this research indicate that they are 'fit for the future', reporting that they have no explicit barriers to financing CTP. While there is consensus overall that financing for CTP is increasing, it remains quite a small portion of overall global humanitarian funding and data on amounts of funding for CTP is difficult to track. Other current obstacles are deemed to be mainly perceptual and behavioural, although donor accountability requirements and counter-terrorism legislation also pose challenges for aid agencies. Donors rely heavily on their partners to propose the appropriate responses to crises, which undermines the institutionalisation of cash programming within aid agencies, and could also prevent donors from financing CTP even when it is appropriate. The tendency for new actors in the humanitarian field to be more comfortable with 'traditional' notions of charity means that there is a risk that in-kind aid will continue to be the default response option. As aid agencies increasingly use private companies and technology to deliver CTP, as was highlighted as likely in the Trend Analysis, they will have to address how best to protect the private data of recipients.

Despite the various current and future challenges associated with financing CTP, there are a number of opportunities to increase support for this modality. These include the expansion of crowd-funding and peer-to-peer funding as well as tapping into non-Development Assistance Committee (DAC) donor funding. Funding from DAC donors supportive of CTP should also increase as they focus on cost-effectiveness and resilience, and as some donors increase their humanitarian budgets.

### *Looking forward*

It is clear that donors believe that the obstacles preventing the international humanitarian system from providing CTP at scale when appropriate lie with their partners, and not necessarily with the donor agencies themselves. This suggests a very real risk that donors will fail to recognise their role in incentivising change in their partners and act to address challenges. Donors need to take action in the present to ensure that populations affected by disaster in the future receive cash-based assistance to the extent that it is appropriate.

The report identifies three broad priority actions that donor governments need to take in order to address the main obstacles and take advantage of the opportunities highlighted above. The recommendations are targeted deliberately at donors. For the most part they are targeted at donors in general, though some reference specific actors.

#### *1. Overcoming risk aversion*

In order to put in place measures to deal with the risks associated with CTP, donors need to:

- Have honest discussions internally and with partners about their levels of risk-tolerance, and be clear about what due-diligence and risk-management measures partners need to have in place and when they will be held liable for diversion.
- Work with aid agencies to develop strategies for dealing with the fallout from any scandal about the diversion of CTP. This could include using websites, reports, newsletters and case studies to make the case to the general public for CTP in humanitarian contexts.<sup>25</sup>
- Increase staff awareness about CTP so that those involved in making funding decisions feel confident about financing it when appropriate. This would also enable them to explore working directly through private companies to deliver CTP. Donors also need to communicate, to finance officers and other relevant staff members, the existing evidence that cash is not inherently more risky than in-kind assistance.
- Follow the example of the UK, the US and ECHO in reaching out to non-DAC donors such as the Gulf States as well as BRICS countries, which are providing increasing amounts of humanitarian aid, in order to exchange information on experiences with CTP in a spirit of mutual respect and learning. CaLP and aid agencies can also explore opportunities to promote CTP with non-DAC donors, such as the training provided by the UAE's Ministry of International Cooperation and Development.

#### *II. Incentivising systemic change*

Donors could leverage their influence with partners by developing more harmonised positions on CTP. They should use their funding procedures to incentivise aid agencies to institutionalise cash, by:

- Requiring partners to present a systematic response analysis in their funding applications and to provide a clear comparative justification for the proposed response (whether cash or in-kind aid).
- Ensuring that their accountability requirements do not hinder CTP or disadvantage it in relation to in-kind aid. This would include considering the use of tools that are appropriate for measuring the results of cash-based programmes, such as beneficiary satisfaction surveys and impact assessments.

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<sup>25</sup> See DFID, 2011, as a good example.



- Encourage NGOs to establish consortia to undertake large-scale CTP.
- As one of the world's largest humanitarian donors, the US government can provide significant incentives for ensuring that aid agencies undertake CTP when it is appropriate. To do this, the US government needs to reform its food aid and untie its aid (in line with DAC guidelines). This would free up substantial funding, potentially for CTP.
- Donors could promote CTP within the donor community by including it as a topic at the World Humanitarian Summit 2016. This would also send a clear message to aid agencies and the humanitarian system more broadly (including to Resident and Humanitarian Coordinators) about the priority that donors give to this modality. In addition, it would strengthen OCHA's ability to promote CTP through its leadership training for Humanitarian Coordinators and the discussion of lessons and experience at its annual retreat.

### *III. Commissioning further research*

Potential topics for further research and donor financing support include:

- The costs (including transaction costs) of using cash versus in-kind aid in a variety of sectors. This should help to strengthen evidence of the cost-effectiveness of CTP.
- How cash and in-kind aid contribute to outcomes in different sectors: understanding this would make it easier for donors to justify decisions to support CTP.
- How CTP can be delivered in different contexts. It would be useful to capture learning from a context such as Syria, a conflict situation where infrastructure such as formal banking and mobile phone systems has been destroyed. CTP for Syrian refugees in Lebanon could also provide lessons on working with host governments.
- The role of the Hawala system<sup>26</sup> in CTP. While there has been some research into the Hawala system, this has focused on regulation and preventing terrorist or money-laundering organisations from using it rather than on its use to deliver CTP. Since humanitarian agencies have to rely on the Hawala system in contexts such as Somalia and Syria, more information would benefit them as well as donors.
- A review of at-risk countries and the existing capacity for cash distributions (whether by the government or the private sector). This would be a preparedness exercise so that humanitarian actors could identify potential partners for CTP in these countries.

## **A SUMMARY OF KEY ISSUES AND OPPORTUNITIES FROM THE FOUR RESEARCH STUDIES**

The analysis in Part 2 depicts a complex interface between a changing humanitarian landscape and CTP. It also affirms the broad range of challenges that affect cash, both those that CTP poses and exposes.

While each of the reports reflects unique issues, specific findings, conclusions and recommendations, collectively they put forward a far wider set of issues surrounding how the international system can effectively meet humanitarian needs in times of crises in light of a rapidly changing global and humanitarian landscape. This has implications for the very nature of cash when it comes to the full spectrum of humanitarian action, from prevention and preparedness to response and post-conflict recovery.

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<sup>26</sup> See, for example, Faith, D. C. (2011) The Hawala System. *Global Security Studies*, Winter 2011, Volume 2, Issue 1. Available from: <http://globalsecuritystudies.com/Faith%20Hawala%20FINAL.pdf>. Also, Cook, D. M. and T. Smith (2010) The Malarkey of Money Transfers: Overlooking E-Bay whilst the Hawaladars are Hunted. Proceedings of the 1st Australian Counter Terrorism Conference, Edith Cowan University. Available from: <http://bit.ly/1aVvyxh>. In addition, see Maimbo, S. M. (2003) The Money Exchange Dealers of Kabul: A Study of the Hawala System in Afghanistan. Finance and Private Sector Unit, South Asia Region, World Bank. Available from: <http://graduateinstitute.ch/files/live/sites/heid/files/sites/developpement/shared/developpement/cours/DE021/Maimbo-hawala.pdf>

A consistent theme and tension emerges from the analysis in the four reports. On the one hand, there is a gaining perception of the acceptance of cash. Yet the implications of this acceptance from a futures perspective have not yet been fully realised. Will today's current concept of cash as a 'tool' restrict or enable the humanitarian sector to deal effectively with an increasingly complex and rapidly changing crisis landscape? How can the sector reconfigure its thinking and approach to cash to capitalise on its transformative potential, and position its use as a strategic tool? What does that look like in practice? In considering how CTP can be 'fit for the future', the reports highlight the challenges and limitations that undermine making this shift. These include gaps and issues that are unique to cash as well as those within the broader humanitarian system that affect cash, suggesting that these need to be far better understood, including how the two interact. Thus, while cash may be gaining acceptance as a humanitarian aid modality, at issue is how best to configure and achieve a collective shift in thinking about cash as a humanitarian aid modality and what it can achieve.

The fact that the dimensions of cash and, for that matter, other cash transfer modalities has not been fully recognised or implemented no doubt underscores the complexities, contending interests and the lack of incentives for doing so. Linking social safety net programmes to the realm of humanitarian response, as the case study notes, introduces complex issues of relatively rigid institutional processes and procedures when attempting to interact and deal with governments' fluctuating priorities. Similarly, the increasingly recognised benefits of cash on the part of donor governments must contend with the tensions and concerns about the risks associated with cash and implications for accountability and value-for-money. Better evidence is needed on all the modalities and their impact, direct and indirect.

Hence, the overarching themes that emerge out of Section 3, that focuses on transformations within the international system and Section 4, that is concerned with four critical dimensions of CTP, is that within the humanitarian sector, cash is both a product of profound change and a driver of change.

Another conclusion from the overall analysis and discussion of the four studies in Part 2 is that the research would still benefit from having a more 'far-reaching' analysis and scenario of how cash may look in 2020-2025, including the way the four research areas may continue to evolve together. On that basis, it was deemed that a fifth piece of research should be undertaken by HFP in the form of a discussion paper. This paper, presented in the next section, illustrates how today's issues related to CTP are further compounded by the expanding definition of the term 'cash'.



PHOTO: WOLFGANG GRESSMANN/OXFAM

# SECTION 5



# DISCUSSION PAPER: CASH TRANSFERS IN A FUTURES CONTEXT

The fifth report, presented in this section, brings together and widens out the research previously undertaken.<sup>27</sup> It brings together the trend analysis and the four research themes in a futures context, in the form of a speculative analysis of what humanitarianism and cash may look like in 2025. The paper focuses on the transformative role that technology and innovation will play in the future, and how it will influence CTP's evolution. With ICT as the starting point, the paper considers the range of changes that it will generate, concluding that it will profoundly change the whole concept of cash, to include government-backed currencies as well as cyber cash. It further explores how that will add to the current financing and coordination challenges already faced in dealing with cash and in-kind humanitarian aid. It advocates that being 'fit for the future' means going beyond the concept of cash as a 'tool'. Change strategies that are based on finding ways to fit traditional systems and approaches into new contexts will also need to be challenged.

## INTRODUCTION

Underpinning the analysis in this paper is a theme of exponential change. Whether this change stems from new forms of mobile technologies or is a consequence of the decline of Western hegemony, it will profoundly affect the essence of cash transfers as a means of assisting disaster-affected communities.

The paper purports that of all the different drivers of change, ICT<sup>28</sup> will probably be the most transformative. There can be little doubt that it will affect government attitudes to CTP, the ways that CTP is financed and coordinated, and ultimately the ways that it is used as a means for social protection and resilience-enhancement. If one looks at the possible impacts that ICT will have on CTP, one will have to appreciate that it will involve rethinking the very meaning of 'cash' and the ongoing debate about its acceptance.

As a disrupter, ICT will be responsible for seismic shifts that affect virtually all aspects of human endeavour, from the ways that societies structure themselves and allocate resources to the ways that human beings strive to exist.<sup>29</sup> As is all too evident in recent cases, be they in China, Egypt, Syria or the US, ICT can pit governance systems against the so-called governed, and who is ultimately responsible for allocating and controlling resources such as 'cash' will be a struggle that may well be intensified by ICT.

ICT also challenges many of the assumptions, let alone prospects, for coordinating cash transfers and the types of tensions this can provoke. The contending and conflicting information, generated by the vast amount of data that will criss-cross the globe daily, could well intensify the difficulties governments face in dealing with crises in a systematic and coordinated way. In that sense, for many, the perceived dominance of Western influence may well be replaced by the power of the Internet. So closely tied to the challenge of inconsistent information is how ICT will affect in various ways the goal of social protection. Further, 'noise' – the contending and conflicting information generated by the vast amount of data – may well complicate the reliability of information needed to determine cash requirements, when needs assessments, prices of goods and changing circumstances of recipients may well be at best inconsistent.

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<sup>27</sup> Global Trend Analysis, Trends in the Humanitarian Sector Analysis, CTP Trend Analysis, Trend Analysis Meeting, Four Thematic Research Studies.

<sup>28</sup> In this paper ICT is defined broadly to refer not only generally to the technologies that enable users to access, store, transmit and manipulate information, but also the technologies surrounding cash and its delivery. In this context, advances in ICT encompass, but are not limited to, elements such as ubiquitous computing, mobile communications, e-financing, paperless cash and products for delivery mechanisms and data-processing software.

<sup>29</sup> Facebook founder Mark Zuckerberg announced on 20 August 2013 that the newly formed internet org consortium – consisting to date of Ericsson, Nokia, Samsung and Qualcomm – will bring free access to the 'remaining five billion' on earth over the next decade. He notes that 'connectivity is a human right and that if we work together we can make it a reality'. Jack Flanagan 'A connected world', New Scientist, 31 August 2012.



Yet while ICT can be viewed as the major disrupter with respect to the future of cash, there is no doubt that other changes over the next decade will affect CTP roles and processes. It is very evident that transformations in the nature of statehood, the decline of the Western hegemony as well as emerging types of new humanitarian actors, and the eventual inadequacy of traditional financing and coordination mechanisms, will all fundamentally and systemically change the dimensions of CTP.

There is likely to be a shift towards more demand-driven response, changing the sorts of activities and assistance that will be perceived as needed from the international community. Far greater attention will be given by governments of crisis-affected states to international support that provides innovative practices, with far less attention being paid to the provision of 'aid workers' and conventional response practices. None of these, though plausible, can be predicted with complete certainty. All demand methods and approaches to be ever-more outward and forward looking.

## SOCIAL PROTECTION AND CASH TRANSFERS

As governments increasingly seek to demonstrate and ensure that their social protection as well as humanitarian roles remain within their control, this will have ever-more stark positive as well as negative prospects for current approaches to CTP. Inadequate systems for social protection and for dealing with humanitarian crises all too often reflect a lack of adequate information and, as a consequence, the unwillingness on the part of official authorities to act. On the more positive side, it is more than likely that advances in ICT will generate massive amounts of data that can be sensitive not only to the needs of discrete communities but also to those of individuals. Information about potential vulnerabilities and eventual needs can be ascertained with extraordinary speed, accuracy and detail. This means that information can eventually be used to promote mass customisation or to individualise the needs of large numbers of people.<sup>30</sup>

For CTP, this could well mean that humanitarian actors will be required to work through a diverse range of national government-led schemes that can be used for a wide range of purposes including social protection and emergency response, for example, those linked to National Identify Management Systems (NIMS).<sup>31</sup> Further, state authorities amongst others will be able to identify specific requirements for individuals and individual families – their safety nets as well as their potential vulnerabilities could be identified along with their cash requirements. Yet, at the same time, ICT poses very serious threats to CTP. While greater sensitivity to individual needs might be a positive ICT outcome, information and communication noise might generate a sense of injustice, as cash distributions may well be perceived to be distributed unequally.

In a related conflict of interest, it is likely, as noted above, that threats of humanitarian crises and their consequences will increasingly become core political issues, determining in many instances the very survival of government. With that possibility in mind, government bodies and citizens may well find themselves in conflict with one other when official social protection systems do not cohere with the expectations of the recipients, who will increasingly have access to social network technologies to express their views. Thus, the gap between authorities and citizens is but one major dilemma that ICT will create when it comes to the challenges that cash transfers will pose for governments in the future.

This will be further compounded by the inputs of other potential humanitarian actors, particularly a growing number of private sector organisations that will be eager to demonstrate that social protection and resilience matters also configure within their corporate and commercial interests, including sustainability. It is these very organisations to which a growing number of governments may also turn. The private sector is perceived by

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<sup>30</sup> Mass customisation is a term generally used to describe manufacturing processes in which use of flexible computer-aided manufacturing systems are employed to produce custom output. Those systems combine the low unit costs of mass production processes with the flexibility of individual customisation.

<sup>31</sup> See the example of Pakistan in the Government Uptake of CTP Study Report developed under this project.





many governments and donor governments to offer cost-efficient services and technology 'know-how' that, in turn, could be deemed to be far more innovative, efficient and accountable than that which humanitarian actors or governments can provide. This issue of accountability and the consequences of 'cash falling into the wrong hands', issues related to data security and protection, and pressure to show value for money, at least make the private sector a more attractive and possibly a more acceptable conduit for those donor governments that remain wary of the use of the cash mechanism in emergencies.<sup>32</sup>

This is not to say that there are not concerns about some of the private sector's approaches or its expanded engagement in cash, but rather that NGOs interested in continuing their cash transfer programmes will have to bear in mind the private sector's perceived added value in cash overall and the opportunities it brings for enhancing cash transfers, especially in scaling it up and undertaking it in the context of its core business.<sup>33</sup> At issue overall, however, is the question of whose standards and principles will be followed – those of humanitarian actors, governments or the private sector – and how this will evolve in future efforts to better align humanitarian CTP with existing or planned social protection mechanisms.

## CASH TRANSFERS IN A GOVERNMENTAL CONTEXT

Research to date suggests that governments will increasingly look to CTP as an alternative to in-kind contributions. This in part reflects a growing confidence that although cash minimises the 'visibility' of the need for aid, it is in practice probably an easier form of assistance to provide than that which requires major logistics, warehousing and personnel operations. Increasingly, in middle-income countries where safety net systems are already established, governments' capacity to undertake CTP has increased, as has their confidence about their abilities to effectively deal with cash, including in times of emergencies.

And yet, as one looks towards the spectre of 2025, cash transfers will be a challenge to governments in a variety of ways. Currently humanitarian actors are often able to bypass the formal authority of governments and national coordination mechanisms when providing cash. Yet, this practice is likely to change with increasing political centrality of crises and governments' increased confidence in their capacity to manage cash. The emerging importance of humanitarian issues to the survival of government, and the implications of perpetuating financial flows outside the control of government may well lead to unprecedented efforts to regulate CTP.<sup>34</sup>

A related concern may reflect 'traditional' as well as emerging donor governments' concerns. This project's thematic study on Financing of CTP rightly points to the fact that a growing number of 'non-traditional' donor governments are also becoming more comfortable with CTP. Yet, the study also reflects parallel concerns about issues of accountability and methods of distribution. The report's reference to the closure of the remittance services of Barclays Bank is but further evidence that government concerns about 'money laundering and terrorist financing' will inevitably result in the threat of greater penalties being imposed by donor governments and both the dilemmas and tensions this poses for the delivery and coordination of CTP.<sup>35</sup>

Yet these concerns bring to the fore once again the issue of ICT. There is a presumption that governments – whether hosts or donors, 'traditional' or 'non-traditional' – have the capacity to control and regulate the sorts of technologies that will be used for cash transfers in the future. That assumption is, however, challengeable in two ways. Not only will cash be transferred through various ICT systems that have been described elsewhere

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<sup>32</sup> Key informant interviews.

<sup>33</sup> Nevertheless, there are continuing concerns held by agencies, for example that the criteria imposed upon potential cash recipients by private sector actors are potential barriers (key informant interviews).

<sup>34</sup> In this context, it is interesting to note that in Afghanistan the telecommunications company Roshan launched a programme to pay national police through a mobile banking platform – a move geared towards ending corruption in the police force.

<sup>35</sup> See Mowjee, *The Future of Financing CTP*, p.8 (report developed under this project).

in this paper, but increasingly, cash itself could also be virtual as 'cyber money'.<sup>36</sup> All this is not to suggest that cyber cash and virtual transfers will be the untrammelled way of the future, but that another major clash is looming - between the virtual world enabling more and more 'to get information and transfer resources' and the barriers to the virtual flow of cash suggested by the 'Great firewall of China' metaphor.<sup>37</sup>

Increased uptake of CTP by governments will likely cause the role of IHAs to fundamentally change. One of the ever-increasing challenges that non-governmental practitioners of CTP will have to face is the reconciling of the abiding preferences and concerns of government authorities. If international agencies retain their mandates, which cash does challenge, their role is likely to shift from that of service delivery to providing technical advisory services to governments, helping to fill capacity gaps and develop local talent. Their comparative advantage is likely to be in providing expertise on poverty and needs-assessment, the technicalities of cash delivery mechanisms and neutral targeting, monitoring and evaluation, and the engagement of communities. The larger international agencies may also need to take on the role of documenting and disseminating lessons from different national contexts on government uptake of CTP and on other key issues such as the impact of ICT.



PHOTO: SURAJ SHARMA

## COORDINATION AND CTP

The *Coordination and CTP Thematic Report* analysis sets out very realistic explanations about the complexities and gaps with respect to current CTP coordination.<sup>38</sup> One can imagine that advances in ICT, increased national sovereignty, the shift from supply- to demand-driven response, and the expansion of 'humanitarian' actors including private sector and non-Western donors will only further add to such complexities. At this stage in the evolution of CTP, it would seem that 'turf protection' continues to be a problem that hampers coordination.

<sup>36</sup> Cyber money has a powerful appeal. Traditional currencies such as the pound, the dollar and the euro are issued by central banks and – with the exception of the euro – each is backed by a national government. This may seem an advantage but nowadays currencies that are created and ultimately controlled by governments are less trusted than they used to be. BBC, *Point of View*, 26 April 2013.

<sup>37</sup> Eric Schmidt and Jared Cohen, *The New Digital Age: Reshaping the future of people, nations and business*, John Murray Press, London, 2013, p.31 & 96

<sup>38</sup> See Bailey, *Coordination and CTP*, p.4 (report developed under this project).

In fact, various studies suggest that the implications of a combination of host governments' determination to maintain control over humanitarian action and the emerging role of new actors may result in a diminishing role for CTP-focused IHAs in the future, with the conclusion that such agencies and current mechanisms for coordination may no longer even have any continued justification to exist. In the immediate term, however, international non-governmental actors are perceived by 'traditional' donor governments as useful instruments for ensuring that 'the gaps' in host governments' safety net programmes and accountability mechanisms are filled.

Probably well within a decade, the sheer dimensions of the sources of cash and different forms of cash that will be targeted for humanitarian assistance will go well beyond the competencies of conventional coordinating mechanisms such as UN clusters, the IASC or the Good Humanitarian Donorship to have a reasonable handle on the levels or types of transactions. Some have suggested that with increased uptake of CTP by governments, the UN's role as an intermediary humanitarian actor also might well diminish relatively soon when it comes to grant implementation and management. Instead, the UN will need to demonstrate inclusivity and play the role of broker and facilitator, not orchestra manager<sup>39</sup> Furthermore, when it comes to international coordination mechanisms, the system more generally tends to leave out national civil society actors. As other cash transfer actors come and go it would seem that it is civil society actors that are indeed the missing link in the present system.

Even more than such civil society actors as missing links are those who do or should receive cash for meeting their humanitarian requirements, namely, the vulnerable and the crisis-affected. And, here, might well be the case in which the ICT phenomenon could play a role of considerable significance in the not-too-distant future. Earlier, the concept of mass customisation was mentioned as one of the consequences of having to hand trillions of bytes that could provide for real-time updates of individual profiles. Through a combination of cybernetic capacities and ICT, it would appear that there will be detailed means of identifying needs and tracing inputs such as cash.<sup>40</sup> At the same time, as beneficiaries increasingly receive cash, they may no longer be content with receiving in-kind goods that are pre-determined by IHAs.

However, as with all aspects of the interface between the drivers of change and CTP, there is also a clear downside of advances in ICT. The level of interference in the lives of individuals and communities that these advances will bring will be unprecedented, and it is argued that the most valuable commodity in the lives of more and more people will be their privacy and identity. Here, again, the transformative impact of increasingly robust sovereignty by those who previously fell under the sway of Western influence will become more evident. In so saying, the issue is not whether this mass of personalised and individualised data can be coordinated in order to identify cash needs, recipients and impacts, but the extent to which coordination will have to go well beyond conventional coordination structures. The standard coordination mechanisms of new as well as 'traditional' donor and host governments will increasingly come into contention with the dynamics of the virtual. Paradoxically, the very hubs and networks whose use of cyberspace and cyber cash are making coordination so difficult may well have to be brought into a virtual coordinating system where ICT will determine the parameters of coordination.

## FINANCING CTP IN AN EVER-MORE COMPLEX FUTURE

With respect to financing, cyber cash will grow in importance globally over the next decade. So-called 'Bitcoins,' a virtual currency, are already in use as a means to undertake transactions in the cyberworld. Germany now formally recognises the Bitcoin as a legal form of private currency. What, however, is most significant about the development and rise of such currencies is that they do not require government authorisation or recognition to operate in the market through the free exchanges and decisions of buyers and sellers. Rather, the validity and value of the Bitcoin is up to each individual in the market. More than that, as described by representatives of the Bitcoin Foundation to

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<sup>39</sup> Key informant interviews.

<sup>40</sup> Schmidt and Cohen (Op cit. #4) foresee 'personal health tracking' systems that link a small tablet to an external patch, the results of which are transmitted by mobile phones as one of various interventions that will collect data on an ongoing basis at the individual level.



representatives of the US Treasury and Department for Homeland Security, Bitcoins offer the potential social and economic benefits of a decentralised currency, including cheaper and more secure payment processing.<sup>41</sup>

The relative independence of various forms of cyber cash may well impact upon governments' ability to control flows of currency and financial transactions. As suggested earlier, this battle over control might eventually affect all aspects of CTP. Those who pass cash through formal, government-regulated programmes – be they those of donors or host governments – may find highly limiting restrictions, while at the same time cyber currencies may flow with their own relatively uncontrolled momentum.

It can also be argued that such cash mechanisms will serve the growing number of 'non-traditional' humanitarian actors' cash transactions. The Diaspora and the crowd-funders and crowd-sourcers, for example, that will increasingly become part of the humanitarian world, will most likely prefer the relatively unrestricted mechanisms of cyber cash and Bitcoins. The Barclays Bank case, noted by Mowjee and referenced above, suggests a prime reason why virtual currencies could be the preferred option of those trying to provide cash to relatives and others during and in the aftermath of humanitarian crises. And, for those outside what might be described as the formal CTP sector, virtual cash is already being transmitted to those in need through spontaneous crowd-sourcing efforts rather than through the mechanisms of a major NGO.<sup>42</sup>

With contending currencies and modes of dissemination, with a range of new actors demanding either regulatory concurrence or avoiding it, the issue of financing and coordinating cash transfers during and after a crisis will inevitably become more problematic. For governments increasingly determined to maintain their sovereign hold over currency, and the myriad of new actors, including the private sector, that see the distinct advantages associated with less controlled currencies and reliance on technology, financing in the future will increasingly be at cross purposes.

<sup>41</sup> Aaron Stanley, 'Bitcoin aims to counter regulatory pressure.' Financial Times, 25 August 2013.

<sup>42</sup> During a June 2013 senior management meeting of a major NGO in London, one individual responsible for fundraising suggested that there were already clear indications that the organisation's CT programme was beginning to be affected by spontaneous internet efforts to provide cash directly – replacing (in that person's terms) 'the middle man'. The individual did not suggest that at this stage the impact was significant, but that the potential might be.

## PREPARING FOR A FUTURES-ORIENTED CTP

This paper seeks to highlight various ways that CTP may change in the future. It is evident that transformations in the nature of statehood, the decline of the Western hegemony as well as emerging types of new humanitarian actors and the increasing inadequacy of traditional financial coordinating mechanisms, will all fundamentally and systemically change the dimensions and dynamics of cash transfers. While there may be myriad ways to prepare for these futures, the following recommendations should be at the core of strategic planning and organisational plans when seeking to deal with the changing dimensions and dynamics of cash transfers in the future. All the action points noted below lend themselves to new opportunities – including further research, pilot studies, and creation of new platforms – to systematically examine futures issues and to test out new systems for the provision of humanitarian action.

- **A far deeper understanding of the ICT dimensions of cash transfers and of cyber cash.** While the assumption underpinning this paper focuses upon the ICT dimensions of CTP, a more abiding lesson is that continued CTP relevance demands an understanding of disruptive factors that do not necessarily have direct or immediate relevance to the issue at hand. Critical transformational factors may be well outside the obvious.
- **A far deeper appreciation and understanding of the role of other actors in cash in the future.** The private sector and local civil society in particular have critical roles to play in helping to take cash to scale. Consistent and systematic engagement by non-governmental CTP practitioners and the private sector with government authorities will increasingly be essential to foster balance between contending interests. Not only is it essential to have a more in-depth understanding of their perceived and potential roles, but steps also need to be taken to begin to better articulate comparative advantage and added value in a way that fosters collaboration to take cash to scale, and supports the allocation of roles based less on mandates and more on an understanding of 'who is best suited to do what' in different crisis and national contexts.
- **More interaction with those in the private sector and in cyber-related research institutions that will guide new forms of cash transfers and cyber cash.** Related to the previous point, all too often 'subject experts' are part of a self-referential dialogue, rarely moving outside standard assumptions and norms and approaches to interaction. One way to escape the dilemma of the 'subject expert' and conventional approaches to relationships is to engage with those who view the same challenges in different ways, and in new forms of engagement – dialogue fora, networks and multi-stakeholder platforms, etc.
- **Greater understanding of national cash schemes and interaction with government authorities.** One of the persistent and dominating tensions that will affect virtually all dimensions of the CTP world will be the increased uptake of cash by governments, and the conflict between efforts by governments to control and the dynamics of a more freewheeling world of ITC. These sorts of 'tensions' will increasingly affect an ever-widening range of humanitarian issues, and will certainly be a persistent factor when it comes to CTP and the role that the current international humanitarian sector and diverse actors play or don't play.
- **Greater engagement with vulnerable and crisis-affected peoples.** One of the persistent mantras of the humanitarian sector is the need to engage with the vulnerable and the crisis-affected. This focus is essential in order to reach a sufficient level of contextualisation, although the humanitarian sector is by no means always effective at maintaining it. The challenge for the humanitarian sector will become, however, increasingly difficult, since more and more of those people the humanitarian sector seeks to assist will be dependent upon systems over which the sector will have less and less control.
- **Campaign to promote networks of CTP partners.** Whether for coordination purposes or for the exchange of knowledge about innovative practices, or for information about possible impact, CTP practitioners – those who are formally so and those who are not – will need to establish some boundaries to limit the noise and to engender some degree of coherence about approaches and methods, and defining who is best suited to do what. If the present situation (as described in the report that follows) lacks more than a degree of coherence and systemisation, this will be even more in evidence in the future. It is time to begin to build networks well beyond today's conventional boundaries of CTP.

# SECTION 6



# CONCLUSIONS: TOWARDS A FUTURE-ORIENTED CTP

## OVERALL RESEARCH CONCLUSION

The use of cash for humanitarian purposes is, of course, not new. In terms of modern humanitarianism, its development reaches back over three decades. That said, cash has rarely been considered as a major tool in and of itself, and more often than not has been regarded as an adjunct mechanism that has 'piggy-backed' onto more standard, in-kind mechanisms such as 'food-for-cash' programmes.

Across the globe, the types, dimensions and dynamics of humanitarian crises will increase, in some instances exponentially. The interrelationship between natural and technological hazards, along with demographic transformations will further intensify the complexities surrounding humanitarian threats, including those leading to inter-state and intra-state conflict. The implications of these changes can be mitigated by giving greater attention to such issues as resilience, and by applying a widening spectrum of prevention, preparedness and response approaches generated by the social and natural sciences. It is in the context of new and enhanced means of dealing with threats as well as the impacts of a growing number of crises, that the role of cash now and in the future is particularly relevant.

With respect to the seven questions that framed this project, the research affirms that cash – in a growing number of forms and through an ever-growing number of conduits – is receiving greater acceptance as an intervention in the humanitarian assistance portfolio. However, as this report repeatedly notes, viewing cash merely as a supplementary 'tool' for in-kind assistance and other financing modalities is to overlook the transformative value and potential that cash represents. This view also limits having a full understanding of the challenges and gaps posed and exposed by cash.

In its broadest sense, cash for humanitarian action opens up a gateway for a more substantive humanitarian response paradigm; one that seeks to link prevention and preparedness with response and post-crisis reconstruction. Cash in that context not only has flexibility, but can also potentially serve as a means to reduce vulnerability. For instance, it can enable the vulnerable and those assisting the vulnerable to move rapidly from preventative action to response. For such reasons, the concept of cash is very consistent with growing calls for a new approach to humanitarianism itself, one that is far more deeply embedded in an integrated approach to resilience building.

The overarching conclusion of the research is, therefore, that for CTP to achieve its potential, it will require a new business model. That model will have to meet not only the changing nature of humanitarian threats and needs, but also take into account the interrelated and evolving technological, socio-economic, demographic and governance contexts in which cash will have to operate. However, a business model of the kind envisioned will need to factor in the current challenges and institutional constraints in the broader humanitarian sector that affect cash, along with the risks and issues inherent in cash. The fact that all too often cash for social protection is not adequately linked to cash for emergency response is symptomatic of a more abiding concern, namely, that like many other aspects of humanitarian action, perspectives and prescriptions of need and utilisation of expertise are often narrowly defined and overly compartmentalised.

To that extent, the present use of cash is symptomatic of a major challenge of the humanitarian sector at large, and indicative of the need for a new paradigm. Other challenges include a range of coordination and financing issues, including the need to reconcile contending humanitarian principles in light of an ever-expanding range of humanitarian actors, donors' concerns with accountability and value for money, and an overall lack of articulation of the risks associated with cash, e.g. cultural, security, reputational etc. Increasingly too, cash will have to deal with a spectrum of governmental concerns and the constraints that will inevitably arise in the procedures and



processes of partner organisations that may not have a history of familiarity with the use of cash for humanitarian purposes, or familiarity with the international humanitarian architecture. Mechanisms for fostering better engagement with private sector actors in CTP also need far more attention than they have received to date. This is particularly important in relation to the need for better understanding of the added value of the private sector in CTP, and its role in innovation and technology and helping to take cash to scale in the context of its core business.

A new business model would seek to take into account these challenges. It would also seek to ensure that resilience objectives and anticipatory planning are strongly linked to prevention, preparedness and response; and in that context, that cash would be an effective vehicle to meet diverse operational priorities flexibly and relatively quickly. While cash may be the catalyst for a new approach for humanitarian action, a new business model should include other forms of assistance, i.e. in-kind aid, as the new paradigm should not put cash forward as the panacea.

With the increasing awareness of the importance of cash and the contextual challenges that it will have to overcome, this study has arrived at four key findings that link to the overall conclusion presented above. These four findings highlight the opportunities but also the inherent tensions that will need to be taken into account in conceiving a forward-looking agenda for CTP.

## FOUR KEY FINDINGS

### Cash is here to stay

There is no doubt that cash is an increasingly accepted norm for providing assistance in humanitarian crises. Yet the extent to which CTP will continue to be viewed as a 'tool' or be seen as a possible pathway for a new humanitarian paradigm remains to be seen. In so saying, it is equally clear that where cash fits today in providing more effective humanitarian response in the midst of a crisis response can often be difficult to calculate. However, if cash is to help facilitate a more cross-sectoral approach to humanitarian assistance, issues such as needs assessments and competing roles and responsibilities in related contextual settings, will need to be far better understood and built into assessment and response decision-making processes. Further, current financing patterns for CTP within overall humanitarian aid would need a serious rethink in order to strengthen this relationship.

Nevertheless, as reflected in contributions to this study, those who want to scale up the use of cash for humanitarian purposes will have to take into account a wide range of transformative factors that are already apparent. As this report notes, these include rapid technological innovations, socio-economic developments, demographic changes, the emergence of non-Western centres of power and alternative forms of governance, including a more active private sector as a 'non-traditional humanitarian actor' in CTP. Such factors will influence the nature of humanitarian crises and humanitarian response, as well as how the use of cash will become a critical component in providing assistance.

### The definition of cash in an ICT context

While cash is here to stay as a humanitarian tool, it is difficult to define as an entity. Not only are there multiple sources of financing, but there are also multiple types of financing (from mobile phone credits to cyber cash) and multiple channels for cash delivery. Nowhere is this more evident than in the context of the transformative world of ICT. For instance, a growing number of cash alternatives to traditional government-based currencies are emerging. Bitcoins are booming, and investors are piling into this digital form of currency – currency not issued by a central bank, but one that is conjured into being by cryptographic software running on a network of volunteers' computers.<sup>43</sup> Companies such as JP Morgan are establishing their own cyber currencies, and

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<sup>43</sup> *The Economist*, 'The Bitcoin Bubble', 30 November 2013, p.13.





the head of the US Federal Reserve noted that the idea 'had long-term promise'. Such virtual cash has found a growing number of adherents which most recently include the German government.

It can also be argued that cash will probably make the possible role of private sector organisations even more relevant when it comes to the threat of crisis or in the event of actual crises. Greater emphasis on the use of cash will most likely engage a wider spectrum of private sector actors, particularly those working in the banking and financial sectors; and their involvement may also be welcomed by governments of the affected countries given their capacity to provide an asset that is inherently flexible.

For humanitarian actors interested in the use of cash, cyber cash questions not only the very nature of cash, but also issues concerned with ways to account for its use, users and providers. For example, in light of the British government's recent closure of the remittance facilities of Barclays Bank due to concerns over financial accountability, the Somali Diaspora are already actively looking for alternative ways to provide cash to their businesses and families back home. And, with the prevalence of internet access throughout most levels of Somali society, cash per se need not be linked to the conventional currencies that form the basis of more conventional remittances.

In other words, when it comes to the use of cash it is more and more evident that it will increasingly be a tool of humanitarian response, though the composition of that tool may be increasingly uncertain. This is a challenge with which both governments in general and humanitarian distributors of cash will have to contend.

### **Cash, coordination and accountability**

As this study suggests, cash as a cross-cutting theme can enhance coordination. This possibility is suggested in calls for humanitarian response to cut across sectors in the context of the 'cluster system'. At the same time, the emerging spectrum of different types of cash might well compound the already difficult challenge of operational coordination. Effective coordination needs to consider ways to ensure coherence between in-kind aid and cash assistance in order to support those in need, but it also needs to consider different sources of cash and their dynamics in a given crisis.

A multiplicity of sources could mean significant disparities in terms of what the affected receive and how it is delivered; some of the affected may collect official cash and in-kind assistance while also receiving assistance through, for example, ICT mechanisms, while others may only receive the former. This sort of prospect threatens some of the more well-established mechanisms that, since the mid-1980s, have been designed to promote coordination, foster more equitable distribution of aid, and support more transparent forms of accountability.

At the level of international coordination, the consequences of these disparate forms of assistance will no doubt complicate the formulation of Consolidated Appeals, and will make monitoring at the 'cluster' level far more difficult. When it comes to measuring the impact of international responses to humanitarian crises, the range of available sources of cash will further test the capacities of humanitarian actors and potentially further exacerbate institutional mindsets on the 'riskiness' of cash. Clearly, this concern directly feeds into the issue of accountability, an issue that has consequences for those concerned with security and government control, as well as for those humanitarian actors concerned with both justifying appeals themselves and ensuring value for money is ensured and resources appropriately administered.

### **Cash and the international humanitarian architecture**

For both a growing number of donor governments and governments of recipient states, cash offers the flexibility essential to adjust to changing humanitarian circumstances. Given that it also reduces many of the costs of providing in-kind assistance, cash offers savings as well. These clear advantages will inevitably feed into the machinery of international and non-governmental organisations. The consequence may ultimately be a radically rebalanced apportioning of cash and in-kind assistance; where the latter is significantly reduced in



terms of international assistance, and where such rebalancing will be reflected in the strategies, functions and machinery of 'outside agencies'.

At the same time, the issue of cash, compounded by the ICT dimensions noted in this report, pose serious complications for state governments and international actors. In a very fundamental sense, such complications revolve around the issue of 'who is in charge?' and 'who has control?' For governments of disaster-affected states, the use of cash will increasingly be seen as a threat to sovereignty unless the authority and mechanisms of government are acknowledged and utilised. While the research finds this concern is accepted, there are many within the humanitarian fold who are concerned that such governmental linkages will open the door to targeting, corruption and accountability complications.

According to the findings of this research, such contending concerns will be compounded by two additional factors. The first has to do with the growing determination of governments to be seen to be in the driver's seat in humanitarian response, and the second has to do with the provision of conventional currencies and cyber cash that are seen by governments to fall outside their ability to control. To some extent, conventional sources of cash may be easier for governments to control than ICT-generated cash. With either option, control will be an issue. New forms of ICT-based mechanisms for monitoring that might enable governments to trace cash sources may well have to contend with the creation of new conduits of cash transfers that fall outside the purview of governments.

Such factors will once again directly and indirectly affect the international architecture of the humanitarian sector, including the locus for coordination. Not only will that architecture have to reflect the pre-eminent role of government when it comes to emergency response, but the so-called 'boots on the ground' of international governmental and non-governmental organisations will be increasingly limited in light of expanded use of cash and growing expectations for demand-driven assistance in times of emergency. When it comes to cash and its distribution, the international aid architecture will have to provide advisory and capability enhancement services, rather than be a dispenser of CTP. It will have to foster ways to limit the misuse of cash, while recognising that its ability to do so will also be limited.

At the same time, organisations with international interests can help facilitate possible linkages between disparate groups such as the Diaspora, in order to help guide the use of cash in promoting resilience as well as to assist in times of crisis. Donor governments in countries where significant Diaspora groups reside may also be willing to enhance the impact of remittances by matching funds to support community-oriented giving, facilitated with the support of international humanitarian actors. Greater attention will also have to be given to the monitoring of external cash flows into crisis-affected countries to promote equity of distribution and broad-based accountability. Here again, the architecture of the international aid sector will have to adopt new capacities and alignments (e.g. the private sector) and new forms of transaction (e.g. social networking) in order to have a role and demonstrate its comparative advantage in ways commensurate to the transformations that will be underway in the world of cash, crisis threats and crisis response. This is likely to exacerbate current challenges humanitarian actors face with respect to, for instance, competition for resource mobilisation, monitoring of in-kind and CTP aid, and demonstrating evidence of impact.

When it comes to institutional structures such as the IASC and the UN Cluster System, cash can have positive as well as negative implications. In principle, the benefits of cash in the context of such coordinating bodies is that they offer a means for a more common approach to cash and a means to move across sectors to make up for shortfalls in one category by reducing surpluses in another. Alternatively, the different sources of cash that will be entering across a variety of channels and systems – officially and unofficially – will mean that the international community, as noted earlier, will have to configure relevant institutions to spend far greater energy on monitoring cash flows. As noted earlier, this will require new types of expertise, approaches to collaboration and different priorities.

# SECTION 7



## TOWARDS A NEW BUSINESS MODEL FOR CTP

The proposition emerging from the overall research calls for the creation of a new business model for CTP. It calls for those who have a stake in CTP to think big, think strategically and think differently about the concept and delivery of cash. As the previous section suggests, international humanitarian actors have a place, but the space is changing. They will need to collaborate at different levels and facilitate more systematic engagement with governments, the private sector and other 'non-traditional' actors. Further, there needs to be a long-term vision for CTP supported by a strategy and agenda that factors in the importance of incentives for appropriate humanitarian action overall, including for cash programming. This shift will take time to conceive and to make, and will need to be comprised of a mix of short- and long-term measures and activities.

The recommendations provided in the four supporting studies are primarily relevant to the thematic focus of those reports. However, the four reports should also be seen as complementing and informing the recommendations in this section, which puts forward a set of proposed actions that, if pursued, could signal that 'being fit for the future' or for 2025 does not involve business as usual.

This section first introduces six broad recommendations which can be viewed as the building blocks of a new business model. These are targeted at the actors referenced in the seven research questions including donors (both 'traditional' and 'new'), policymakers, international humanitarian coordination bodies, governments and the private sector. The broad recommendations are followed by a set of actions which are targeted to specific stakeholder groups and, where feasible and relevant, to individual agencies. Different stakeholder groups and individual actors will need to decide if, and how, the recommendations in this section and in the four studies are relevant to their own work.

The recommendations seek to send a strong message that it is unlikely that single actions by independent actors will lead to a compelling imperative for change, or to bring about the strategic, cultural and operational change that the research finds is needed. As noted in the project's Findings Meeting, 'there has been 60 years of this system and now we need to start to think differently'. Creating a new business model needs to be seen as a change process comprised of multiple elements, phases and steps, and ideally based on a sense of urgency and the cooperation of many actors.<sup>44</sup>

Of immediate priority will be to develop a multi-level dissemination strategy for the research and the report. All the research recommendations should be taken into account when developing the dissemination strategy. The dissemination strategy should be such that it stimulates debate and discussion on the conclusions and recommendations. Ideally, this would take place on the part of actors at the global level, but equally on the part of those at the regional and national levels who are likely to have different perspectives from their global counterparts.

Other priority recommendations should be an analysis of those actions specific to coordination, the financing of cash and the role of donors – as noted in the two thematic reports and in the final report. Three other immediate priorities are the creation of the ICT panel, embedding CTP in global development and humanitarian agendas, and those actions that focus on the private sector.

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<sup>44</sup> Kotter, John (1995) *Leading Change – Why Transformation Efforts Fail*, Harvard Business Review, March-April, 1005, p.17

## SIX BROAD RECOMMENDATIONS

### Need for a far deeper understanding of the ICT dimensions of cash



The research has consistently noted that the rapid pace, scale and type of change that the ICT sector will generate will have transformative effects on the very meaning of 'cash', the ways it is used and who ultimately controls it. Not only are there increasing sources of cash but there are also emerging alternative systems for CTP delivery. The research finds that the continued relevance of CTP and its ability to adapt to this scale of change demands a far better understanding of ICT – one that goes well beyond technology as a 'tool' and takes into account the far-reaching impact of ICT on emergency CTP that may be well outside the obvious.

### Need for greater interaction with and understanding of national emergency cash schemes, perceived risks and the role of government



The lack of accessible information on what governments (of developed, middle-income and lower-income countries) are doing in relation to using cash transfers in emergencies, both in conflict and disaster contexts, points to the need for a better evidence base on national-level emergency cash schemes. Accompanying this, there needs to be a concerted effort to foster systematic opportunities for governments to share their experiences and knowledge in an effort to help improve the impact of their cash transfer initiatives. Efforts to build this evidence base should seek to understand the pre-requisites as well as systems requirements and capacity requirements. Additionally, the types of tensions that will affect the CTP world given the increased uptake of cash by governments, and the conflict between efforts by governments to control cash and the dynamics of a more free-wheeling world of ITC, need to be better understood. The sorts of tensions noted in this report (security, corruption, reputational, targeting, accountability) will increasingly affect an ever-widening range of humanitarian issues and the role that the international humanitarian sector and diverse actors play or don't play.

### Need for a far deeper appreciation and understanding of the role of other actors in cash in the future



The research affirms that both the private sector and local civil society, in particular, have critical roles to play in helping to take cash to scale, and consistent and systematic engagement with these actors by more 'traditional' CTP practitioners will increasingly be required. At the same time, well-documented engagement challenges between, for example, humanitarian and private sector actors will need to be addressed. This includes the variations in timelines, principles and motives.

Thus, not only is it essential to have a more in-depth understanding of the perceived and potential roles of different actors, but also to be able to articulate comparative advantage, based on a clear objective of what CTP at scale entails and an informed appreciation of 'who is best suited to do what' in different types of national and crisis contexts. The structured dialogue approach of the World Humanitarian Summit 2016, that focuses on four major constituencies that contribute to humanitarian action (Member States, humanitarian organisations and experts, associated partners and affected people themselves), provides a useful framework for how a consultation process on the role of different stakeholders in CTP could be structured. The Summit can also serve as a potential mechanism through which such a consultation could be organised.

### Forging new approaches and models for collaboration



This research affirms that collaboration is integral to effective CTP, but also notes the challenges in achieving it. The types of changes the research identifies suggest that actors concerned with CTP are likely to come under increasing pressure to find new ways to work together if the potential of CTP is to be realised. However, actors will need to face their institutional barriers to collaboration head-on if they are to go far beyond the language of 'coordination' and current approaches to achieving that.

A starting place is to develop a greater understanding of and participation in networks and mechanisms that specifically seek to foster and support alliance-building between diverse actors who may not traditionally engage with one another. These mechanisms include platforms, partnership-brokering entities, consortia, networks, community of practice mechanisms and strategic alliances. Platform mechanisms in particular, can be created or strengthened at the regional and national levels to foster dialogue, and exchange and build collaboration capability to improve the impact of CTP in the future.

### Financing of cash



As this research notes, the types and sources of cash are increasing exponentially. In light of these alternative forms and flows of cash and their impact on CTP, the humanitarian sector at large will need to have an in-depth understanding of the factors and dimensions that will directly affect cash in the future, including cyber cash and e-payments, remittances, anti-terrorism legislation and the implications (restrictive and enabling) of these changes on current approaches and systems. This calls for greater emphasis on the monitoring of these trends on the part of humanitarian agencies, affected governments and the private sector. Further, it requires understanding their likely impact on the adoption and deployment of CTP responses in emergency situations, towards having a more informed picture of the totality of flows of cash coming into countries for humanitarian response, including alternative forms of cash.

### Inclusion of CTP in the World Humanitarian Summit 2016



This research notes that the call for embedding resilience in humanitarian communities is growing. Resilience, both conceptually and operationally, highlights the link between efforts to decrease poverty and vulnerability, promote preparedness and respond to humanitarian crises. Here is where the potential link with social protection programmes can be forged. The issues discussed in this report are critical for thinking about approaches to resilience in relation to CTP and the need for a new business model. Donors should ensure that CTP is incorporated into consultations for the Summit, on the basis that setting the agenda to make humanitarian action fit for the challenges of the future needs to include resilience and CTP, based on its actual and recognised potential to help improve humanitarian effectiveness.

# RECOMMENDATIONS FOR SPECIFIC STAKEHOLDER GROUPS

## Nine actions for cash-oriented donor governments:

1. Donors have a vital role to play in taking CTP to scale and ensuring that it is an appropriate modality within the broader objective of effective needs-based response, in light of an increasingly complex and changing crisis landscape. Cash-oriented donors (e.g. Canada, European Commission, Japan, Sweden, Swiss Agency for Development and Cooperation, US, UK and the World Bank<sup>45</sup>) should work together to have a more common and harmonised approach to humanitarian response overall, including for CTP. Donors' efforts should be directed at helping to shift the perception of cash from being a technical 'tool' to being a strategic intervention for more effective humanitarian aid and building resilient societies.

2. Existing donor fora for dialogue and mechanisms, e.g. Good Humanitarian Donorship, DAC, ECHO, and IASC and the World Humanitarian Summit 2016 should be tapped to define *how and where cash fits* in humanitarian aid alongside other types of cash, i.e. vouchers, as well as in-kind aid and technical assistance. It will be important that any changes proposed for cash are incorporated into the broader humanitarian reform initiatives.

3. Cash-oriented donors should engage with new and emerging donors as well as governments that are currently less familiar with or less receptive to using cash. New donors include, for example, members of the BRICS, Gulf States and emerging MICs – Mexico, Indonesia, Nigeria and Thailand. This should lead to a more inclusive and aligned concept of humanitarian financing and aid in times of emergencies, including the different forms of cash and in-kind modalities that can be used.

4. Donor governments need to promote the cash discussion in their own organisations, including the perceived risks to cash and current approaches to financing cash. They should ensure that there is adequate capability within their own agencies to effectively promote and programme cash, in emergency response and development contexts.

5. Donors need to assume a leadership role in helping all actors to think through the opportunities and challenges associated with linking emergency responses to existing social protection programmes. This includes building a better understanding of the potential use of social protection programmes for emergency cash, and having better evidence on whether systems developed for one purpose can be adapted for another, and what that entails. Donors are well-positioned to be the catalyst to build on this thematic area.

This could involve pilot initiatives and the financing of action-oriented research to document examples (globally) of where social protection schemes have been used to scale. The research should seek to understand contexts for using cash in social protection programmes for responding to disasters and for building resilience, including in urban areas. The research should identify and examine the challenges and opportunities that need to be considered in order to reach a wider set of beneficiaries in times of emergencies. The implications for the collaboration that this report identifies on the part of IHAs and development actors, along with government and the private sector, should be further explored. It is also important to understand different financing mechanisms that can be used by donors in different types of national crisis contexts. The analysis should provide a more informed picture of how to deliver emergency cash effectively in different types of national and risk contexts, including the incentives required for effective CTP delivery.

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<sup>45</sup> Global Humanitarian Assistance Report, 2013.





6. Donors that participated in this research indicate that they have enough evidence to defend cash. This should support the development of implementation guidance on decision-making processes in response, and should include reconciling the guidance that has already been written. The guidance should be designed to provide knowledge of decision-making processes in response analysis and should include how to take into account the pros and cons of different aid modalities, including cash and in-kind aid, and the costs associated with both.

7. Donor governments that finance partners to implement CTP should promote the use of tools that can be used for measuring the results of cash-based programmes, such as beneficiary satisfaction surveys and impact assessments. Donors should also support partners to improve their own data and analysis of response initiatives, but in a way that is simple and not hindered by accountability requirements which have the potential to disadvantage CTP in relation to in-kind aid.

8. Individual donors may want to consider establishing rosters of external, senior experts who can provide independent advice and support on response analysis and the use of CTP amongst other response options. They could also help develop criteria and guidance for proposal review and help to build evidence bases for the use, cost and impact of cash.

9. As the *Financing of CTP* report notes, the role of the Hawala system in CTP in fragile contexts, such as in Syria and Somalia, is not well understood. Existing research has focused more on the regulatory side of such systems and on how to prevent terrorist or money-laundering organisations from using it, rather than on its use to deliver humanitarian aid and CTP. Research to understand how this works in practice would be beneficial for IHAs as well as donors.

## Six actions for CaLP and its members

1. CaLP, including its field-based personnel, its members and the TAG should use the *Is Cash Transfer Programming 'Fit for the Future'? Final Report* and other products to develop a dissemination strategy which should include outreach activities at the global, regional and national levels. The dissemination strategy should serve as a vehicle to raise the visibility and profile of cash and to launch an extensive consultation and debate on the issues that the report raises and its recommendations. The outcomes of this dissemination process should be a set of priorities that can serve as the basis for a forward-looking agenda. Consideration should be given to using large group methods to discuss the research – tested processes for creating system change in organisations and communities.<sup>46</sup>

2. As this report notes, collaboration needs to be one of the foundation pillars for a new business model for CTP. CaLP should consider reconfiguring its organisation model – to become an international 'platform for platforms' focusing on fostering collaboration, including testing innovative models and approaches for CTP.

HFP's prior research<sup>47</sup> has noted that, while there is a desire for more effective fora for exchange and in which to plan and undertake joint engagement, such fora are far less effective at the global levels. They need to be contextualised within specific geo-political contexts, including individual countries and regions.

A starting point could be to map existing platforms and consortia at the regional and national levels in one region, e.g. selected countries in South-East Asia that are conversant with cash and where such consortia may already have been created. With respect to CaLP reconfiguring its own structure as a 'platform for platforms', there are some very interesting platform models in the UK that could be explored, including the START Network, BOND, Communicating with Disaster Affected Communities (CDAC), and the distributed leadership model of the Partnership Broker's Association, London.

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<sup>46</sup> See, for example, Bunker, B and Alban B *The Handbook of Large Group Methods* (2006), Jossey-Bass, San Francisco; or Holman, P, Devane, T and Cady, The Change Handbook (2007) Barrett-Kohler, San Francisco.

<sup>47</sup> *Commercial and Humanitarian Engagement in Crisis Contexts: Current Trends, Future Drivers*, p.30



3. CaLP, its members and other NGOs should launch a participatory consultation process to define the comparative advantage of NGOs in cash, in light of and based on the findings, issues and recommendations in this report. The exercise should define the added value of NGOs in cash and what they can offer in light of a changing humanitarian context and evolving CTP. The analysis should lead to the definition of a core set of competencies, including for collaboration. The competencies can be used by NGOs to advocate for their role, develop their collaboration capability for CTP, and to develop and refine their CTP organisational strategies, such as staff recruitment, talent development, information management, resource mobilisation etc.

4. Based on the results of the added value in CTP analysis exercise outlined above, a follow-on activity could focus on CTP learning and training. A starting place could be to map and review current CTP training curricula, at different levels, towards making the content more consistent as well as futures-oriented. Training should be revised to enhance the ability of CTP actors to programme cash at scale. It should be targeted at different levels and audiences in relation to their role in cash, e.g. those with leadership and management roles, finance and accounting personnel, etc. The training should be designed in such a way that it can also be used to help governments and the private sector to understand the comparative advantage of IHAs in CTP and how the international humanitarian system works.

5. CaLP and its members have been working in West and Central Africa on direct advocacy to national governments to include safety nets as a core element of their national poverty-reduction strategies. Those who have been involved in this work may want to undertake a collective review of what has been achieved. The review should seek to understand how humanitarian NGOs implementing emergency CTP can influence the design of more predictable safety net schemes in a way that ensures they can scale up or down in a timely manner, according to the humanitarian situation and corresponding needs assessments. The analysis could expand to include an examination of country strategies, plans and thinking with respect to social protection programmes: do governments and national actors see social protection as a desirable model? What are governments' plans to expand social protection programmes overall in the future? What are their plans to expand social protection programmes in times of emergencies and how might this look? This analysis could be the basis for developing case examples as well as guidance and training – all of which could be disseminated and used more widely.

6. CaLP should seek financing to put out a call for proposals to test out futures-oriented CTP preparedness measures in selected, risk-oriented micro-contexts where governments are open to cash and its uptake. These activities could be undertaken through CaLP's regional offices and its members, as well as in partnership with national governments and national actors (civil society, private sector) and IHAs. The pilots should seek to test out new approaches to incorporating CTP, with an emphasis on how the financing of cash is likely to look in future in light of ICT changes.

### **Three actions for the World Bank**

1. A panel should be established to provide information on the impact of ICT on emergency cash, including alternative forms and flows of cash and their potential impact on CTP. The panel should draw upon the expertise of senior experts from the ICT sector who can speak knowledgeably about the role of ICT and its impact on cash, including where cash is going as a virtual currency. The panel should meet regularly and its membership should evolve in sync with innovation in the field. It should help inform what humanitarian actors, donor governments and nation states can do, independently and together, to prepare for these changes. In the first instance, the panel can include representatives from the Bitcoin Foundation, IMF, Mobile Money and representatives from key Diaspora communities. The panel could logically be housed and coordinated under the auspices of a neutral think tank or research organisation.

2. The need for information on poverty characteristics for the wider population is raised as a critical issue when attempting to utilise social protection systems for emergency response. Early warning systems are also identified as being an essential pre-condition. With the growing opportunities presented by technology, these datasets have the potential to identify wider elements of vulnerability, offering customised analyses of potential threats.

More sophisticated needs-based maps need to be available to governments to enhance the opportunities for social protection programmes to more successfully consider the needs of, and subsequently reach, a wider set of beneficiaries in times of emergency. The World Bank, regional organisations e.g. the Asian Development Bank, and non-Western technological partners such as India, China and South Korea should be engaged in supporting governments' efforts towards the mass customisation of risk information and the application of technology. In addition, lessons learned from experiences in developed nations with well-established risk-management information and social protection systems, could be drawn upon.

3. Greater attention needs to be given to understanding the interface between CTP and markets. More research would support the building of a better knowledge base about this dynamic, both now and in the future. The research called for in this report on national cash schemes, in particular, would also help to build a better evidence base of how such systems work in different national and international contexts. The World Bank is well-positioned to support such research.

#### **Four actions for the UN system**

1. From a UN perspective, social protection must be approached as a cross-cutting theme for in-country IASC teams. Donors should encourage the key UN agencies engaged in social protection and cash (WFP, UNHCR, UNICEF and UNDP, with support from UNDOCO and OCHA-DAC/Clusters/IASC) to develop an initiative to test out how to meet humanitarian needs spanning different sectors, based on cross-organisational collaboration. The overall focus would be on the use of social protection programmes for emergency response in different crisis contexts. It should have a strong focus on how to link cash modalities with resilience, reducing vulnerability and social protection as a cross-cutting theme for in-country IASC teams and for inter-agency organisations (clusters) at headquarter and country levels. It could be based on a series of pilots which have the potential to be scalable. The collaboration and issues that have been identified in this research in relation to compartmentalised response approaches and capability-enhancement for Resident and Humanitarian Coordinators to understand CTP should be incorporated into the initiative. The initiative should seek to understand the types of incentives needed for the UN to have a more common and harmonised approach to resilience building and vulnerability reduction and CTP.

2. In the context of the work of OCHA's Partnership Unit on the role of the private sector in humanitarian action, OCHA should help to launch a mapping initiative on the role of the private sector in CTP. This could focus on a few countries where UN agencies are working in cash. It could map private sector actors (by type, industry and level) who have key roles in cash, both currently and in the future. The mapping would provide a clearer picture of the range of private sector actors who engage in CTP, why they engage, what they do and their added value. The mapping should also seek to identify the types of platform mechanisms that are available, or that could be created, to foster better humanitarian-private sector engagement, including for cash.

3. One component of the private sector mapping initiative could be for OCHA/WEF to launch a review of the *Guiding Principles for Public-Private Sector Collaboration for Humanitarian Action*, with a specific focus on the application of the principles in CTP.

4. Work undertaken by OCHA (see the *Coordination and CTP* report) to initiate policy discussions (for example by ECOSOC, IASC) on CTP should continue, along with its efforts to look at some of its tools and services to determine how they can be adjusted to support/accommodate CTP at scale. OCHA and the IASC should also provide leadership to determine a focal point for coordination of CTP within the international architecture.

### Three actions for governments

1. Far greater effort needs to be made to understand what governments are doing in relation to the use of CTP in national contexts, and to understand how the engagement works between IHAs and governments. The UN and donors should start to organise more consistent exchange fora, preferably at the regional and national levels, that bring together governments, developed countries, MICs and LICs to exchange and share experiences, and develop an agenda for building better evidence and capability for CTP in emergency response in different crisis contexts. This report suggests that cash-oriented donors and the UN system take the lead to support this, with support from think tanks and research organisations.

2. Remittances represent an increasingly critical source of cash in emergencies. Humanitarian agencies and governments should develop some pilot activities to engage with established Diaspora communities, in order to better understand the ways in which mobilisation of their financial assistance can be enhanced in disaster response and its impact on government-led CTP. This may involve the establishment of regular meetings between leaders in Diaspora communities, donors, beneficiaries and other CTP actors.

3. Donors should consider a joint undertaking with governments of selected countries to document government experiences in using cash in emergencies in the context of their national systems to better understand issues related to accountability and government, and the challenges between governments and IHAs working together. One of the research areas should be to understand the pathway and roles for IHA engagement in different national crisis contexts. Linkages between this action and recommendations for further research on the use of social protection programmes in emergency response, and the exercise to define the added value of NGOs in cash, should be explored.



PHOTO: WOLFGANG GRESSMANN/OXFAM

### Three actions for the private sector

1. A consistent theme throughout the research relates to humanitarian and private sector engagement. The research finds there are not clear mechanisms or entry points to foster humanitarian-private sector engagement. While there is interaction on an ad-hoc basis, the collaboration overall is deemed to be inconsistent and the examples are not well-documented. The recommendation to the UN, (iii) to map private sector engagement in selected contexts and associated platforms, is put forward as a starting point to answer one of the seven research questions: 'Is the humanitarian sector ready for more interaction with private sector actors in implementing CTP?' The proposed mapping exercise should be undertaken in close collaboration with the private sector as an active partner in the exercise, at all stages of the process.
2. CaLP and UNOCHA's Partnership Unit and TAG members may consider convening a small working group to explore what greater interaction with the private sector means for CTP and what it requires. In Europe and the UK, there are a number of ongoing initiatives and mechanisms that could contribute to this agenda and strategy-formulation exercise. These include, for example, ALNAP's Humanitarian Innovation Fund, Deloitte Touche Tohmatsu's Innovation Program, the WEF's Disaster Resource Partnership, and the Business in the Community/DFID-financed project on the private sector's role in humanitarian action. Other initiatives including the Better than Cash Alliance or regional groups such as CSR Asia could also be tapped. While this recommendation calls for leadership at the global level, a more regionally based exercise could also be considered.
3. The research affirms that governments are increasingly seeking to assert control over humanitarian response. At the same time, the increasing sources of cash that will be running in parallel to government cash transfer responses will create escalating coordination and monitoring difficulties. International humanitarian actors should work with governments to engage the private sector in providing advisory services related to looking for alternative ways of dealing with the multiple flow and types of 'cash', and in particular, the virtualisation of 'cash'.

### Three actions for think tanks/research organisations

1. As this report notes, far more research is needed on national emergency cash schemes and responses to gain a better understanding of how they work in different national and crisis contexts. A research initiative could start with those countries that have already used cash in emergencies, towards understanding systems design and capacity requirements for emergency cash. This would need to be done as a collaborative project on the part of donor governments, the countries to be studied and humanitarian actors. It should include a component for exchange between countries and documentation of lessons learnt, focused on understanding some very specific issues, tensions and challenges related to systems adaptation, information management, targeting and monitoring of cash, other transfer modalities and in-kind aid, etc.
2. Recommendation (iii) for the UN system to map private sector actors and their roles in CTP could, in fact, be a joint UNOCHA activity in collaboration with a think tank or research organisation.
3. Linked to the recommendation to create an ICT panel, think tank and research organisations could be financed by donors to establish and coordinate the work of the panel on ICT issues, including monitoring fast-moving changes and understanding the development process for technology-based solutions.

## BEYOND THE SCOPE OF THE RESEARCH

The research concludes that a new business model for CTP is needed as part of a broader agenda for more effective humanitarian assistance. A starting point to take this debate forward is to widely disseminate this research and associated products. The dissemination strategy should be conceived to result in a set of priorities that can then serve as the basis of a forward-looking agenda that can be pursued by multiple actors at different levels. HFP welcomes comments on this report and looks forward to hearing the results of future deliberations on its findings and recommendations.

# TERMS OF REFERENCE



## 'FIT FOR THE FUTURE': THE FUTURE OF CASH PROGRAMMING AND ITS IMPLICATIONS ON INSTITUTIONALISATION OF CASH BY ALL HUMANITARIAN ACTORS, PRIVATE SECTOR, DONORS AND GOVERNMENTS

### Background

According to a recent study by The Humanitarian Futures Programme, 'several transformational factors are likely to affect humanitarian action over the next decade and beyond, and ... these will have a major bearing on how both commercial and humanitarian organisations need to engage. These include the growing political centrality of humanitarian crises and a marked trend towards host governments exercising greater control over the process of aid delivery – even if they still have limited control over the related funds. Then there is the evolving nature of the crises themselves, which – particularly where related to climatic factors – appear to be increasing in number, scale and intensity. Disaster-risk reduction, based on tackling assessed vulnerabilities, is likely to assume greater prominence in policy terms as the human, economic and political costs of such disasters mount.'

This perspective is reflected in *Crises in a new world order* (Oxfam 2012) that states: 'The growing number of vulnerable people, the rise in disasters, and the failure to put most fragile states on the path to development, will significantly increase needs. Western-based donors, INGOs and the UN provide only part of the answer. Already, new donors and NGOs from around the world provide a significant share of humanitarian aid. Future humanitarian action will rely on them and on the governments and civil society of crisis-affected countries even more. The UN and INGOs will be vital, but their contribution will increasingly be measured by how well they complement and support the efforts of others, and encourage every humanitarian actor to uphold humanitarian principles.'

As NGOs, agencies and governments increase their CTP spend (for example, since 2010 Oxfam has implemented CTPs at scale in one-in-four large-scale emergencies), they require an understanding of the evolving context of humanitarian action to justify: undertaking CTP institutionalisation and its related costs; assessing organisational risk and exploiting opportunities in an evolving humanitarian sector; and making changes to organisational ways of working in terms of policy, strategy and advocacy, and so on.

As mentioned above, the recent trends (in part enabled by increasing confidence in the use of CTP, new technology and engagement with the private sector) are leading to shifts in how emergency responses are led, coordinated and implemented. The UN and large organisations<sup>48</sup> are implementing more CTP and at larger scales than previously seen. For instance, WFP plans to provide 40 per cent of its food assistance in the form of cash and vouchers (this would equal over US\$1 billion) by 2015. Currently seven per cent of WFP interventions are in CTP, with a value of approximately US\$340,000,000.<sup>49</sup> At the same time, costs related to institutional challenges should not be understated.<sup>50</sup> In addition, there is a growing interest among existing and emerging donors to support appropriate cash- and voucher-based interventions.

Government and private sector engagement in cash support post-emergency is likely to increase based on recent trends, especially as more developing countries establish social safety nets with the support of donors such as DFID, USAID and the World Bank. According to figures based on OCHA Financial Tracking System data, funding for emergency CTPs shows an upward trend, with a peak in spending in 2010 of US\$188.2 million (in part due to significant funding from the US as well as mega-disasters in Pakistan and Haiti).<sup>51</sup>

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<sup>48</sup> i.e.: reaching 100,000 beneficiaries or more.

<sup>49</sup> Conversation with Annalisa Conte, WFP.

<sup>50</sup> The time taken to establish reliable and trusted systems will vary from organisation to organisation. The IFRC have been working on adapting their systems for approximately 12 months and aim to undertake pilots before the end of 2011. WFP's Cash for Change initiative which was launched in 2008 is not scheduled for completion until 2015 (with systems, processes and staff in place for large scale deployment envisaged for 2013) (Austin and Frize 2011).

<sup>51</sup> Global Humanitarian Assistance, Tracking spending on cash transfer programming in a humanitarian context, Briefing, March 2012, <http://www.globalhumanitarianassistance.org/wp-content/uploads/2012/03/cash-transfer-financing-final.pdf>



Between 2007 and 2010, DG ECHO saw an increase of 20 per cent in the number of projects including a cash component from NGOs. ECHO encourages this development and is supportive of agency institutionalisation of CTPs. It has also recently removed the 100,000 Euro ceiling for funding to individual grantees implementing unconditional cash grants.

DFID's Humanitarian Emergency Response Review (HERR) in 2011 advocated for the use of cash transfers in responding to humanitarian crisis, and recommended investing in better preparedness in countries to cope with and respond to crises.

With such large and increasing amounts of cash assistance channelled through CTPs, it is clear that trend analysis is necessary to inform and influence both decisions and spend on institutionalisation, systems and procedures in CTP in all stakeholders related to CTP.

Despite the increase in the use of cash by agencies and governments to respond to humanitarian crises, there has not been any projection of CTP trends<sup>52</sup> and how these sit within the evolution of the humanitarian sector as a whole.

In 2011, CaLP conducted research, *Ready or Not*<sup>53</sup> to understand how prepared the humanitarian sector was to implement CTPs at scale. It identified a number of factors that hindered preparedness including silo thinking and ways of working among donors and NGOs, such as risk-averse behaviour. This is significant, given the trend for increasing CTP and the need for scaled-up responses – including CTP – to meet increasing humanitarian needs.

Therefore, within this context of fairly rapid change, NGOs, UN organisations, donors, governments, private sector agents and civil society groups would benefit from a better understanding of CTP evolution. Such information would inform strategic plans, CTP institutionalisation and behaviour, resource planning and allocation.

This analysis would enable stakeholders to:

Discuss the findings and their implications, and, on the basis of this, review strategic plans, ways of working and resource allocations.

Develop, if deemed necessary, additional protocols, alliances and strategies that would enable the organisation to be better prepared for the future, to be 'fit for the future'.

## PROPOSED METHODOLOGY

The proposed work will seek to address the overarching research question:

Are NGOs, UN organisations, donors, governments and policymakers that implement, fund and influence emergency cash transfer programming 'fit for the future'?

The analysis will focus on the trajectory of cash programming within the evolving humanitarian sector, in parallel analysis of the capacity of NGOs, UN organisations, donors, governments, private sector agents and policymakers to enable, provide, support, monitor and guide this growth.

The research institution/consultant(s) responsible for this question would address the following questions (and potentially additional questions) within the scope of research.

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<sup>52</sup> There have been retrospective attempts by Global Humanitarian Assistance to map trends in CTP.

<sup>53</sup> Austin L and Frize J (2011); *Ready or Not? Emergency Cash Transfers at Scale*, commissioned and published by CaLP, <http://www.cashlearning.org/downloads/resources/calp/Calp%20Ready%20Or%20Not%20-%20Emergency%20Cash%20Transfers%20At%20Scale.pdf>





**Key research questions:**

1. What will the humanitarian world look like by 2020-2025? Who will be the main actors and what will be the main influences? (This should include analysis of the actual and potential role of social protection systems in humanitarian responses at scale, which should be presented in a separate section of the final report including a case study).
2. Is the humanitarian sector ready for more interaction with private actors in the implementation of CTP and other innovative approaches? What will this look like and how will it work?
3. What are the trends in current and future projected funding of cash transfer programmes?
4. What strategies are donors, governments, private sector and international humanitarian coordination bodies considering to ensure that they are 'fit for the future'? Are they on track?
5. How will emerging major donors (especially those from the Middle East and emerging economies (BRIC) play a role in the changing humanitarian landscape and the rise in new modalities such as CTP?
6. What are the potential obstacles to supporting the projected growth in CTP (risk aversion, systems, etc.)?
7. What strategies and institutional plans should be included (by donors, policymakers – from UN agencies, OCHA, the private sector – and governments) to ensure future capacity and readiness?

The academic institution/consultant(s) undertaking this work would be asked to present their methodology to the CaLP and an independent technical advisory board (see below for details). In addition, the following suggested methodology would be shared:

- a. Development of a work plan and methodology (for CaLP sign-off) that includes approximate dates for the submission of stated outputs (see below) as well as significant input from the CaLP team. The CaLP Coordinator, Advocacy Officer, Technical Coordinator and Communications Officer are available to support this piece of work.
- b. Implementation of the signed-off work plan and methodology that should include:
  - a. Identification of key stakeholders, actors, research bodies and think tanks broadly within the humanitarian sphere to include as key informants. Researcher(s)/consultant(s) should include stakeholders and actors from 'global humanitarian hubs' (for example Nairobi, Dakar, New York, Bangkok/Singapore, Geneva, Brussels, Guatemala/Panama etc.) to ensure this piece of work is not too Euro-centric.
  - b. Support the CaLP team in the establishment of the Technical Advisory Board, considering the research questions, identification of key informants, finalisation of the timeframe of reference (2020 or 2025) as well as the strengths and weaknesses of the researcher(s)/consultant(s).
  - c. Desk review of published/'grey' literature; key informant interviews and meetings with research bodies and academic institutions (such as the Humanitarian Futures Programme, Institute of Development Studies, Tufts, Harvard Humanitarian Initiative), think tanks (such as ALNAP and ODI) and relevant initiatives such as Global Humanitarian Assistance to better understand global trends in cash programming funding and the future of the humanitarian sector (attention to urbanisation, migration, demographic and gender changes should be included). This will involve email/phone/Skype/face-to-face communication with researchers, donors, NGOs, key informants and representatives of social protection departments.



d. Establish collaborative contact with agencies such as Oxfam GB which is undertaking similar research, and with initiatives such as Global Humanitarian Assistance,<sup>54</sup> which has mapped CTP trends in the humanitarian sector. Oxfam GB has recently commissioned a study on the following objective which involves analysis of trends in donor spend in CTP over the past five years, as well as a reflection on the extent of NGO-CTP engagement: 'To study external trends on the scale and scope<sup>55</sup> of CTP among donors<sup>56</sup> private sector, national governments<sup>57</sup> and other humanitarian INGOs.'

e. Round-table meetings to discuss and debate research questions and preliminary findings with a number of stakeholders.

c. Identification and elaboration of four case-study countries to illustrate the research questions and future trends. This will require more specific key informant interviews and also desk-based research.

d. Advocacy messages and recommendations should be made specific to donors, and senior management in organisations.

CaLP is keen to ensure that the results of this research will be used by policymakers and practitioners, globally. Therefore the following should be considered:

- With regards to the 'Fit for the Future' analysis, an understanding of the humanitarian trends in the Americas and Asia as well as Europe would be needed. For this reason, dialogue and discussion with a number of key stakeholders in these regions would be necessary.
- Where possible and applicable, private sector platforms (such as those initiated by Humanitarian Futures<sup>58</sup>) and coordination groups (OCHA) will be contacted and involved.
- Linkages with initiatives such as 'Better than cash',<sup>59</sup> Global Humanitarian Assistance,<sup>60</sup> and research think tanks such as Humanitarian Futures Programme, ALNAP, ODI, Chatham House and CDAC<sup>61</sup> are necessary.

CaLP's intention is to share the findings of this analysis with NGOs, think tanks, research bodies, donors and academic institutions planning research into the sphere of CTP, so that it may inform future work.

This is envisioned as a practical piece of research with realistic recommendations for the variety of stakeholders to whom it is targeted. The researcher(s)/consultant(s) may be requested to present research findings at a CaLP Learning Event or similar event.

Please note: this Terms of Reference covers the main focus of this research. Additional 'guidance' or 'reference' documents may be developed by either CaLP or the contracted consultant/research body to ensure a satisfactory understanding of the task and the outputs expected.

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<sup>54</sup> A Development Initiative project.

<sup>55</sup> Refers to multi-sector interventions and work at different stages of an emergency i.e. not limited to food security and livelihoods.

<sup>56</sup> The term includes bilateral and multilateral donors, big individual donors and private sector donors eg. Gates, UN agencies.

<sup>57</sup> It is not possible to study this for all national governments, therefore, we would like to limit this to the following disaster-prone countries – Pakistan, Bangladesh, Ethiopia, Kenya, South Sudan, Yemen, Haiti, Mali/Niger, Malawi/Zimbabwe (any other WASH countries?).

<sup>58</sup> On 12 September 2012 a meeting 'Private Sector Innovation and Humanitarian Action: Taking Engagement to the Next Level' was held.

<sup>59</sup> <http://betterthancash.org/resources/>

<sup>60</sup> <http://www.globalhumanitarianassistance.org/>

<sup>61</sup> <http://www.cdacnetwork.org/public/about/history-brief>



## OUTPUTS

1. A work plan and timeframe to be presented to CaLP and the TAB at an inception meeting (this can be virtual but face-to-face is ideal and will be sought).
2. Short monthly progress reports to the TAG and CaLP to ensure their ability to support and guide where necessary.
3. The main document that answers the key research questions (listed above) including practical recommendations in a palatable format for the targeted users of the findings such as donors, NGO senior management and decision-makers, private sector actors.
4. A short recommendation document for the CaLP. This document would include a reflection on CaLP's strategy, ways of working, areas of research that need addressing, and advocacy messages.
5. A short, palatable synthesis of the main report that can serve as a stand-alone document and that outlines key messages and recommendations that would be used for advocacy and awareness-raising needs and to enable a wider readership.
6. A PowerPoint presentation (complete with presenter notes) and hand-out of findings, methodology and recommendations that can be used at presentations.

## MANAGEMENT

This research is being commissioned by Oxfam GB on behalf of the Cash Learning Partnership (CaLP). The CaLP Technical Coordinator will manage the academic researcher(s)/consultant(s) for this assignment.

The Technical Advisory Board (TAB) will contribute to the quality and utility of this intervention. Several mechanisms will be employed to ensure quality assuredness, including:

The CaLP will convene a multi-sector TAB of key stakeholders and experts (maximum 8 persons). This would likely include members of academic bodies, donors, UN, individual consultants, senior NGO management and NGOs. A Terms of Reference will be developed for the TAB members to ensure clarity of their role and when and how their contributions can be made.

Frequent technical follow-up and, where necessary, face-to-face meetings. CaLP would ensure contact with the researchers for the life-cycle of the project to ensure (a) they are fully aware of the work to be undertaken and the outputs required, (b) CaLP will provide key contacts from within its sphere of influence, (c) check the progression of the research and support problem solving as and when necessary, and (d) ensure the TAB is sufficiently updated and engaged where and when required.

## TIMING

It is envisioned that this consultancy would last approximately 50 days. However, applying consultants can propose an alternative number of days with an accompanying rationale. The final outputs are expected by 30 September 2013.

## PAYMENT

The payment schedule for this consultancy will be as follows: 50 per cent on signing the contract and submission of an approved work plan; 50 per cent on satisfactory completion of the assignment.

Final payment will be made on receipt of invoice and original receipts (for costs related to this piece of work as per a consultancy contract), according to the number of days actually worked.



## ESSENTIAL PROFILE OF THE RESEARCHER(S)/CONSULTANT(S)

The researcher/consultant(s) should have the following skills and knowledge:

- Have extensive working knowledge and understanding of the humanitarian sector, the actors and stakeholders (including NGOs, donors, UN, OCHA and government. (Essential)
- Have knowledge of CTP in humanitarian contexts. (Essential)
- Have a research background. (Essential)
- Have the ability to assemble vast amounts of information and identify critical aspects. (Essential)
- Be able to communicate complex subject matter (in a written and oral form) into accessible and simple guidance that is accessible to people with varying language skills. (Essential)
- Preferably also be connected with academic institutions and their research. (Desired)
- Language skills to enable access to global actors in Latin America and West Africa. (Desired)

Application process: Interested applicants should submit the following documents by 18 February 2013:

1. An expression of interest (Eoi) that includes: an updated CV and an overview of your experience, how you would approach the piece of work, and your added value to this piece of work, and how links to organisations, think tanks and research institutions will be made. Daily rates, costs and availability should also be mentioned.
2. An example of a similar piece of work should be included with the Eoi.

Please submit proposals and questions to Lili Mohiddin, CaLP.



The Cash Learning Partnership

This report presents the results 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 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 this report and the other project products 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 Final Report has been developed as a stand-alone document. It is complemented by an Executive Summary and an Annex Package that contains the full set of products developed in the course of this research project.

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Humanitarian Aid  
and Civil Protection

