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## I Acronyms

CaLP	Cash Learning Partnership
CTP	Cash Transfer Programme
CWG	Cash Working Group
EHF	Ethiopian Humanitarian Fund
HRD	Humanitarian Requirements Document
MEB	Minimum Expenditure Basket
MFI	Microfinance Institute
MPG	Multi-Purpose Grants
NDRMC	National Disaster Risk Management Commission
NGO	Non-Government Organisation
OCHA	Office for the Coordination of Humanitarian Affairs
PSNP	Productive Safety Net Programme
UN	United Nations

## 2 Introduction and acknowledgements

This report summarises discussions that took place during a workshop in November 2017. Although the day had been announced as a public holiday earlier in the week, 30 people from Government, NGOs, the UN and donors met to discuss the use of CTP in the current drought response and consider areas for collective action.

The workshop was convened by CaLP and the Ethiopia Cash Working Group (CWG). The morning involved discussions about the use of CTP in the current response. In the afternoon the focus was on the newly drafted 'CWG Guidelines for Cash Transfer Programming in Ethiopia'. This report only documents the discussions that took place in the morning as the outcomes from the afternoon are being incorporated directly into the revision of the guidelines.

This report was prepared by Karen Peachey (CaLP) and reviewed by Augstin Orego (OCHA) and Lillian Mutiso (IOM). The meeting was kindly supported by USAID.

'Today was a holiday but I got more from this than a holiday. For me, it has been a good lesson learning, to know what is working and who is working on what and how. We need timely and efficient implementation for an effective response. Our beneficiaries need this from us.'

Rahel Asfaw, Director, Disaster Response and Rehabilitation Directorate, NDRMC

### 3 Highlights

1. Cash helped address immediate needs and contributed to meeting some of the drought response objectives.
2. There were significant challenges. There are many lessons to be learned and issues to be addressed to improve future cash responses.
3. Some important capacity gaps made the scaling-up cash based assistance a challenge. There is need to strengthen cash preparedness going forward.
4. The cash working group (CWG) has been active at the national level. Greater Government involvement may have helped address some of the problems that were encountered with the scaling-up of cash.
5. At a sub-national level, cash coordination was inconsistent and often weak. When not well coordinated, there were issues of gaps and, in some cases, duplication.
6. Different funding streams are driving different implementing models. This may be contributing to coordination difficulties.
7. The capacity of delivery mechanisms was not assessed at the start of the response. Weaknesses with systems made scale-up difficult.
8. Market assessments are undertaken but are not coordinated and information is not routinely shared. More joint assessments could be beneficial.
9. While there have been some localised issues of price rises, there is no evidence of wide-scale negative impacts on markets.
10. At Federal level, the 'cash first' principle is positive and conducive for cash transfer programming (CTP). However, understanding and application of policies is inconsistent at regional and local level.
11. Service charges for cash transfers are high. There is need to work together to negotiate better rates.
12. The transfer value for the food security response by humanitarian organisations and the PSNP transfer rates are not harmonised
13. Priorities for collective action were agreed as:
  1. Undertake a joint review/lesson learning of the cash response.
  2. Define a MEB and develop a framework for agreeing transfer rates.
  3. Undertake collaborative work on payment issues.
  4. Promote adjustments to the Ethiopian Humanitarian Fund (EHF) and Humanitarian Requirements Document (HRD) to include multi-purpose grants (MPGs).
  5. Increase understanding of Government policies and plans that support CTP.
  6. Capacity building.

## **4 Reflecting on the use of CTP in the current drought response**

The following questions provided the focus for discussion:

- If the overall cash response was evaluated today what would it say?
- What could have been done better?

The main discussion points, grouped by theme, are summarised below.

### **4.1 Did cash help meet needs?**

There were mixed feelings about how well the cash response met needs.

People felt that:

- While we did not meet all the needs, the objective of saving lives and addressing immediate needs was met.
- Cash helped meet food needs and increase access to seeds.
- Cash was used to respond to specific needs in some regions.
- The response showed the potential for cash in humanitarian response in Ethiopia.

But there were many difficulties:

- There were many delays in getting cash to beneficiaries as a result of gaps in understanding of CTP, weaknesses in systems and inadequate of cash preparedness.
- The response did not cover the gap between the needs of affected communities and the resources they had.
- Demands were massive and resources scarce, agencies were overwhelmed.
- There were problems with targeting related to PSNP vs HRD coverage.

### **4.2 Capacity**

- People were initially reluctant to go to cash.
- Some agencies felt that donors pushed them to use cash when systems were not really in place.
- There were capacity issues at many levels, including among service providers, vendors, Government structures, humanitarian partners and at community level. There was a lot of learning by doing.
- Awareness of cash programming was low among some government staff and in communities.
- Capacity to address food security issues with CTP was more limited in non-PSNP woredas.

### **4.3 Cash or in-kind**

- Given capacity gaps and delays with cash based assistance, an in-kind response might have been faster in this case.
- Some people are fixed on just cash or just food. There is need to avoid this and use both as appropriate.
- There is need to be clearer about when and how cash should be used and to understand user preferences better.
- The use of CTP gave people choice and dignity. It seems to have been relevant and cost effective.
- Seed requirements were addressed using in-kind, cash and vouchers. As the supply of seeds is restricted to Government accredited cooperatives, there is no real choice of seed types and, in some areas, there are few suppliers. As such, the use of vouchers is questionable and it would be better to give in-kind or cash.

#### **4.4 Coordination**

- The CWG was active at the national level and met regularly. Government involvement was limited. More engagement might have helped address some of the problems encountered.
- There is need to build consensus between Government and humanitarian partners so that CTP agreements can be expedited faster. Linked to this, there is need to strengthen how the CWG works with Government and the PSNP.
- There is no common platform where the private sector, Government and humanitarian/development cash actors come together. However, it was noted that some private sector service providers have presented at the CWG.
- Initial cash coordination was rolled out to regional level (regional CWGs were formed in Amhara, SNNP and Somali region) but coordination at field level remains weak. When not well coordinated, there have been problems with gaps and, in some cases, issues of duplication.
- Different funding streams are driving different implementing models. This may be exacerbating coordination challenges.
- There is a lack of transparent and regular information sharing.

#### **4.5 Markets**

- Market assessments are being undertaken but they are not coordinated and information is not shared. More joint market assessments could improve quality and efficiency.
- The environment for using cash is good but there are challenges when implementing at scale.
- There is no evidence of widespread price rises as a result of the cash response. However, there have been some localised issues and these need to be assessed to avoid the risk of significant problems.
- There is need to study market impacts. There is a risk that programmes could be strengthening local monopolies rather than bringing more actors into the market.

#### **4.6 Policy environment**

- At Federal level a 'cash first' principle is supported. However, there are significant gaps in information and understanding at local level.
- PSNP uses a mix of cash only, food only and a mix of cash and food in different areas.
- The PSNP policy is crisis responsive. This may have created a false sense of security, making it seem as if more was possible/happening than it was.
- Banking regulations create some challenges.
- While donors supported (and pushed) the use of cash, there is need for better linkages between different funding streams and between sectors.
- There is need for more clarity about how transfer values for safety nets vs humanitarian purposes should relate.
- The Ethiopian Humanitarian Fund (EHF) and HRD need to be adjusted to better accommodate MPGs.

#### **4.7 Risk**

- Diversion of resources remains a risk. While some is likely to be happening, there has not been much information sharing on this.

- Some cash is used for unintended purposes. In Somali region, for example, an amount is collected after each distribution and used to fund reparations. This is part of the social structure and an important safety net. Although not an intended use, it is important and there is need to plan accordingly.
- There is a risk that cash could be used for cross border activities and illegal trading.
- It was noted that all the above risks also apply to in-kind support.

#### 4.8 *Transfer mechanisms*

- Many assessments were undertaken at the start of the response but delivery mechanisms were not adequately assessed.
- Issues with transfer mechanisms meant it was hard to scale up quickly. Delivery systems are limited in some areas; phone penetration is low; services are new and not tested at scale.
- It was expected that the PSNP would work for cash as it had for food, that wasn't the case.
- Implementing cash at scale requires working through Government. Some processes are bureaucratic and hard to influence.
- Service charges by payment providers are high and there is need for coordinated action to negotiate better rates.
- Lessons from using different transfer mechanisms are not shared adequately and so difficulties are repeated. It was noted that sharing has taken place at the CWG but more would be beneficial.

#### 4.9 *Transfer values and MEB*

- Transfer values were not harmonised and this caused difficulties. Some agencies have taken action to coordinate on transfer values.
- There are differing views and experiences about the degree to which agencies must align with PSNP values; whether it is permissible to use higher rates or agree tops ups with local authorities.
- As transfer values were insufficient to meet all needs, it is likely that the response saved lives but not livelihoods.
- Many agencies linked transfer values to the PSNP rates. There is need for more clarity about the relationship between the PSNP and the food security aspect of the drought response strategy. There is need to see how to manage vertical expansion in a coherent way.
- There was not an agreed MEB. As discussions on this move forward, there is need to consider regional variations.

### 5 **Priorities for collective action**

The following priorities for collective action were identified and will feed into CWG plans for 2018:

1. **Undertake a joint review/lesson learning of the cash response to the drought.** It was unanimously agreed that this should be undertaken and outcomes used to inform future plans. It was noted that a joint, independent evaluation of the cash response is being planned by actors involved in the Somalia response and a similar approach may be useful in Ethiopia. Action required by all to move this forward.
2. **Define a MEB and develop framework for agreeing transfer rates.** Work on this would enable a more harmonised approach. The framework should consider regional variations and distinguish between survival and other expenditure baskets. Action needed by CWG and clusters. The MEB technical working group to be resurrected.

3. **Collaborative work on payment issues.** Develop plan to engage with payment providers. This could include collective bargaining on service charges (ahead of this, transparent sharing of information about service charges needed); creating demand in areas where there is low service coverage; exploring the use of alternative cash transfer mechanisms; and examining the potential for joint advocacy<sup>1</sup>. Progress will require engagement by the CWG, Government (including Ministry of Finance and Economic Development) and MFI Associations. The need to use existing forums engaging with MFIs was noted.
4. **Promote adjustments to the Ethiopian Humanitarian Fund (EHF) and Humanitarian Requirements Document (HRD) to include MPGs.** Sectoral based planning makes it difficult to secure support for MPGs. At present multi-sector applications are submitted and reviewed by various sectors, one sector may accept and another reject. There is need for clarity about where and how MPGs sit. Work on this would be Government led with support from OCHA.
5. **Increase understanding of Government policies and plans that support CTP.** There are policies in place at Federal level that support the use of CTP but understanding and application of policies at regional level is inconsistent. Collective action could be planned to support the implementation of relevant policies. This should be raised via the HCT and by donors.
6. **Capacity building.** Capacity gaps at all levels were noted including Government, private sector actors and development/humanitarian partners. A comprehensive plan for capacity building was suggested but deemed a lower priority for collective action than other points highlighted above.

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<sup>1</sup> For example, it was noted there may be potential to engage with the 'National Financial Inclusion Strategy' to encourage policies and actions that support CTP e.g. promoting competition among FSPs and increasing the choice and quality of transfer mechanisms.

## Annex I: First thoughts

At the start of the meeting, participants reflected on issues individually and noted issues ‘that are on their minds’ as they think about the use of CTP in Ethiopia. The table below highlights points that were raised – figures in brackets show how many people made each point. Note headings are just for presentation and not suggested in advance of the exercise.

<p><b>Benefits of cash</b></p> <ul style="list-style-type: none"> <li>• Easy and fast (2)</li> <li>• Gives people pride/sensitive (2)</li> </ul>	<p><b>Capacity</b></p> <ul style="list-style-type: none"> <li>• Limited capacity (2)</li> <li>• Understanding by local government (1)</li> <li>• Relatively new approach (1)</li> <li>• Difficult to explain to each person (1)</li> </ul>
<p><b>Coordination</b></p> <ul style="list-style-type: none"> <li>• Disharmony/lack of coordination (3)</li> <li>• Scattered approach (2)</li> <li>• Limited information sharing e.g. reports (1)</li> </ul>	<p><b>Government and policy</b></p> <ul style="list-style-type: none"> <li>• Legal framework (2)</li> <li>• Government interest (1)</li> <li>• Political interference/landscape (1)</li> </ul>
<p><b>Markets</b></p> <ul style="list-style-type: none"> <li>• Under developed market infrastructure/market functionality/accessibility (4)</li> <li>• Market assessments (2)</li> <li>• Inflation risk/effect of cash transfers on prices (2)</li> </ul>	<p><b>Miscellaneous</b></p> <ul style="list-style-type: none"> <li>• An activity to address communities timely by Govt partners (1)</li> <li>• Insufficient funds to reach all in need (1)</li> </ul>
<p><b>Planning</b></p> <ul style="list-style-type: none"> <li>• Emergency -&gt; recovery -&gt; shock responsive (2)</li> <li>• Multi-purpose grants (1)</li> <li>• How can it be helpful to transfer economic power? (1)</li> <li>• Is there graduation in CTP (1)</li> <li>• Conditionality (1)</li> <li>• Duration (1)</li> <li>• Regional differences (1)</li> <li>• There are many areas without CTP (1)</li> <li>• It's possible! (1)</li> <li>• Proper use of case (1)</li> <li>• Targeting (2)</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Why cash? Does it work? (1)</li> <li>• Fiduciary risk (1)</li> <li>• Dependency (1)</li> </ul>
<p><b>Transfer mechanisms and costs</b></p> <ul style="list-style-type: none"> <li>• Modalities of transfer and service providers (7)</li> <li>• E-payment systems - benefits and challenges (2)</li> <li>• Limited number of service providers in remote locations/extend access in rural areas (2)</li> <li>• Need to move in the direction of digital transfers (1)</li> <li>• Service charges for transfers (3)</li> <li>• Systems issues (1)</li> <li>• Low technology penetration (1)</li> </ul>	<p><b>Transfer values</b></p> <ul style="list-style-type: none"> <li>• Lack of clear/harmonised transfer value (7)</li> <li>• MEB (2)</li> </ul>

## Annex 2: Participants

Name	Organisation
Firehiwot Mezgebu	ACF
Karen Peachey	CaLP
Joanna Olsen	CRS
Kourtney Rusow	DFID
Yohannes Regassa	ECHO
Mekuria Mamo	FH
Zelalem Getachew	FH
Janette Macleod	Goal
Solomon Girma	Goal
Andrea Minetti	ICRC
Lilian Mutiso	IOM
Adualem Yilma	IRC
Helene Juillard	Key Aid
Kidist Belayneh	NCA
Rahel Asfaw	NDRMC
Phinias MUZIVA	NRC
Agustin Orengo	OCHA
Elias Kebede	Oxfam
Theodros Tefera	Oxfam
Mesfin Abebe	Tearfund
Kassaye Hadgu	UN OCHA
Mary Karanja	UNHCR
Lisa-Marie Ouedraogo	UNICEF
Loza Kibret	World Bank
Halake Bante	WFP
Nibrass Mohammad	WFP
Praemeenah Poobalan	WFP
Samuel Tillanum	World Vision
Simret Namuye	World Vision
Yidnekachew Wendaferew	World Vision

**Registered but unable to attend (note: as mentioned in the introduction, a public holiday was announced for the date the event was scheduled. This contributed to the large number of regrets).**

Name	Organisation
Jamal Ali Tagal	ACF
Mohamed Abdale	ACF
Mandefro	CAFOD
Serkalem Getachew	CARE Ethiopia
Andrew Nzimbi	Consultant
Desalegn Akati	CRS

Sirgut Merhatsidk	DCA
Mohammed Deda	Ethiopia Red Cross
Dereje Megersa	FH
David Zimmerman	IOM
Dipti Hingorani	IOM
Mohammed Bedru	IRC
Abdillahi Farah Aden	Mercy Corps
Tsegeye Hawaz	NCA
Adam Ahmed	NRC
Solomon Medhane	Oxfam
Kelly Johnson	PSNP-DCT
Claude Kakule	WFP
Fragrance Manyala	WFP
Segen Tewelde	WFP
Haroun Habib	WHO/WHE
Tewodros Assefa Besrat	World Bank
Abeje Mekonnen	World Vision
Elias Getachew	World Vision
Eliyas Mamo	World Vision
Shimekit Maru	World Vision