

Karen Peachey: [00:00:00] Hello, I'm Karen Peachey. I'm your host for this series of Cashcast. Cash and Voucher Assistance, or CVA for short, is often championed as one of the most significant changes in the humanitarian system in recent years. It was heralded as having transformative potential, an opportunity to shift power from aid providers to people, a chance to provoke fundamental shifts in how the humanitarian system works.

So has it delivered? Well, over the last decade, we've seen a lot of change. But transformation? Well, not so much. Yes, the use of cash has changed the way people in crisis interact with aid, and has enabled them to make more choices than before. But sometimes cash and voucher assistance comes with restrictions which still limit choices.

And people in crisis still tend not to have much influence on the way programs are designed. On the plus side, the use of CVA has clearly increased. [00:01:00] It now accounts for about 21 percent of international humanitarian assistance, up from just under 14 percent in 2017. But we're still far from where we should be.

Research shows us that if cash was used everywhere it was feasible and appropriate, it could account for up to half of all international humanitarian aid. The growth in the use of cash has impacted the way the humanitarian system works, forcing change in the way things are done and who does them. For example, cash can be delivered remotely if needed, and financial service providers are now an important actor in the humanitarian scene.

But while there has been change, the humanitarian system is still organised in much the same way as before, with action defined in terms of food security, WASH, health, etc. And agencies are organised in clusters to deliver its plans. So what's happened to cash's transformative potential? On CashCast, we examine the critical [00:02:00] debates in humanitarian cash and voucher assistance.

Over the next six episodes, we'll be digging into the question of transformation. And exploring where change has happened and where it hasn't. We'll be questioning what's enabled change and what stood in its way. And on our journey, we'll be asking, where does cash go next?

In this episode, we're starting with a high level view, looking at the international humanitarian system to understand what was expected of cash and what's been achieved. We start with a seemingly simple question. But it's one with many layers. Does cash really have the potential to transform the humanitarian system

and make it better at responding to the needs and preferences of people in crisis?

Christina Bennett: Cash has been an incredible enabler of both the incremental and the transformational [00:03:00] change that we have seen or we hope to see in the sector. But it needs to be supported with changes in politics, changes in incentive structures, changes in power structures, and changes in practice and ways of working.

Because cash is a tool, it's a medium, it's a channel, a really exceptional one for reform. But it, in and of itself, isn't the reform.

That's

Karen Peachey: Christina Bennett, who has 20 years of experience in humanitarian policy and practice. She's the chief executive of the Start Network, whose aim is to transform humanitarian action through innovation. Fast funding, early action, and localization.

Christina Bennett: My first sort of encounter analyzing cash or thinking about cash was when I was with the Overseas Development Institute in London, leading the Humanitarian Policy Group, which tries to analyze humanitarian policy trends. And at the time, it was the kind of advent of the high level panel on humanitarian financing and [00:04:00] cash was really central to those discussions that panel was having in the lead up to the World Humanitarian Summit.

Okay,

Karen Peachey: a quick bit of history.

As part of the then UN Secretary General Ban Ki Moon's drive to improve the humanitarian system, in 2016, a high level panel on humanitarian financing was formed. It sought solutions to close the 15 billion dollar shortfall between the cost of addressing humanitarian needs and the global budget to respond to it.

The panel's report made recommendations to shrink the needs, deepen and broaden the resource base for humanitarian action and to improve delivery. Importantly, the report called for a Grand Bargain between nations to address the unmet humanitarian needs, and so then we come to the World Humanitarian Summit in 2016, which involved masses of meetings, panels, and working groups.

It sought to examine a myriad of issues around how to reform the aid sector in order for it to [00:05:00] react more effectively to the many crises around the world. And the culmination of that was indeed the Grand Bargain, a wide ranging agreement with 51 specific commitments. And when it comes to cash, to cut a long story short, commitments were made to increase the use and coordination of cash, more specifically to increase the routine consideration of cash alongside other tools to increase funding for CVA, increase the evidence base, and to increase capacity and improve quality. So, the impact of the panel, the World Humanitarian Summit, and many other associated events was to ignite excitement around the potential for humanitarian cash transfers. Ahead of all this, cash was at about 7.9 percent of international humanitarian assistance. And now, it's at about 21%. Back to Christina.

Christina Bennett: At the same time, I was working on a project at ODI that was looking at systems change, and the changes that [00:06:00] needed to happen in the humanitarian sector, for it to kind of get over itself and its hundred year legacy, and become a more modern, more efficient, more effective.

Sector in the service of people who were increasingly under threat by conflict or disasters. And so we were looking at cash in the context of systems change and really looking at its potential for being both, you know, a tool to make the system more efficient and effective, but also a tool for systemic transformation.

When you were talking

Karen Peachey: about systems level change in something as complex as the humanitarian sector, there are many, many layers of change needed. But where does that really begin and end? What does it really look like? What do we really mean when talking about systems change? And how does cash fit into

Christina Bennett: this?

There are different types of systems change, I suppose, and they break down into incremental change and transformational change. Incremental change really being about how we do the [00:07:00] things we do in any system. And transformational change really being about what we do. So this idea of systems change is not about institutions.

It's not about individuals. It's not about even individual policies or politics. It's about really wholesale change of all of those things at the same time. And at the time, you know, cash was being touted as that instrument of transformational

change. Cash was the financial disruptor. It was that we do things differently because we are giving out uh, a more fungible, flexible medium or tool, which is cash and not food and not NFIs, non food items and not, not shelter or soap or feminine hygiene products. You know, it was this, it was the kind of the solution to. Meeting community's demands because cash could be so flexible.

Karen Peachey: So at that time, expectations were high.

Many people believed that cash could help transform this sector. As well as being seen as a [00:08:00] means of assistance that offered greater choice and dignity, it was felt that cash transfers would challenge the business model of humanitarian aid in terms of how it had been funded, delivered, and organized. It was also felt that cash could have transformative implications for the humanitarian action and the humanitarian system overall.

In many quarters, there was excitement and enthusiasm around using it. And while change has happened since then, the change hasn't necessarily panned out as some people anticipated.

Christina Bennett: I am not sure it has been the transformation or it has catalyzed the transformation that we all wanted to see. I mean, if you think about going back to the critique of the sector at the time that cash was being touted as this transformation, it was about, you know, this sort of, oligopoly of humanitarian financiers, so the donors and the recipients of those funds, and that cash was going to loosen up that very tight knit group.

But if you look at the latest global humanitarian assistance [00:09:00] report, you see that it's still that oligopoly. It's still a handful of donors giving to a handful of large, uh, UN agencies and international NGOs. So cash hasn't really loosened that up. Second, you know, it was, the critique was also about the political capture and instrumentalization of the humanitarian system and really it being so much about supply based aid.

So not only what did governments want to give and where, but what did aid agencies have to give and where. It wasn't so much about what was needed on the ground. And again, cash has been a really interesting tool for allowing some of that flexibility to happen and turning that supply side humanitarianism on its head.

But it has been the tool. It hasn't been the transformation itself. We still see political strategic interests getting in the way of needs. Not to minimize the suffering of the people of Ukraine, but if you think about how much money has

been made available and has been going to [00:10:00] Ukraine at the expense of other countries needs and at a time when all countries were crying poor when it came to humanitarian aid and yet found lots of money for Ukraine, you can see that the political interests are still front and center and you still see lots of aid agencies, whether they are UN agencies or large aid institutions, you know, still driven by what they have to give, what their mandate is as an organization, rather than looking at community needs on the ground as a first set of questions.

So I guess this whole conversation about how humanitarian finance needed to be more efficient and effective. Cash has been an instrument to allow that to happen, but it in and of itself has not been the transformational change. Maybe an effective disruptor and a catalytic mechanism. But not, in and of itself, the source of transformation, which needs to be at a system level, not at a tool level.

Karen Peachey: So, from some angles, Cash hasn't delivered on its transformative promises. [00:11:00] With less structural change in the system than some expected and hoped for. But cash has provoked a lot of change at organizational level and process level. So perhaps it's more accurate to think of cash as disruptive rather than transformative.

And if cash can't instigate transformational change, what kind of changes might we expect to see from it?

Christina Bennett: From where I'm sitting at Start Network, which is a network of now more than 80 local, national, and international NGOs, and really, more than half of us are now made up of local organizations, cash has been an incredibly useful tool for the Start Network.

But again, as a medium, That really does help us with the change that we want to see. What Start Network is looking to do and what our strategy is based on is making three systemic shifts in the way that aid happens. The first is by shifting power and the second is shifting resources. And the third is about shifting practice.

Karen Peachey: So three big shifts [00:12:00] needed. One about changing power, the second about shifting resources, and the third about changing how we do things. So for Christina, it's not about cash per se. It's about how cash helps achieve each of these three shifts. Let's look more closely at each of them. What does the first shift, shifting the power, actually look like?

And how can cash help with that?

Christina Bennett: The way that we define it is shifting governance, leadership, decision making and voice to organizations working as close to communities as possible. And those are mostly local and national organizations, not always, but mostly. And what cash has been able to do for us is take that decision making power, take that prioritization power, take that leadership out of the hands of organizations that had things that they could give, so whether it was food assistance, or shelter, or WASH, or any of those [00:13:00] food and non food items that aid agencies specialized in and had to offer, and really transforming that into more of a demand led assistance that doesn't start with what agencies have to give, but really starts with what communities need and aspire to, and goes backwards from there, so it has almost allowed us to flip the humanitarian thing supply chain to be one based on demand and not supply.

Karen Peachey: Shift 2 is about shifting resources. How can cash help there?

Christina Bennett: When trying to shift power to local and national organizations and really center the priorities of the humanitarian system or the priorities of any humanitarian intervention, cash has allowed us to put those resources in the hands of those local organizations much more easily for them to do what they want.

So, Start Network gives money to our members through pooled funds like the Start Fund, which allocates money based on collective decision making by our members to individual [00:14:00] small to medium sized crises. We give money to our local organizations and hubs as incubation funding. So that allows them to set up their hubs, their governance structures, their policies and procedures as coalitions of organizations in country. And we give money to populate risk pools, which try to work in anticipation of crises. And those risk pools have different instruments in them, like trigger based disaster risk financing systems and insurance systems that allow us to give money out to communities ahead of a disaster. So those are the sort of the three main ways we give out money to our members.

And if we didn't have cash, we wouldn't be able to use that money so flexibly. So we do give money to local organizations to do what they want. We do give cash assistance through the Start Fund to be able to get money fast on the ground. We make decisions about how money is spent within 72 hours. We get the money on the ground within two weeks. And [00:15:00] we could only do that because of mobile transfers, because we are not shipping things. We are not delivering goods. We are not having to break down needs in terms of sectors.

Karen Peachey: And the third shift is about shifting practice.

Christina Bennett: That is about everything from reassessing the way that we think about risk, how we practice, how we implement our programs on the ground, and doing so in a way that isn't determined by headquarters or brand guidelines from large organizations.

Or ways of doing things that were built on colonial structures. So it's those three shifts that we're looking to make around, uh, around how humanitarian action is done, the what, and not just so much the how.

Karen Peachey: So far, Christina has talked about how cash can be a disruptor. A catalyst for change. With people in [00:16:00] crisis having a lot more agency to decide how to use resources, rather than having to spend in decisions made for them. It has also catalyzed change in terms of resources, meaning agencies don't have to ship as many goods around the world, allowing funds to be moved quickly.

But there are major barriers that limit cash's full potential as a transformative tool. Christina believes that the way the sector views risk and reporting is one of the biggest blockers to wider change.

Christina Bennett: Our approaches to risk and reporting are the largest blockers to locally led response, to making our response more efficient and effective, to shifting power resources and behaviors.

And it's because we view risk very narrowly in the way that funders fund, in the way that aid organizations view their partners, and in the way that we expect results. Our concept of risk is based on an organization's ability to manage their finances effectively, to [00:17:00] report on activities that they have accomplished with the money that they've been given, and always looking for reasons to find fault in what organizations are able to do and have to give.

But the way I see risk is not so much the risk of mismanagement of money in the humanitarian system. There will always be mismanagement of money to some degree. And we all do have to address that and mitigate that and manage that is not a risk free enterprise. But I think the risk of not delivering for communities, not helping communities, not only in the moment of a humanitarian crisis.

But afterwards and on in their trajectory toward more sustainable and aspirational societies, the risk of not doing that by being so risk averse is higher. And so I think we need to reframe the way we think about risk of not the risk of

action, but the risk of inaction. And in doing so, we would come up with different indicators [00:18:00] or measurements of success.

And those measurements of success wouldn't be the number of wells built. And food distributed or even cash distributed. It would be, you know, have we created a sustainable system in country to allow communities to thrive post disaster, post conflict, as well as in the midst of crisis.

Karen Peachey: While there are challenges to overcome, Christina argues that transformational change is needed to achieve a humanitarian system in which recipients of aid have more decision making power, where their needs are met and importantly where all our actions contribute to sustainable change. This isn't just about systems and processes, it's about mindsets and behaviours.

Christina Bennett: We have to get away from thinking that everything revolves around us as the international aid system. That we sit at the centre and that everything that happens in countries and communities and even in governments revolves around us.[00:19:00]

And what we really need to do is recenter our sun, that the sun should not be us, but should be those organizations or that ingenuity that sits in country. And we, as the international system need to be those entities that orbit that sun and not only sort of get energy from it, but also support those organizations and what they're trying to do.

And we should be supporting those ideas and that ingenuity rather than thinking that we have all of the solutions ourselves. And that requires the shift in mindset that we've been talking about. It requires our organizations to be enablers and partners and not doers. It requires us to hold certain levels of expertise and be ready to scale if a situation requires scale, but not to be so brave as to say that expertise is the be all end all of technical knowledge.

That expertise needs to work with countries and communities in the expertise that they have. And it, again, means to adopt a different risk profile, and that's a profile of saying, [00:20:00] we may not be able to control or account for all of the initiatives that we support, but that's okay. We will take on that risk because if the end result is a more sustainable society that thrives after a humanitarian emergency, then, then we've done our job well.

We need in the same way that we have stepped back to say, why not cash? We need to be stepping back to say, why not local and not what can we give, but what can we do to support? And it's that pause and it's that getting back to

basics of what the humanitarian assistance is for. It's for filling gaps when governments and countries are unable and unwilling to assist their populations. And if we get back to that gap filling, then we're kind of, we've recentered ourselves in support of what countries can or cannot do.

Karen Peachey: With the growing use of cash, there's been lots of positive change, but it seems hard to argue it's been transformational.

According to Christina, the possibilities are [00:21:00] still there, but we need to get out of our comfort zones and stop focusing so much on how we're doing the things and start changing what we're doing. This means going beyond making the current humanitarian system more efficient and effective. It means changing the system.

But what would transformation look like? And what would cause it?

Christina Bennett: I think the transformation would come from breaking up that cozy relationship between northern funders, northern institutions, southern recipients, even some southern institutions, grant making charity, and really finding new ways of giving communities or enabling communities to take what they already have, whether it's expertise or financial leverage or access to capital and making that better or applying, you know, those kinds of principles, principles of, yeah, of leveraging funds and finance principles of cooperatives and cooperative models. You know, maybe not [00:22:00] giving money to aid organizations all the time, but giving money to small to medium sized enterprises, countries in protracted crises, say, to, um, improve local economies and to bring up, um, local businesses and local entrepreneurs and local leaders, rather than, um, just supplying, uh, needy populations with aid for a certain period of time in ways, um, that we determine and not they determine it's potentially investing in communities in community innovation projects and not only investing in their design, but investing in their scale, but in in country and not being so worried about reporting back all the time, how money was spent, how many, you know, how many dollars, how many pounds, what it was spent on, how many roofs, how many wells, how many and really trying to pinpoint to the last dollar or pound, how money was spent and really thinking about how money is being leveraged and invested to invest in communities futures.[00:23:00]

Karen Peachey: So where does this leave us? Has cash lived up to the promise laid out in the World Humanitarian Summit? It seems that the hopes and expectations a lot of people had for cash and its ability to radically transform the humanitarian system haven't exactly been met. But whilst it hasn't spurred

transformational change, My discussion with Christina has really highlighted just how influential and powerful the increased use of cash has been.

Cash has had a major impact on the aid system by providing flexibility, fungibility, and enabling more timely response to people affected by crisis. It's also underscored the importance of choice and dignity in crisis. However, we still have a long road to walk for cash to achieve its full potential as a tool for transformational change in the sector.

So change, yes? But transformation, not yet at least. [00:24:00]

On the next episode of CashCast, we'll be exploring what this looks like for people on the receiving end of aid.

Innocent Tshilombo: People are not yet empowered at 100%. They are empowered partially, let's say at 10%, 20%, because currently cash voucher assistance is just implemented for a fraction of what is being provided as aid.

Meg Sattler: What if someone really had choices in humanitarian settings? What would that look like? People sort of really feel that what they need and want is something that will enable them to be able to think more about their tomorrows.

Karen Peachey: Let's continue the conversation. We want to hear from you. Feel free to share your thoughts or questions with us through the different channels indicated in the description of this episode.

So until next time, goodbye.