

IMPROVING CASH-BASED INTERVENTIONS
MULTIPURPOSE CASH GRANTS AND PROTECTION
Enhanced Response Capacity Project 2014–2015

Review of Cash Coordination in Ukraine

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Type of humanitarian crisis

Ukraine is a lower middle-income country in Eastern Europe, with a strong soviet era legacy in the field of social protection. Since early 2014, Ukraine has been affected by conflict in its eastern part, which led to the internal displacement of more than 1.4 million people. At the time this paper was written, a large share of the IDPs was not intending to return to the place of origin, which was not under the control of government forces. Because of a combination of factors, including the conflict in the east, the economy of Ukraine contracted in 2014, and continues to do so in 2015. Ukraine's public finances remain under pressure due to large accumulated imbalances that are compounded by the economic contraction. The situation of public finances affects in turn the way public services, including social protection, are delivered to citizens, both displaced and non-displaced.

Types of cash based interventions in Ukraine / place of multi-purpose cash grants

With Ukraine being a highly monetized economy, cash-based interventions came out from the beginning of the crisis as the best way to respond to the humanitarian crisis, with variations depending on geographic area and phase of the crisis. Thus in the first year after the beginning of the conflict, cash-based interventions were implemented in areas away from the "contact line", where markets were not affected at all and a wide choice of systems was available for delivery. With the beginning of the second year of the crisis, it became apparent that cash could be an adequate delivery modality along the contact line as well, although market access is somewhat limited, while no realistic delivery option existed in the zone outside the control of government forces.

By the end of April 2015, most humanitarian cash actors had already implemented a first round of cash-based interventions in Ukraine, and were advancing at different paces with the design and planning of new projects, mostly based on their capacity. In a majority of cases, these were multi-purpose cash transfers, although sectorial interventions, such as cash for rent, were not excluded from the planning options. The food security cluster was planning to continue the implementation of food voucher projects in areas close to the conflict, but ended up by using a combination of cash and vouchers. While sectorial cash-based interventions were coordinated mostly under their respective clusters, multi-purpose cash posed a challenge to the humanitarian coordination system from the very beginning, including the coordination / harmonization of multi-purpose cash and sectorial cash interventions, with their multiple aspects such as value of transfer, avoiding duplication, using an efficient delivery platform, etc., at a time when guidance at the global level on the matter was still not available.

In particular in 2014, humanitarian cash programming was new for many agencies in Ukraine and knowledge of principles / good practice was limited. Throughout 2015 the situation improved, with most of the agencies delivering or planning to deliver humanitarian cash deploying cash specialists to various locations in Ukraine. Nevertheless, issues remain with the capacity of various organizations to implement cash-base interventions, as a reflection of the global level issue of general capacity of agencies to deliver in cash.

The cluster system in Ukraine

Following the start of the crisis in eastern Ukraine in early 2014, the cluster system was activated in December 2014, with eight clusters: education, emergency shelter and NFI, food security, health and nutrition, livelihoods / early recovery, protection, water, sanitation and hygiene, and logistics. With winterization activities in full swing at the time of the year when the cluster system was activated,

multi-purpose cash transfers started to be coordinated and reported under the emergency shelter and NFI cluster, which was one of the most active and gathered the largest number of participants. In addition to this, starting with mid-2015, the emergency shelter and NFI cluster started coordinating cash for rent activities, and noted a potential for the monetization of the assistance, in particular NFIs and fuel. Cash-based interventions were also implemented under the food security cluster, mostly food vouchers. With Ukraine being a highly monetized economy, potential for cash-based interventions existed under other clusters as well – e.g. under the education, health, WASH or early recovery clusters, but not all of them had yet realized the potential or assessed the feasibility for their sectors of the cash modality, which as a whole is still growing in recognition and up-take in Ukraine.

The Cash Working Group

The need for a technical Cash Working Group (CWG) was expressed by humanitarian partners from the early stages of the crisis, to support the different clusters using cash based interventions. DfID seconded to OCHA a Cash Transfer Expert / Coordinator at the end of April 2015, which enabled the Cash Working Group to start regular meetings. Prior to this and to the activation of the cluster system, the CWG existed and effectively functioned in the autumn of 2014 under the leadership of international NGOs with substantial experience in cash-based interventions, such as Save the Children and DRC. From December 2014 to April 2015, humanitarian cash actors in Ukraine had met on an ad-hoc basis, when it was required to make collective decisions on various aspects related to cash-based interventions such as attempts at harmonizing multi-purpose cash transfer values.

Lessons learned

The importance of taking into account context

Building on the findings of other studies on the place of cash-based assistance in the humanitarian coordination architecture¹, experience in the Ukrainian context showed again that it is not recommendable to consider a single model of 'cash coordination', but possible scenarios. The type of crisis is of utmost importance in defining these scenarios. Many recent crises have been either natural disasters or refugee crises, which is not the case of Ukraine, where the internal conflict coupled with the existence of an administration functioning reasonably well in the given conditions creates a unique context. Consequently, in Ukraine internally displaced persons are citizens with full rights entitled to assistance under regular social protection programmes, with the only caveat being important delays from the side of the government institutions delivering such assistance, coupled with inaccurate targeting. Although it is taking time to arrive to an optimal coordination structure, the organizing in September 2015 of a dedicated half a day workshop was a commendable practice which created an opportunity for all concerned parties to express their concerns and propose solutions.

Experience in Ukraine has also confirmed the need to adapt the coordination structure to the phase of the emergency and to the objective of the cash-based intervention. While in the initial phase of the crisis, during the first winter of 2014 / 2015, multi-purpose cash was ideally placed under the shelter cluster, with technical backstopping from the Cash Working Group, starting with the second year it may be necessary to consider how the coordination and technical backstopping of cash-based modalities could better sit within the existing coordination system, also keeping in mind the need to link on the longer term with early recovery, durable solutions and national systems in place. With regards to this latter aspect, a good practice has been the set-up of a CWG dedicated task force to consider linkages of emergency cash response to early recovery and social protection.

¹ For example Domitille Kauffmann and Olivia Collins for the Cash Learning Partnership (CaLP) – "Comparative Study of Emergency Cash Coordination Mechanisms", May 2012

Membership and anchoring into the cluster coordination

Having OCHA lead the Cash Working Group ensured a very close link with the Inter-Cluster Group and with clusters, although there was space for even more collaboration with these structures. On the side of good practices, the participation of the OCHA facilitator of the CWG in cluster and inter-cluster meetings ensured that the CWG was complementing and not duplicating the work of existing coordination structures. Conversely, the occasional participation of some cluster coordinators (mainly emergency shelter and NFI and food security) in the meetings of the CWG also played an important role in enhancing links between CWG and clusters. Uncertainties relating funding and the continued deployment of an OCHA Cash Expert / Coordinator cast a shade on the durability of these arrangements.

Another positive development was the co-leadership assumed by international NGOs with substantial cash assistance on technical matters such as targeting and income analysis, which freed the OCHA Cash Expert / Coordinator for other important tasks and ensured buy-in from other organizations on complex technical issues. It became apparent that a INGO co-lead worked well for technical issues and allowed the OCHA Cash Expert / Coordinator to focus more on strategic and bigger picture issues, such as collaboration with clusters.

The CWG would have benefitted from increased regular participation of local NGOs, which play an instrumental role in the delivery of multi-purpose cash transfer programmes of many humanitarian cash actors. On the government side, there was no involvement, although they were invited in early days and certain aspects of multi-purpose cash programming, such as harmonizing the value of multi-purpose cash with the value of regular social benefits, may have benefitted from such a collaboration. It also helped that the CWG was an 'institutionalized group', albeit with some delays in endorsing its terms of reference.

Activities

The fact that the concept of multi-purpose cash grants was being discussed / refined at the global level throughout 2014–2015, and no final guidance was available posed a number of challenges to coordinating cash-based interventions in Ukraine, in particular because of different perspectives of CWG members on technical aspects such as calculating the value of transfer, targeting, delivery mechanisms specific to multi-purpose cash.

Although there seemed to be a common understanding among humanitarian cash transfers on the use of a (Survival) Minimum Expenditure Basket ((S)MEB) as a basis for determining the needs of beneficiary households, in the absence of guidance on a rigorous methodology to be applied for the selection of items to be included in the basket, a lot of effort and time was put into discussing the SMEB, without a fully satisfactory final result. One of the stumbling blocks was the important seasonal variation between summer and winter expenses. The timing of calculating the SMEB also proved to be important: in Ukraine in 2015 it came too late in the year, when a number of important cash players had already projects being implemented or very near this point, and therefore it was very problematic to modify the value of transfer at that point in time. There was also some initial misunderstanding, particular among some donors, about the different modalities of cash, and a push to harmonize all cash transfer values as the same, when there were in fact different modalities at play, including sectorial cash for specific objectives, as well as multi-purpose cash. On the positive side came the acknowledgement that the actual value of transfer being determined as the gap between the SMEB and the income of each household, individual agencies have a certain flexibility in determining the transfer value, depending on targeting and programme objectives.

A timelier mapping of cash-based interventions, both multi-purpose and sectorial, would have been needed in order to effectively avoid overlaps, in a context where access to the government-owned IDP registration database has been problematic. Furthermore, more guidance is needed in regards to the appropriateness of using a combination of MGPs to assist the general population and top-up multi-purpose assistance with conditional cash grants including food, shelter, and NFI for the neediest. It has been recognized that such approach may create synergy between agencies' programmes and mandates, but concerns about duplication and inter-agency coordination still remain.

Through a task force established by the CWG, UN Agencies and INGOs developed a framework that takes into account vulnerabilities and income sources as their main selection criteria for multi-purpose cash transfer programmes. Agencies participating in the process noted however that cash targeting needs to be flexible and inclusive especially if linked to early recovery, but also in order to allow variations due to agencies' mandates. Protection Cluster findings showed that focusing on "traditional" vulnerabilities that may be appropriate to other contexts, but in the particular context of Ukraine led to the disenfranchising of other vulnerable groups from the assistance. Some groups were over-served while others were falling through the cracks.

A common post-distribution monitoring core questionnaire was developed under the leadership of the shelter cluster, before the arrival of the OCHA Cash Expert / Coordinator in April 2015, in order to allow for comparable results across organizations, and it is commendable that it benefitted from strong buy-in from the part of all humanitarian cash actors in Ukraine. This continues to be used as the CWG post-distribution monitoring tool for multi-purpose cash.

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