



## Risk-averse to risk-willing: Learning from the 2011 Somalia cash response

Degan Ali<sup>a,1</sup>, Kirsten Gelsdorf<sup>b,\*</sup>

<sup>a</sup> Adeso—African Development Solutions, PO Box 70331-00400, Nairobi, Kenya

<sup>b</sup> Feinstein International Center, Friedman School of Nutrition Science and Policy, Tufts University, 114 Curtis Street, Medford, Massachusetts 02155, USA

### ARTICLE INFO

#### Keywords:

Large-scale cash transfer  
Risk  
Monitoring and evaluation  
Inclusive community based targeting  
Decision-making

### ABSTRACT

In 2011 the humanitarian community faced a difficult question. Could large-scale cash transfers provide an effective alternative to food aid delivery in South Central Somalia to avert a famine? Ultimately, between August 2011 and May 2012, more than 81 million US dollars in the form of unconditional cash grants, vouchers and cash for work were provided to over 1.7 million people in South Central Somalia leading to an improvement in humanitarian conditions. Despite this eventual accomplishment, months of protracted debate went by before there was broad endorsement for large-scale cash and voucher programming, delaying critical action.

While the full impact of this cash program is still being determined, lessons can already be drawn. Admittedly, in 2010 and 2011 the challenges and risks associated with successful aid delivery in Somalia were significant. The debate around cash forced agencies to re-examine these operational risks and better analyze and articulate necessary mitigation strategies, most which were not specific to cash-based responses. It also led actors to not only raise the standards for programming through the development of a Monitoring and Evaluation Framework and Inclusive Community Based Targeting tools, but also helped create forums where mistakes could be discussed and solutions found. However, delays in endorsement also exposed some of the limitations of current decision-making and funding mechanisms that may hinder humanitarian actors' ability to act in critical circumstances. Reviewing these lessons may not only lead to an increased acceptance and scope of cash programming in Somalia, but, if applied more broadly, could lead to more effective humanitarian responses globally.

© 2012 Elsevier B.V. All rights reserved.

### 1. Introduction

2011 in Somalia marked the largest cash-based program to ever be undertaken by NGOs in response to a humanitarian emergency. Between August 2011 and March 2012, more than 86 million US dollars was provided to vulnerable households throughout the entire country in the form of unconditional grants, conditional grants, vouchers and cash for work. Of this, over 81 million went to more than 1.7 million people in South Central Somalia to help them cope with the devastating effects of famine in one of the world's most unstable and insecure environments (FAO, 2012). However, despite this ultimate accomplishment, months of protracted debate went by before there was broad endorsement of large-scale cash and voucher programming, delaying critical action.

Admittedly, in 2010 and 2011 the challenges and risks associated with successful aid delivery in Somalia were significant. Continued insecurity, access concerns and the withdrawal of the

main food aid operators from South Central Somalia meant that large-scale food aid was no longer an option. All forms of aid were at risk of diversion and fraud and were difficult to target and monitor. In the case of cash, there were also concerns over market elasticity and the potential for cash to cause inflation. **As a result, the humanitarian community faced a moral and practical dilemma: could cash be delivered at scale in spite of the risks? More importantly could the humanitarian community accept those risks given the lack of alternatives?**

Advocacy started in March 2011, arguing that cash was not only an appropriate response in a context riddled with political and logistical difficulties, but one that, as a flexible resource transfer, had already been proven to successfully increase access to food and other basic needs in Somalia (Majid et al., 2007). The Cash Based Response Working Group (CBRWG) argued that donors and major actors should accept (and mitigate) the risks and begin planning and coordination of a large-scale cash response (CBRWG 2011a). However, instead of action, the debate continued, until finally agreement was forced by the 20th July, 2011 famine declaration (IASC RTE, 2012).

To inform more effective and timely humanitarian response, the humanitarian community must reflect on its experience in 2011. This article will not reiterate when cash based programming is

\* Corresponding author. Tel.: +1 917 373 5470.

E-mail addresses: [dali@adesoafrika.org](mailto:dali@adesoafrika.org) (D. Ali), [kirstengelsdorf@gmail.com](mailto:kirstengelsdorf@gmail.com) (K. Gelsdorf).

<sup>1</sup> Tel.: +254 20 800 881, Mob.: +254 722 216 398.

appropriate, as this has been successfully documented elsewhere (Harvey, 2007; Bailey and Harvey, 2011). Instead it reviews the history of the cash debate in 2011 in Somalia, analyzing the risk factors and the proposed mitigation strategies, specifically: monitoring and evaluation (M&E) frameworks and targeting tools and approaches. It then describes the scale and scope of the eventual cash response and some of the challenges encountered. Finally, it attempts to go beyond programming technicalities, to offer recommendations to the humanitarian community to hopefully enable more and better cash programming at scale in Somalia and beyond.

## 2. Background

### 2.1. Context

Somalia is home to one of the world's longest running crises and is one of the most difficult humanitarian operating environments in the world. For over 20 years, an enduring civil war and regular droughts have forced millions of people into crisis. Somalia lacks an effective central government and the infrastructure to provide basic services for people in need. Armed militias control many areas, creating severe security risks for aid workers who attempt to fill the gap with services and goods, including significant in-kind food aid (Maxwell and Fitzpatrick, In this issue).

Starting in 2008, the situation became even more complicated, ultimately demanding a reflection on the use of alternative forms of aid, including cash. In early 2008, CARE International, one of the largest food aid providers in South Central Somalia, was forced to withdraw due to security threats. Shortly after, US counterterrorism laws made it a crime to provide *Al-Shabaab* with material assistance, resulting in US-funded agencies withdrawing for fear of diversion of aid and subsequent legal ramifications. In 2009, *Al-Shabaab* banned almost all international aid agencies from operating in regions under its control. In January 2010, the World Food Programme (WFP) was also forced to withdraw from most of the South following increased security threats (Maxwell and Sadler, 2011).

By late 2010, it was clear that many populations in some of the most insecure areas of South Central Somalia were experiencing increasingly severe food insecurity. While initially the absence of large-scale food aid distributions was offset by good harvests, by late 2010 renewed drought, large-scale displacement due to conflict, local food shortages, and increasing food prices started to have a devastating impact (see graph in Maxwell and Fitzpatrick, In this issue). In the absence of any intervention, these trends worsened, and by mid-2011 larger-scale migration into Kenya indicated even greater stress and hunger for large segments of the population (Maxwell and Sadler, 2011). During this period, some humanitarian actors recognized the need to quickly find an effective way to address the growing needs (CBRWG 2011a).

## 3. The cash debate

While cash responses may seem new to many humanitarians, in Somalia small-scale cash transfers have been used for the last decade. International non-governmental organizations (INGOs), local NGOs, and the United Nations (UN) have all implemented unconditional cash grants, vouchers, and cash-for-work programs to respond to chronic and emergency needs, and donors and aid agencies are increasingly supportive of these programs. Independent evaluations have noted that these interventions are successful at increasing access to basic food and non-food needs

(Acacia Consultants 2004; Ali et al., 2005; Majid et al., 2007). They also allow households to make their own decisions about priority needs (Arnold et al., 2011). It was on this basis that in early 2011 some organizations started arguing that scaling up the delivery of cash programming could—when paired with due diligence on the part of aid agencies—increase access to food and other basic necessities quickly and on the scale required to avert a famine (CBRWG 2011a).

There was, however, reluctance among donors and many humanitarian actors to advocate for, fund, or implement large-scale cash-based programming. In 2011, the risks in Somalia were severe and challenging, and humanitarian organizations struggled to assess the best course of action (IASC RTE, 2012). Risk factors commonly cited as reasons for not implementing cash based programs included:

- Market elasticity and the potential inflationary effects.
- The risk of diversion—especially to *Al-Shabaab*.
- Difficulties in targeting the most vulnerable populations and monitoring interventions, given access issues.

In addition, earlier in March 2010 the UN Monitoring Group on Somalia and Eritrea published a report alleging that three of WFP-Somalia's primary contractors had been accused of mass corruption, shaking the confidence of the humanitarian community, including donors. Up to half of WFP's food aid destined for Somalia was allegedly being diverted and sold off illegally, possibly for some armed groups' own use (UN Monitoring Group on Somalia and Eritrea, 2010). While WFP worked to rectify the situation through an external audit and upgrading of internal controls, and while this scenario was not unique to Somalia, the incident highlighted the very real dangers of operating in a complex environment like Somalia.

### 3.1. Risks and mitigating factors

Even considering these risks, humanitarian agencies participating in the Somalia CBRWG, most of whom were NGOs with operational cash experience, felt that a cash response was still an appropriate solution. They also noted that apart from inflation, none of the other risks was specific to cash alone. In-kind assistance had been subject to the same influences. They felt that full-scale early support by the humanitarian community was urgently needed to convince donors and major actors to begin a large-scale cash response (CBRWG 2011a). The following section outlines some of the potential risks that were analyzed in the course of the CBRWG decision to advocate for cash programming.

#### 3.1.1. Market elasticity and inflation

After decades of food aid, and some would argue food aid dependency (Polastro, 2011), certain agencies were not convinced that markets could respond to increased demand created by a significant cash response, citing the elevated risk of food price inflation. If a large-scale cash response caused inflation it would make food even less accessible for people who needed it most (IASC RTE, 2012). Nevertheless, there was a strong argument to be made that the lack of food aid programming, the ability for cash to move quickly, previous positive experiences in cash programming, and the strength of Somalia's market systems warranted the risk.

It was well known that Somalia had a robust and well-integrated market system. In 2011, as in other years, there was a significant cash economy; with the majority of households relying on markets to meet their food and non-food needs even in a good year (FSNAU, 2012a). The Famine Early Warning Systems Network (FEWS NET)

and Food Security and Nutrition Analysis Unit (FSNAU) were maintaining a sophisticated long-term market monitoring system that was providing the humanitarian community with micro-, macro- and meso-data on commodities essential to food security. Therefore it was known that during the crisis in many areas the prices of local grains, had increased by over 300% from a year earlier, largely due to poor harvests and lack of supply. Yet, the price of rice, an imported and preferred staple, had only slightly increased, and was still available even at the peak of the crisis (FEWS NET, 2011). Agencies supporting the use of cash argued that traders could meet increased demand for rice. To ensure that beneficiaries could afford rice, normally the more expensive commodity, agencies proposed that the transfer amount be based on rice prices rather than sorghum prices (Cash Consortium, 2011).

In addition, agencies including FSNAU/FEWS NET conducted further micro and macro analysis of price trends focusing on any evidence of inflationary effects due to previous cash programs (CBRWG 2011b). In July 2011, FSNAU/FEWS NET analysis confirmed that *“food price inflation remains likely even in the case of no further humanitarian response. However, the ability to substitute imported red rice for other cereals serves as a check on overall staple food price inflation. As long as this important commercial import market continues to function, prices can only rise to a certain degree. Responses will have to balance the need to contain further food price inflation with the need to save lives through adequate response”* (FEWS NET, 2011: 1). The report did however suggest that there may be potential supply problems (and therefore increased risk of inflation) in isolated regions and recommended close monitoring.

### 3.1.2. Aid diversion

The diversion of aid and fraud is a global reality that is not limited to Somalia or cash responses. It is also not limited to diversion by groups classified as terrorist organizations, e.g. *Al-Shabaab*, but is commonplace with so-called legitimate authorities as well (Maxwell et al., 2008). In the case of Somalia, the alleged large-scale diversion of hundreds of millions of dollars of food aid in 2010 had crippled donor and agency confidence.

While acknowledging these very serious risks, the CBRWG argued that Somalia already benefited from an existing money transfer system through *hawala* companies that directly delivered and insured their cash transfers. A large-scale cash program could use this system. The *hawala* system was central to the functioning of Somalia's highly developed remittance system, transferring an estimated 1.3 billion–2 billion US dollars into Somalia each year – including to remote locations (Hammond, 2011). Without the contractors and sub-contractors characteristic of in-kind deliveries, using *hawala* meant money would pass through fewer hands and therefore decrease the risk of diversion. In previous cash programs, *hawala* agents paid beneficiaries and were refunded by implementing agencies only after the transfer was verified (CaLP, 2011; Adeso, 2012a).

In addition to the risk mitigating effect of *hawalas*, it was predicted that cash transfers were less visible than in-kind assistance, in transit for less time, and were handed over directly to beneficiaries, resulting in less opportunity for beneficiary harassment and looting or taxation at checkpoints (Ali and Churchill-Smith, 2011; CaLP, 2011).

### 3.1.3. Ability to target the most vulnerable and monitor interventions

As cash was still considered to be a relatively new medium for providing humanitarian assistance, the ability to target and monitor such a large-scale program was questioned by many donors and humanitarian actors.

CBRWG members noted that the already established Inclusive Community Based Targeting System (ICBT) had a successful history

and was widely used all over Somalia (Ali and Churchill-Smith, 2011). ICBT relied heavily on community consultation and transparency and was built on best practices in accountability. These included: participation of women and minorities in local committees; public sensitization and information dissemination on targeting criteria and entitlement amounts; establishment of good relationships with communities; and the use of community complaint and feedback mechanisms. This strong link with the communities not only supported access, but may have helped mitigate the risk of inclusion and exclusion errors and address the risks associated with the biases present in the clan system against some of Somali societies' most vulnerable people.

The CBRWG agreed that the importance of rigorous M&E for cash programs was critical. They also recognized that the lack of direct access to beneficiaries by international (therefore presumably more objective) monitors was a fact of all aid delivery in Somalia due to the highly insecure environment. They argued that while still risky and difficult there were, however, ways to collect reliable data in Somalia, including collecting both quantitative and qualitative data from various sources and using different means and triangulation (FSNAU, 2012b). In the case of cash, case studies and post-distribution monitoring (PDM) surveys, including random sampling of beneficiary receipts, provided the basis upon which *hawalas* were reimbursed after receiving receipts/vouchers (Adeso 2012). PDM was already commonly used to understand beneficiaries' use of transfers. They also proposed the use of peer monitors and/or a contracted third party who could increase the independence of monitoring (Horn Relief, 2008; Ali and Churchill-Smith 2011, CaLP, 2011).

## 4. 2011 Cash response

Despite these arguments, and rapidly deteriorating conditions, by early May there was still no broad support for a cash response

A small group of four NGOs decided to move ahead anyway and form a Cash Consortium that could ultimately support a coordinated approach at scale and continue to convince donors and actors to adopt and support a large-scale cash response. The Consortium was set up to reduce duplication, ensure high programming standards including the use of complaints mechanisms, ensure comparable and rational levels of transfers, and be a forum for trust-building and shared learning. The Consortium developed an M&E Framework, which was eventually adopted by more agencies. All of the agencies that decided to work together using this common framework went on to form a Cash and Voucher Monitoring Group (CVMG) that included six INGOs and eight local NGO partners.

While a few donors were supportive at this stage, the level of donor support needed to reach cash at scale was not attained. It was only in July 2011, once the Famine declaration was made, that additional donors and agencies started to tolerate a higher level of risk and began agreeing to large-scale cash and voucher programs. Almost overnight, donor support and funding skyrocketed. In the next few months, between September 2011 and March 2012, the CVMG alone programmed over 50 million US dollars in cash and vouchers, supporting roughly 820,000 people throughout South Central Somalia, including the most affected and hardest to access areas (Longley et al., 2012).

Following the Famine declaration, other actors also began cash programming throughout the country. Altogether it is estimated that throughout all of Somalia between August 2011 and May 2012 over 86 million US dollars was distributed to 285,329 households (over 1.7 million people) through cash and voucher programs, of which 81 million US dollars were distributed in the most affected areas of the South Central region (FAO, 2012).

#### 4.1. CVMG cash program

The Consortium and later the CVMG used many of the modalities discussed during the CBRWG's initial advocacy. To mitigate potential causes of conflict including exclusion and inclusion errors, ICBT was used where possible, incorporating local knowledge and priorities into targeting processes and resulting in greater community ownership of results. Categorical targeting of families with malnourished children was also used in other locations where nutrition and health facilities existed. Throughout the process, members worked either directly or with local NGOs to register households and vet lists to ensure beneficiaries met selection criteria (Longley et al., 2012).

Once households were targeted, organizations transferred funds from Nairobi to various *hawala* bank accounts. The *hawalas* would then distribute the cash payments in the presence of NGO staff, community leaders and local committee members. In the case of vouchers, beneficiaries received monthly commodity vouchers redeemable at designated traders. The vouchers and cash transfers were designed to meet 70% and 100% of a family's food and non-food needs respectively, e.g. a value of \$75–\$125/month for cash transfer and \$51–\$65 for vouchers (Longley et al., 2012).

One of the main initiatives of the CVMG was the implementation of a common M&E framework across different agencies working in different regions. While not yet perfect, the framework used both internal (NGO) and external (ODI and independent field monitors) monitoring of process, markets, and impact. Data were collected through monthly and quarterly PDMs, weekly market price monitoring, and beneficiary feedback. A built-in system of checks and balances was also established through a partnership with ODI, who independently analyzed and reported on the M&E data and on a monthly basis cross-referenced it with FSNAU and FEWS NET. Finally, a system of Independent Field Monitors (IFMs) was set up. The IFMs were managed by ODI and conducted focus group discussions and key informant interviews with traders, elders and beneficiaries. This provided supplementary qualitative information that was triangulated with data from the NGOs, including on traders/market supply, targeting and diversion. Overall, the system strived to ensure that data collection and analysis were transparent. Monitoring data were triangulated through different sources, and data were shared amongst all the NGOs that adopted the M&E system, promoting trust building and lesson-learning (CVMG, 2011).

#### 4.2. Challenges

Consortium partners and the CVMG also faced numerous challenges. Some were specific to cash programming and operating in Somalia, but most were common to all types of aid operations all over the world.

Unsurprisingly, access and security continued to be one of the greatest challenges, and partners were unable to reach some of the areas most in need. Due to lack of access, many of the INGOs had to rely on local NGOs for implementation. Furthermore, for INGOs implementing directly or with local partners the limited access meant that they had to heavily rely on monitoring undertaken by ODI and the external IFMs.

While the M&E framework started showing positive results, it is still under development and cannot fully detect fraud or diversion. If targeting takes place properly and cash is delivered to the correct beneficiary, it is impossible to prevent subsequent "taxes" that beneficiaries may pay to third parties. However, the M&E system should at minimum be strengthened to detect such "taxes" or any other incidences of diversion.

There were also instances where local authorities insisted they, and not local committees, should select and register beneficiaries. On one occasion a Consortium partner had to reject a list prepared by authorities for fear that it did not include the most vulnerable, but rather privileged members of the majority clan. As local authorities were unwilling to revise the list the distribution was suspended in that area and retargeted to another region. In another location, another attempt was made by the dominant clans to exclude minority clans. Minority clan needs were subsequently met through a designated allocation (Adeso, 2012b).

Also in terms of M&E, there were unexpected delays in implementation due to lengthy negotiations on access, including 'taxation' by local authorities, and the high level of capacity-building required for staff. Due to these delays, analysis of the monitoring data, reporting requirements and timings were continuously adjusted (Longley et al., 2012).

#### 4.3. Impacts

While full results of programming are still being assessed, some preliminary findings indicate that cash and voucher programs have contributed to improved food security (Longley 2012). The recent ODI monitoring report notes that as a result of items being continually available in the market, and at decreasing prices, there were significant impacts on household food consumption patterns. At the end of three months of programming, adults went from eating slightly more than one meal per day (consisting mostly of only cereals and oil) to eating two meals a day, while children were eating three meals a day (consisting of at least four food groups) (Longley et al., 2012). The report also stated that, "*Coinciding with the improvement in consumption there has been a rapid decrease in the use of negative coping strategies...from more than 75% of households using at least one negative coping strategy: going to bed hungry, going a full 24 hours without food, or having no food in the house... to no rural households using these strategies, while less than 10% of urban households were still using them (Longley et al., 2012:13,14.)*" It goes on to state that debts have also decreased for many households, and many families now have new lines of credit that can support coping strategies (Longley et al., 2012).

Finally, following-up on the initial concerns over inflation, the CVMG price and supply monitoring findings is consistent with FSNAU/FEWS NET market data. The monitoring report states that, "*Key food items were generally available in the markets and the cash distribution led to greater quantities and diversity of food in most areas. No inflationary effect was found, as prices followed their normal seasonal pattern, declining considerably due to the good harvest season. There was however, an appreciation of the Somali Shilling by 20% over the same period that counteracted some of the decline in price. This fluctuation in the currency rate was due to the massive influx of dollars into the market through relief operations, remittances from overseas, foreign investment and income from overseas livestock sales (Longley et al., 2012:13.)*"

### 5. Lessons and recommendations

Despite this large influx of funding and ultimate positive impacts, for many people critical assistance came too late. If the humanitarian community had been able to gain endorsement and secure funding for cash at scale in March and April then actors could have had time to prepare proposals, sort out funding modalities, negotiate the issues of access and taxation, and put in place targeting and monitoring systems by May. This would have meant they would have been on the ground distributing in June and July rather than in August, September and October.

The only option now is to reflect on what lessons were learned, and come up with ways to support more efficient decision-making and reduce the obstacles to large-scale cash programming. It is important to note that many of the lessons learned are, in fact, not new. The CaLP study of cash at scale commissioned prior to the famine declaration made some of the same recommendations (Austin and Frize, 2011). Hopefully now the humanitarian community may be able to address them and open new possibilities for cash programming.

### 5.1. Intensified investment in evidence, training and knowledge on cash programming

As any cash programming veteran will tell you, advocating for the implementation of cash transfers can mean confronting prejudices and misunderstandings head on. How will the cash be used? What if beneficiaries buy drugs, guns or alcohol instead of food? These opinions can come from donors, senior decision makers, the public, host governments, as well as aid workers themselves. The humanitarian community needs the evidence, knowledge and skills to help breakdown these misconceptions.

Yet the majority of humanitarian aid workers still lack familiarity with cash programming, and there are even fewer aid workers with technical knowledge on how cash programming actually works. Experience-based learning is happening from the ground up, with operational agencies, trying and succeeding in implementing cash based programs. But—as was apparent in 2011—this is not always enough. In the Somalia 2011 famine, the lack of technical expertise amongst the cluster coordinators and the various UN agencies, including senior management, meant that evidence-based technical debates were not taking place when and where needed.

There needs to be a serious investment in gathering more data on large-scale cash programs as well as training staff and holding senior-level discussions especially with donors and Humanitarian Coordinators to further familiarize them on the use of cash. Given that cash is also a multi-sectoral solution, cluster leads in particular need to be targeted with information and training so they are able to assess the viability of a market-based response to meet humanitarian needs.

### 5.2. Increased user-friendly market analysis

The Somalia situation illustrates how dependent all actors are on large institutions such as FSNAU and FEWS NET who in Somalia provide the vast majority of data and analysis that is seen to be the most credible. Without the presence of FSNAU market data and analysis it may not have been possible to convince donors of the strength of the Somali market system, although it is something that all Somalis know and most non-Somalis who spend any length of time in the country also understand.

It is critical that we have a user-friendly rapid market analysis tool that is standardized and accepted by the humanitarian community. Large-scale cash programming would also benefit from more pre-disaster large-scale market data that can be used as a baseline (Austin and Frize, 2011).

### 5.3. Strengthened flexible funding and coordination mechanisms

It was not anticipated that establishing funding mechanisms for large-scale cash programming would be particularly complicated. However, once funding came in there was a challenge in figuring out how to manage the numerous donor contracts within the consortium.

Consortium members wanted to reduce the administrative burden for donors and agencies by having one lead agency managing the funds on behalf of the consortium. However, agencies were reluctant to assume the lead due to their limited capacity or their inability to control for problems among other partners that may damage their own reputations. It was proposed that the model used in South Sudan for DFID's Basic Services Fund—wherein the fund is managed by a private financial firm such as KPMG—be used in Somalia. However, donors could not be flexible enough to accept a private company as a grantee or recipient of their humanitarian funds. The only other option was to rely on the UN to be the fund manager. However, many UN agencies were banned, being associated with a particular UN agency could also jeopardize access to certain areas, and NGO and UN overheads have to be justified. And in the case of Somalia this meant that NGOs had to reduce their indirect support costs. While negotiations regarding fund management dragged on, agencies took the risk of registering beneficiaries without a donor contract in place, knowing that delays were costing lives. In the end, six donors signed 13 bilateral agreements with the four INGOs in the Consortium, a rather inefficient arrangement with multiple reporting requirements. A few UN agencies did take a significant political risk by fundraising and managing sizeable funds on behalf of the NGOs implementing cash and voucher programs, including members of the CVMG. However, the NGOs that wanted to engage directly with the donors had limited options other than the described inefficient bilateral agreements or working through UN managed modalities. If NGOs are going to program cash at scale, they need appropriate funding mechanisms that allow them to receive large sums of money without relying on the UN system as a conduit for that funding.

In addition, there are still significant coordination limitations. While, as the result of lobbying, the first Inter-Cluster Cash Coordinator was hired to provide information on how cash is used not only for food security but also for other sectors as well, there are still challenges (CBRWG, 2011c; Ridsel, 2012). To date there is still no clear role and responsibility for coordinating cash responses during an emergency. Cash and other market-based interventions are multi-sectoral and do not have a natural home in the cluster system, leaving them without the institutional (moral, financial and operational) support required to reach scale. These gaps need to be reviewed.

### 5.4. More robust monitoring and evaluation

While the M&E framework being used is one of the more thorough monitoring systems in place for any aid delivery in Somalia it should be further strengthened. One area which requires increased support involves further professionalizing *hawala* field agents. While the *hawalas* as institutions have interest in maintaining their credibility as serious partners to humanitarian agencies, they continue to work with field agents in the biggest cities or the most rural village in an informal and trust based system that does not include contracts, any type of official mechanisms for vetting agents or monitoring of their adherence to contractual obligations. Professionalizing *hawala* agents could include such measures as supporting them to introduce biometric or smart card offline payment systems for both remittances and for payments to beneficiaries of humanitarian programming.

In addition, M&E would be strengthened by ensuring that IFMs are not linked to the districts, regions and clans of the organizations they are monitoring. This would increase their objectivity and keep them from being part of the perceived or real clan biases that occur in Somalia. It would also protect them (and the organizations on which they reporting) from potential distrust, discord, and even insecurity if they have to submit negative reports. It is suggested

that the IFMs monitor areas where they are not from or at least rotate their areas of monitoring. Even if the IFMs report on their communities, cross checking should be done by other IFMs from other clans/communities during the monitoring period.

Lastly, agencies need to use creative ways of monitoring in areas where no or limited access exists. One idea is to introduce a hotline that is manned 24 h a day by trusted staff in Nairobi and ensure that this number is made public through internet (via Somali websites) and radio to communities in project areas. This hotline should be managed by vetted INGOs, donor agencies or independent monitoring groups and as little as possible by the NGO implementing directly in the field. Also, agencies could involve the extensive Somali network that exists in Nairobi and in Somalia to contact community leaders, beneficiaries and others on the ground to gain additional information on the implementation of activities. Implementing in a difficult context such as South Central Somalia requires that monitoring be conducted at different levels, both formal and informal, and be as extensive and creative as possible to triangulate information. Although these monitoring challenges exist in all parts of South Central Somalia, the introduction of large scale cash programming will hopefully increase the minimum standards for monitoring and introducing new mechanisms that can be applied, and required, for all aid delivery in Somalia.

#### 5.5. A more enabling environment for honesty and addressing mistakes

Finally, it has been experienced that through creative solutions and good programming, risks associated with cash programming in Somalia can be mitigated. However, the true obstacle to timely and appropriate humanitarian response is not technical, but rather goes much deeper.

Somalia is a country with enormous challenges, and the operating environment is complex and difficult for aid organizations to navigate. All too often humanitarian actors are forced to operate in a secretive and isolated manner. Organizations rarely share information with one another.

The 2011 cash response went some way in not only raising the standards for programming and monitoring, but also for creating fora where mistakes could be discussed and solutions found. The Cash Consortium and CVMG were set up to encourage the shared use of tools, joint analysis including cases of diversion and targeting errors, and shared results. The M&E framework and tools were shared publicly and even adopted by agencies outside the Consortium who implement cash or voucher programs. An implementation manual and training on ICBT was also offered regionally.

In preventing and addressing famine, doing no harm is imperative. But in order for aid solutions to be innovative and inspired, we need to be less punitive and more supportive of NGOs and UN agencies that take risks and publicly share their failures. Even if the cash response reveals a significant flaw in the implementation, including diversion, fraud, or poor targeting, we should not punish the NGOs for responding in an environment where many could not or would not. For these NGOs the risks were worth taking in order to save lives. Risk management and risk aversion are not synonymous. Those agencies who understand the difference, even in times of failure, should be encouraged and supported rather than punished.

We need to ensure that we create space for experimentation and failure without punishment and loss of credibility both for individuals and agencies. How this environment is created is challenging, but we can start by including it in the terms of reference for the Humanitarian Country Team, plus the training and mentoring of leadership in UN agencies, NGOs and donors.

## 6. Conclusions

While cash transfer programming is not a panacea for responding to humanitarian needs, the 2011 Somalia experience proved that, given the correct context and market conditions, a large-scale cash program is not only possible, but has the potential to be as- and perhaps even more-successful as food aid. Cash can be an appropriate and effective response that allows households to make their own decisions and meet needs that traditional forms of aid would be unable to meet. It can reduce inequality and poverty, increase access to health and education, and strengthen household productivity (Arnold et al., 2011).

The question remains whether, if one day *Al-Shabaab* is removed and access is regained, the humanitarian community will consider returning to large-scale food aid as the standard food assistance intervention? Food aid has the same pitfalls as cash programming, yet the aid community rarely considers the risks of poor targeting, inadequate monitoring and diversion of food aid (Ali and Churchill-Smith, 2011).

The humanitarian community must now make a serious effort to further implement and learn from large-scale cash programs. Hopefully this will result in a greater appreciation of the risks and ways to mitigate these risks - reminding ourselves that we must be "risk willing" when the cost of inaction is high.

## Acknowledgments

The authors would like to acknowledge the extremely helpful contributions of Kerren Hedlund, Sarah Bailey, Sophie Dunn, Patricia Isabirye, Anne-Marie Schryer-Roy, Agnes Shihemi, Gurudatta Shirodkar, and Rachel Gordon. In addition we would like to thank our editors and confidential peer reviewers for their helpful comments and feedback.

## References

- Acacia Consultants, 2004. Evaluation of Cash Relief Programme Implemented by Horn Relief. Commissioned by Novib/Oxfam Netherlands.
- Adeso, 2012a. A Practical Guide to Cash-Based Responses. 2nd Edition, Nairobi, Kenya.
- Adeso, 2012b. Interview with Adeso Executive Director June 2012. Personal Communication.
- Ali, D., Toure, F., Kiewied T., 2005. Cash relief in a contested area: Lessons from Somalia. Humanitarian Practice Network, Number 50, London: ODI, 2005.
- Ali, D., Churchill-Smith, K., 2011. Seeking Acceptance: The Promise of Cash in High-Risk Areas. Prepared for the Second World Conference on Humanitarian Studies at Tufts University June 2–5, 2011 in Medford, Massachusetts, USA.
- Arnold, C., Conway, T., Greenslade, M., 2011. DfID Cash Transfers Evidence Paper: Policy Division 2011, London: DfID.
- Austin, L., Frize, J., 2011. Ready or Not? Emergency Cash Transfers at Scale. A report for the Cash Learning Partnership (CaLP) Valid International, October 2011.
- Bailey, S., Harvey, P., 2011. Cash transfer programming in emergencies. Good Practice Review 11. Humanitarian Practice Network. London: ODI, 2011.
- Cash Based Response Working Group (CBRWG), 2011a. Meeting Minutes April 5, 2011, <[http://www.cashlearning.org/resources/library?keywords=minutes&country=all&sector=all&modality=all&language=all&payment\\_method=all&document\\_type=all&searched=1&x=31&y=18](http://www.cashlearning.org/resources/library?keywords=minutes&country=all&sector=all&modality=all&language=all&payment_method=all&document_type=all&searched=1&x=31&y=18)>; (last accessed 18.06.12).
- Cash Based Response Working Group (CBRWG), 2011b. Meeting Minutes June 14, 2011, <[http://www.cashlearning.org/resources/library?keywords=minutes&country=all&sector=all&modality=all&language=all&payment\\_method=all&document\\_type=all&searched=1&x=31&y=18](http://www.cashlearning.org/resources/library?keywords=minutes&country=all&sector=all&modality=all&language=all&payment_method=all&document_type=all&searched=1&x=31&y=18)>; (last accessed 18.06.12).
- Cash Based Response Working Group (CBRWG), 2011c. Meeting Minutes, September 6 2011, <[http://www.cashlearning.org/resources/library?keywords=minutes&country=all&sector=all&modality=all&language=all&payment\\_method=all&document\\_type=all&searched=1&x=31&y=18](http://www.cashlearning.org/resources/library?keywords=minutes&country=all&sector=all&modality=all&language=all&payment_method=all&document_type=all&searched=1&x=31&y=18)>; (last accessed 18.06.12).
- Cash Consortium, 2011. Food Assistance for Vulnerable Households in South Central Somalia Project—Cash Consortium Proposal; 16 August 2011.
- Cash Learning Partnership (CaLP), 2011. Q&A: How to Scale Up Cash in South Central Somalia, The Cash Learning Partnership, Coordination of International Support to Somalis Food Security and Economic Development Sectoral Committee Cash Based Response Working Program, July 2011.

- Cash and Voucher Monitoring Group (CVMG), 2011. Common M&E Plan for the Cash and Voucher Monitoring Group; [Version 13. 9 November 2011], <[http://www.cashlearning.org/downloads/Somalia%20CVMG/M&E%20Plan\\_CVMG\\_2011%20\(2\).pdf](http://www.cashlearning.org/downloads/Somalia%20CVMG/M&E%20Plan_CVMG_2011%20(2).pdf)>; (last accessed 19.06.12).
- Famine Early Warning Systems Network (FEWS NET), 2011, July 28, 2011, Special Brief: Market functioning in southern Somalia, <<http://www.fews.net/docs/Publications/Somalia%20Market%20Functioning%20July%202011.pdf>>; (last accessed 04.08.12).
- Food and Agriculture Organization (FAO), 2012. Cash Based Interventions in Somalia (Conditional Cash Transfers and Unconditional Cash Transfers) Internal Reports from Sep 2011–July 2012. March 2012.
- Food Security and Nutrition Analysis Unit (FSNAU), 2012a. Food Security and Nutrition Quarterly Brief—Outcome of the Jilaal Season (Jan–Mar'12) Issued April 23, 2012.
- Food Security and Nutrition Analysis Unit (FSNAU), 2012b. FSNAU Food Security Analysis System (FSNAS); <<http://www.fsnau.org/analytical-approach/fsnau-food-security-analysis-system-fsnas>>; (last accessed 18.06.12).
- Hammond, et al, 2011. Cash and Compassion: The Role of the Somali Diaspora in Relief, Development and Peace-building. Report of a Study Commissioned by UNDP Somalia, January 2011.
- Harvey, P., 2007. Cash Based Responses in Emergencies. HPG Report 24, Humanitarian Policy Group, London: Overseas Development Institute.
- Horn Relief, 2008. A Practical Guide to Cash-Based Response in Emergencies, Nairobi.
- IASC RTE, 2012. IASC Real Time Evaluation, Somalia Drought Crisis Response 1st draft report March 30 2012.
- Longley, C., Dunn, S., Brewin, M., 2012. Cash and Voucher Monitoring Group, Final Monitoring Report of the Somalia Cash and Voucher Transfer Programme Phase I: September 2011–March 2012; Final version 25 June 2012.
- Majid, N., Hussein, I., Shuria, H., 2007. Evaluation of the Cash Consortium in Southern Somalia. Oxfam GB and Horn Relief with AFREC, Development Concern and WASDA.
- Maxwell, D. et al., 2008. Preventing Corruption in Humanitarian Assistance, Final Research Report; Transparency International, Feinstein International Center and Humanitarian Policy Group; July 2008.
- Maxwell, D., Fitzpatrick, M. The 2011 Somalia Famine: Context, causes, and complications. *Global Food Security*, 2012. In this issue.
- Maxwell, D., Sadler, K., 2011. Responding to food insecurity and malnutrition in crises. Box 5.1 World Disaster Report, 2011 Focus on Hunger and Malnutrition.
- Polastro Riccardo et al., DARA 2011, IASC Evaluation of the Humanitarian Response in South Central Somalia 2005–2010.
- Ridsel, B., 2012. Coordinating cash transfers in the Horn of Africa, *Humanitarian Exchange Magazine*, Issue No 53, February 2012, Pgs 6–8.
- United Nations Monitoring Group on Somalia and Eritrea, 2010. Report of the Monitoring Group on Somalia pursuant to Security Council resolution 1853 (2008) [online report] Nairobi: Security Council Committee pursuant to resolutions 751 (1992) and 1907 (2009) concerning Somalia and Eritrea. Available at: [www.un.org/ga/search/view\\_doc.asp?symbol=S/2010/91](http://www.un.org/ga/search/view_doc.asp?symbol=S/2010/91); (last accessed 19.06.12).