

# CTP IN CHALLENGING CONTEXTS: CASE STUDY ON CTP AND RISKS IN YEMEN 2015–2018

## Summary report

Authors: Josephine Hutton, Shawn Boeser and Marilise Turnbull

## BACKGROUND TO THE CASE STUDY

This case study on Yemen was commissioned by the Cash Learning Partnership (CaLP) as part of its programme activities on cash transfer programming (CTP) and risk, with the main aim of lowering the barriers and constraints to the systematic adoption and consideration of CTP. Building evidence and learning from specific contexts is widely agreed to be a clear way of achieving this goal, and this case study is part of this endeavour. **The specific purpose of this case study is to draw out learning and recommendations for humanitarian actors about risk management for CTP in complex and volatile settings, by examining closely the Yemen context and the massive scale-up of CTP in Yemen between 2015 and 2018.**

Yemen ranks 178th out of 189 countries and territories on the latest United Nations Development Programme (UNDP) Human Development Index (HDI) ranking (September 2018),<sup>1</sup> and is one of the most vulnerable countries in the world, with a score of 6 out of 10 on the INFORM Risk Index.<sup>2</sup> Yemen is the largest humanitarian crisis in the world, with one of the highest volumes of CTP used in multiple assistance modalities and across multiple sectors. Some 75% of Yemenis (22 million people) are in need of humanitarian assistance or protection, 18 million people are food insecure, and more than 8 million people are severely food insecure. It is estimated that this number could reach 11.9 million.<sup>3</sup>

## KEY FINDINGS

The Yemeni context is very volatile, complex and high risk, with a wide range of constant operational and contextual threats, most of which materialized during the period 2015–2018. Despite this, humanitarian actors in Yemen were largely able to mitigate the risks to substantially scale-up CTP through a combination of effective and ongoing analysis and monitoring of risk, solid collaboration, adaptation, and a high level of risk transference and sharing with the private sector.

There were specific enablers, which included the historic presence of, and familiarity with, large-scale CTPs in Yemen and the infrastructure and experience to support this. CTP has been a very common modality for some time, providing support to vulnerable populations – particularly for emergency livelihoods support – from humanitarian agencies as well as from the Yemeni government.<sup>4</sup> It is well understood, accepted and expected by large sections of the population, as well as by the authorities. The existing infrastructure to support the scaling up of CTP (in the form of financial service providers), and the focused attention that humanitarian actors gave to risk mitigation, have been key enablers in the immense scaling up of CTP. Two other key enablers were: supportive and flexible approaches from institutional donors (especially for unconditional cash transfers); and supportive and enabling approaches from humanitarian agencies willing to take a leap of faith to adapt their programming and grow CTP in response to immense humanitarian need, and despite the risks. Overall, it was evident from the case study that CTP was highly appropriate for, and suited to, the Yemeni context, and in some ways perceived as less risky than other related in-kind modalities.

<sup>1</sup> UNDP Human Development Reports: Yemen country profile. Available at: <http://hdr.undp.org/en/countries/profiles/YEM>

<sup>2</sup> INFORM Risk Index: Yemen country profile: Available at: [www.inform-index.org/countries/country-profiles](http://www.inform-index.org/countries/country-profiles)

<sup>3</sup> UNOCHA (2018) 'Yemen Humanitarian Update', Issue 28. Available at: <https://reliefweb.int/sites/reliefweb.int/files/resources/Yemen%20Humanitarian%20Update%20Issue%2028.pdf>

<sup>4</sup> Prior to March 2015, the Yemeni government's social protection programme (SWF) reached about 1.5 million households totalling 8 million people. The programme was halted in 2015.

The concept of risk was approached flexibly in this study to capture all the aspects of the risks identified by stakeholders. The terms ‘risk’ and ‘threat’ were used interchangeably, so the term ‘risk factor’ is mainly used here.<sup>5</sup> Most of the risk factors highlighted affect all programmes and assistance modalities. The **key risk factors that emerged from the research for CTP are as follows:**

- weaknesses or failures in the national banking system or currency
- volatile market functionality
- poor quality/limited quantity of service providers
- security issues related to the conflict
- general operational issues, e.g. technology, security and access
- political context
- aid diversion
- protection
- monitoring challenges
- challenges in ensuring programme integrity
- targeting

Few of the risk factors identified are specific to CTP; most impact a wide range of programmes. **Those that were very specifically relevant to CTP were related to the quality and integrity of financial service providers, the quality and value of bank notes, price volatility, the movement of money, the use of cash grants, and the impact that CTP has on the market and the conflict.** It was clear that most threats had materialized, to some extent or other, in Yemen between 2015 and 2018, and were experienced across all programmes – not just CTP.

Organizations reported using a wide range of mitigation measures to counter identified threats, but the most common and effective **mitigation measures** for CTP-specific risks included:

- **using service providers enabling the transference/sharing of risk** related to financial transactions, security and monitoring
- **carrying out a careful assessment of banks; sharing whitelists and blacklists of banks and service providers**
- **varying strategies on managing the risk of bank collapse and liquidity**, such as making smaller and more frequent transfers to banks
- **collectively negotiating exchange rates**
- **conducting programme monitoring**, particularly post-distribution monitoring, and using third-party monitoring and follow-up
- **working with the cash and markets working group (CMWG) and CashCap advisers** on issues such as a common minimum expenditure basket, exchange rates and targeting criteria
- **using community structures for targeting, mobilization and conflict resolution**

While risk analysis was shared, to some extent, there did not appear to be a common approach to analysing risk or the consistent sharing of risk analysis; this was mainly done at agency level. And while agencies do constantly monitor threats and assess risk, using a variety of sources, and varying levels of frequency, few, if any, agencies take a structured and consistent approach to reviewing incident reports and patterns, threats, and contextual shifts against an established risk management plan. This appears to be a weakness in such a volatile context.

Geographic variation in risks and mitigation were limited, and most of the risk factors were identified as being prevalent in both north and south Yemen, to a greater or lesser degree. Some of the variation in security and access risks was reportedly linked more to specific governorates and cities, and to particular geographic pockets,

<sup>5</sup> A risk factor is an issue or category of risk or threat raised by respondents. It is not necessarily a threat for which the risks of materialization and impact (considering probability, exposure and vulnerability) have been formally assessed.

rather than being more prevalent in the north or the south. The key differences highlighted were that negotiation and gaining access to field locations, along with attempts by local authorities to influence the beneficiary selection process, were more of a problem in north Yemen. Consequently, more time was spent negotiating and gaining community (and leadership) acceptance. In addition, there were reportedly fewer banks in the north and in remote areas, creating additional access issues for beneficiaries.

## LEARNING

Despite the daunting task of scaling up CTP in Yemen from 2015, the humanitarian imperative and a somewhat enabling environment allowed humanitarian actors to collectively and individually identify workable solutions and constantly adapt them to the evolving context. This experience has generated a rich set of lessons, ‘enablers’ and good practices for non-governmental organizations (NGOs), United Nations (UN) agencies and donors, a significant number of which may be applied to other high-risk and volatile contexts.

Other key pieces of learning coming out of the case study are as follows:

- **An effective CMWG, with a committed, multisectoral membership, contributes to reducing risk** through joint initiatives on risk assessment, monitoring and potential mitigation measures. Resourcing this well is critical and should include dedicated advisers and co-chairs who have sufficient time to dedicate to the role.
- **Remote market monitoring works**, including monitoring from outside the country.
- **CTP is possible, despite a volatile currency**, if the right analysis and approaches are deployed.
- **Frequent communication with donors is key in managing perceptions of risk.** Donors’ concerns can be alleviated, they understand the context better and it makes them more receptive to any modifications.
- **Scaling up CTP in very high-risk, heterogeneous and constantly changing contexts requires considerable investment.**
- **Selecting a financial service provider should be an iterative process.**
- **Clear procedures help staff and agencies manage facilitation payment risks.**
- **Bold management and donor support are strong enablers.**
- **‘Risk transfer’ can be a misleading term** as only some risks can be transferred, while others can be shared and some remain due to legal and contractual liabilities.
- **Embedded experience counts** in the scaling up of CTP, and the prior experience of CTP and the context in Yemen were major enabling factors.
- **Contextual adaptation to distribution protocols can promote gender equity, and inclusion.**
- **Extreme need appears to minimize diversion.**
- **The process of including and excluding beneficiaries is inherently political but can be managed** if approached consistently and with strong principles, which are ideally shared by all humanitarian actors.
- **Innovations in technology continue to be beneficial for CTP, including for risk management.**
- **Volatile operating conditions need nimble and adaptable approaches, with agencies and donors prepared to shift plans and modalities.**
- **Economic risk factors (e.g. banking systems, exchange rates, markets) require national and international interventions by governments outside Yemen**, and this is influenced by advocacy driven by strong and consistent collaboration between donors and humanitarian agencies.
- **It is very challenging to speak to the overall picture of CTP in Yemen, and to advocate effectively (on CTP and risk management), in the absence of** sufficient, standardized and comprehensive data on CTP in Yemen, and this should be a clear objective of the humanitarian community working in and on Yemen.

## RECOMMENDATIONS

The key recommendations of this study, **all of which are relevant both for stakeholders in the Yemen CTP response and in similar contexts**, are as follows:

- **The approach to risk identification and analysis should be a systematic and collective process amongst humanitarian actors in volatile and complex settings**, with more openness and consistency (Yemen).
- **Donors should also agree to accept a common risk identification and analysis approach**, and categories of risk analysis, asking only that agencies clarify their mitigation approach to each. This enables a more collective approach to risk management and much greater efficiency for humanitarian agencies operating in volatile contexts.
- Humanitarian agencies need to **clarify and strengthen their processes for reviewing incidents, threats and contextual issues against their risk management plan**, and adjusting their operations. **They should also consistently share key information** with others, as each agency's operations and safety are affected by the others.
- **Collective exchange rate negotiation should be a key shared function** in settings with currency volatility and should be resourced collectively.
- **Humanitarian actors should proactively share key resources, approaches and tools that assist in risk mitigation.**
- **Humanitarian agencies should develop a joint advocacy strategy to address economic risks** (related to banking systems, exchange rates, markets and food imports), targeting their national governments and multinational bodies.
- **Governments outside of Yemen must continue to intervene on critical economic risk factors** (e.g. supporting main food importers, strengthening the capacity of the central bank, formulating appropriate monetary policies), and donors and humanitarian agencies must continue to collaborate to build strong advocacy positions.
- **Effective and functioning CMWGs and advisory resources allocated to them are critical in contexts such as Yemen.** In contexts with such large-scale CTP operations, such as Yemen, appropriately high-level technical advisory and coordination support on CTP must be provided on a medium- to long-term basis to humanitarian agencies. For short-term or interim needs, this could be in the form of CashCap deployments to the CMWG, but for countries with medium-term and significant volumes of CTP, a full-time CMWG coordinator is required. The CMWG should report to the Inter-Cluster Coordination Group (ICCG), as suggested by the ICCG terms of reference, but should be linked to the humanitarian country team (HCT) and should have a stronger and wider remit than just a technical advisory function. To ensure that the CMWG is effective and sustainable in demanding contexts such as Yemen, ongoing funding of the coordination and technical advisory functions is required.
- In light of the fact that Yemen is the largest humanitarian crisis in the world, and that there is global interest in understanding CTP, scale-up and risk management in the Yemeni context, the **dearth of (or lack of access to) current CTP data on Yemen must be immediately rectified.**
- **Future CTP case studies should explore the issues of gender, CTP and risk more deeply, along with the issues of inclusion of minority groups**, people living with disabilities and other marginalized sections of the population.
- **A specific case study examining data protection and safeguarding in CTP would be a welcome addition** to the body of knowledge on CTP and risk management.