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# Improving the Coordination of Humanitarian Cash Transfers - a Fool's Errand?

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May 2018

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*This thesis is submitted for obtaining the Master's Degree in International Humanitarian Action. By submitting the thesis, the author certifies that the text is from his/her hand, does not include the work of someone else unless clearly indicated, and that the thesis has been produced in accordance with proper academic practices.*

## Abstract

This thesis evaluates the extent to which attempts to improve the coordination multi-purpose cash transfers (MPCTs) in humanitarian contexts can succeed. The first part of the paper focusses on outlining the existing coordination mechanisms and the reasons why improvements are necessary. In general, MPCTs require a multi-sectoral approach to coordination which is not apparent in the current cluster system and *ad hoc* approaches to MPCT coordination have proved insufficient. The term 'coordination' is often used but rarely defined. This research conceptualised coordination in the humanitarian sector as a process which aims to facilitate the optimal use of resources for achieving the best outcomes for populations affected by crisis and disaster.

The second and main focus of the paper, is on the ability of UN agencies and INGOs to undertake reform of the way they coordinate MPCTs. The thesis borrows its theoretical framework – the Bureaucratic Politics approach – from the field of International Relations, to analyse two case studies from Lebanon and Ukraine. In short, Bureaucratic Politics posits that organisations are rational and self-interested, and base their strategies and policies on what they think will best serve their organisational interests and access to funding.

Outcomes vis-à-vis other organisations are often suboptimal because the most acceptable result is one which tries to balance the various interests of organisations who have different levels of power. Applying this to the topic at hand, the approach suggests that negotiations between IHAs acting to protect their funding, space and power will dictate whether reform will take place and how radical it will be.

The study finds that in Lebanon and Ukraine reform proposals had suboptimal outcomes due to the fears among UN agencies and INGOs that the reforms would undermine their skills, mandates, access to funding, and their power. Agencies argued that the proposals gave too much legitimacy to MPCTs, which if implemented more frequently, would deplete the funding available for sector-specific support and undermine the *raison d'être* of many agencies. The Bureaucratic Politics does not provide a complete picture of the future of MPCT coordination. The paper argues that postcolonial theory, the ambiguous role of competition and ongoing positive trends must also be considered. Nevertheless, the

Bureaucratic Politics approach is considered a compelling framework, particularly because it emphasises the importance of the context in which IHAs operate. Overall, the study concludes that as MPCTs are increasingly implemented, coordination will gradually improve, but it remains questionable whether the necessary radical reform of the cluster system will take place.

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## Acronyms

|        |   |
|--------|---|
| ALNAP  | Active Learning Network for Accountability and Performance                        |
| CaLP   | the Cash Learning Partnership   |
| CFW    | Cash for Work   |
| CTP    | Cash Transfer Programme   |
| CWG    | Cash Working Group  |
| DfID   | the UK government's Department for International Development                      |
| DRC    | Democratic Republic of the Congo  |
| ECHO   | Directorate-General for European Civil Protection and Humanitarian Aid Operations |
| FSP    | Financial Service Provider  |
| GCLA   | Global Cluster Lead Agency  |
| HC     | Humanitarian Coordinator  |
| HCT    | Humanitarian Country Team   |
| HRP    | Humanitarian Response Plan  |
| IHA    | International Humanitarian Agency   |
| INGO   | International Non-Governmental Organisation                                       |
| LCC    | Lebanon Cash Consortium   |
| LOUISE | the Lebanon One Unified Inter-Organization System for E-Cards                     |
| M&E    | Monitoring and Evaluation   |
| MSF    | Médecins Sans Frontières  |
| MPCTs  | Multi-Purpose Cash Transfers  |
| OCHA   | the UN Office for the Coordination of the Humanitarian Affairs                    |
| RfP    | Request for Proposal  |
| TA     | Transformative Agenda   |
| WASH   | Water, Sanitation and Hygiene   |
| WFP    | World Food Programme  |
| WHO    | World Health Organization   |
| UNHCR  | UN High Commissioner for Refugees   |
| UNICEF | UN International Children's Emergency Fund  |
| USAID  | United States Agency for International Development                                |

## 1. Introduction

The use of cash in humanitarian response is not new. Several thousands of talents of silver and bronze, as well as food and building materials, were given by the kings of Egypt and Macedonia to the people of Rhodes following a major earthquake in 227/6 BC.<sup>1</sup> Cash was used by the Red Cross during the Franco-Prussian war (1870-1871) and in response to famines in India in the nineteenth century and Botswana in the 1980s.<sup>2</sup>

In 2004, the response to the Indian Ocean Tsunami marked a turning point in the history of Cash Transfer Programmes (CTPs) as several agencies piloted cash programmes which became a significant part of the response.<sup>3</sup> Since then, the use of CTPs in humanitarian emergencies has been steadily rising. CTPs have been successfully implemented in contexts as varied as Greece, Iraq, Somalia, Ecuador, Fiji, Afghanistan, Pakistan, the Democratic Republic of Congo (DRC), Syria and Chechnya.<sup>4</sup> The level of funding for CTPs from ECHO (the EU's Directorate-General for European Civil Protection and Humanitarian Aid Operations) rose from 20 percent to 40 percent between 2007 and 2010.<sup>5</sup> According to the World Bank, the number of conditional CTPs around the world more than doubled between 2008 and 2014 from 27 to 64, and the number of unconditional CTPs in Africa rose from 20 to 40 countries between 2010 and 2013.<sup>6</sup>

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<sup>1</sup> Steets, Julia and Lotte Ruppert (2017), 'Cash Coordination in Humanitarian Contexts', Berlin: Global Public Policy Institute, p.5

<sup>2</sup> Paul Harvey and Sarah Bailey (2015), 'Cash transfer programming and the humanitarian system: Background Note for the High Level Panel on Humanitarian Cash Transfers', London: ODI, p.2

<sup>3</sup> Ibid., p.2

<sup>4</sup> Laura Gordon (2015), 'Risk and humanitarian cash transfer programming', Background Note for the High Level Panel on Humanitarian Cash Transfers, London: ODI, p.4; and, CaLP (2018), 'The State of the World's Cash Report: Cash Transfer Programming in Humanitarian Aid', London: CaLP/Accenture, p.20

<sup>5</sup> Erik Johnson (2012), 'More than 'just another tool': a report on the Copenhagen Cash and Risk Conference', in 'Humanitarian Exchange: Special Feature: New Learning in Cash Transfer Programming', London: Humanitarian Practice Network at ODI, No.54, p.5

<sup>6</sup> World Bank (2016), 'Cash Transfers in Humanitarian Contexts: Strategic Note', produced for the IASC, Washington: World Bank, p.vii

Cash can come in the form of vouchers, Cash for Work (CFW) schemes, conditional and unconditional grants. Vouchers restrict the beneficiary to spending money on certain items in certain shops. Cash for Work schemes are designed to rebuild public goods such as roads or hospitals destroyed during a crisis, for which people are given money in return for their labour. Conditional grants are similar to vouchers but could also include requirements such as spending 50 percent of the grant on school materials before the rest of the grant is released. Unconditional grants, also referred to as Multi-Purpose Cash Transfers (MPCTs), are unrestricted and the recipients are free to spend the cash however they deem fit. Although in-kind assistance continues to dominate, with cash only making up about ten percent of global humanitarian aid<sup>7</sup>, the case for using cash has grown ever stronger. Cash appeals to donors as it can be more cost-effective than in-kind aid and generate positive multiplier effects on local economies. It appeals to beneficiaries as it gives them the power to decide how best to meet their own needs. There are several reasons why the uptake of cash has been slow, including fears about corruption and inflation. However, one major barrier to the increased use of cash is the difficulty of coordinating cash across various actors and various sectors, for example, food, health, and shelter.

The issue of coordination in relation to MPCTs has not been extensively researched.<sup>8</sup> According to Bailey, until 2011, little thought was given to what increasing use of cash would mean for humanitarian coordination. The responses to crises in Pakistan, Haiti and Somalia at the end of the 2000s where cash was used on a larger scale than ever before, generated demand for more analysis of the topic.<sup>9</sup> Organisations working with cash report that when cash is well coordinated, it can be a very effective tool in humanitarian response. When cash is poorly coordinated, there are often gaps in the response, duplication of activities and unnecessary wastage of resources. Part of the reason cash coordination is so limited, is that cash does not fit easily into the UN cluster system. The cluster system is the main coordination mechanism used in humanitarian emergencies and it divides humanitarian

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<sup>7</sup> CaLP (2018), p.28

<sup>8</sup> Sarah Bailey (2014), 'Is Cash Transfer Programming Fit for the Future? Coordination and CTP Report', London: CaLP/King's College London, p.4

<sup>9</sup> Ibid., p.5

agencies by sector, for example health, nutrition, and shelter. Moreover, changes in the global environment such as technological change are facilitating new approaches to cash delivery while the growing number and variety of actors operating in the humanitarian sphere, are making it ever harder to meet the demand for better coordination. Improving how the system is coordinated is exceptionally complex. With all these contextual factors in mind, this paper seeks to understand whether attempts to improve the coordination of CTPs have any hope of success.

### 1.1 Research Objectives

This paper has several inter-related objectives:

1. To identify and analyse the barriers to more effective coordination of MPCTs in humanitarian contexts
2. To formulate a prognosis for the future of the coordination of MPCTs
3. To contribute to a better understanding of what the coordination of MPCTs reveals about the ability of the humanitarian system to undertake far-reaching change

### 1.2 Research Question

This research project began with the recognition that MPCTs pose a challenge for the established coordination architecture in humanitarian response. MPCTs have huge potential for beneficiaries, but being multi-purpose, MPCTs do not sit easily within the framework of the cluster system. To increase the level and effectiveness of MPCTs, the coordination system will face a fundamental challenge. From this logic, the following research question emerged:

To what extent can improvements to the coordination of multi-purpose cash transfers in humanitarian contexts succeed?

Initial hypotheses from the outset of the project were as follows:

1. A radical overhaul of the cluster system is necessary to achieve better coordination of MPCTs.

2. The competition between International Non-Governmental Organisations (INGOs) and UN agencies for funding, each with different mandates and priorities, is a major inhibitor to change.

This research focuses on MPCTs for two reasons. Firstly, MPCTs are the most likely form of cash to have the biggest positive impact for the affected population (in terms of empowering beneficiaries, covering multiple needs, producing positive multiplier effects on the local economy, and so on). Indeed, it is for this reason that both the High Level Panel on Humanitarian Cash Transfers (put together by DfID in 2015) and the World Bank (in a Strategic Note produced at the IASC's request in 2016) called for greatly expanded use of MPCTs over other forms of cash assistance. (See Chapter 2.3 for more details.) Secondly, of all the forms of cash assistance, MPCTs present the biggest challenge in terms of coordination precisely because they can cover multiple needs and therefore do not fit the cluster approach. Other forms of cash such as conditional grants, vouchers and CFW schemes can be restricted to the sectors of the cluster system, but they lack the biggest advantage of MPCTs: flexibility.

This paper focusses specifically on INGOs and UN agencies. They, along with donors, represent the most powerful actors in the humanitarian 'system'. They are not a homogenous group and hold different levels of power, but together they receive the vast majority of humanitarian funding. Coordination mechanisms largely exist to harmonise the implementation processes of such organisations (more on this in Chapter 3), and as such, INGOs and UN agencies tend to dominate the cluster system. Indeed, many UN agencies hold the position of Global Cluster Lead Agencies (GCLA), providing technical support and guidance to each of the clusters, for example the World Health Organization (WHO) is the GCLA for Health, and UN High Commissioner for Refugees (UNCHR) is the GCLA for Protection. Given the powerful position that UN agencies and INGOs hold, they have a vested interest in maintaining the *status quo*, since they stand to lose out most from reform of the cluster system. Where it is convenient, they will collectively be referred to as International Humanitarian Agencies (IHAs).

In terms of coordination reform, this paper positions the cluster system as the key mechanism which needs to change because the cluster system is the primary global

coordination mechanism for humanitarian assistance. Of course, not all humanitarian actors operate within the cluster system. For example, Médecins Sans Frontières (MSF) and the Red Cross Movement are reluctant to get too close to the UN-led system for fear that it may compromise their independence and neutrality.<sup>10</sup> In addition, there are numerous other mechanisms supporting coordination among INGOs, for example the Disasters Emergency Committee, and the International Council of Voluntary Agencies. But it is beyond the scope of this paper to analyse all of the coordination mechanisms which exist. Many of the most influential INGOs and all UN agencies do operate under the cluster system, making it by far the most dominant coordination mechanism, and the multi-sectoral nature of MPCTs disrupts its fundamental logic. The structure of cluster system is detailed in Chapter 2.1.

### 1.3 Previous research

Much of the existing literature on CTPs centres on the potential advantages and risks of using cash. CTPs are popular among beneficiaries because cash enables them to decide for themselves how best to meet their needs. To date, cash has been used for purchasing food and household items, rebuilding houses, investing in livelihoods, debt repayment, land rental, and accessing financial services. In-kind assistance simply has no equivalent, as it is limited to particular types of resources and lacks the important aspect of restoration of beneficiaries' dignity. Indeed, it has been shown that in-kind assistance is often sold so that people can meet other needs.<sup>11</sup>

CTPs have the potential to be more cost-effective than in-kind programmes, which require a huge logistical operation, involving procurement, transportation, and storage, as well as personnel to oversee every stage.<sup>12</sup> By comparison, cash is often easier and faster to implement. Research also shows that cash can have positive multiplier effects on local economies, encouraging businesses to expand and create jobs to address increased

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<sup>10</sup> ALNAP (2015), 'The State of the Humanitarian System', ALNAP Study, London: ALNAP/ODI, p.108

<sup>11</sup> Sarah Bailey and Sophie Pongracz (2015), 'Humanitarian cash transfers: cost, value for money and economic impact', Background note for the High Level Panel on Humanitarian Cash Transfers, Overseas Development Institute, p.2

<sup>12</sup> CaLP (2014), 'Is Cash Transfer Programming Fit for the Future? Final Report', London: CaLP/King's College London, p.42

demand.<sup>13</sup> As a result, CTPs are seen as a way of bridging the humanitarian-development divide and researchers are beginning to analyse the potential for linking them with national social protection programmes.<sup>14</sup>

Despite its many advantages, CTPs currently only make up ten per-cent of global humanitarian assistance.<sup>15</sup> The reasons for this are multi-faceted. There are valid concerns about risks of corruption, inflation, the impact on local gender relations, and increased security risks for staff and beneficiaries. It is well documented that humanitarian organisations are risk-averse, and they often cite their lack of experience with cash as an obstacle.<sup>16</sup> However, evidence shows that the oft-cited risks are over-stated and can be mitigated when organisations think creatively and invest in building cash capacity.<sup>17</sup>

This paper does not assume that cash is a panacea for humanitarian action. Cash could not replace emergency medical care or lobbying for the protection of civilians, for example, and there is limited research available on the effectiveness of MPCTs in particular sectors, such as education, WASH and shelter.<sup>18</sup> Additionally, CTPs will not always be appropriate: when deciding whether to use cash, local circumstances and markets must be carefully considered. To avoid negative effects such as inflation, there must be a good level of market integration, sufficient flow of goods, and a variety of suppliers and traders.<sup>19</sup> Markets which are severely disrupted by crisis make the use of cash impossible. Vulnerable groups such as

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<sup>13</sup> Bailey and Pongracz (2015), p.3

<sup>14</sup> CaLP (2018), p.10

<sup>15</sup> Ibid., p.28

<sup>16</sup> Gordon (2015), p.6

<sup>17</sup> Paul Harvey and Sarah Bailey (2011), 'Good Practice Review: Cash Transfer Programming in Emergencies', Vol.11, London: Humanitarian Practice Network at ODI, p.32; Gordon (2015), p.2; and Degan Ali, Fanta Tour and Tilleke Kiewied (2005), 'Network Paper: Cash relief in a contested area: Lessons from Somalia', London: Humanitarian Practice Network at Overseas Development Institute (ODI), Vol. 50, p.1

<sup>18</sup> CaLP (2018), p.41

<sup>19</sup> Pantaleo Creti and Susanne Jaspars (eds.) (2006), 'Cash-Transfer Programming in Emergencies', Oxford: Oxfam GB, p.20-21; and Bailey and Pongracz (2015), p.3

child-headed households or marginalised groups may not be able to open a bank account.<sup>20</sup> Furthermore, while modern technology may enable the use of electronic solutions (such as mobile money), technological penetration remains highly uneven across the Global South.

However, Steets et al. estimate that 70-80 percent of all humanitarian contexts are eligible for CTPs, with only specific areas being unsuitable due to movement restrictions created by destroyed infrastructure or ongoing conflicts.<sup>21</sup> Already cash has been used to respond to a variety of types of crises including protracted crises (e.g. Ethiopia), conflict settings (e.g. Somalia), and natural disasters (e.g. the Haiti earthquake in 2010).

#### 1.4 Relevance for the Humanitarian Sector

It could be argued that attempts to improve coordination of MPCTs are a pointless exercise. Large organisations and structures will always be inefficient to some degree because it requires extra work to make all the different parts work together. Additionally, as will be demonstrated in Chapter 2, previous attempts to improve humanitarian coordination have led to excessive emphasis on process and bureaucracy.<sup>22</sup> According to Currion, a former aid worker, these attempts are “the organisational equivalent of re-arranging the deckchairs on the Titanic.”<sup>23</sup>

Despite these arguments, effective coordination of humanitarian CTPs is very important. Institutional and private donors will always demand to know how their money has been spent, and justifiably so. The global humanitarian funding gap is wider than it has ever been, estimated at over 40 percent in 2017.<sup>24</sup> This makes it more important than ever to deliver

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<sup>20</sup> ECHO (2013), ‘Cash and Vouchers: Increasing efficiency and effectiveness across all sectors’, Thematic Policy Document No.3, available at: [http://ec.europa.eu/echo/files/policies/sectoral/them\\_policy\\_doc\\_cashandvouchers\\_en.pdf](http://ec.europa.eu/echo/files/policies/sectoral/them_policy_doc_cashandvouchers_en.pdf) accessed 13/01/2018, p.16

<sup>21</sup> Julia Steets, Andrea Binder, Andras Derzsi-Horvath, Susanna Kruger, Lotte Ruppert (2016), ‘Drivers and Inhibitors of Change in the Humanitarian System: A Political Economy Analysis of Reform Efforts to Cash, Accountability to Affected Populations and Protection’, Berlin: Global Public Policy Institute, p.9

<sup>22</sup> ALNAP (2015), p.106

<sup>23</sup> Paul Currion (2014), ‘The humanitarian future’, *Aeon*, available at <https://aeon.co/essays/humanitarianism-is-broken-but-it-can-be-fixed> accessed 10/03/2018

<sup>24</sup> CaLP (2018), p.3

humanitarian aid as effectively and efficiently as possible.<sup>25</sup> Additionally, if coordination of cash does not improve, the potential good that could be achieved for beneficiaries via MPCTs will never be fulfilled, while precious resources will continue to be wasted on duplicated activities and needs will continue to be unaddressed.

This research seeks to understand the extent to which cash coordination can be meaningfully improved. Thinking critically about barriers to improvement may force the humanitarian community to rethink how coordination is structured. As the World Bank pointed out, MPCTs are a crucial issue because they lay bare the strengths and weaknesses of the current system and can therefore be “a compelling entry point for systemic change”.<sup>26</sup> It is essential to understand the barriers to improvement in order to develop strategies to overcome them. However, if the barriers are so deeply entrenched, it may crush attempts by the humanitarian community to use cash. As pointed out by Baizan, “Cash transfers have pushed the humanitarian sector to have discussions that were not possible in a world where in-kind assistance was king. Bottom line: if we can’t find a solution...then choosing to give people money instead of stuff will be a fad”<sup>27</sup>.

The relevance of this research is not limited to cash alone. As will be demonstrated in Chapter 2, the evaluations of the cluster system over the past decade have shown that there are a wide range of problems with the cluster system, some of which have little to do with cash coordination. Therefore, one should not consider cash as the cause of huge disruption to an otherwise perfect system. Rather, cash highlights major weaknesses in humanitarian coordination which are relevant across aid modalities.

## 1.5 Methodology

The humanitarian system has not yet had time to adapt to the realities and requirements of MPCTs. To date, no overall proposal to reform the cluster system has been put forward, so this paper looks at past experiences of attempts to improve coordination in order to draw

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<sup>25</sup> Ibid., p.20

<sup>26</sup> World Bank (2016), p.2

<sup>27</sup> Paula Gil Baizan, (Feb 2018), ‘Why cash as aid risks becoming a passing fad’, Irin News, available at <http://www.irinnews.org/opinion/2018/02/02/why-cash-aid-risks-becoming-passing-fad>, accessed 08/02/18

conclusions for the future. To understand how humanitarian actors may react to changes in the coordination architecture, this thesis takes a qualitative approach to data collection. The methodology proceeded in three parts.

Firstly, a literature review was conducted of academic sources about theoretical perspectives pertaining to coordination and organisational change. In the absence of an overarching theory of coordination, a definition of 'effective' coordination was constructed based on a conceptual analysis of the term and a series of key elements. This paper will make use of the Bureaucratic Politics Approach as the chosen theoretical framework. Other theories were considered but they were rejected because they tend to focus on intra-organisational change and overlook the context in which organisations operate. In short, Bureaucratic Politics posits that organisations are rational and self-interested, and base their strategies and policies on what they think will best serve their organisational interests including securing their access to funding. Outcomes vis-à-vis other organisations are usually suboptimal because they depend on how organisations negotiate their varying preferences. The approach, borrowed from the discipline of International Relations, is detailed further in Chapter 3. The objective is not to test the accuracy of the Bureaucratic Politics approach, but it is used to describe and analyse the case studies. On that basis the approach will be used to suggest a prognosis of whether INGOs and UN agencies can change the way that they coordinate MPCTs.

Secondly, a case study strategy was used to highlight the roles INGOs and UN agencies have played in two recent attempts to coordinate cash programmes differently, and how those actors reacted. They are presented in Chapter 4. The first case is from Lebanon, where in reaction to observed effects of poor coordination, new forms of collaboration were tested and in 2016, ECHO and DfID made a joint proposal to pilot a large-scale cash transfer programme. They intended to pool their funds and give the contract for delivering cash transfers to a single humanitarian agency, and another contract for targeting beneficiaries, monitoring and evaluation to another agency. The second case is from Ukraine, where in 2014 a proposal was made to include MPCTs in a separate section of the 2015 Humanitarian Response Plan. These cases have been chosen because they are recent examples of an attempt to implement change in the coordination of an MPCT in a humanitarian context.

Data was collected through literature review. Sources were selected on the basis of their relevance to the case, their objectivity and reliability. A variety of sources about the cases was sought as much as possible, in order to widen the evidence base and ensure the validity of the research.

The third part of the methodology was a wider literature review, in order to triangulate the data from the cases with broader research on the topic of humanitarian coordination and reform. The same principles for source selection were used as above – relevance, objectivity and diversity. For the data collection a variety of academic and grey literature was used. In particular, data was collected from:

- The three evaluations of the cluster system from 2007, 2010 and 2016<sup>28</sup>
- Evaluations of cash transfer programmes in countries such as Somalia, Ukraine, and Iraq (grey literature)<sup>29</sup>
- Evaluations of humanitarian coordination in general – on one hand grey literature included the Tsunami Evaluation Coalition’s 2006 study of the response to the 2004 Indian Ocean tsunami; on the other hand, academic literature included Jahre and Jensen’s evaluation of the coordination of humanitarian logistics through the clusters (2010), Krishnan’s study of humanitarian consortia in India (2016), and the 2011 evaluation by Stumpfenhorst et al. of coordination through the clusters in Haiti in 2010.<sup>30</sup>

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<sup>28</sup> Abby Stoddard, Adele Harmer, Katherine Haver, Dirk Salomons, Victoria Wheeler (2007), ‘Cluster Approach Evaluation: Final Draft’, London: ODI; Julia Steets, François Grünewald, Andrea Binder, Véronique de Geoffroy, Domitille Kauffmann, Susanna Krüger, Claudia Meier and Bonaventure Sokpoh (2010), ‘Cluster Approach Evaluation Phase 2’, Berlin: Global Public Policy Institute/Groupe URD; Susanna Krüger, András Derzsi-Horváth and Julia Steets (2016), ‘IASC Transformative Agenda: A Review of Reviews and Their Follow-Up’, Berlin: Global Public Policy Institute/INSPIRE Consortium

<sup>29</sup> See Ali et al (2005); Kerren Hedlund, Majid, Nisar, Maxwell, Dan, and Nicholson, Nigel. (2013) ‘Final Evaluation of the Unconditional Cash and Voucher Response to the 2011–12 Crisis in Southern and Central Somalia’, Nairobi: UNICEF Somalia; Simon Levine and Claire Chastre (2004), ‘Network Paper, Missing the Point: An Analysis of Food Security Interventions in the Great Lakes’, London: Humanitarian Practice Network at ODI, Vol.47; Smart, Kristen (2017), ‘Challenging the System: Humanitarian Cash Transfers in Iraq’, Working Paper 508, London: ODI

<sup>30</sup> Jon Bennett, William Bertrand, Clare Harkin, Stanley Samarasinghe, Hemantha Wickramatillake (2006), ‘Coordination of international humanitarian assistance in tsunami-affected countries’, London: Tsunami Evaluation Coalition; Marianne Jahre and Leif-Magnus Jensen (2010), ‘Coordination in humanitarian logistics through clusters’, *International Journal of Physical Distribution and Logistics Management*, Vol.40(8/9), pp.657-

- Key documents related to the development of cash coordination in recent years – three major sources here included the High Level Panel on Humanitarian Cash Transfers’ 2015 report, the 2016 Grand Bargain Agreement, the 2016 World Bank Strategic Note<sup>31</sup>
- Recent studies of the use of humanitarian CTPs and what is changing – three major sources here included The Cash Learning Partnership’s (CaLP) 2018 State of the World’s Cash report, and two reports entitled ‘Cash Coordination in Humanitarian Contexts’ and ‘Drivers and Inhibitors of Change in the Humanitarian System’, produced by researchers at the Global Public Policy Institute<sup>32</sup>

### 1.6 Research Limitations

There are a number of limitations in the chosen approach. Firstly, the research relies on secondary data, while the collection of primary data through interviews or observation in the field was not an option. However, this can also be seen as a strength, as it enables a more conceptual approach to be taken to the broader issue of coordination and change.

Secondly, there is limited research available about the case studies. Gaining a truly varied understanding of the cases was somewhat challenging, so both cases rely predominantly on two to three articles. Another limitation in the selection of these case studies is that they may represent a skewed sample. Both are examples of organisations exhibiting reluctance to change the way they coordinate, but there are other approaches which are still being tested and piloted. They have not been included as case studies because to date there is very little research gathered on the experience of implementing them. For example, in the DRC a programme called the Alternative Responses for Communities in Crisis (ARCC) has been in

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674; Sneha Krishnan (2017), ‘Humanitarian consortia approaches: evidence from Eastern India’, *Environment and Urbanization*, Vol. 29(2), pp.459-476; Stumpfenhorst, Miriam, Rolf Stumpfenhorst and Oliver Razum (2011), ‘The UN OCHA cluster approach: gaps between theory and practice’, *Journal of Public Health*, Vol.19, pp.587-592

<sup>31</sup> World Bank (2016); The High Level Panel on Humanitarian Cash Transfers (2015), ‘Doing Cash Differently: How cash transfers can transform humanitarian aid’, London: ODI; The Grand Bargain: a Shared Commitment to Better Serve People in Need (23 May 2016) available at [https://reliefweb.int/sites/reliefweb.int/files/resources/Grand Bargain final 22 May FINAL-2.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Grand_Bargain_final_22_May_FINAL-2.pdf) accessed 23/02/2018

<sup>32</sup> CaLP (2018); Steets and Ruppert (2017); Steets et al. (2016)

place since 2011 to scale up the use of cash. In the third phase of the ARCC (2016-2017) agencies piloted common targeting and cash delivery approaches. While CaLP has reached some tentative conclusions through an interview with UNICEF (UN International Children’s Emergency Fund), there is no evaluation available on Phase 3.<sup>33</sup> Overall the topic is still too recent to compare and contrast a range of diverse cases.

Another limitation is that this research looks at previous experiences in order to draw predictions of the future. An attempt at overall coordination reform – improving coordination of all aid modalities including MPCTs – has not yet materialised, let alone been clearly formulated. To identify and understand what barriers are likely to prevent such far-reaching reform, this research takes the experiences of two case studies to draw conclusions about the likelihood of future events. This is not a futile exercise. As Bailey points out, “Preparing for the future requires an understanding of past and current challenges.”<sup>34</sup> By analysing this, it is possible to judge the likelihood that future reform will be successful, and may provide some insights into designing and implementing a reform which will be accepted by all parties. But it must be taken into consideration that the future is always to some extent uncertain and unpredictable. Similarly, it should be acknowledged that change is always more difficult than no change.

## 1.7 Thesis outline

This paper is structured as follows: the second chapter outlines the context, in particular the structure of the cluster system, how it has developed, and how cash to date has been coordinated around that structure. The third chapter conceptualises the term ‘coordination’ and sets out the theoretical framework for the analysis. Chapter four presents the Lebanon and Ukraine case studies and discusses them from the perspective of the Bureaucratic Politics approach. Chapter five seeks to answer the research question by triangulating the two case studies with wider literature. The conclusion is presented in chapter six.

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<sup>33</sup> CaLP (2018), p.124

<sup>34</sup> Bailey (2014), p.5

## 2. Background

The structure of the cluster system and the main criticisms levelled against it are set out in part one of this chapter. The second part outlines how cash coordination has been structured to fit around the cluster system, and the evidence for the failure of this approach. The third summarises recent developments in cash coordination in terms of research, recommendations and commitments, and the final part outlines some important contextual changes.

### 2.1 Coordination of Humanitarian Action

Fifty years ago, the humanitarian sector was much smaller than it is today. During the Biafran War in the 1960s, only a handful of humanitarian actors were present. By the 1990s, over 400 humanitarian actors were operating in the Balkan and Kosovo crises.<sup>35</sup> In 2005, the Inter-Agency Standing Committee (IASC), the primary inter-agency forum for coordination of humanitarian assistance, commissioned a review to understand how to coordinate this diverse and growing body of organisations.

The review revealed significant gaps in humanitarian response, and emphasised that the time had come for “an inclusive system-wide coordination mechanism”.<sup>36</sup> The UN cluster system was established in the same year with the following aims: to provide a platform to inform strategic decision-making and eliminate duplication through coordinating needs assessments, gap analyses and prioritisation; advocacy on behalf of cluster members and the affected population; monitoring and reporting on the cluster strategy and results, and investing in contingency planning and national capacity building.<sup>37</sup>

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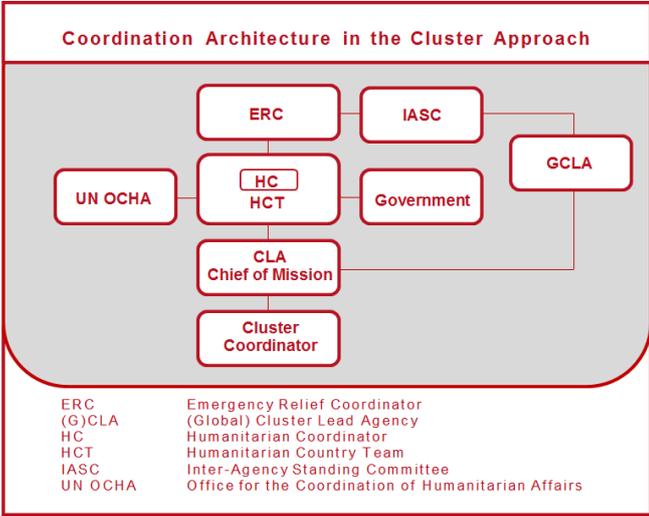
<sup>35</sup> ATHA (Advanced Training Program on Humanitarian Action), (n.d.) ‘Humanitarian Coordination’, Humanitarian Academy at Harvard University, available at: <http://www.atha.se/content/humanitarian-coordination-0> accessed 08/02/2018

<sup>36</sup> Costanza Adinolfi, David S. Bassiouni, Halvor Fossum Lauritzen, Howard Roy Williams (2005), ‘Humanitarian Response Review’, commissioned by the UN Emergency Relief Coordinator and Under-Secretary-General for Humanitarian Affairs, New York and Geneva: OCHA, p.10

<sup>37</sup> UN OCHA (HumanitarianResponse.info) (n.d.), ‘What is the Cluster Approach?’, available at: <https://www.humanitarianresponse.info/en/about-clusters/what-is-the-cluster-approach> accessed 03/03/2018

The cluster system divides humanitarian agencies by sector: Food Security; Health; Logistics; Nutrition; Protection; Shelter; Water, Sanitation and Hygiene (WASH); Camp Coordination and Camp Management; Early Recovery; Education; and Emergency Telecommunications. Figure 1 depicts how the cluster system is designed to work. It is headed by OCHA (the UN Office for the Coordination of the Humanitarian Affairs established in 1998) who support inter-cluster coordination and appoint a Humanitarian Coordinator (HC) in each country where an international response to a humanitarian crisis is required.<sup>38</sup> The HC, together with the Humanitarian Country Team (HCT), leads the decision on whether to activate the cluster system and which clusters are required. The HCT is composed of UN agencies, INGOs and local actors. Together, the HC and HCT produce a Humanitarian Response Plan (HRP) for the relevant country. The HRP is the main strategic document which articulates “a shared vision of how to respond to the affected populations’ assessed and expressed needs” including an overall country strategy as well as the specific planned actions of each cluster.<sup>39</sup> The clusters act as a central point of contact and agencies in each cluster work together to assess needs and plan their responses accordingly.

Figure 1.



(Source: UN OCHA (Humanitarian Response.info) (n.d.), ‘Who does what?’, available at: <https://www.humanitarianresponse.info/en/about-clusters/who-does-what> accessed 03/03/2018)

<sup>38</sup> IASC (2006) ‘Guidance Note on Using the Cluster Approach to Strengthen Humanitarian Response’, Geneva: IASC, p.2

<sup>39</sup> UN OCHA (Financial Tracking Service) (n.d.) ‘Humanitarian response plans and appeals/What are they?’, available at: <https://fts.unocha.org/content/guide-funding-response-plans-and-appeals> accessed 03/03/2018

Evaluations of the cluster system were conducted in 2007, 2010 and 2016. The first two evaluations found that overall, coordination had improved with the introduction of the cluster system.<sup>40</sup> The clusters were found to help address gaps in the response, foster stronger and more predictable leadership, improve preparedness and surge capacity at field level, and increase opportunities for mutual learning among IHAs. But the evaluations also emphasised an excessive focus on process over results, the lack of involvement of local NGOs or the host government, the slow release of funds from lead agencies, the intensive labour required to make the cluster approach work, limited incorporation cross-cutting issues (such as gender and climate change), and poor inter-cluster coordination.<sup>41</sup> The clusters were deemed excessively compartmentalised, raising questions about the need for so many clusters.<sup>42</sup> In Haiti, an academic study of the response to the 2010 earthquake found that the cluster system was deemed useful by respondents, who could recall situations where the cluster system had contributed towards more effective work. However, the number of IHAs participating in the cluster meetings, often held every day, made coordination exceptionally time-consuming, if not almost impossible.<sup>43</sup> Despite efforts towards joint planning, there remained significant gaps in the response.

In recognition of these challenges, the IASC Principals agreed to a series of improvements in December 2011, the so-called Transformative Agenda (TA).<sup>44</sup> The TA aimed to refocus the clusters towards delivery, through a series of measures such as recruiting more experienced Cluster Coordinators; enhancing inter-cluster coordination; improving information management and pooling of resources.<sup>45</sup> Yet, in a third evaluation conducted in 2016, little change was noted in decentralising leadership, improving inter-cluster coordination or

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<sup>40</sup> Stoddard et al. (2007), p.1; and Steets, et al. (2010), p.9

<sup>41</sup> Stoddard et al. (2007), p.1; and Steets, et al. (2010), p.8-10

<sup>42</sup> Jahre and Jensen (2010) p.661

<sup>43</sup> Stumpenhorst et al. (2011), p.590

<sup>44</sup> Inter-Agency Standing Committee (IASC), (n.d.) 'IASC Transformative Agenda', available at: <https://interagencystandingcommittee.org/iasc-transformative-agenda> accessed 27/02/2018

<sup>45</sup> IASC (2015), 'Reference Module for Cluster Coordination at Country Level (revised July 2015)', Geneva: IASC, p.5

including local actors. Indeed, the cluster approach actually became more process-heavy, as the many tools and protocols developed as part of the TA turned out to be difficult to adapt to a variety of contexts.<sup>46</sup>

## 2.2 The Current Set-up of Cash Coordination

The use of cash has been steadily increasing since the 2004 Indian Ocean tsunami, but the coordination of cash to date has been largely *ad hoc*<sup>47</sup>. The main ways in which cash coordination has been organised include subsuming cash under one particular cluster, in consortia, and in Cash Working Groups (CWGs). These mechanisms have been useful to some degree, but are also riddled with limitations.

When CTPs were still rather few in number, they tended to be subsumed under a particular cluster, for example food security or shelter. This set-up gives one cluster the responsibility to coordinate the cash activities of its members. It means that cash is formally linked to the cluster system and can be funded by it, and is represented in official documentation.<sup>48</sup>

However, the organisations with the most experience in delivering CTPs are often part of the food security cluster, and therefore this cluster has tended to dominate cash coordination. According to Steets and Ruppert, this has resulted in reduced ownership and buy-in from the other clusters and neglect of other aspects of cash programming.<sup>49</sup>

As cash has grown in popularity, CWGs have emerged to meet the demand for better (multi-sectoral) coordination. However, evidence shows that CWG coordination meetings tend to focus on technical issues (i.e. how to deliver cash) rather than on strategic questions (such as what mix of cash and in-kind aid would be most appropriate).<sup>50</sup> CWGs sit outside of the cluster system with no formal links to or representation within it, which makes it difficult to

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<sup>46</sup> Krüger et al. (2016), p.8

<sup>47</sup> Steets and Ruppert (2017), p.1

<sup>48</sup> UNHCR (2015) 'Operational Guidance and Toolkit for Multipurpose Cash Grants: improving cash-based interventions multipurpose cash grants and protection', enhanced Response Capacity Project 2014–2015, Geneva: UNHCR, p.68

<sup>49</sup> Steets and Ruppert (2017), p.14, p.29

<sup>50</sup> Ibid., p.14

interact with other clusters, reduces their access to resources and undermines the legitimacy of their decisions.<sup>51</sup> They have less opportunity to influence the strategic decisions of humanitarian agencies or to engage with the host government.<sup>52</sup> According to Idris, existing outside of the formal system also means no organisation is responsible for mobilising resources for coordination, so CWGs have struggled to find resources or maintain coordination once funding runs out.<sup>53</sup>

CTPs have also been coordinated by organisations working together in consortia. Working in a consortium means participating agencies work under a unified proposal, funded by an international donor, using the same (or similar) needs assessment, data collection and financial and reporting frameworks.<sup>54</sup> On the positive side, being funded by a common source, levels of collaboration have tended to be higher than in other mechanisms, and with fewer members it is often easier to reach joint decisions. On the negative side, consortia are exclusive and do not involve organisations which are not members, and are usually not sustained once its specific grant has been used up.<sup>55</sup> Consortia also suffer the same negative consequences as CWGs in terms of being outside of the formal system.

Overall, the fragmentation of cash coordination creates resource shortfalls, delays, gaps in the response, and duplication of activities.<sup>56</sup> The lack of effective harmonisation of planning or targeting procedures means some beneficiaries have received several grants, some have received insufficient grants, while other people in need receive nothing. This has been the case in the DRC, Nepal, Sri Lanka and India.<sup>57</sup> Taking into account that *ad hoc* forms of

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<sup>51</sup> Ibid., (2017), p.27

<sup>52</sup> Ibid., (2017), p.28

<sup>53</sup> Iffat Idris (2017), 'Cash transfer platforms in humanitarian contexts', GSDRC Helpdesk Research Report 1416, Birmingham, UK: GSDRC, University of Birmingham, p.6

<sup>54</sup> Krishnan (2017), p.459-60

<sup>55</sup> Steets and Ruppert (2017), p.32-33

<sup>56</sup> Ibid., (2017), p.12-13

<sup>57</sup> World Bank (2016), p.11; Krishnan (2017), p.461

coordination have very high start-up and management costs<sup>58</sup>, having multiple mechanisms doing similar work leads to significant waste of precious resources. In addition, having to negotiate the structure of each new mechanism creates tensions between agencies. In Iraq, disagreements around the process of cash coordination and who should lead the CWG strained harmonisation and collaboration.<sup>59</sup> Moreover, cash coordination mechanisms are often disbanded at the end of an acute emergency phase. This makes it impossible to invest in preparedness in advance of the next emergency.<sup>60</sup>

In short, many of the elements that effective coordination should avoid, are alive and well under the current *ad hoc* approach. In the absence of a standard model for cash coordination, implementers in the field are left to decide how best to coordinate among themselves. This can be so time-consuming that the practicalities of how best to deliver cash are overlooked and as a result cash programmes tend to be more limited in scope.<sup>61</sup>

### 2.3 Recent Developments in Cash Coordination

A High Level Panel on Humanitarian Cash Transfers was put together in 2015 by the UK's Department for International Development (DfID) to "examine the transformative potential of cash transfers for humanitarian response."<sup>62</sup> In their final report, the Panel strongly recommended the increased use of cash transfers, particularly MPCTs, and called for improved cash coordination.<sup>63</sup> Similarly, in 2016 a High Level Panel on Humanitarian Financing recommended a rapid increase in the use of CTPs and called on IHAs to

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<sup>58</sup> Kristin Smart and Robin Nataf (2017), 'A Review of Inter-Agency Collaboration for CTP Delivery: Perceptions of Efficiency and Effectiveness', London: CaLP/USAID, p.27

<sup>59</sup> Idris (2017), p.6

<sup>60</sup> Steets and Ruppert (2017), p.14-15

<sup>61</sup> Smart (2017), p.14

<sup>62</sup> ODI (n.d.), 'High level panel on humanitarian cash transfers: January 2015 to September 2015', available at: <https://www.odi.org/projects/2791-humanitarian-cash-cash-transfers-high-level-panel-humanitarian-cash-transfers> accessed 04/04/2018

<sup>63</sup> The High Level Panel on Humanitarian Cash Transfers (2015)

“accelerate coordination among themselves so that all cash support in a crisis is provided through the same modality, such as a single debit card.”<sup>64</sup>

The subject of cash featured heavily at the World Humanitarian Summit which was held in Istanbul in May 2016. The Summit culminated in an agreement signed by twenty-two donors and thirty-one aid agencies called the Grand Bargain.<sup>65</sup> In Part Three of the Grand Bargain donors and IHAs committed to scaling up the use of cash, and pledged to “Collaborate, share information and develop standards and guidelines for cash programming”; and to “Ensure that coordination, delivery, and monitoring and evaluation mechanisms are put in place for cash transfers.”<sup>66</sup> The issue of coordination was addressed further in Part Five, where the community committed to “Provide a single, comprehensive, cross-sectoral, methodologically sound and impartial overall assessment of needs for each crisis to inform strategic decisions on how to respond and fund thereby reducing the number of assessments and appeals produced by individual organisations.”<sup>67</sup> Although this commitment does not explicitly mention cash, the implementation of this strategy would be significant for cash coordination.

Since the Grand Bargain was agreed, the IASC has been attempting to find ways of implementing the commitments. To this end, they requested the World Bank to review the “key issues and options for significantly scaling up the use of cash transfers.”<sup>68</sup> The report, published in 2016, argued that “Strong leadership and guidance are required to clarify the rules of the game, the architecture, and the roles and responsibilities that will best facilitate the scaling up of cash ... as well as identify entry points for common programming.”<sup>69</sup> To

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<sup>64</sup> High Level Panel on Humanitarian Financing (2016), ‘Too important to fail – addressing the Humanitarian Financing Gap’, Report to the UN Secretary-General, New York, p.19

<sup>65</sup> Agenda for Humanity (n.d.), ‘Initiative: Grand Bargain’, available at: <https://agendaforhumanity.org/initiatives/3861> accessed 28/04/2018

<sup>66</sup> The Grand Bargain: a Shared Commitment to Better Serve People in Need (23 May 2016) available at [https://reliefweb.int/sites/reliefweb.int/files/resources/Grand\\_Bargain\\_final\\_22\\_May\\_FINAL-2.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Grand_Bargain_final_22_May_FINAL-2.pdf) accessed 23/02/2018

<sup>67</sup> Ibid.

<sup>68</sup> World Bank (2016), p.vii

<sup>69</sup> Ibid., p.17

encourage such common programming, the report proposed formalising the CWGs into Response Analysis Groups. It would be their responsibility to carry out needs and market assessments on behalf of the clusters, to inform the decision of whether to implement a cash or in-kind programme, or a mixture.<sup>70</sup> The report also highlighted the need to explore ways to better coordinate assessments, for example having a repository of information; building the capacity of governments to lead common assessments; investing in preparedness to balance depth with speed in carrying out market assessments; and improving links to existing social protection systems or population registers.<sup>71</sup> However, according to Steets and Ruppert, many key actors continue to disagree on how to bring the recommendations in the Strategic Note into reality. As of June 2017, there had been little progress.<sup>72</sup>

#### 2.4 Contextual Changes

While the use of CTPs has been slowly rising, there have also been important global changes that are creating a more conducive environment for the increased use of cash transfers.<sup>73</sup>

This includes technological change – such as the invention of mobile money, e-payments, biometric technology and smart cards. More people than ever before have access to mobile phones; nearly seven in ten people in the bottom fifth of the population in developing countries own a mobile.<sup>74</sup> This makes it easier for humanitarian agencies to take advantage of these tools, which make mass enrolment on a cash programme easier and grants millions of people access to financial services. E-payments in particular offer the opportunity for greater transparency, reduced corruption risks and decreased costs.

Another important change is the huge growth in the number of actors involved directly and indirectly in humanitarian affairs. This includes non-Western NGOs, host governments (and the military), the private sector, and the Diaspora (people who have moved away from their

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<sup>70</sup> Ibid. p.18

<sup>71</sup> Ibid., p.8-17

<sup>72</sup> Steets and Ruppert (2017), p.3

<sup>73</sup> World Bank (2016), p.2

<sup>74</sup> Ibid., p.4

homeland). Each have their own “motives, values, principles and timeframes for engagement”<sup>75</sup> which are often different to conventional IHAs. IHAs too have multiplied; it was estimated that between 3000 and 10,000 IHAs were involved in the response to the Haiti earthquake in 2010.<sup>76</sup> There is an expansive range of actors involved in the coordination process.

Governments in affected countries are increasingly expressing their desire to be more heavily involved in the coordination of humanitarian response. Several governments have already independently provided cash in response to domestic disasters, such as China and Sri Lanka. Anecdotal evidence shows that working with host governments is becoming increasingly important for IHAs. In Lebanon in 2013, some aid agencies provided cash to Syrian refugees but lack of engagement with the government led to the suspension of the CTP because it was not aligned with the government’s subsidy approach.<sup>77</sup>

Local civil society – who have for many years been excluded from high level coordination meetings, despite many INGOs partnering with them in order to implement their planned activities<sup>78</sup> – are also claiming a stake. IHAs have been aware for a long time that local actors are the first to respond to a crisis, have better understanding of the local context, and often do not face the same limitations in terms of access to insecure areas. The 2<sup>nd</sup> commitment in the Grand Bargain was to provide more support and funding for local civil society.

The humanitarian sector is also increasingly aware that for too long they have neglected the expertise of the private sector. Particularly in the area of CTPs, private phone companies, money transfer companies, banks, and so on, are a valuable source of knowledge and their relationships with aid agencies are already starting to change. Private companies have been contracted by agencies for in-kind assistance (such as logistic companies), but the engagement of private companies in CTPs is unique because companies could begin to utilise humanitarian response as a means to expand their services over new markets. Visa

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<sup>75</sup> CaLP (2014), p.26

<sup>76</sup> See ATHA (n.d.); Currion (2014)

<sup>77</sup> Bailey (2014), p.7

<sup>78</sup> Krishnan (2017), p.474

have used CTPs as a part of their corporate social responsibility strategy, and Digicel and Voila accelerated their development of mobile money in post-earthquake Haiti.<sup>79</sup> A code of conduct on data management is already being developed to give agencies peace of mind when their beneficiaries' data is held by a private company.<sup>80</sup>

## 2.5 Concluding Remarks

Cash is a useful tool with vast potential in the humanitarian sector. Yet, the way the sector is currently coordinated is not amenable to successful, large-scale CTPs. *Ad hoc* cash coordination mechanisms have not succeeded in bringing cash into the fold of the cluster system, nor have they worked effectively outside it. This supports the first hypothesis – that a radical overhaul of the coordination architecture is necessary in order to coordinate MPCTs more effectively.

Technological change makes cash a more practical option, but the increasing number of actors all claiming a place at the financial table makes effective coordination ever more elusive. Some commitments have been made to try to improve the coordination of cash but, nearly two years after the World Bank made its recommendations, there has been little progress. According to research conducted by CaLP, which involved over 40 interviews and 235 surveys among a variety of donors, IHAs, host governments and the private sector, the main hindrances to implementation of the recommendations include the lack of practical guidance, the lack of leadership from the IASC, and the fact that the debate about cash coordination models has become heavily politicised.<sup>81</sup>

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<sup>79</sup> Bailey (2014), p.12

<sup>80</sup> Ibid., p.12

<sup>81</sup> CaLP (2018), p.70

### 3. Theoretical Framework

This chapter firstly presents the literature on coordination to conceptualise the purpose of coordination in the humanitarian sector, what it involves and how it can be effective. Secondly, a brief review of the theoretical literature is outlined before elaborating the chosen theoretical framework – the Bureaucratic Politics approach.

#### 3.1 Conceptualising Coordination in the Humanitarian Sector

##### 3.1.1 Why coordinate?

The topic of coordination is discussed across a number of disciplines, including sociology, organisation theory, logistics, and information technology. There is no overarching theory of coordination, but across these domains there is a general consensus that the primary purpose of coordination is to improve the results of collective action. In Grandori and Soda's words (theorists of organisations) "if we were not interested in results, it would be useless to coordinate: the instruments of an orchestra could freely express themselves according to the inspiration of the moment, as for the players and the listeners the resulting cacophony [*sic*] would be as valuable as the symphony."<sup>82</sup>

However, simply having a coordination mechanism in place is not sufficient; the effective management of the coordination process is also essential for achieving better outcomes.

According to Bennett et al., in the first month after the 2004 Indian Ocean Tsunami, around seventy-two coordination meetings occurred per week in Banda Aceh, Indonesia.

"Measured purely in quantity terms, this would be the best-coordinated disaster response in history!"<sup>83</sup> This shows that both the results and the process of coordinating are important. 'Coordination' is closely linked with the term 'collaboration'. Looking at the etymology of these two words, collaborate (co-labour) indicates working together (the process), while

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<sup>82</sup> Anna Grandori and Giuseppe Soda (1995), 'Inter-Firm Networks: Antecedents, Mechanisms and Forms', *Organization Studies*, Vol.16(2), p.91

<sup>83</sup> Bennett et al. (2006), p.19

coordinate implies arranging together (the outcome).<sup>84</sup> Hence, a simple dictionary definition of 'coordination' takes this dual approach: "1. the process of organizing people or groups so that they work together properly and well; 2.the harmonious functioning of parts for effective results."<sup>85</sup>

Within an organisation, its various parts are often obliged to coordinate in order to achieve better results. However, inter-organisational coordination is slightly more nuanced, since organisations coordinate with each other on a voluntary basis. On one hand, the voluntary nature of humanitarian coordination is a strength because organisations can avoid becoming entrenched in a one-size-fits-all approach to coordination. On the other hand, a large number of disparate actors can voluntarily participate, making it difficult to achieve consensus. Coordination also incurs costs. Firstly, extra financial resources have to be invested in the coordination process. Secondly, organisations who agree to coordinate with others will experience some loss of autonomy. According to Bennett et al, "Every organisation defines its own threshold of autonomy and the extent to which it will, or will not, be coordinated by others."<sup>86</sup> This indicates that some organisations are more willing than others to coordinate, given that coordination inevitably involves negotiating, working together and no longer having total autonomy over decision-making. Either a group or an individual will take on a formal or informal leadership role. Finding one which is deemed legitimate by all parties can be challenging.

That being said, coordination in humanitarian emergencies is often a necessity. According to Alexander, organisations "must coordinate their activities when their scope and complexity grows beyond the limits of simple hierarchical control."<sup>87</sup> In the case of humanitarian action,

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<sup>84</sup> Online Etymology Dictionary (n.d.), 'collaborate', available at: <https://www.etymonline.com/search?q=collaborate> accessed 11/05/2018; Online Etymology Dictionary (n.d.), 'coordinate', available at: <https://www.etymonline.com/search?q=coordinate> accessed 11/05/2018

<sup>85</sup> Miriam Webster Dictionary (12 May 2018), 'coordination', available at: <https://www.merriam-webster.com/dictionary/coordination> accessed 13/05/2018

<sup>86</sup> Bennett et al. (2006), p.23

<sup>87</sup> Ernest R Alexander (1993), Interorganizational Coordination: Theory and Practice', *Journal of Planning Literature*, Vol.7(4), p.328

responding to a crisis is certainly complex and beyond the scope of a single agency. In order to deal with this complexity and try to achieve positive outcomes, coordination is essential.

A sceptic would argue that the pursuit of better humanitarian coordination is driven by financial interests; they are certainly part of it. In a chronically underfunded sector, actors operating in humanitarian emergencies need to optimise the use of resources, for example by reducing the amount of duplicated work. However, coordination is not simply about making efficient use of limited resources. The purpose of humanitarian coordination, as described above, is also to improve outcomes. As Krishnan points out, “If funds are efficiently used, but fail to meet the dynamic and longer-term needs of the affected communities, or if there are delays in providing life-saving relief materials”, then what does coordination serve?<sup>88</sup>

Broadly speaking, the objective of humanitarian assistance is to meet the needs of populations affected by crises. Evaluations of international assistance use indicators to assess how well populations’ needs have been met. One of the most frequently used frameworks for evaluation was developed by OECD DAC (the Development Assistance Committee of the Organisation for Economic Co-operation and Development) and adapted by ALNAP to tailor the criteria more specifically to humanitarian assistance. The criteria are relevance, effectiveness, efficiency, impact, coverage, coherence, and connectedness.<sup>89</sup> Since the purpose of coordination is to improve outcomes (and in this case the outcomes are humanitarian programmes which are positively evaluated according to the criteria), it is therefore clear, that coordination is inherently linked to implementation. As Bennett et al put it, to evaluate coordination, one must ask “whether the goods and services provided to ...affected communities were timely and sufficient to meet their needs and, crucially, whether coordination (or lack thereof) was a determining factor.”<sup>90</sup>

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<sup>88</sup> Krishnan (2017), p.475

<sup>89</sup> Austrian Development Agency, Evaluation Unit (2009), ‘Guidelines for Project and Programme Evaluations’, Vienna: Austrian Development Cooperation, p.18-21

<sup>90</sup> Bennett et al. (2006), p.19

In sum, coordination in the humanitarian sector is a voluntary but often necessary process which aims to facilitate the efficient use of resources to maximise the impact of humanitarian assistance for people affected by crisis and disaster.

### 3.1.2 What does coordination involve?

As explained by Steets and Ruppert in their analysis of the possible options for improving cash coordination, coordination is both strategic (what form will the intervention take?) and technical (how will it be implemented?).<sup>91</sup> They also point out that coordination exists on two levels: the country level and the global level. On the country level, this involves aid organisations conducting joint needs and market assessments, harmonising plans for the most appropriate response, synchronising payment rates and targeting criteria, sharing information and lessons learned, jointly negotiating with the local government and private sector, identifying gaps and avoiding duplication, and so on. This level focuses on the actual implementation of CTPs where coordination is required throughout all stages of the project cycle. On the global/regional level, coordination involves developing technical guidelines and tools, capacity building and training, facilitating learning and evaluations of CTPs, producing research, organising predictable resources for coordination at country level, advocating for appropriate use of CTPs, and so on.<sup>92</sup> This level is therefore focussed on supporting implementation. However, the differentiation between field and global level coordination is not quite so clear cut. Evidence shows that agreement is needed on the global level to provide a reliable and adaptable framework for MPCT coordination at the country level. For example, one of the major weaknesses of *ad hoc* cash coordination mechanisms is that, in the absence of global guidance on cash coordination, field staff have to invest significant amounts of time developing the structure and function of a particular *ad hoc* mechanism. This energy- and time-consuming process leaves little room for discussion of the practicalities of cash delivery.<sup>93</sup>

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<sup>91</sup> Steets and Ruppert (2017), p.6

<sup>92</sup> Ibid., p.6-7

<sup>93</sup> Smart (2017), p.14

Bennett et al., in their evaluation of humanitarian coordination after the Indian Ocean Tsunami in 2004, provide the following summary of the main elements (on both the global and field level) of what coordination involves:

“providing leadership and management of representative bodies; negotiating and maintaining a serviceable framework with host political authorities; orchestrating a functional division of labour (including civil–military); strategic planning; mobilising resources for integrated programming; gathering data and managing information; ensuring accountability (including accountability to recipient populations); providing a focus for joint advocacy.”<sup>94</sup>

Much like the list provided by Steets and Ruppert, coordination seems to be a catch-all term that includes all aspects of a humanitarian intervention. What coordination really involves remains unclear. The definitions do not address what is not involved in coordination, which undermines the value of the term. In particular, these definitions overlook the importance of the management of coordination; it is not clear how the coordination structure should be organised in terms of lines of accountability and consensus or majority decision-making. Rather than dismissing coordination as a ‘magic word’, it is argued here that coordination involves all of the aspects listed to varying degrees depending on the context, plus maintaining and managing a clear decision-making process.

### 3.1.3 What makes coordination effective?

The most effective way of structuring humanitarian coordination remains unclear. In a centralised system, there is a unified line of reporting and accountability to a single body, while in a decentralised network, an organisation has a core body but people working at the ‘extremities’ operate independently. This idea was popularised by Brafman and Beckstrom, using the analogy of a starfish and a spider.<sup>95</sup> However, some scholars argue that choosing between centralised and decentralised authority is a false choice. Indeed, at the end of their book, Brafman and Beckstrom suggest that a mixture of decentralised and centralised

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<sup>94</sup> Bennett et al (2006), p.22-23

<sup>95</sup> Ori Brafman and Rod Beckstrom (2006), *The Starfish and the Spider: The Unstoppable Power of Leaderless Organisations*, Portfolio/Penguin Group: New York

attributes is the most effective form of coordination<sup>96</sup>. One such hybrid approach is the subsidiarity principle, which holds that “local or lower level functions are more effectively handled by local or subordinate bodies, rather than by the dominant central organization”.<sup>97</sup> However, as was demonstrated in Chapter 2, local actors are often excluded from coordination mechanisms and the involvement of too many actors has proved to make coordination very difficult.

Nevertheless, it was made clear in Chapter 2 that cash coordination is weakened by not being part of the formal coordination system. For MPCT coordination to be effective, it needs to be incorporated into the formal system. Firstly, it would enable MPCTs to receive reliable funding. Secondly, it would avoid the necessity of establishing new mechanisms in each new context, which is time-consuming, resource-draining and contributes to tensions between IHAs. Thirdly, it gives greater legitimacy to their decisions and enable them to jointly exert leverage on the private sector or government if necessary.<sup>98</sup>

In this context, knowing that major reform is required but having no straightforward model of coordination to apply, this paper seeks to avoid assertions that only one type of coordination would be effective. As Bennett et al. argue, “The effectiveness and impact of coordination – even the process itself – are notoriously difficult to quantify.”<sup>99</sup> Instead, it is more useful to outline a set of key elements for the effective coordination of MPCTs. The following list is not exhaustive and the elements are not mutually exclusive.

- Striking a balance between flexibility and predictability. When a crisis strikes, humanitarian actors of all types are forced to act fast without complete information. Humanitarian emergencies are notoriously complex and differ widely from one context to another. Different operational realities require different forms of coordination. For coordination models to be effective they must be flexible enough to

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<sup>96</sup> Ibid.

<sup>97</sup> Abby Stoddard (2004), ‘You Say You Want a Devolution: Prospects for remodelling humanitarian assistance’, *Journal of Humanitarian Assistance*

<sup>98</sup> Smart and Nataf (2017), p.22-23

<sup>99</sup> Bennett et al. (2006), p.19

adapt to different contexts while at the same time having sufficiently predictable procedures for the various actors to follow.<sup>100</sup>

- Collaboratively conducting needs assessments and market assessments. As Keith argues, to design a successful humanitarian programme it is essential to think holistically about assistance because households make holistic assessments of how to use their income.<sup>101</sup> IHAs cannot always conduct these assessments jointly because they have different specialisms, for example a health needs assessment requires a different set of specialist skills compared to a shelter needs assessment. Rather, IHAs should conduct these assessments in complementarity with other assessments, and identify opportunities for conducting them jointly where possible. This was recognised in the fifth commitment of the Grand Bargain: “Provide a single, comprehensive, cross-sectoral, methodologically sound and impartial overall assessment of needs for each crisis to inform strategic decisions on how to respond and fund thereby reducing the number of assessments and appeals produced by individual organisations.”<sup>102</sup>
- Investing in common repositories of data to share the outcomes of needs assessments, market assessments, targeted beneficiaries, existing national social security programmes, mapping of local financial service providers and so on. This reduces the need for actors to separately conduct assessments or duplicate extensive research into the local context.
- Implementing common platforms for cash delivery. As a beneficiary, it is more practical to receive cash on one card or as one physical cash payment. Moreover, jointly delivering cash would help to overcome the problem of working in silos, and would necessitate IHAs to harmonise their payment rates, for example by developing Survival Minimum Expenditure Baskets (SMEBs). An SMEB is a list of food and non-

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<sup>100</sup> Smart and Nataf (2017), p.40; Steets and Ruppert (2017), p.38

<sup>101</sup> Amy Louise Keith 2017, 'The Cash Debate in Lebanon', blog, London: Humanitarian Practice Network at ODI, available at: <https://odihpn.org/blog/cash-debate-lebanon/> accessed 13/03/2018

<sup>102</sup> The Grand Bargain: a Shared Commitment to Better Serve People in Need (23 May 2016) available at [https://reliefweb.int/sites/reliefweb.int/files/resources/Grand\\_Bargain\\_final\\_22\\_May\\_FINAL-2.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Grand_Bargain_final_22_May_FINAL-2.pdf) accessed 23/02/2018

food items that are needed by a household in order to survive in a given context, which is used to determine cash transfer values and establish eligibility criteria.

- Harmonising methodologies and data collection requirements for monitoring and evaluation (M&E) - As argued by Spencer et al., any evaluation of a humanitarian intervention must be cross-organisational, because the work of one agency cannot be viewed in isolation from what others are doing.<sup>103</sup>
- Having a clear decision-making process to strengthen the management of the coordination mechanism. This will ensure that buy-in is high among all actors participating in the mechanism, and enable discussions to focus on strategic issues rather than regularly renegotiating the leadership. There must be clarity around lines of accountability and the decision-making rules (consensus or majority vote).
- Including local actors (affected populations, local NGOs and host governments) - local actors are generally considered to be an essential part of any aid response. They have a better understanding of the local context, leading to more appropriate assistance which links emergency response with long-term reduction of risk and vulnerability.<sup>104</sup> They are also likely to start acting very quickly after a crisis hits, or even before, like in India in 2013 where local NGOs mobilised local networks and community boats to evacuate people in advance of the cyclone.<sup>105</sup>

### 3.2 The Bureaucratic Politics Approach

At its core, this research aims to shed light on the ability of INGOs and UN agencies to undertake reform; specifically, their ability to change the way they work with other organisations. The Bureaucratic Politics approach from the discipline of International Relations has been selected to describe and analyse the evidence. To inform the choice of a theoretical framework, a literature review was conducted of theories of organisational

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<sup>103</sup> Spencer Moore, Eugenia Eng, and Mark Daniel (2003), 'International NGOs and the Role of Network Centrality in Humanitarian Aid Operations: A Case Study of Coordination During the Mozambique Floods', *Disasters*, Volume 27(4), p.306

<sup>104</sup> Meghan Lynn (2016), 'The Post-Haiyan Shelter Challenge and the need for Local, National and International Coordination', *UN Chronicle*, New York, Vol.53(1), p.28

<sup>105</sup> Krishan (2017), p.468

change and organisational behaviour. Before outlining Bureaucratic Politics in detail, some of the key theories will be briefly presented.

### 3.2.1 Rationality, Institutionalism and Organisational Change

Max Weber (1864-1920) believed that with the increasing rationalisation of social life that followed the period of the Enlightenment in Western capitalist societies, individuals would find themselves in an Iron Cage.<sup>106</sup> He saw that modern bureaucracy was increasingly organised around principles such as hierarchical structures, task specialisation, division of labour, work rules and meritocracy. These principles were perceived as rational and therefore legitimate and incontestable. But instead of offering individual freedom through rational principles, Weber feared that making rational calculations about the achievement of objectives would trap individuals in an iron cage of control. In this theory, organisational change is extremely difficult because rational principles of organisation become widespread social myths that enable full control over the work force, who do not question the rules they abide by.<sup>107</sup>

While Weber's ideas were novel in his time, scholars have since interpreted and developed them into other theories, such as institutional theory from the discipline of management. One of the central tenets of the theory is the belief that "organisations sharing the same environment will employ similar practices...Organisations are pressured to conform to a set of institutionalised beliefs and processes that are deemed legitimate."<sup>108</sup> According to a study by Claeys and Jackson on non-profit organisations in South Africa, management of NGOs in the aid sector is heavily influenced by the discourse that socio-economic development could be achieved if aid was more effective. This discourse posits that technocratic ideas and practices (training managers on concepts like accountability, transparency and efficiency, and implementing techniques of organising borrowed from the

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<sup>106</sup> Max Weber (1992), *The Protestant Ethic and the Spirit of Capitalism*, translated by Talcott Parsons, Routledge: London/New York

<sup>107</sup> Ibid.

<sup>108</sup> Frederik Claeys and Terence Jackson (2012), 'The Iron Cage Re-Visited: Institutional Isomorphism in Non-profit Organisations in South Africa', *Journal of International Development*, Vol.24, p.604

world of private enterprise such as double-entry bookkeeping, strategic planning, evaluation and self-assessment) will bring control, stability and progress.<sup>109</sup> In the study, Claeys and Jackson argue that managerialist beliefs are taking root in Southern African NGOs in three ways: coercively (donors ensuring NGOs conform to 'proper' practices), mimetically (conformity through imitation of other organisations in the same field), and normatively (through professionalisation processes such as standards and codes of conduct).

Looking at how humanitarian organisations in particular approach change, Clarke and Ramalingam summarise four schools of thought in this area using the following metaphors: the organisation as a machine, as communities, as minds, and as ecosystems. Under the 'organisation as a machine' metaphor, which conceptualises organisational structures in terms of industrial inputs and outputs, humanitarian organisations attempt to induce change through evaluations, policy development and training. The 'organisations as communities' metaphor emphasises the importance of organisational culture (defined as a shared understanding of the world and the place of the organisation in it). Therefore, policy development and learning exercises will only be successful if the worldview of the organisation is also considered. The 'organisations as minds' metaphor explains strong emotional responses to change. This school of thought considers that change evokes a perceived threat to individuals or to an organisation, since individuals invest their organisation with meaning.<sup>110</sup> Finally, the 'organisations as ecosystems' metaphor understands organisations as "organic and self-regulating". They are composed of various parts which are often not aligned, move at different speeds and disagree with each other, but the web of relationships and interdependencies between parts means that changes in one area will have an effect on other areas.<sup>111</sup> Clarke and Ramalingam argue that traditional approaches to change (based on organisations as machines) depend too much on assumptions of rationality and overlook other aspects which might shape an organisation's

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<sup>109</sup> Ibid., p.603-4

<sup>110</sup> Paul Clarke and Ben Ramalingam (2008), 'Organisational change in the humanitarian sector', Chapter 2 in John Mitchell (ed.), *ALNAP Review of Humanitarian Action*, London: ALNAP/ODI, p.33-37

<sup>111</sup> Ibid., p.39-40

approach to change (such as those in the other three metaphors).<sup>112</sup> Therefore, for change to be effective, all of these metaphors should be kept in mind to create the right conditions for the new reality to arise.

In the present research, these theoretical approaches were considered but ultimately rejected for two reasons. Firstly, they tend to focus on intra-organisational change rather than examining how organisations react to changing the way they coordinate with others. The focus of this paper is not to recommend how to achieve change. Secondly, the theories overlook the context in which organisations operate and the importance of power. IHAs and UN agencies vary in size, structure, strength of reputation and level of financing. They hold different levels of power in a system composed of numerous other actors, all vying for space and funding. The theories presented above offer no insights into how these contextual factors influence interactions between organisations.

### 3.2.2 Bureaucratic Politics and Organisational Change

To address this gap, this paper turns to the Bureaucratic Politics approach. The approach, like the Weberian/intuitionalist theories outlined above, takes the concept of rationality as a starting point. The philosophy of rationality posits that rational actors have clear preferences which they weigh against a series of alternatives before choosing the option with the optimal expected outcome. In 1971, Graham T. Allison revolutionised the discipline of International Relations when he published *Essence of Decision: Explaining the Cuban Missile Crisis*. The book echoes, develops and unpacks many of the ideas about rationality. In essence, Allison argues that the events which unfolded during the Cuban Missile Crisis can best be explained by a close analysis of the inner workings of decision making bodies, in this case, the US and Soviet governments.<sup>113</sup> According to Allison, policy outcomes in governments result from a game of bargaining among a small group of individuals. These individuals represent government agencies which have various preferences, abilities and positions of power. They choose strategies and policy objectives based on an assessment of what they think will best serve their organisational (and personal) interests. These rational

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<sup>112</sup> Ibid., p.38

<sup>113</sup> Graham Allison (1971), *Essence of Decision: Explaining the Cuban Missile Crisis*, Boston: Little Brown

assessments are complicated by the fact that government agencies are in competition for funding and continually strive to maximise their decision-making authority. Government policy outcomes are usually sub-optimal because they are the by-products of turf-battles and compromises between agencies.<sup>114</sup> The Bureaucratic Politics approach therefore situates rational behaviour in a wider organisational context.

Allison's ideas have been further developed by Drezner, who argues that agencies competing for both funding and dominance over foreign policy outcomes will resist new ideas (or for the purposes of this paper, change) for reasons based predominantly on self-interest and self-preservation. He writes, "Agencies that prefer the status quo or fear losing power will resist the introduction of any new ideas into the policy mix and use any means at their disposal to avoid unpalatable ideas."<sup>115</sup> Drezner also argues that organisations feel threatened when they are faced with learning new skills, as the influx of new staff or new tasks disrupts the existing organisational culture. As a result, they "resist or subvert new tasks...for fear that they will lose their cohesion and ability to function."<sup>116</sup> Organisational culture is such a powerful force that agencies with different organisational cultures distrust each other's ability to contribute meaningfully to foreign policy development.<sup>117</sup> The fact that agencies are in competition with each other is the under-current which drives their self-protection.

While some refer to Allison's analysis as a theory of 'Bureaucratic Politics', it was never formalised as a theory, and it is more appropriate to refer to it as an approach<sup>118</sup>. In addition, although Bureaucratic Politics was initially developed as an analysis of a particular moment of diplomatic crisis, it has since been applied in the broader domain of foreign policy analysis to understand how 'routine' policy is developed. It has also been applied

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<sup>114</sup> Ibid.

<sup>115</sup> Daniel W. Drezner (2000), 'Ideas, Bureaucratic Politics, and the Crafting of Foreign Policy', *American Journal of Political Science*, Vol.44(4), p.735

<sup>116</sup> Ibid., p.736

<sup>117</sup> Ibid., p.737

<sup>118</sup> Ibid., p.734

elsewhere, for example, it has been used to analyse public administration reform in Thailand, Malaysia, the United Kingdom, Japan, Italy, Australia, and Canada<sup>119</sup>.

This paper goes a step further by looking beyond governments and applies the approach to IHAs. Bureaucratic Politics considers that government agencies, being in financial competition, make rational assessments of the best way to maintain their power, funding, and organisational security. Bureaucratic Politics does not explicitly examine how organisations deal with changes to the way they coordinate, but it is nevertheless considered highly relevant to framing the subject at hand. The approach analyses the context in which organisations negotiate and may also give an indication of the likely outcome of these negotiations. Bureaucratic Politics suggests that IHAs, like government agencies, are driven by the rational pursuit of maintaining their organisational interests. In the humanitarian sector this may include their mandates, specialist skills, *modus operandi*, power and access to funding. The approach therefore has the potential to increase our understanding of the relationships between IHAs and the way they may respond to the demand for improved coordination of MPCTs, how negotiations are conducted and whether change is implemented or resisted.

### 3.3 Concluding Remarks

In the first half of this chapter, it was demonstrated how ‘coordination’ is a term which is often used but rarely defined or theoretically underpinned. Nevertheless, coordination in the humanitarian sector can be understood a process which aims to facilitate the optimal use of resources for achieving the best outcomes for populations affected by crisis and disaster. It involves strategic planning, mobilising and allocating resources, integrated programming, gathering data and facilitating information sharing, as well as leadership, negotiation, division of labour and clear decision-making. To do these things well (or in other words, to coordinate MPCTs effectively), it is necessary to overcome the silos of the cluster system and to think holistically about the objectives of humanitarian assistance in a given context.

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<sup>119</sup> Bidhya Bowornwathana and Ora-orn Poocharoen, ‘Bureaucratic Politics and Administrative Reform: Why Politics Matters’, *Public Organization Review*, Vol.5(3), pp.233-247

The second half of the chapter outlined the chosen theoretical framework for the research. In order to find out whether attempts to improve the coordination of MPCTs can succeed, this paper will examine the evidence from the perspective of the Bureaucratic Politics approach. In short, Bureaucratic Politics posits that organisations are rational and self-interested, and base their strategies and policies on what they think will best serve their organisational interests and secure access to funding. Outcomes vis-à-vis other organisations depend on how agencies with different levels of power negotiate their varying preferences. Applying the approach to coordination reform in the humanitarian sector may develop our understanding of how IHAs behave and whether change will be successful.

## 4. Research Findings

In this chapter, the case studies of attempted coordination reform in Lebanon and Ukraine are outlined and discussed in turn, using the concepts outlined in Chapter 3.

### 4.1 Case Study: Lebanon

Lebanon has the highest per capita concentration of refugees in the world, hosting more than 1.5 million Syrian refugees and around 300,000 Palestinian refugees.<sup>120</sup> The level of need has been rising so rapidly across sectors (food security, health, WASH, shelter, education and protection) that even though funding increased from \$43 million in 2011 to \$1.3 billion in 2016, the funding gap continues to widen.<sup>121</sup> Tensions between the refugee and host population are increasing due to limited resources. While the war in Syria continues to rage, Lebanon is in a state of protracted crisis.

By 2016, CTPs made up around thirty-five percent of the Lebanon response.<sup>122</sup> Over the last year years, there have been attempts to genuinely change how cash is coordinated in Lebanon, largely driven by two donors – ECHO and DfID. In many ways, new forms of coordination in Lebanon have been successful, but recent developments highlight how implementing agencies are resistant to radical change.

#### 4.1.1 One Card

In response to the observed inefficiencies of having 30 separate organisations providing cash and vouchers for around fourteen different objectives, it was recognised by IHAs and donors alike that a new approach was needed. The World Food Programme (WFP) pioneered a new system in 2014 called One Card. They established a contract with a local financial service provider (FSP) so that beneficiaries would no longer have multiple cards for different agencies, but one card only. Other agencies could make use of the platform via sub-accounts

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<sup>120</sup> ACAPS (06 April 2018), 'Lebanon', available at <https://www.acaps.org/country/lebanon> accessed 04/04/2018

<sup>121</sup> CaLP (2018), p.136

<sup>122</sup> Ibid., p.136

and paid a small service payment (around one percent) to WFP for issuing the cards and establishing and maintaining the relationship with the FSP.

The Lebanon Cash Consortium (LCC) - an ECHO and DfID funded mechanism created in 2014 formed of 6 INGOs namely ACTED, Care International, the International Rescue Committee, Save the Children, Solidarités International, and World Vision International - made use of the One Card system for a joint winterization programme in late 2014. UNHCR began negotiations in 2014 to join the system, but they were slowed down due to legal and administrative restrictions. While they were waiting to deal with this, UNHCR had to use a separate account, and evaluations found that this arrangement missed opportunities for efficiency gains in implementation and led to a lack of clarity about roles and responsibilities.<sup>123</sup> Meanwhile UNICEF began to make use of the One Card in early 2016.

In October 2016 cards were issued to 185,000 Syrian households and 25,000 Lebanese households. An evaluation of the One Card system found that it reduced costs by reducing the time needed to pre-negotiate agreements for a CTP, reducing the total number of cards distributed, and sharing operational costs between agencies.<sup>124</sup> According to the World Bank IHAs using the One Card all saved twenty percent on the cost of each card.<sup>125</sup>

#### 4.1.2 LOUISE

In December 2016, the One Card system was subsumed under a broader collaborative model developed by WFP, UNHCR and UNICEF, known as LOUISE (the Lebanon One Unified Inter-Organization System for E-Cards). This system aims to harmonise systems for all project cycle management processes and to provide a genuinely common platform for E-cards which is not owned or attributed to one agency. LOUISE was launched by the three UN agencies but was also accessible to the LCC. In 2017, agencies worked on developing a joint information management system online to share beneficiary data and streamline

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<sup>123</sup> Ibid., p.136

<sup>124</sup> Ibid., p.136

<sup>125</sup> World Bank (2016), p.11

management of payments. There were also efforts to develop a common feedback mechanism, and monitoring system.<sup>126</sup>

However, LOUISE was criticised for several reasons. Firstly, progress was slow. Negotiations from inception to completion took more than year, a key bottleneck being legal issues around data sharing and data protection.<sup>127</sup> Secondly, there is still a lack of clarity about what LOUISE includes or excludes, and the costs involved. Thirdly, although the system enables joint operational programming of different CTPs, critics argue that it perpetuates the *modus operandi* of agencies working to meet disparate objectives and designing separate interventions.<sup>128</sup> Finally, as Keith has pointed out, neither One Card nor LOUISE was specifically designed for MPCTs; e-vouchers for food remained the primary cash tool. WFP provided \$225 million through their food voucher system in 2016 – outstripping all MPCTs combined.<sup>129</sup>

#### 4.1.3 ECHO and DfID's Request for Proposal

In December 2016 DfID and ECHO put forward a joint Request for Proposal (RfP) for a pilot project of a single, large-scale CTP in Lebanon. The RfP entitled 'Joint Approach to Re-Frame Multi-Purpose Cash Assistance' was for 85 million euros and reflected the Grand Bargain agreements. The idea was for the donors to jointly fund a CTP divided into two components: funding one organisation to carry out needs assessments, targeting, monitoring and evaluation, and other programming elements including coordination; and one organisation to implement the actual cash delivery.<sup>130</sup> They argued that the One Card and LOUISE models had not done enough to deal with the fragmentation in how needs were being addressed because projects were still being designed separately. By funding one large-scale MPCT

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<sup>126</sup> CaLP (2018), p.137

<sup>127</sup> *Ibid.*, p.137

<sup>128</sup> *Ibid.*, p.137

<sup>129</sup> Keith (2017)

<sup>130</sup> Calp (2018), p.138

rather than multiple projects and agencies, they expected to achieve a more efficient and effective response, and improved accountability to affected populations.<sup>131</sup>

They did not prescribe a model in the RfP but outlined ten principles for the programme, with a particular focus on the requirement that beneficiaries receive a single cash transfer from a single agency to meet their basic needs. They would only accept a multi-agency approach if the added value of each actor could be demonstrated with clearly defined roles and responsibilities. The RfP focussed on assistance for basic needs but also acknowledged that some households require specific, additional support and stressed the importance of flexibility for cash top-ups for specific purposes, having a common referral mechanism to link to broader services, and a common complaints mechanism.<sup>132</sup>

UNHCR, WFP and two members of the LCC submitted a joint proposal to ECHO/DfID in January 2017. The proposal was based on the LOUISE model of having multiple agencies providing payments through a common card and maintained a split of cash for food versus basic needs. After three rounds of negotiations and amendments, the proposal was rejected in June 2017 on the basis that it did not satisfy the ten principles.

#### *4.1.4 Analysis*

The first two parts of the experience in Lebanon demonstrate that INGOs and UN agencies can successfully adapt coordination models to better serve their beneficiaries. They were aware of the problems created by poor coordination and took innovative steps to improve them. As weaknesses became apparent and demands on the One Card system grew, it was absorbed into the broader LOUISE system. As Keith points out, even though e-vouchers and cash were both being distributed, since mid-2014 agencies delivering multi-purpose cash have harmonised their assistance package, including making the assumption that all families receiving cash are also receiving e-vouchers for food. The various INGOs and UN agencies have also made real progress in harmonising tools for accurately measuring vulnerability, and therefore eligibility.<sup>133</sup> According to CaLP's State of the World's Cash study, released in

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<sup>131</sup> Ibid., p.138

<sup>132</sup> Ibid., p.140

<sup>133</sup> Keith (2017)

2018, the transition to a joint system in Lebanon represents “a major shift in how humanitarian CTP actors work together”.<sup>134</sup>

However, ECHO and DfID criticised the One Card and LOUISE systems for perpetuating the fragmentation of separately designed and implemented projects. The RfP aimed to put an end to this, and to ensure a more coherent, cost-efficient and accountable response. By using one organisation to lead cash delivery, it would no longer be necessary to distribute both e-vouchers and multi-purpose cash. This paper does not argue that single-delivery mechanisms are necessarily the way forward for coordination. O’Malley for example has highlighted that in Zimbabwe, IHAs were forced to use different cash delivery systems because none of the local service providers had the capacity to deliver cash to all of the targeted communities.<sup>135</sup> However, ECHO and DfID’s proposal was a novel approach in line with some of the elements for effective coordination outlined in Chapter 3, such as using a common delivery platform, harmonised needs assessments and M&E. The RfP was based on the recommendations of the 2015 High Level Panel on Humanitarian Cash Transfers, who emphasised the importance of conducting needs assessments and M&E independently from the delivery of cash to eliminate conflicts of interest and improve transparency.<sup>136</sup> Barder – the former Chair of the Panel – was completely convinced by the proposal. He wrote on his blog that “Providing a single payment will be less burdensome on refugees, more efficient for donors, and remove unnecessary overheads and duplication. It will achieve the biggest bang for the taxpayer’s buck, and get the most money to the people for whom it is intended.”<sup>137</sup>

Despite the potential gains associated with the model put forward in ECHO/DfID’s RfP, it proved to be highly controversial among INGOs and UN agencies. Given it was based on the

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<sup>134</sup> CaLP (2018), p.137

<sup>135</sup> Idris (2017), p.12

<sup>136</sup> High Level Panel on Humanitarian Cash Transfers (2015), p.28

<sup>137</sup> Owen Barder (2017), ‘UN Resistance Threatens Effective Aid to Syrian Refugees’, available at: <https://www.cgdev.org/blog/un-resistance-threatens-effective-aid-syrian-refugees> accessed 14/03/2018

High Level Panel's recommendations this is somewhat surprising. To date the envisioned model has not been implemented. The controversy centres around four issues in particular. Firstly, according to the CaLP study, there was significant frustration expressed by agencies involved in LOUISE that the time and money invested in developing it were being overlooked.<sup>138</sup> They felt that its design should be evaluated before agreeing to any further shifts in the implementation model. Indeed, plans for developing a common information management tool, complaints mechanism and monitoring and evaluation process have not yet had time to come to fruition. However, DfID and ECHO had also invested heavily in the various elements of the LOUISE system. They reacted by stating that their intention was not to change the transfer mechanism but for the existing mechanism to be used for a single transfer.<sup>139</sup> Under Bureaucratic Politics, the argument against making further changes to the model suggests a preference for protecting the skills and *modus operandi* which had already been developed.

Secondly, in practical terms, the ECHO/DfID RfP struggled to gain traction in part because there was (and still is) no common position among other donors that this is the way forward. IHAs often receive funding from multiple donors which means they have to accommodate different needs and priorities regarding modalities, risk-taking, and reporting requirements. Setting up a parallel programming infrastructure to satisfy ECHO/DfID would be extremely difficult, particularly as there is no guarantee that other donors would be willing or able to provide funding under these circumstances.<sup>140</sup> While some other European donors seemed interested in the approach, there were concerns that other donors (especially the US) would not be. According to Stoddard, the US has a clear preference for bilateral funding, which it views as the only efficient way to finance overseas aid, while countries like the UK support multilateralism in humanitarian response.<sup>141</sup> This ideological split is significant because it

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<sup>138</sup> CaLP (2018), p.141

<sup>139</sup> Ibid., p.139

<sup>140</sup> Ibid., p.139

<sup>141</sup> Abby Stoddard (2010), 'International Humanitarian Cooperation: Aiding War's Victims in a Shifting Strategic Environment', Chapter 13 in Bruce D. Jones, Shepard Forman, and Richard Gowan, *Cooperating for Peace and Security*, Cambridge: Cambridge University Press p.256

discourages IHAs from committing to multi-agency approaches. This demonstrates clearly how maintaining access to funding influences the readiness of IHAs to undertake reform, in accordance with the Bureaucratic Politics approach.

But the controversy over the RfP struck an even deeper chord about the role of donors. Among IHAs in Lebanon, the RfP was viewed as an attempt by two donors to influence the global direction of CTPs. This perception was strengthened when DfID published their Multilateral Development Review in 2016, advocating for joint and impartial needs assessments and pooled funding, and in 2017 when ECHO published a Guidance Note declaring their intention to begin practicing the key elements of the RfP in their donation policy. The implication is that IHAs perceived donors to be overstepping some boundary by doing so; that it is not the role of donors to make operational decisions. As discussed in Chapter 3, the 'operational' sphere and the 'coordination' sphere cannot be easily disentangled since coordination is inextricably linked to implementation. As a result, the reaction of the IHAs in Lebanon indicates that they believe operational decision-making is their responsibility alone, and they fear a loss of power if donors are able to influence these decisions.

Thirdly, IHAs argued that making a single agency responsible for transferring funds to beneficiaries risked reducing the importance of more specialist, sector-specific support. They argued that the donors' vision was being driven primarily by concerns about efficiency at the expense of effectiveness.<sup>142</sup> But, in the elements of effective coordination outlined above, it aims to improve both cost-efficiency and humanitarian outcomes. It is questionable to what extent the RfP tipped the balance too much in the favour of cost-efficiency; it could also be understood as an attempt to provide beneficiaries, in the simplest and most empowering way possible, with the means to meet their own needs. At its core the argument reflects concerns that the sector-specific skills that IHAs have spent many years developing, may become obsolete, once again echoing the Bureaucratic Politics approach.

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<sup>142</sup> CaLP (2018), p.138

Finally, from the perspective of IHAs, consolidating MPCTs into two contracts for two organisations as per the RfP, would lead to range of undesirable consequences for agencies in terms of their relevance and their access to funding. The logic is that if the model is widely implemented, there will be less funding available for sector-specific assistance.

Organisations who win the first few tenders will gain an advantage over others who will see their operational budgets incrementally shrink.<sup>143</sup> A few large agencies will gain monopoly over cash implementation, since only agencies that are sufficiently competitive will be selected to manage the contracts. This will lead to the consolidation of actors as the agency leading cash coordination will become “the implementer of choice”.<sup>144</sup> Furthermore, it will create a perception of cash as the only valid modality in humanitarian contexts. This would lead to neglect of other aspects (for example technical support and advocacy for protection) and the use of cash in inappropriate contexts.

It is true that the RfP does not address the issue of how to select the appropriate aid modality for a particular context. The RfP starts from the assumption that a large-scale cash transfer is required. However, the intention behind the RfP was not to enforce a new coordination model, but to pilot an alternative and to evaluate its effects to build the evidence-base.<sup>145</sup> This consequentialist logic about what the RfP implies, reveal the extent to which IHAs fear that a wide implementation of MPCTs will leave no funding available for anything else and will undermine the usefulness of sector-specific skills. Once again, the relevance of Bureaucratic Politics is apparent in the way IHAs in Lebanon sought to protect their existing skill-sets and access to funding. Ironically, UN agencies and IHAs argued that before pursuing the proposal, more evaluations are needed on the benefits of single delivery mechanisms for MPCTs.<sup>146</sup> Had the proposal been accepted, such an evidence base could have started to grow.

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<sup>143</sup> Ibid., p.139

<sup>144</sup> Steets and Ruppert (2017), p.15-16

<sup>145</sup> CaLP (2018), p.139

<sup>146</sup> Idris (2017), p.3

In sum, the Lebanon experience indicates that INGOs and UN agencies have some capacity to adapt for the good of effective coordination. But it also highlights that reform is perceived among INGOs and UN agencies as highly threatening. Through the lens of Bureaucratic Politics, it appears that the controversy about DfID/ECHO's RfP is fuelled by fears that IHAs will see a decline in their access to funding, the importance of their specialist skills, and their space to operate. Because of their public outcry, IHAs were able to prevent the RfP from being piloted. As the CaLP study highlights, there is clearly a feeling among IHAs "that changes to the established ways of working will create winners and losers."<sup>147</sup> Because of this potential loss of power, donors who are perceived to be pushing a 'cash agenda' are criticised for operating beyond their remit. According to Mansour, the major factor which hampered improved coordination in Lebanon was "the legacy of tension and power struggles between UN agencies themselves, and between the same agencies and international organizations."<sup>148</sup> The Lebanon case is therefore a good example of the fact that pitting IHAs against each other for funding and space to operate creates behaviour that is antithetical to effective coordination.

#### 4.2 Case Study: Ukraine

In March 2014 conflict broke out between pro-Russian separatists and the armed forces in Eastern Ukraine. The fighting sparked a wave of internal displacement. The shelling of urban areas and civilian infrastructure continues to this day. By the end of 2017, 3.4 million people were estimated to be in need of humanitarian assistance, of which 1.6 million are internally displaced persons (IDPs).<sup>149</sup> According to OCHA, the 'contact line' separating Donetsk and Luhansk from the rest of Ukraine is "rapidly becoming one of the most mine contaminated stretches of land in the world".<sup>150</sup> The level of need is exceptionally high across various sectors including food, WASH, shelter, and protection. Health is a major concern due to

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<sup>147</sup> CaLP (2018), p.140

<sup>148</sup> Kholoud Mansour (2017), 'UN Humanitarian Coordination in Lebanon: The Consequences of Excluding Syrian Actors', Research Paper for the International Security Department, London: Chatham House, p.12

<sup>149</sup> UN OCHA (HCT Ukraine) (November 2017), 'Ukraine: 2018 Humanitarian Needs Overview', Geneva: OCHA, p.5

<sup>150</sup> Ibid., p.5

escalating cases of multi-drug resistant tuberculosis, HIV and polio amidst deteriorating WASH infrastructure.<sup>151</sup>

#### *4.2.1 Coordination Structure in Ukraine*

OCHA activated the cluster system in December 2014, and the first Humanitarian Response Plan (HRP) was proposed in February 2015. From the outset, cash constituted between a quarter and a third of international assistance, largely driven by ECHO, DfID and USAID (the US Agency for International Development).<sup>152</sup> In October 2014, before the cluster system was activated, OCHA established a CWG which was initially chaired by rotating agencies.

As discussed in Chapter 2, coordination through CWGs is limited – and the Ukraine experience was no different. CTPs (whether multi-purpose or otherwise) were being separately designed to meet specific objectives, which meant they were coordinated in separate clusters. Sharing information among agencies was limited, and this made it difficult to identify gaps and duplication.<sup>153</sup> Limited experience with cash meant the CWG meetings often became spaces to justify the appropriateness of cash and provide technical training.<sup>154</sup> According to UNHCR, different organisations were providing different amounts of cash assistance, and given the rapid deterioration of the value of Ukrainian currency, some cash assistance was higher than the average income. This contributed to tensions between the host community and IDPs.<sup>155</sup> While the clusters coordinated their separate interventions, the CWG was left trying to promote coherence across the various MPCTs and sectoral cash

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<sup>151</sup> Ibid., p.13

<sup>152</sup> Sarah Bailey and Ruth Aggiss (2016), *The politics of cash: a case study on humanitarian cash transfers in Ukraine*, London: ODI, p.5

<sup>153</sup> Ibid., p.11

<sup>154</sup> Ibid., p.13

<sup>155</sup> Shelter Cluster Ukraine (2015), 'Ukraine: Cash Assistance Post-Distribution Monitoring (2014-2015): Summary Report', available at : [https://www.sheltercluster.org/sites/default/files/docs/draft\\_pdm\\_report\\_final\\_v2\\_3-k1\\_pages.pdf](https://www.sheltercluster.org/sites/default/files/docs/draft_pdm_report_final_v2_3-k1_pages.pdf) accessed 25/04/2018, p.7

interventions.<sup>156</sup> DfID also funded a separate NGO consortium, adding another coordination body to the mix.

After 18 months a cash expert was deployed by OCHA (funded by DfID) to take the lead of the CWG.<sup>157</sup> The CWG did have some successes. They were able to eventually establish a recognised Survival Minimum Expenditure Basket (SMEB) which donors and agencies used to harmonise transfer values. They also undertook a joint feasibility assessment of CTPs and delivery mechanisms and developed guidance on targeting for MPCTs.<sup>158</sup> The expertise of the Cash Coordinator (who led the CWG) was instrumental in driving the CWG forward and increasing its legitimacy and influence.

#### 4.2.2 The 2016 Humanitarian Response Plan

In September 2015, the High Level Panel on Humanitarian Cash Transfers published its final report, recommending widespread scaling-up of the use of MPCTs. The Cash Coordinator in Ukraine took up the mantle and suggested expanding the number of MPCTs. According to Bailey and Aggiss, this suggestion was “immediately met with concerns among the clusters and UN agencies that OCHA risked moving into operational territory outside of its coordination mandate.”<sup>159</sup> As a result, the Cash Coordinator scaled down his suggestion and agreed that the clusters should continue to coordinate cash within their sectors to meet sectoral objectives, while OCHA would try to ensure coherence across the clusters and coordinate any MPCTs.<sup>160</sup>

A few weeks later in October, the Cash Coordinator made another proposal: to include a dedicated section on MPCTs in the 2016 HRP for Ukraine. This suggestion was inspired by two factors: firstly, the 2015 HRP for Iraq had set a precedent by including a separate section

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<sup>156</sup> Cristescu Truhlarova, Dana (2015), ‘Review of Cash Coordination in Ukraine: improving cash-based interventions multipurpose cash grants and protection’, enhanced Response Capacity Project 2014–2015, Geneva: UNHCR, p.3

<sup>157</sup> *Ibid.*, p.4

<sup>158</sup> Bailey and Aggiss (2016), p.14

<sup>159</sup> *Ibid.*, p.16

<sup>160</sup> *Ibid.*, p.16

for MPCTs, and secondly, the High Level Panel had also recommended that CTPs should be a primary component of HRPs.<sup>161</sup> However, UN agencies and INGOs remained unconvinced. The proposal strengthened their belief that OCHA was pushing MPCTs via the CWG, an agenda which they felt was beyond OCHA's mandate. The clusters argued that since CTPs are a modality of assistance rather than a cluster, they should be coordinated by the relevant cluster.

The Humanitarian Country Team requested the CWG to deliver a presentation about why its members wanted to use MPCTs, and why 70 percent of them were convinced that including a dedicated space for MPCTs in the HRP would be useful. The majority of the Humanitarian Country Team was persuaded by the arguments that a separate section on MPCTs would promote good practice, improve coherence and harmonisation, and improve reporting and transparency.<sup>162</sup> Had the Humanitarian Country Team voted on the issue, a separate section on MPCTs would have received majority support. However, the Humanitarian Coordinator was unwilling to hold a vote, due to the continued resistance from four major UN agencies (who were also part of the HCT).<sup>163</sup>

The WFP, UNHCR, UNICEF and WHO were firmly against the proposal, on the basis that there had been no endorsement from the IASC on the use of MPCTs (this came only a few months later).<sup>164</sup> They had already written to the Humanitarian Coordinator to state their displeasure, but following the presentation, they wrote directly to the IASC Principals questioning the reasoning behind using MPCTs and highlighting the ways in which MPCTs posed a challenge to each agency's respective role and mandate.<sup>165</sup>

In the end a compromise was reached; MPCTs would not have a separate section in the HRP but would be included in a separate budget line. According to Bailey and Harvey "The small

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<sup>161</sup> *Ibid.*, p.16

<sup>162</sup> *Ibid.*, p.16

<sup>163</sup> *Ibid.*, p.17

<sup>164</sup> *Ibid.*, p.16

<sup>165</sup> *Ibid.*, p.17

budget line for multipurpose cash transfers (five percent of the total request) did not reflect the operational fact that they were already a major element of the response”.<sup>166</sup>

#### 4.2.3 Analysis

The proposal to include a separate section on MPCTs in the 2015 HRP for Ukraine was not an entirely new approach. It was inspired by the precedent set in Iraq, where its inclusion was not blocked by the organisations active there. However, research shows that IHAs in Iraq felt MPCTs encroached on their mandates and so continued to run MPCTs for cluster-specific objectives, with UNHCR delivering ‘cash for protection’ and WFP delivering ‘cash for food’.<sup>167</sup> Thus, the experience in Iraq was not a complete success. Because of this, the proposal to include MPCTs in the HRP for Ukraine can neither be considered a novel approach, nor a transformational one, since it may not necessarily have led to more effective coordination of MPCTs. In theory, the inclusion of a separate section for MPCTs in the HRP could facilitate joint strategic planning and better identification of gaps and duplication, in line with the elements for effective coordination outlined in Chapter 3. In practice, the Ukraine case reveals the extent to which views on CTPs and how they should be coordinated are “highly political, mandate-driven and largely removed from analysis on the best way to assist people.”<sup>168</sup>

Despite the fact that the proposal was in line with the High Level Panel’s recommendations (and despite the potential gains for effective coordination), the proposal in Ukraine proved to be too controversial and was not implemented. The outcome became suboptimal due to the turf-battles among IHAs seeking to protect their interests. There were two main arguments against the proposal to put cash as a separate section in the HRP.

Firstly, the clusters and UN agencies argued that the consequences of separately addressing MPCTs in the HRP would give legitimacy to MPCTs as a modality of assistance and would risk

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<sup>166</sup> Sarah Bailey and Paul Harvey (2017), ‘Time for change: harnessing the potential of humanitarian cash transfers’, London: ODI, p.17

<sup>167</sup> Smart (2017), p.14-15

<sup>168</sup> Bailey and Harvey (2017), p.17

the use of cash in unsuitable environments.<sup>169</sup> MPCTs would be used to substitute for comprehensive basic services and decrease the funding available for in-kind assistance or technical support.<sup>170</sup> Applying the Bureaucratic Politics lens, these fears reflect organisations' concerns about maintaining funding and ensuring the continued relevance of sector-specific skills. As the letter to the IASC made clear, the UN agencies questioned the logic of scaling up MPCTs over other forms of cash, and feared what impact the focus on MPCTs would have on each agency's role and mandate.

Secondly, the UN agencies refused to consider a new approach in the absence of global guidance on MPCTs and coordination. They did not want to approve the expanded use of MPCTs because in early 2016, neither the IASC or OCHA had provided formal guidance on how MPCTs should be covered in the HRP.<sup>171</sup> More importantly, without global guidance on cash coordination, the CWG's leadership was easily contested. According to Bailey and Aggiss, the reluctance to go along with the proposal is partly explained by the fact that OCHA's leadership of the CWG (via an OCHA-appointed cash expert) did not sit comfortably with the clusters. Some of the clusters opposed OCHA's leadership on the grounds that "the IASC had not defined OCHA's role and authority in cash coordination and due to a lack of clarity on whether the CWG was a recognised body in the formal coordination system."<sup>172</sup> As the amount of cash grew, so did the importance of the CWG – and corresponding resentment. According to Bailey and Aggiss,

“Some cluster and UN agency staff believed that a CWG led by OCHA – and not by a cluster – was problematic because OCHA could not act as ‘provider of last resort’, which is one of the functions of a cluster. There was also a sense that clusters have direct lines to technical experts within their agencies in a way that OCHA does not.”<sup>173</sup>

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<sup>169</sup> Ibid., p.16

<sup>170</sup> Ibid., p.16

<sup>171</sup> Bailey and Aggiss (2016), p.13

<sup>172</sup> Ibid., p.13-14

<sup>173</sup> Ibid., p.14

It was also emphasised that not being an operational agency, OCHA should not have responsibility for operational decisions<sup>174</sup>, once again demonstrating the simplistic view that coordination and implementation can be disentangled. Contesting the leadership of coordination, from the perspective of Bureaucratic Politics, is evidence that IHAs aim to preserve as much decision-making power as they can, and this explains why the proposal in Ukraine was watered down, ending in a suboptimal outcome.

Bailey and Aggiss' assessment is perhaps exaggerated. UNHCR – who was one of the signatories to the letter to the IASC – published a review of coordination in Ukraine in 2015, which praised OCHA's leadership of the CWG. They stated that the arrangement helped to ensure a close link with the clusters and the inter-cluster group. Indeed, the review stated that more collaboration would have been useful. But there is a sub-text. The review also stated that the CWG participation in cluster and inter-cluster meetings “ensured that the CWG was complementing and not duplicating the work of existing coordination structures”<sup>175</sup>. This statement suggests that, in theory, OCHA's leadership of the CWG was not really a concern for UNHCR. But, it does reveal that UNHCR clearly viewed the CWG as a secondary coordination structure, designed to complement, and in no way disrupt, the existing structure, i.e. the cluster system. From the Bureaucratic Politics perspective, IHAs are driven by the rational pursuit of maintaining their organisational interests including power. The cluster system, which divides IHAs by sector and poses no challenge to their continued existence, is an ideal mechanism for IHAs to maintain power. If the proposal in Ukraine, championed by the CWG, has been accepted, it would have represented a power shift away from the cluster system and its members, towards other actors and coordination mechanisms.

#### 4.3 Concluding Remarks

According to Bailey and Aggiss, the Ukraine example demonstrates the difficulties associated with trying “to fit the square peg of cash transfers into the round hole of the humanitarian

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<sup>174</sup> Ibid., p.14

<sup>175</sup> Cristescu Truhlarova (2015), p.5

system”<sup>176</sup> The same was true in Lebanon. The Bureaucratic Politics approach is a useful lens for analysing the cases as the experience in both countries demonstrates how reform proposals can become highly controversial in the context of IHAs competing against each other for funding, space, and power.

In both countries, IHAs argued against the proposals on grounds which reflect the instinct to protect their organisational interests. IHAs were reluctant to implement new changes which might undermine the skills and *modus operandi* they had already developed. In both cases, IHAs feared that the proposal would negatively impact their access to funding. They argued that the proposals gave too much legitimacy to MPCTs and that scaling up MPCTs would deplete the funding available for sector-specific support. It would create winners and losers, undermining the *raison d’etre* of other IHAs. Regardless of the likelihood of the consequences materialising, it demonstrates how deeply the instinct runs to protect organisational interests.

In both cases, the reform proposal did not come from IHAs themselves, but were externally driven, by donors and by OCHA. The proposals were interpreted by IHAs as donors and OCHA claiming undue responsibility over decision-making, and if implemented would have risked undermining their power. Ironically, in Ukraine IHAs simultaneously argued that without global guidance on cash coordination, the proposal was too risky. The idea that some leadership is acceptable but not too much, indicates the tension that exists between the desire for effective coordination and the willingness to concede power. In the end, IHAs in Lebanon and Ukraine were able to dilute or obstruct the more radical proposals, demonstrating how organisational self-protection leads to suboptimal outcomes.

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<sup>176</sup> Bailey and Aggiss (2016), p.19

## 5. The Future of MPCT Coordination: A Prognosis

Using the Bureaucratic Politics Approach, this chapter will triangulate the Lebanon and Ukraine experiences with a broader analysis of the current system in order to draw conclusions about the future of coordination reform for MPCTs. While the Bureaucratic Politics approach adds value to the analysis, this chapter will also demonstrate the limits of the approach in developing an accurate prognosis for the future. In particular, it will be demonstrated that Bureaucratic Politics overlooks postcolonial perspectives, the role of competition, and ongoing positive trends towards reform.

### 5.1 The Bureaucratic Politics Approach to Coordination Reform

According to the Bureaucratic Politics Approach, IHAs are self-serving and this presents a significant barrier to coordination reform. In this section, it will be demonstrated that the humanitarian system is organised in a way which impedes UN agencies and INGOs from changing. In Stoddard's words, "The humanitarian institutions are essentially altruistic by design, ...[but]... self-serving in usage and execution"<sup>177</sup>. The section therefore provides evidence in favour of this paper's second hypothesis.

#### 5.1.1 Agency mandates

One of the key barriers to better coordination of MPCTs is that agencies are often defined by their mandates. Indeed, their very names often make their respective mandates clear: Save the Children, Refugees International, Action Against Hunger, and the World Food Programme, to name but a few, are clearly aimed at assisting children and refugees, and addressing hunger/poor nutrition. Since 2005 organisations have been coordinating within the cluster system, dividing them by their respective mandates. Accordingly, INGOs and UN agencies have tended "to make decisions on how they will respond to a crisis independent of one another", with their specific mandate driving their choice of intervention.<sup>178</sup> Some

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<sup>177</sup> Stoddard (2010), p.249

<sup>178</sup> Bailey (2014), p.6-7

agencies like the WFP have historically prioritised vouchers over MPCTs in order to control beneficiaries' spending with the food sector.<sup>179</sup>

According to Bureaucratic Politics, organisations are rational and self-interested, and negotiate on the basis of serving their organisational interests. Therefore, it can be assumed that organisational mandates are an interest which IHAs seek to protect when faced with reform. In both Lebanon and Ukraine, coordination reform was curtailed and the perceived need to protect their mandates is a compelling explanation. As was demonstrated in the Ukraine case study, UN agencies in particular feared what impact a separate section on MPCTs in the HRP might have on their mandate, since they were implementing MPCTs for sector-specific objectives. MPCTs have also been used for sector-specific objectives in Iraq. Changing the coordination structure to reflect multi-purpose humanitarian interventions, would undermine their sector-specific focuses.

Another example of the importance of mandates to UN agencies and INGOs comes from India. Following the 2012 floods and 2013 cyclone in Eastern India, Krishnan found that, when deciding whether to engage with a coordination mechanism, agencies were weighing up the potential benefits of coordinating with the potential for coordination to reduce the organisation's visibility and undermine their unique selling point.<sup>180</sup> This is not to imply that the specialised mandates of humanitarian agencies are ill-intentioned. The humanitarian system as we know it today largely developed organically.<sup>181</sup> Organisations have sprung up in attempts to fill perceived gaps. As such, they closely guard their commitment to assisting children or alleviating hunger, or whatever it may be. But, it demonstrates that organisations tend to prioritise their mandates over the potential benefit of developing coordinated approaches with other IHAs.

In order for MPCTs to reach their full potential in terms of assisting crisis-affected people, coordination of all types of assistance must be done differently to foster a more holistic approach to humanitarian relief. But coordination reform which undermines sector-based

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<sup>179</sup> *Ibid.*, p.7

<sup>180</sup> Krishnan (2017), p.470

<sup>181</sup> ALNAP (2015), p.10

decision-making, inevitably undermines organisational mandates. Narrow agency mandates therefore hamper the ability of UN agencies and INGOs to take a holistic approach to addressing humanitarian needs. As was explained in Chapter 3, to assist affected households effectively, a holistic approach is necessary because households think holistically about their own needs. As Keith argues, setting objectives by cluster, “is only done for the sake of humanitarian actors’ reporting, mandates or grant obligations”<sup>182</sup>.

Working holistically also implies a consolidation of actors. What is the need for so many agencies to operate, if a multi-sectoral, multi-purpose humanitarian programme is the best way forward? This does not mean that only one agency will – or should – become responsible for meeting humanitarian needs worldwide. As was explained earlier, no single agency has the capacity to do so. Moreover, UN agencies and INGOs may still bring added value. For example, they are committed to upholding humanitarian principles and are willing to operate in highly insecure environments, which the private sector may consider “unprofitable”. Nonetheless, a holistic approach implies that there may be a diminished role for some agencies, and “we may ask why they even continue to exist”.<sup>183</sup> Regardless of the extent of the perceived risk, agencies feel that their *raison d’être* is threatened and this drives their attempts to prevent coordination reform.

### 5.1.2 Standard Operating Procedures and Skills

As well as protecting their mandates, INGOs and UN agencies also fear that their Standard Operating Procedures (SOPs) and skills will be undermined if coordination structures change. In Drezner’s interpretation of Bureaucratic Politics, organisations resist learning new skills “for fear that they will lose their cohesion and ability to function”. Preserving the organisation’s expertise and *modus operandi* (and by extension its culture) is important.

In both the Ukraine and Lebanon cases, IHAs rejected the proposed reforms on the grounds that it would lead to CTPs being used in inappropriate contexts and would undermine the importance of more specialist, sector-specific support. Reforming coordination to ensure MPCTs can be effectively coordinated will have consequences for other aid modalities. It is

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<sup>182</sup> Keith (2017)

<sup>183</sup> CaLP (2014), p.44

likely that agencies will have to justify the case for sector-specific in-kind assistance and technical support. As such, one explanation for their rejection of the proposed reforms is due to concern that the sector-specific skills that IHAs have spent many years developing, may become lost or obsolete.

According to the World Bank, there is already increasing demand for robust evidence of the effectiveness and efficiency of in-kind assistance<sup>184</sup>, indicating that cash is becoming more appealing. While UN agencies and INGOs claim that this will lead to CTPs being used in inappropriate contexts, there is no evidence to date of this happening. Having to justify an in-kind approach does not necessarily mean that cash will become the default option; nor is having to justify the choice of modality an inherently bad idea. A multi-sectoral needs assessment would lead to a multi-sectoral response, which will by nature require some justification of the choices made concerning how much assistance is planned to be given as cash or in-kind.

ECHO and DfID's proposal was directly influenced by the High Level Panel's recommendation that donors should fund large-scale programmes. Even in 2015, agencies expressed scepticism about the recommendation. According to Bailey and Harvey, agencies argued that stepping back to let another organisation take the lead for a large-scale programme would be risky. Overlooking the potential benefits from improved coordination, they argued that success would depend on the competency of the lead agency and expressed concern about losing proximity to beneficiaries through less on-the-ground capacity.<sup>185</sup> The first point assumes that another organisation may not have the same level of skill, and the second highlights the loss of opportunity to exercise the skills an organisation has developed to deliver aid. If the consolidation of actors indeed comes to fruition, it will force agencies to reconsider whether they need to maintain a full operational system for cash; or for all aid modalities; or whether they should focus on sub-set of capabilities to add value in one

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<sup>184</sup> World Bank (2016), p.4-5

<sup>185</sup> Bailey and Harvey (2017), p.10

specific part of the humanitarian system (focusing on adding value through skills, rather than commitment to ‘children’ or ‘refugees’).<sup>186</sup>

Many INGOs and UN agencies are well-established, with certain *modus operandi* in place. By questioning the usefulness of agency mandates for achieving effective coordination, agencies are obliged to re-examine the skills they have developed. Without their mandates to justify their added value, their skills become more important. According to the CaLP study, there is a real risk that agencies will develop skills in order to maintain their relevance, but potentially leading to further waste of resources. For example, the study highlights that agencies may start creating their own cash distribution mechanisms rather than taking advantage of what already exists in the private sector.<sup>187</sup>

### 5.1.3 Power

One of the most important aspects of the Bureaucratic Politics approach is the notion of power. UN agencies and INGOs hold different positions of power, and according to the theory they will use the power they have to their advantage in terms of serving their organisational interests. They will also negotiate change processes with the ambition to maintain or maximise their power in mind.

In both the Lebanon and Ukraine cases, agencies argued that coordinating MPCTs in a way that places MPCTs at the centre of the response was deemed highly threatening. The agencies in these cases argued that altering the coordination set-up would lead to a few agencies monopolising cash implementation, reducing space for other agencies and other aspects of assistance (for example technical support). It was argued in the analysis, that these arguments are superficial; what INGOs and UN agencies feel most threatened by is loss of power in terms of influence over aid delivery. In Lebanon, IHAs argued that donors did not have the authority to push for reform. In the Ukraine case, IHAs contested OCHA’s leadership of the CWG on the grounds that OCHA should not have responsibility over operational decisions as a non-operational agency. The implication behind these arguments is that the IHAs themselves are the only actors with sufficient authority to make strategic

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<sup>186</sup> CaLP (2018), p.21, p.52

<sup>187</sup> Bailey (2014), p.14

decisions; demonstrating that they are deeply concerned about maintaining their power. Ironically, in Ukraine, IHAs claimed the proposal was unacceptable due to the lack of strategic agreement and guidance from the IASC. In Lebanon, they cited the lack of agreement among donors. Thus, IHAs were simultaneously calling for more leadership and rejected it.

According to CaLP, INGOs and UN agencies also decry the lack of multi-sector needs assessment tools as a barrier to improved cash coordination<sup>188</sup>, implying that these tools need to come from the global coordination level. However, proposals which try to facilitate such a multi-sector approach – such as in Lebanon and Ukraine – are blocked by the same agencies by citing the need for their own expertise. This indicates the tension around preserving power versus coordinating for better humanitarian outcomes. As ALNAP wrote in 2015, “humanitarian agencies often call for stronger leadership while showing no willingness to concede autonomy”<sup>189</sup>. At best, the call from IHAs for more leadership appears hollow, but at worst it appears deliberately obstructive.

Another example which clearly highlights the presence of a power struggle, is the implementation of the Transformative Agenda (TA). As a reminder, the TA was designed by the IASC in reaction to the second evaluation of the cluster system in 2010, and was implemented from 2011. The evaluation of the successes and failures of the TA, conducted by Krüger et al. in 2016, made clear that OCHA played a highly contentious role in the implementation process. On the one hand OCHA was an important driver for implementation of the reform, in terms of drafting protocols, mentoring HCs, engaging in dialogue with donors, requesting regular information from the field, and promoting inter-agency processes. Indeed Krüger et al. argue that OCHA’s “resolute approach was crucial for maintaining the reform’s momentum and ensuring that inter-agency discussion translated into tangible products and decisions.”<sup>190</sup> On the other hand, OCHA’s strong engagement with the TA had negative effects on the buy-in and commitment among INGOs and other UN

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<sup>188</sup> CaLP (2018), p.42

<sup>189</sup> ALNAP (2015), p.106

<sup>190</sup> Krüger et al. (2016), p.40

agencies to the TA process. Their 'resolute approach' was both a help and a hindrance, as their actions were seen as 'pushy'. This led to debate about the core function of OCHA. OCHA was formed from the ashes of the Department for Humanitarian Affairs in 1998, under Resolution 46/182, with the mandate to oversee the coordination of humanitarian response. If this seems clear, it is misleading. During the TA implementation process, IHAs argued that OCHA's role was shifting beyond the boundaries of its mandate. Where once it had focused on supporting the HCT and clusters with training, administrative support, information management and so on, IHAs perceived that it was now seeking to control and direct humanitarian coordination. The tension was so acute that it caused delays in the circulation of particular protocols and generated resistance against the whole TA process.

Given that the reforms of the TA were not as progressive as the proposals put forward in Lebanon and Ukraine, this demonstrates how fiercely IHAs protect their authority to make decisions and operate independently. Indeed, some IHAs have been attempting to forestall change in order to protect their power. According to Bailey and Harvey, some clusters have been actively seeking to demonstrate how MPCTs are ill-adapted to meeting needs in their sectors, for example shelter and health, in order to discourage donors from pushing them towards a cash-based response.<sup>191</sup>

Reforming coordination to better meet the requirements of MPCTs also poses a challenge in terms of who has the power to define 'quality' in humanitarian response. The success of a humanitarian programme is usually evaluated according to the criteria outlined in Chapter 3, i.e. relevance, effectiveness, efficiency, coherence, and so on. But some humanitarian practitioners have argued that MPCTs require a new way of thinking about evaluation criteria. In particular, it has been argued that choice should be considered as a measure of quality, in enabling beneficiaries to prioritise their own needs.<sup>192</sup> For example, if an MPCT given to a household is spent on debt relief, even though the household was initially identified as needing food, this is a valid choice for the household and needs to be reflected in how the quality (or effectiveness) of the intervention is measured. Currently IHAs have

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<sup>191</sup> Bailey and Harvey (2017), p.11

<sup>192</sup> CaLP (2018), p.60

the power to individually define a successful outcome of an MPCT. Reforming coordination may mean they have to rethink their definition. Indeed, a common, objective measure may be defined for IHAs to use, once again transferring power away from IHAs.

#### 5.1.4 Access to Funding

In the Bureaucratic Politics approach, the nature of being in competition for funding is seen as a key factor in explaining government agencies' behaviour. Applying it to the field of organisational change, this section will demonstrate that one of the key reasons why INGOs and UN agencies are resisting radical change in coordination is because they fear the consequences in terms of maintaining access to funding. This is closely tied to fears about loss of power.

In general, competition for funding in the humanitarian sector is a disincentive to better coordination. As Balcik et al. have pointed out, organisations may be reluctant to share information with others "if they believe this information gives them a competitive advantage in attracting media and donor attention".<sup>193</sup> This applies across sudden-onset emergencies and chronic crises. IHAs have to capitalise on their specialised mandates, SOPs (i.e. experience) and skills, and power (or reputation) to persuade donors to financially back them.

To a certain degree, IHAs have demonstrated a willingness to coordinate (for example, the cluster system). However, reforming coordination to enable IHAs to take a more holistic approach to humanitarian needs seems to be too threatening. In both the Lebanon and Ukraine cases, INGOs and UN agencies expressed concerns that adapting coordination models to suit MPCTs would create an impression that MPCTs are the most valid form of humanitarian response, which in turn would mean less funding is available for other types of (sector-specific) assistance, such as technical support and protection. According to Steets and Ruppert, the INGOs and UN agencies who participated in their study expressed significant concern that consolidating the number of actors will grant the leading agency with the power to determine the allocation of resources to other actors. They will also have

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<sup>193</sup> Burcu Balcik, Benita M. Beamon, Caroline C. Krejci, Kyle M. Muramatsu, Magaly Ramirez (2010), 'Coordination in humanitarian relief chains: Practices, challenges and opportunities', *International Journal of Production Economics*, Vol.126, p.23-24

sole authority over strategic decisions such as response analysis decisions and the choice of delivery mechanism.<sup>194</sup> This means reduced power and reduced financial security for the rest.

As the level of humanitarian needs rises and the funding gap becomes ever wider, donors are demanding more effective, efficient and accountable humanitarian responses. Simultaneously, the number of IHAs working to provide relief is rising. As a result, competition for funding is becoming fiercer. If INGOs and UN agencies recognise MPCTs as a multi-sector tool, then funding per cluster would inevitably change. As Smart argues, recognising MPCTs as multi-sectoral rather than implementing them for specific objectives, would force the clusters to reduce the funding calculations in their joint appeals. For example, the proportion of funding allocated for the 'shelter' component of a CTP would need to be removed from the Shelter cluster's overall calculation of required funding.<sup>195</sup> Therefore, improved coordination of MPCTs presents a legitimate threat for UN agencies and INGOs' continued access to funding. The Bureaucratic Politics approach helps to explain their reticence towards reform.

#### *5.1.5 Self-Protection Leads to Suboptimal Outcomes*

The central tenet of Bureaucratic Politics is that the most likely outcome in a negotiation will be the one which best balances the various interests of different organisations, who each seek to maintain their power, status and access to funding. But by balancing these different interests, the result is usually suboptimal. Applying this theory to the humanitarian sector, it has been demonstrated here that in order to effectively implement MPCTs, the coordination structure must be reformed. Whether reform will take place and how radical it will be, will depend on the result of negotiations between the actors in the system. Therefore, taking Bureaucratic Politics to its logical conclusion, the most likely outcome will be a suboptimal reform - one which tries to balance the various interests of organisations who have different levels of power.

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<sup>194</sup> Steets and Ruppert (2017), p.15

<sup>195</sup> Smart (2017), p.15

Previous reform in the humanitarian sector could be seen as an indicator for possible success for future coordination reform. But in reality, better outcomes have not been reached, as demonstrated in Chapter 2. The cluster system itself is, ironically, an example of a suboptimal outcome. In the 1990s, in response to growing evidence of the consequences of poor coordination, there was serious discussion about consolidating the relevant UN agencies active in humanitarian response into one agency. The cluster system was the compromise – maintaining the different agencies but encouraging them coordinate better, under the auspices of a reformed UN body – OCHA. According to Stoddard, the intention behind Resolution 46/182 (which established the cluster system) was “to make the UN leaner, more efficient and more unified in its field presence. The goal was a UN that speaks with one voice and acts accordingly.”<sup>196</sup> As this paper has demonstrated, this intention has not been borne out in reality. The UN’s humanitarian capacity is currently dispersed across at least ten different agencies, and many of them continue to implement programmes entirely independently of each other or INGOs.

Attempting to balance a multiplicity of organisational interests leads to suboptimal reform because during negotiations, the proposals become less and less explicit, leaving key concepts undefined. Steets et al. demonstrate how conceptual vagueness enables agreement to be reached on reform proposal. But it also allows individual organisations to interpret the proposal according to their own priorities. They argue that, “As a result, rhetorical agreement often papers over substantial differences. These unresolved differences later make it more difficult to follow up on reform proposals and to ensure their implementation.”<sup>197</sup> In the case of cash, conceptual vagueness around cash – whether it is multi-purpose or limited through conditional payments or vouchers – enables organisations to sign up to sweeping commitments like the Grand Bargain. When the reform is more explicitly focused on enabling better coordination of MPCTs, IHAs are reticent to accept it. In Ukraine, four powerful UN agencies were able to block the proposal to include a separate section on MPCTs in the HRP. The negotiated (suboptimal) outcome was the inclusion of a separate budget line. In Lebanon, the controversy sparked by ECHO and DfID’s RfP meant

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<sup>196</sup> Stoddard (2010), p.251

<sup>197</sup> Steets et al. (2016), p.62

that the new approach was not tested. There is, as yet, no evidence that the fears of IHAs, such as reduced funding and a consolidation of actors, will come to light if coordination is reformed. The proposals put forward in Lebanon and Ukraine could have provided more clarity through gathering evidence on the consequences of partial reform. But even piloting the approach for evidence gathering, was perceived to be too much of a threat.

According to Barder, if ECHO and DfID withdraw their RfP, “The UN agencies will heave a sigh of relief, and we will be stuck with decades more of duplication, inefficiency and waste.”<sup>198</sup> This clearly implies that in Barder’s experience, organisations leverage their influence to protect their organisational interests leading to suboptimal levels of change. All the way back in 2004, before the cluster system even started, Stoddard highlighted the limited nature of change. She wrote, “the humanitarian reform movements of recent years have ... focused on tweaking the current system of donors and agencies, raising operational standards and improving coordination mechanisms. The system’s fundamental irrationalities have taken on the air of the inevitable, even as they are hard to justify.”<sup>199</sup> In the years since 2004, more humanitarian standards and codes of conduct have been developed, and the cluster system has enabled the INGOs and UN agencies to continue working autonomously. Changes to coordination have involved tweaking and reinforcing the cluster system. Time and again, the humanitarian system recognises the need for change, but organisational self-interest prevents meaningful change.

This ‘organised hypocrisy’ indicates a serious problem in the way the humanitarian system currently operates. The problems are not unique to cash, but as Baizan argues, as long as “agency mandates, and political agendas get in the way, cash has little chance of becoming a lasting trend.”<sup>200</sup>

## 5.2 The Limits of the Bureaucratic Politics Approach

The Bureaucratic Politics approach is highly compelling as a theoretical framework to explain why UN agencies and INGOs are reluctant to commit themselves to reforming the way

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<sup>198</sup> Barder (2017)

<sup>199</sup> Stoddard (2004) p.2

<sup>200</sup> Baizan, (2018)

MPCTs are coordinated. However, the approach is limited in three important ways. In order to improve our understanding of the likely success of coordination reform, this section aims to add several other dimensions to the prognosis.

### 5.2.1 Postcolonialism

First of all, the Bureaucratic Politics approach overlooks postcolonial influences in modern humanitarian assistance. Postcolonialism focuses on the cultural legacy of imperialism and is closely associated with scholars like Frantz Fanon and Edward Saïd. Slater and Bell summarise postcolonialism as a critical mode of enquiry which aims to “destabilize Western discourses of modernity, progress and development” by asking questions such as “who are the agents of knowledge, where are they located, for whom do they speak, how do they conceptualize, where are the analytical silences, who is being empowered and who is being marginalized?”<sup>201</sup> From a postcolonial perspective, MPCTs, which give beneficiaries the power of choice, represent a major departure from traditional aid giving, which has historically been defined on the basis of the Global North providing aid to the Global South. The humanitarian system has been designed and still reflects the priorities of Western organisations. According to Stoddard, the exclusion of local actors and lack of investment in building local capacity to prepare and respond to crises is evidence of this. She argues that “many international agencies have taken indigenous [local] preparedness to mean simply filling local warehouses with relief supplies.”<sup>202</sup> By not investing locally, Western organisations ensure that their presence continues to be needed. In addition, Stoddard highlights how the senior management positions of most IHAs continue to be held by (Western) expatriate staff, even though the organisation relies on large numbers of locally hired national staff to deliver their programmes. Stoddard maintains that such practices fuel “the detrimental (and paternalistic) image of assistance as north-to-south charity”<sup>203</sup>. The feeling is so strong in some places, that some non-Western countries believe humanitarian action is used an excuse to violate state sovereignty and is a projection of Western interests

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<sup>201</sup> David Slater and Morag Bell, (2002) ‘Aid and the Geopolitics of the Post-Colonial: Critical Reflections on New Labour’s Overseas Development Strategy’, *Development and Change*, Vol.33(2), p.339

<sup>202</sup> Stoddard (2004), p.4

<sup>203</sup> Ibid., p.2

and 'soft power'.<sup>204</sup> In this context, it is worth noting that the Gulf States, who have become major donors over the last decade, are deliberately keeping their distance from the existing system by funnelling their financial support directly to Islamic charities<sup>205</sup>.

Giving cash to beneficiaries, who can decide for themselves how to spend it according to their personal assessment of their needs, disrupts the idea of North to South charity. It transfers power away from IHAs and towards the beneficiaries; undermining the process of identifying needs, setting objectives and targets whose outcomes can be quantifiably measured. It makes it harder to justify the continued presence of IHAs on-the-ground, particularly if cash can be transferred electronically. It is plausible that this power shift is a contributing factor in the reluctance of IHAs to implement reform of cash coordination.

In arguing that MPCTs will usurp the role of in-kind and technical assistance, IHAs reveal their discomfort with the idea that beneficiaries will have increased decision-making power. According to the CaLP study, the debate "cuts to the heart of the issue of 'putting people at the centre' in terms of decision making and the role of beneficiaries as rational actors making complicated decisions and trade-offs in times of crisis, rather than more passive recipients." A recent initiative at Oxfam reveals that IHAs are struggling to let go of control and trust that cash recipients will spend wisely. They have devised a system whereby private donors can load money straight on to a card, which is then given to a beneficiary. When the beneficiary spends the money, the donor receives a text which tells them what the money was spent on.<sup>206</sup> This allows IHAs to track spending and also reveals that the desire for control over charitable giving extends to the general public and donors too.

In a more practical sense, many of the existing resources for coordination are only available in English and many coordination meetings occur in English, with limited translation into the local language. According to another study by CaLP, the resources available to support coordination processes are criticised by local actors as being based on the experiences and

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<sup>204</sup> ALNAP (2015), p.109

<sup>205</sup> Stoddard (2010), p.255-6

<sup>206</sup> Oxfam (n.d.), 'Thank you for topping up a lifesaving card', available at: <https://stand.oxfam.org.uk/wp-content/themes/standasone/directgiving/feedback.php> accessed 21/03/2018

priorities of Western IHAs.<sup>207</sup> This demonstrates how the current system favours Western organisations. It also gives an insight into why they may be reluctant to change their coordination processes – it would create more work as well as shifting the focus of coordination away from Western organisations.

### 5.2.2 *Positive trends*

While the Bureaucratic Politics and postcolonial perspectives are insightful, they both overlook some of the changes which have already taken place. In this section it will be demonstrated that there is an ongoing expansion of the toolkit to implement MPCTs. It may not yet have led to the development of coordinated assessments of market potential (where cash could be used) and coordinated implementation (to avoid duplication or needs gaps), but there are trends which indicate that IHAs could conceivably reform their coordination practices in the future. Based on the evidence in favour of MPCTs, IHAs have already undergone one cultural shift; the potential of MPCTs to have positive effects on affected populations and local economies is widely recognised today by UN agencies and INGOs. Indeed, in 2016 over two-thirds of CTPs globally (whether multi-purpose or otherwise) were implemented by WFP and UNHCR<sup>208</sup>. Therefore, there is some evidence that coordination reform is possible.

Firstly, the humanitarian system has changed in the past. Despite its flaws, the cluster system itself was introduced in reaction to empirical evidence of the consequences of poor coordination. Likewise, following the three evaluations which took place since its inception, attempts have been made to try to make the cluster system more effective. This demonstrates that humanitarian organisations do have the capacity to analyse the evidence and adapt accordingly. With increasing evidence on the effectiveness of MPCTs (in appropriate contexts), they are being implemented more frequently. Increased experience using MPCTs provides more understanding of how best to coordinate them, and cash coordination may improve as a result. Indeed, in Lebanon, the One Card and LOUISE systems are a good example of UN agencies and INGOs' capacity to change.

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<sup>207</sup> Bailey (2014), p.7

<sup>208</sup> CaLP (2018), p.29

Under Bureaucratic Politics, it may be expected that IHAs would not propose coordination reform, because it would be illogical to undermine their own organisational interests. In both the case studies presented here, the controversial reform proposals came from donors or OCHA. The cases therefore do not provide an insight into how IHAs would react if another IHA put forward a proposal. Nevertheless, given that the humanitarian system has adjusted its coordination practices in the past, and the innovative steps taken to introduce One Card and LOUISE in Lebanon, it is conceivable that an IHA may do so.

Secondly, there is widespread recognition of the need for coordination reform. According to the INGOs, UN agencies and donors that took part in CaLP's 'State of the World's Cash' study, the main barriers to effective coordination of MPCTs include "no defined place for cash coordination within the international humanitarian system; lack of leadership for cash coordination; and limited resources for coordinating bodies" as well as the limited commitment of agencies to use shared operational mechanisms.<sup>209</sup> In addition to recognising the problems, the participants were in broad agreement that "there is a need for implementing organizations to reconsider the functions, or roles, that they should be playing, based on where they can add most value."<sup>210</sup> In the research conducted by Steets and Ruppert, the vast majority of the participants agreed that the best way to improve coordination of MPCTs would involve an "overall reform of the coordination architecture to create a more strongly government-led coordination system, where possible, and/or to merge various clusters into a basic needs group that would consider both cash and in-kind response modalities"<sup>211</sup>. The forty-four interviewed participants in the study were staff from UN organisations, the Red Cross Movement, donor governments, NGOs, and cash experts, at both headquarters and field level. Therefore, despite the lack of agreement on how to proceed with the various recommendations on improving coordination, particularly those of the World Bank's Strategic Note for the IASC, research shows that problems with the current coordination system are widely acknowledged.

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<sup>209</sup> Ibid., p.69

<sup>210</sup> Ibid., p.52

<sup>211</sup> Steets and Ruppert (2017), p.20

With acknowledgement of the problems, it becomes possible to initiate the change process. As was highlighted by Clarke and Ramalingam, change processes are more likely to succeed when they keep the different metaphors of organisations in mind (machines, minds, communities and ecosystems). This makes it easier to develop a change process which is not simply top-down. According to CaLP, an effective change process requires three elements – creating the business case for change, providing the top line vision for change and realising the top-down vision through bottom-up strategies.<sup>212</sup> As an example, two INGOS, Relief International (RI) and the International Rescue Committee (IRC) have recently been implementing their commitment to increase the use of CTPs, following this three-step change process.<sup>213</sup> Overall the process has been successful. This is a good example of the various metaphors being considered. It “highlights how tangible organizational change requires both top-down (leadership vision) and bottom-up (tools, systems and expertise) approaches”.<sup>214</sup> Therefore, it is plausible that IHAs could employ the same approach to reforming coordination of MPCTs. Even though there is no agreement on what coordination should entail or what recommendations should be implemented, organisations are taking steps to invest in the future. For example, as well as recruiting more cash specialists, several INGOs and UN agencies are investing in building their own in-house training courses on MPCTs.<sup>215</sup> According to the CaLP study, a key change which has taken place over the last 1-2 years, is that cash programmes (of all kinds) are being more systematically considered from the outset of a response alongside other aid modalities, and several donors and IHAs have adopted policies to that effect.<sup>216</sup>

In addition, organisations are investing in internal capacity-building for better coordination. Most importantly, this is taking place at OCHA, who bear the primary responsibility for humanitarian coordination. Plans are in place to build the capacity for better cash

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<sup>212</sup> CaLP (2018), p.29-30

<sup>213</sup> *Ibid.*, p.29-30

<sup>214</sup> *Ibid.*, p.29

<sup>215</sup> *Ibid.*, p.48

<sup>216</sup> *Ibid.*, p.28 and p.35

coordination among Humanitarian Coordinators, Humanitarian Country Teams and Inter-Cluster Coordinators, and to formalise their roles in cash coordination by including it in their respective Terms of Reference (job descriptions).<sup>217</sup> Fully funded cash coordination positions have been integrated in Pakistan, Somalia, Nigeria and DRC.<sup>218</sup> Through capacity-building, OCHA aims to ensure that cash is discussed across all sectors from the outset of a response. Finally, there appears to be a trend towards improved coordination. According to CaLP, “collaboration between organizations implementing CTP is increasingly common practice”<sup>219</sup>. 70 percent of organisations who took part in the study report that they now implement CTPs in collaboration with other actors rather than independently and state that there has been good progress in terms of adopting more harmonised approaches to needs assessments, targeting and calculating transfer values.<sup>220</sup> Put together, these elements would suggest that the coordination of MPCTs is slowly improving.

### 5.2.3 The role of competition

The Bureaucratic Politics approach condemns competition as an obstacle to collaboration, viewing it as the driving force behind agencies’ power struggles in negotiations. But, a certain level of competition in the humanitarian sector may in fact be healthy. Although the High Level Panel on Humanitarian Cash Transfers advocated for donors to fund large-scale MPCTs rather than multiple agencies and projects, they also argued that competition is important to preserve. From their perspective, competition in the humanitarian sector helps to promote innovation and new partnerships, and pushes organisations towards the “most user-centred, cost-effective, secure and technologically-advanced” humanitarian responses.<sup>221</sup> The simple fact that organisations passionately disagree about the best way to achieve humanitarian objectives<sup>222</sup> means that they take different approaches to

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<sup>217</sup> Ibid., p.71

<sup>218</sup> Ibid., p.70

<sup>219</sup> Ibid., p.8

<sup>220</sup> Ibid., p.71

<sup>221</sup> Barder (2017)

<sup>222</sup> Clarke and Ramalingam (2008), p.45

humanitarian response. In some contexts, one approach may work better than another. This diversity may encourage IHAs to continually improve. It is also important in terms of the humanitarian principles (impartiality, independence, and neutrality) for IHAs to preserve their autonomy. Becoming too closely involved with each other may threaten their ability to provide humanitarian relief at all. The Bureaucratic Politics approach is certainly compelling, but more research is needed on the role of competition and how it influences the way IHAs behave.

### 5.3 Concluding remarks

Overall, Bureaucratic Politics is a compelling theoretical approach for understanding how INGOs and UN agencies react to change. IHAs are reticent to implement reform, for fear that it will undermine their mandates, their SOPs and skills, their power, and their access to funding. According to Barder, there is no reason besides bureaucratic interests for IHAs to reject reform. He argued against the duplication of relief activities in Syria, saying that “Each of them [UN agencies] wants to be able to boast of coverage of as many of the refugees as possible, and to claim their share of overheads for serving those populations. And neither of them wants to concede ground to the other as a provider of cash payments to refugees.”<sup>223</sup> This self-protection leads to suboptimal outcomes for reform, as the reforms are watered down in an attempt to satisfy the various interests of the organisations involved. Both the Ukraine and Lebanon cases provide evidence to support this, as does the cluster system itself. Bureaucratic Politics therefore highlights the contradiction between organisations striving for altruistic objectives while protecting their internal interests.

Assessing the evidence using the Bureaucratic Politics approach provides significant support in favour of the second hypothesis: that the competition between INGOs and UN agencies for funding, each with different mandates and priorities, is a major inhibitor to change. However, the chapter also highlighted three important weaknesses in the Bureaucratic Politics explanation.

First, postcolonial theory may also be an important explanation of the reluctance to reform coordination. MPCTs, which shift power away from Western IHAs towards beneficiaries in

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<sup>223</sup> Barder (2017)

the Global South, disrupt the traditional flow of aid-giving. There is evidence to suggest that IHAs are uncomfortable with this transfer of decision-making power. Second, it was demonstrated here that previous change in the humanitarian sector, growing recognition of the need to reform, increasing investment in capacity for MPCT and rising levels of collaboration, are indicators that future coordination reform may succeed. Third, the role of competition in the humanitarian sector is unclear. According to Bureaucratic Politics, competition for funding drives organisations towards protecting their self-interest, but it is also possible that competition pushes IHAs to be more effective, innovative and creative.

Nevertheless, despite its limitations, the Bureaucratic Politics approach is useful in assessing the likelihood that attempts to improve the coordination of MPCTs will succeed. The positive trends indicate that change is possible, but any prognosis for the future of MPCT coordination must take into consideration the skewed incentive structures which pit agencies against each other for funding, power and survival. According to Steets et al., reform efforts are currently blinded by the assumption that IHAs put the needs of beneficiaries above all other interests. They argue that “it is almost taboo to acknowledge the self-interests of humanitarian actors and to openly consider how reform demands might affect different stakeholders”<sup>224</sup>. As a result, reform efforts tend to overlook organisational interests, and this weakness further undermines the likelihood that they will succeed. Bureaucratic Politics helps to refocus our attention on the context in which IHAs operate.

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<sup>224</sup> Steets et al. (2016), p.63

## 6. Conclusion

This study has attempted to provide an answer to the following question: To what extent can improvements to the coordination of multi-purpose cash transfers in humanitarian contexts succeed? To answer this, the paper first addressed why improvements are needed before analysing the prospects for coordination reform. Overall, the paper finds that as MPCTs are increasingly implemented, coordination will gradually improve, but it remains questionable whether the necessary radical reform of the cluster system will take place.

MPCTs pose a significant challenge to the cluster system because they demand a multi-sectoral approach. The paper hypothesised that a radical overhaul of the cluster system, the established coordination architecture for humanitarian response, is necessary to achieve better coordination of MPCTs. The hypothesis was supported by evaluations of the cluster system which found that the clusters have failed to enable effective inter-cluster coordination, which is essential for MPCTs. In addition, *ad hoc* approaches to MPCT coordination have not succeeded in maximising the benefits of MPCTs for affected populations. It is essential to overcome the silos of the cluster system and think holistically about humanitarian objectives in order to coordinate effectively. As a result, the case of MPCTs should be considered as one important element in the push for reform of humanitarian coordination in general.

The second hypothesis in this paper was that competition between INGOs and UN agencies for funding, each with different mandates and priorities, is a major inhibitor to change. In order to develop our understanding of how IHAs behave and whether attempts to improve the coordination of MPCTs can succeed, this paper applied the Bureaucratic Politics approach to examine the evidence. In the absence of an overall reform proposal, this paper used a case study approach to analyse 2 recent experiences of attempts to improve MPCT coordination. The Lebanon and Ukraine experiences provide strong support in favour of the hypothesis. In both cases, reform proposals were crushed due to the fears among IHAs that the reforms would undermine their skills, mandates, access to funding, and their power. Donors and OCHA were perceived by IHAs as overstepping the boundaries of their spheres

of influence and inappropriately interfering in operational decision-making. However, as was demonstrated in Chapter 3, the division between coordination and implementation is not clear-cut. This therefore indicates that autonomy and self-interest are at the centre of the controversy.

The research is methodologically limited because it relies on secondary data and there was limited diversity in research on the case studies. The study uses past experiences to draw conclusions for the future, and while this is a valuable exercise, it is impossible to predict the future with much certainty and it is recognised that implementing reform in the humanitarian sector, which is large and complex, will always be difficult.

Theoretically, the Bureaucratic Politics approach does contribute to a better understanding of what the coordination of MPCTs reveals about the ability of the humanitarian system to undertake far-reaching change. However, the approach is limited in several important ways. Firstly, Bureaucratic Politics overlooks postcolonial influences in modern humanitarian action. By arguing that MPCTs will replace in-kind and technical assistance and by attempting to control beneficiary spending, IHAs reveal their discomfort with the transfer of decision-making power towards beneficiaries. Therefore, postcolonial theory adds another dimension to understanding why IHAs are reticent to implement reform. Secondly, there is some evidence that the postcolonial and Bureaucratic Politics approaches are too pessimistic. There is growing recognition among IHAs of the need for coordination reform. IHAs are investing in capacity-building for MPCTs, and the level of collaboration for MPCTs is increasing. Indeed, the One Card and LOUISE systems, which were trialled in Lebanon, demonstrate how IHAs can respond creatively to coordination-related problems. Finally, the subject would benefit from further research into the role of competition in the humanitarian sector. According to Bureaucratic Politics, competition for funding drives organisations towards protecting their self-interest, but it is also possible that competition pushes IHAs to be more effective.

Nevertheless, by examining past and current experiences through the lens of Bureaucratic Politics, it is clear that achieving radical reform of humanitarian coordination will be extremely difficult. Bureaucratic Politics is a useful approach because it emphasises the importance of the context in which IHAs operate. The cluster system, which works with

rather than challenging the different mandates and unique selling points of IHAs, has never really reflected the lived experience of beneficiaries. There is an obvious tension between the purpose of IHAs to provide humanitarian relief to crisis-affected people, and the need to protect their space to function in a competitive context. According to Steets et al., overlooking this tension and believing that IHAs are predominantly altruistic, will undermine attempts at future reform because the focus will inevitably be on providing evidence, technical guidance and capacity support for what needs to be done, rather than addressing the consequences it will have for IHAs.<sup>225</sup>

In the private sector, organisational self-protection seems natural and justified. But in the humanitarian sector, the assumption seems to be that IHAs are entirely geared towards serving beneficiary needs. Protecting organisational self-interests presents an interesting moral dilemma for the humanitarian sector and forces us to ask what humanitarian organisations are for. As Currion puts it, “Are they delivery vehicles for humanitarian *assistance* – logistics companies with a side order of social concern? Or are they delivery vehicles for humanitarian principles, with any tangible assistance they provide as just a manifestation of those principles?”<sup>226</sup>

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<sup>225</sup> Steets et al. (2016), p.63

<sup>226</sup> Currion (2014)

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