

WORKSHOP REPORT

Cash Transfer Programming (CTP) in Northern Syria: Where are we now and where do we want to be?
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Gaziantep, Turkey

A. Background

This report summarizes the outcomes of a one day workshop on Cash Transfer Programming (CTP) that was organized by the Cash-Based Responses Technical Working Group (CBR-TWG) for Northern Syria on April 28th 2015 in Gaziantep, Turkey. The workshop was attended by a wide group of stakeholders from the humanitarian community currently supporting cross border activities in Northern Syria. This included: donors; UN agencies; cluster coordinators; strategic decision makers; and technical advisers from NGOs involved in CTP. The idea of the workshop was initiated in 2014 by the CBR-TWG and received significant interest from donors, NGOs and some clusters.

The main aim of the workshop was to advocate for joint efforts in scaling up cash based programming in Syria built on a common understanding of where we are with cash transfer programming in Syria currently; the challenges, successes and learning; and what the strategic direction is from implementing organizations and the donor community going forward. Furthermore, the workshop was intended to give direction to the CBR-TWG on priority areas of focus for 2015.

The workshop was facilitated by experts from NGO members of the CBR-TWG. The day involved different activities including presentations by the facilitators, participatory group discussions and plenary sessions focused on critical topics related to CTP in northern Syria. For more details about the topics and workshop methodology see the workshop agenda in Annex 1.

B. About the Cash Based Responses Technical Working Group (CBR-TWG) in Northern Syria

The CBR-TWG is a forum of technical professionals established in early 2014 and dedicated to support the humanitarian community develop and scale up effective cash based programming in Northern Syria throughout the different phases of the humanitarian response (relief, recovery and resilience). It is mandated to be a technical working group for cash and voucher programming in Syria, non-sector specific, developing harmonised standards, technical coordination, and capturing and sharing learning.

The CBR-TWG coordinator is currently hosted by Save the Children and funded by the Department of International Development (DFID). Bi-weekly meetings are held in Antakya and Gaziantep alternately, for both the main group and technical sub-groups focusing on specific topics as required. INGOs and national NGOs are regular members of the working group, with donors attending on an ad hoc basis.

C. Workshop Objectives

The workshop sessions were designed to achieve the following specific objectives:

1. Have an understanding of the discourse around critical questions and issues for CTP in northern Syria
2. Reach consensus around where we stand with the key questions and issues
3. Identify outstanding questions and issues that require further attention in 2015

D. Summary of Discussion from the Workshop

The following sections outline the main discussion topics of the workshop and a summary of the critical areas of discussion in each session.

D.1. Session 1: Briefings from Key Donors

Donors were requested to provide briefings about their current thinking around CTP globally and specifically for Syria. Generally speaking, the donor community that attended the workshop (namely USAID, DFID and ECHO)

recognise the need to explore the possibilities of using CTP interventions in Syria further.

Donors emphasized collectively many conditions that need to be in place for CTP, such as proper analysis of the context and markets, ensuring accountability, appropriate risk management of transfer mechanisms, encouraging innovations, value for money considerations, effectiveness and efficiency of CTP modalities in addressing needs of the population.

D.2. Session 2: Appropriateness of Cash Transfer Programming (CTP) in Syria

This session began with a presentation about the appropriateness and feasibility of cash transfer programming in Syria, focussing on the following four key elements;

1. **Appropriateness:** how CTP as a modality will address the identified needs of our target beneficiaries, as well as social, political and cultural acceptance;
2. **Market functionality:** the availability of the required commodities, the capacity to respond to increased demand and ultimately whether the CTP modality will impact positively on beneficiaries, communities and markets in the longer term;
3. **Infrastructure:** is there an appropriate delivery mechanism available which ensures speed and accountability and is accessible by all beneficiaries;
4. **Security considerations** around risk to beneficiaries and staff in delivering cash assistance vs other modalities.

At the end of the presentation the participants were divided into break out groups and discussed the following questions;

- To what extent are assessments providing appropriate and adequate information to develop cash based programmes?
- How we do validate that our responses are appropriate for the market environment?
- How can we be more responsive to market dynamics and enable changes in modality based on changes in the context?

Key points from the discussion:

1) To what extent are assessments providing appropriate and adequate information to develop cash based programmes?

- The current multi-sector assessments don't provide sufficient information to inform CTP in Syria. However, there is some information available but this tends to be related to specific geographical areas. There is a gap in a more overarching synthesis and analysis of information. Information gaps relate to:
 - Household level economic situation and socio-economic data
 - Operational information in relation to security, market functionality, money transfer mechanisms
- In addition to the above mentioned information gaps, the workshop identified the following areas of which more analysis is needed to better inform development of appropriate CTP modalities:
 - a. There is a need for a better understanding of the hawala system including the potential for its expansion, what its limits are, how we can work with the hawala system compliantly, and what the other alternative ways of transferring money to Syria are (if any).
 - b. There is need for a deeper understanding of markets dynamics – particularly the inflation issue (what's causing inflation? Could our programme be impacting it?)
 - c. There is a need for more cost-effectiveness analysis of different modalities in different contexts
 - d. There is a need for a shared risk analysis/assessment (detailed and contextualized) related to different modalities
 - e. More information is needed on the impact of different modalities, in relation to programme objectives (have we been effective at meeting needs?), protection and debt payments.
- There are also challenges and sensitivities around sharing information among agencies, however this information would help others assess the appropriateness of cash based programmes.

2) How we do validate that our responses are appropriate for the market environment?

The discussion around this question emphasized the need to assess and understand the impact of CTP not only on

the market environment but also on the community as a whole (including both beneficiaries and non-beneficiaries) where CTP is being implemented. The workshop participants suggested the following areas to be assessed in order to validate the appropriateness of CTP:

- a. Understanding the secondary impacts on non-beneficiaries and markets (incl. debt/credit system, integration of small vendors etc.) based on baseline information from the pre-crisis situation and following CTP interventions (e.g. through regular market monitoring, impact evaluations, PDM);
- b. Determining if we've met the needs we intended to meet for our beneficiaries;
- c. Consider the combined impact/effects of everyone's interventions in the market system – from a more macro level;
- d. Teams on the ground should be familiar with the critical indicators and early warning signs of when our response isn't appropriate for the market.

3) How can we be more responsive to market dynamics and enable changes in modality based on changes in the context?

- It's challenging to be really responsive to the market dynamics in the context of Syria as set up of new modalities can be profoundly difficult. It's hard for NGOs to shift from one modality to another unless there is ongoing programming in various modalities (and therefore it doesn't require a supply chain set up).
- We might not be able to differ transfer values among geographic areas according to local prices (potential for conflict) and also considering people are mobile and can travel to different markets. How do we determine what transfer value and in which geographic region?
- BUT, there are ways that can enable implementing organizations to be prepared and more responsive to market dynamics if the following points are addressed:
 - a. A proper response analysis at the inception phase of a project including: cost benefit analysis that considers all modality options; feasibility of different options; and the factors and triggers that should determine that a change in modality is relevant.
 - b. Modalities can be combined and may provide more flexibility to change the caseload size of each according to circumstances (e.g. scale up in-kind caseload and scale down cash or vice versa).
 - c. A strong monitoring system, including regular market analysis information and trigger indicators according to CTP sector objectives will help inform our decisions.
 - d. Need to find flexibility from donors and build in flexibility to the programme design (geographic, funding and target). Requires regular communications with donors on any changes in the context and situation.
 - e. Consider crisis modifiers in contracts – enabling adjustments in budget and target areas – this could be related to security/conflict changes as well as markets.

Recommendations:

Although there is evidence that demonstrates the appropriateness of CTP in Syria, the situation differs geographically depending on the local context. The following recommended actions will enable us to fill the assessment gaps, validate the appropriateness of CTP to the market environment and communities and finally be more responsive to market dynamics.

- i. Develop minimum standards for market and socio-economic assessments, Sectors to take the lead on additional analysis, e.g. FSL working group coordinating a more in-depth food security assessment.
- ii. Produce a contextualized guideline on the key points and considerations in the different factors and conditions that need to be met before an agency embarks of CTP and what to consider when taking the decision to do CTP.
- iii. Conduct cost-effectiveness analysis and develop standardized indicators across sectors that could be monitored.
- iv. Develop guidelines for calculating minimum packages of assistance in relation to different sectors (e.g. not just the Minimum Expenditure Basket (MEB), but also livelihood related inputs).

D.3. Session 3: Risk Planning and Implementation Challenges

The session started with an overview presentation of the different risks (security, financial and operational), related

to potential impacts that have to be considered and the mitigation measures that are currently used by implementing organizations. Following the presentation the participants were requested to discuss the following questions in breakout groups and report back in plenary;

- To what extent are the controls in place an adequate response to the identified risks?
 - E.g. Risk to beneficiaries, risk of aid diversion, risk to program implementation etc.
- What more could we be doing to monitor, respond and mitigate the risk?

Key points from the discussion:

1) *To what extent are the controls in place an adequate response to the identified risks? E.g. Risk to beneficiaries, risk of aid diversion, risk to program implementation etc.*

- Despite there being no evidence of fund diversion or corruption, donors and some agencies are concerned about this risk. Consequently, this issue is sometimes overemphasized in the debate around CTP in the context of Syria.
- Targeting is one of the key areas where the risk of fraud and diversion can be easily manipulated, therefore minimum standards for cash based intervention beneficiary targeting will reduce the opportunities for fraud and diversion.
- Risk to beneficiaries after receiving cash or vouchers (including pressurized fund diversion, taxation, protection, and household and gender dynamics). A critical question asked is *where does the implementing partner's responsibility stop?* Implementing partners are not responsible once the beneficiaries receive the cash or voucher or for the decisions thereafter on how to use the transfer. However, like any other assistance modality the CTP project design, accountability and monitoring systems must be sensitive in order to capture and reduce the risk of fund diversion, fraud and misuse.
- As the volume of funds transferred increases the system used can become more easily manipulated and attractive to corrupt, suggesting that there should be systematic changes regularly (e.g. every 6 months) in the distribution process in order to make it difficult for people to corrupt the system.
- Exchange rate fluctuation and inflation risk for beneficiaries as well as organizations is another key challenge. This affects our ability to ensure we meet the needs of the beneficiaries, therefore funding should include flexibility elements and/or contingencies.
- The lack of detailed understanding of the hawala system and how we can utilise this system is not just relevant to CTP but also for all operations in northern Syria, (e.g. any activities that require transfer of money into Syria for payment of salaries, volunteers, suppliers, facility rental etc.)

2) *What more could we be doing to monitor, respond and mitigate risks?*

- Minimum targeting standards for cash based project beneficiaries (incl. verifications, segregation of duties, complaint mechanisms).
- Segregation of duties internally for agencies and externally throughout the value transfer process from beneficiary targeting, distribution and monitoring, the following are a few suggestions:
 - Separate teams for beneficiary selection and distribution, and/or the finance team could carry out the distributions.
 - Peer or independent monitoring: this requires the development of standard approaches and clear indicators for monitoring, information sharing protocols on disseminating the findings, especially where related to diversion of funds, internally, and to other NGOs and donors.
- Comprehensive and ongoing sensitization of communities and effective beneficiary feedback mechanisms that allow us to capture sensitive issues that community might experience or observe with honesty.
- Standard guidelines and tailored monitoring tools for varying modalities which enable partners to capture comparable information related to deviations in the programme objectives, impact of CTP and problems.
- Better understanding of the hawala system is essential to identify the vulnerabilities in the system in order to put in place common approaches dealing with hawalas and relevant risk mitigation measures.
- Investment on more restricted and innovative transfer mechanisms which can potentially cut the opportunities for diversion e.g. e-cards/vouchers.
- Teams trained on how to monitor, respond and mitigate risks associated with CTP.
- Midterm reviews/assessments to ensure that funds are not used to meet other needs or for unintended

purposes.

Recommendations:

The following recommendations are additional measures organizations need to strengthen in order to manage the risks associated with CTP. It is important to emphasize that, like for other aid modalities, once the goods or cash reaches the beneficiaries organizations are no longer responsible for what is done with it.

- i. Develop minimum standards for cash based project beneficiary targeting (including segregation of roles, verification, independent monitoring and complaint mechanisms).
- ii. Develop risk management standard approaches for the Syria context that is based on a deep analysis of risks throughout the cash/voucher transfer process. Teams should then be trained on how to monitor, respond and mitigate risks associated with CTP.
- iii. Develop and disseminate guidelines on minimum standards and tools for monitoring CTP, third party monitoring, evaluations/mid-term reviews and community feedback.
- iv. Assess hawala systems to identify all weakness that could potentially be manipulated for fraud, diversion of funds and exploitation of the system for prohibited activities.

D.4. Session 4: Scaling and Contingency

The fourth session started with a presentation providing an overview of experiences of scaling up CTP in northern Syria including the challenges and some of the solutions, followed by a case study where CTP was used in contingency planning. The presentation closed with general lessons learned from the current CTP in Syria. At the end of the session the participants discussed the following questions in breakout groups followed by plenary discussion.

Key points from the discussion:**1) *What appetite is there to scale the use of CTP in northern Syria and what are the main reasons for hesitation?***

- Although there is appetite for scale-up of CTP inside Syria, this sentiment is not held by all organisations. Humanitarian actors should be encouraged to focus on the potential strengths of CTP and the benefits of this modality in reaching programme objectives and needs appropriately inside Syria.
- One key point was that the CBR-TWG can be of assistance to those who are scaling up – but perhaps it is even more applicable for the organizations who are just getting started. A technical resource could be very helpful in the initial stages of planning and implementation.
- Organizations who have tested CTP in their contingency planning found it looks like a good option for quick emergency response to meet immediate needs if the markets are working and are accessible to beneficiaries, particularly when less information on needs is available.
- Both NGOs and market traders are dependent on similar supply routes, but traders are having to rely on credit and informal ways to restock their goods in the case of blockages. This is a flexibility which NGOs don't necessarily have.
 - In addition to examples that were presented by GOAL, Mercy Corps mentioned the use of a tailored voucher for NFIs in which vouchers were printed and stored inside Syria, framework agreements were signed with suppliers and vouchers were used to respond to emergencies when the need arose. However, the main challenges were: 1) fall in the stocked voucher face value overtime and 2) one specific design of voucher being in circulation in the market for too long could increase the risk of fraud.
- The following is a summary of the main reasons for hesitation for scaling up CTP presented by breakout groups. Note that these are somewhat based on assumptions rather than evidence.
 - UN and donors perceived cash as more risky than other things
 - Building a platform for CTP (experts, staffing, SOPs). Although lots of resources exist, most of these have not been adapted to the particularities of the context inside Syria.
 - There is a fear of doing harm if agencies don't fully understand the implications of cash transfer programmes.

- Some agencies face a lack of direct access, which means that working remotely requires lots of measures to be in place to facilitate remote management. This, however, takes time to put in place and requires a higher capacity of staff at the field level in terms of operational and technical expertise.
 - There is no clear legal framework to which delivery mechanisms are expected to abide; the current transfer mechanism is informal, lacks accountability and has unclear legal status.
- Finally, it was mentioned that the donors have a real role to play here. Increasing flexibility between modalities, geographic areas, and targets would make scale-up of CTP possible.

2) What are the key considerations/blockages not mentioned above and how can we overcome these?

The following points are the key blockages and bottlenecks for scaling up CTP in northern Syria;

- a. Hawalas are informal, illegal, and unregulated. Having agreed upon methods for dealing with Hawalas that lead to increased organizational controls that could reduce the risk of fraud would be advantageous. Alternatives to the hawala system should be explored.
- b. The donors were mentioned as a blockage of innovative programming. Consistent bias against cash as unsafe or somehow more likely to be diverted is not shown in any research.
- c. There is a lack of information shared between organizations, and an entire lack of macro level / 'bigger picture' information.
- d. Finally, it was mentioned that the donors have a real role to play here. Increasing flexibility between modalities, geographic areas, and targets would make scale possible

3) What role does CTP have in contingency planning; in what scenarios and what needs to be done from a programmatic and funding point of view to enable this?

- CTP can be effective in quick responses if contingency plans are in place e.g. framework agreements with vendors, voucher printing companies, money transfer agents, pre-loaded e-vouchers with Points of Sales (PoS etc.).

Recommendations:

- i. The donors have a real role to play increasing flexibility between modalities, geographic areas, and targets which would make scale-up of CTP possible.
- ii. Develop contextualized standard operating procedures (SOPs) for CTP in Syria including SOPs for:
 - Access and remote management
 - Legal frameworks
 - Finance
 - Working with Hawalas
 - Working with shopkeepers/vendors

D.5. Session 5: Conclusions

Top line conclusions from the discussion and facilitator's observations:

- ➡ Generally speaking, the donor community that attended the workshop recognise the need to explore the possibilities of using CTP interventions in Syria further. However, to date the technical contribution to address critical issues related to scaling up CTP, and their engagement in stimulating this discussion, has been minimal.
- ➡ Donor thinking and strategies on CTP don't seem to be tailored to the Syrian context but are more informed by global policies. There is a need for more contextualized policies. We hope that findings of the workshop will be used to formulate policies and funding requirements and eligibility criteria specifically for Syria.
- ➡ The engagement of donors in the workshop was welcomed, however there were some limits in that some donors were observing rather than stimulating and contributing to discussions and some key donors were not in

attendance, notably ones who have significant food assistance programmes.

- Donors emphasized collectively many conditions that need to be in place for CTP, e.g. proper analysis of the context and markets, ensuring accountability, appropriate risk management of transfer mechanisms, encouraging innovations, value for money considerations, effectiveness and efficiency of CTP modalities in addressing needs of the population. These conditions cannot be addressed by partners alone but need more technical expertise and resources from the donor side to move the discussion forward.
- CTP is the most flexible and responsive modality to market dynamics and it can be an effective modality in contingency planning and emergency responses. Therefore, CTP funding must be flexible (acknowledge various modalities, geographical and target flexibility).
- Shared joint in-depth assessments are needed to better inform CTP designs. Socio-economic and household economic analysis is needed to define household vulnerability and targeting, analysis of the impact of CTP on communities and markets (at micro and macro level).
- CTP can be very effective in emergency responses where markets are functional and accessible to beneficiaries. CTP should be included in organizational Emergency Preparedness Plans (EPPs), such as having framework agreements in place with suppliers (for services such as printing vouchers, vendors, money transfer agents etc), have regularly updated market information and well trained staff on the ground.
- There is a need to put in place recommendations for strong standardized monitoring systems including third party monitoring. Developing guidelines and tools for monitoring will assist not only to monitor but also evaluate CTP, bringing comparable information across the response and improving learning.
- Risk analysis of different modalities and transfer mechanisms was discussed throughout the day, and there is a need for joint forces to work on a comprehensive and shared risk assessment of CTP in Syria. This should be followed by the development of standards and strong risk management frameworks (incl. segregation of duties, control mechanisms, innovative transfer mechanisms etc.) based on proper risk analysis throughout the process of the value transfer which will help to eliminate hesitations for scaling-up CTP and allow diversification of modalities tailored to local contexts.

Outstanding questions and issues that require further attention in 2015:

1. In-depth joint assessments (socio-economic, household economics, markets, hawala system and alternative transfer mechanisms)
2. Standard approaches (beneficiary targeting, risk analysis and management, monitoring and accountability)
3. Evaluations (impact, cost effectiveness)
4. Standards (operating procedures, calculations of minimum packages for different kinds of support across different sectors)

For more information and/or to access the workshop presentations please contact CBR-TWG Coordinator e-mail: cbr.twg@gmail.com

Annex 1: Workshop Agenda

Cash transfer programming in Northern Syria Workshop

Time	Topics
09:00 - 10:30	Session one: <ul style="list-style-type: none"> • Welcome and introductions • Introduction-Overview of cash transfer programming in Syria and Cash Based Responses Technical working Group over 2014. • Donor briefings -Briefings from donors on current thinking around CTP in northern Syria.
10:30 - 10:45	Coffee Break
10:45 – 12:15	Session two: <p>Appropriateness of cash based programming; to what extent cash based response is appropriate in Syria?</p> <ul style="list-style-type: none"> • Overview of the context inside Syria (pre-Crisis and now) • Market Functionality and possible implications of different modalities • Feasibility: Acceptance and preference (community, beneficiaries, traders) and infrastructure to support cash transfer programming <p>Discussion:</p> <ol style="list-style-type: none"> 1. To what extent are assessments providing appropriate and adequate information to develop cash based programmes? 2. How we do validate that our responses are appropriate for the market environment? 3. How can we be more responsive to market dynamics and enable changes in modality based on changes in the context?
12:15 – 13:00	Lunch break
13:00 – 14:30	Session Three: <p>Risk planning and implementation challenges; what are the key risks in implementing voucher and cash transfer and how risks have been managed?</p> <ul style="list-style-type: none"> ▪ Risk of fraud, corruption and diversion of funds ▪ Operational risks (examples from ongoing CTP) <p>Discussion:</p> <ol style="list-style-type: none"> 1. To what extent are the controls in place an adequate response the identified risks? E.g. Risk to beneficiaries, risk of aid diversion, risk to program implementation etc. 2. What more could we be doing to monitor, respond and mitigate?
14:30 – 14:45	Coffee Break
14:40 – 15:40	Session Four: <p>Evidences and lessons learned from current cash based responses - Scaling and contingency</p> <ul style="list-style-type: none"> ▪ Key evidences and lessons learned from current Cash transfer programming ▪ Current scale, examples of CTP modalities that have been tried and proven successful and challenges to scaling. <p>Discussions:</p> <ol style="list-style-type: none"> 1. What appetite is there to scale the use of CTP in northern Syria and what are the main reasons for hesitation? 2. What are the key considerations/blockages not mentioned above and how can we overcome these? 3. What role does CTP have in contingency planning; in what scenarios and what needs to be done from a programmatic and funding point of view to enable this?
15:40 – 16:30	Session Five: <p>Recommendations & way forward</p> <p>Review each of the critical areas and questions – Each breakout group to focus on one area and review discussion then present back what conclusions and recommendations can be drawn and what questions remain.</p>