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THE INFLUENCE OF CASH ASSISTANCE ON DISASTER RESPONSE AND THE HUMANITARIAN SYSTEM

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Front cover photos

Left: Nepal earthquake. Photographer Pablo V. Holm-Nielsen.

Right: CVA delivery in Kenya. Photographer Fred Orimba.

Preface

During the process of research for this PhD thesis, I have had a double role as a researcher and practitioner. This has given me some advantages but also some challenges. I am employed by Danish Red Cross and have been an external lecturer at the Master of Disaster Management at the University of Copenhagen. During the course of the Ph.D. I have worked as a researcher half of the time and been deployed as a CVA expert and team leader in disaster response the other half.

My first motivation for research in the field of disaster management happened in 2016 in the response to drought in the north of Kenya. The CVA response was targeting pastoralist communities that are semi-nomad and follow their cattle to better pastures. At some point, one of the communities was reported to have entered Ethiopia. This is a normal situation since the pastoralist communities feel stronger identity with their clan than with the countries they reside in. We crossed the border and found the community where one-third had Kenyan IDs, one-third had Ethiopian IDs and one-third did not have IDs. Because of legality issues and because of potential conflicts with residents of towns in Kenya near the border, we were forced to only give help to the members of the community that had Kenyan IDs. This frustrated me greatly and made me feel that research was needed in the area of CVA implementation. Unfortunately, it was not possible to include this aspect of CVA implementation in my research because the covid19 pandemic began a few months after the start of the research, limiting my access to the affected communities.

During my professional deployments, I have witnessed many incidents that illustrate the challenges presented in this thesis and other academic literature. I have the conviction that every person optimizes what they are measured on. Meaning that if an individual is measured on reporting, that is what they will optimize; if they are measured on donor relations, that is what will get attention; etc. Therefore, one interest during my research has been what motivations there are for change and improvement.

As a scientific researcher, I must base the research on what can be proven to be true, and not on what my opinion is on the subject. However, I have reflected on the findings of the research while being active in CVA implementation for disaster response. My practical experience confirmed the results of the research and gave me confidence in the positive synergies of having this double role. I do believe that the academic world and the humanitarian organizations would both benefit from having individuals pertaining to both at the same time.

A practical challenge, however, is the difference in mentality in each realm. During the response operations, the aim is problem-solving to get the aid delivered as quickly and effectively as possible. Disaster response must work with the concept of “good enough”. Being too thorough means that the aid will arrive too late and being too rapid means that mistakes are going to be made in targeting and assumptions. A measure of success of a disaster operation is when it is criticized *equally* for not being fast enough and not being thorough enough. That means that the balance between the two has been achieved. Conversely, academic research must be thorough and methodological in order to create reliable and valid results. It was a surprise to me how long it took to switch between the two mindsets. The transition was a challenging experience that I had to learn to manage properly.

I do hope that the effort made by myself and my supervisors and the opportunity given to me by the Danish Red Cross to conduct this research will increase and understanding of CVA and the humanitarian sector. Hence, helping improve disaster response and contribute to a better delivery of aid to the affected population worldwide.

Acknowledgements

I would like to thank my supervisors Dr Emmanuel Raju and Peter Furu for their many valuable insights and professionalism. For guiding my research, making themselves available, even in very busy times, adapting to my schedule and needs. Supporting a PhD thesis remotely as was necessary under the pandemic lockdown was not an easy task. I felt supported at all times both academically and personally.

I am also thankful to the management of the International Department of the Danish Red Cross for financing the PhD in particular Bjarke Skaanning for supporting my application for the funding and together with Peter Rothe Schultz for generously allowing me time enough to finish the writing of the thesis. Further thanks to my colleagues at the Danish Red Cross, particularly at the Crisis and Disaster Response Unit and at the Cash Matrix, for taking up tasks that would likely have been my responsibility during my absence from work due to the time devoted to the research and for their sympathy and support throughout the whole process.

I would like to extend special gratitude to the respondents of the interviews for their knowledge and time. Many of them were prominent figures in the disaster response sector that are pressed for time but allowed me to gain insight into their experience and visions for the humanitarian sector.

For the study of CVA and localization in Kenya, I am thankful to Peter Murgor from the International Centre for Humanitarian Affairs (ICHA) who helped establish the initial contacts with members of the Kenyan National Cash Working Group (NCWG) and Dr Nicodemus Nyandiko from the Masinde Muliro University of Science & Technology (MMUST) at the Department of Disaster Management and Sustainable Development, who helped with the approval of the research permits. Katja Frida Rosenstock guided me through the literature in localization which greatly simplified the process.

The study on innovation and CVA was performed in collaboration with Alex Monich. I am thankful for the productive and effective process of analysis and writing and for the optimism and positive attitude at all times.

Professionally, I am thankful to the lecturers of the Master of Disaster Management (MDMa) at the University of Copenhagen and the University of Lund for introducing me to the concepts of disaster response almost a decade and a half ago. To Lisbet Elvekjær for introducing me to the notions of CVA implementation. To my former colleagues at Katastrofe- og risikomanager uddannelsen at Profesionshøjskolen for introducing me to the benefits of lecturing disaster management concepts to a new generation of professionals. To my colleagues at the Danish Red Cross and the Red Cross Movement for joining me in applying in a practical way all the learned concepts of disaster response and CVA. And to the researchers at the Copenhagen Center for Disaster Research (COPE) for coaching me in research in the context of disaster management. I am very grateful for everyone at all those institutions that directly or indirectly influenced my journey towards this PhD and helped me inch step of the way.

I would like to particularly mention Jesper Holmer Lund. A beacon in disaster management and a constant inspiration throughout the years. His friendship and experience are greatly missed by me and many others.

For my family and friends my most sincere thanks for not forgetting me in my long absences due to research, pandemic isolations or disaster response deployments. I look forward to being more available to all of you in the near future.

Summary

Cash and Voucher Assistance (CVA) is becoming the preferred modality for aid delivery in disaster response worldwide. CVA has many proven benefits such as giving dignity and the power of choice to the affected population. This thesis shows that the shift towards CVA has influenced humanitarian organizations and the humanitarian system in various ways. CVA is not only a change but also a source of change and transformation.

CVA has been used for covering the needs of the various sectors in disaster response, such as health, nutrition or livelihoods. However, the benefits of CVA are most noticeable when the cash is delivered unconditionally and unrestricted in the form of Multi-Purpose Cash Grants (MPCG). MPCG is contributing to breaking down silos in disaster response by allowing a more holistic approach to aid that focuses on the needs of the affected population more than on the mandates of humanitarian organizations.

The research presented in this thesis is based on four studies that cover various aspects of the transformative effect of CVA on humanitarian organizations and the humanitarian system. Study 1 shows the changes that the humanitarian organizations have experienced due to the shift to CVA. New skillsets had to be learned such as market assessments, new procedures had to be established such as relationships with financial service providers and some changes were accelerated such as the establishment of post-distribution monitoring to measure the use and appropriateness of the delivered aid. The changes were for the most part organic and lacked a proper change management strategy.

Study 2 shows the process of diffusion of innovation of novel technologies applied to CVA in the humanitarian sector. Financial technology will in the near future alter the way societies approach the use of money, and therefore, influence or disrupt the way CVA is implemented. Humanitarian organizations will not have the possibility to maintain the required level of technical knowledge and will, therefore, need to establish deeper relationships with the private sector. Innovation and change are challenging in disaster response due to the potential effects on accountability for the affected population.

Study 3 analyses the interaction of CVA and the localization agenda in Kenya. The context was chosen because both CVA and localization are well established and hence, their interaction can be studied more effectively. A framework with seven dimensions of localization applied to CVA was developed for the analysis. The study shows that one of the most important contributors to localization is the creation of a network of local actors that gives small local organizations a voice in the system. CVA can facilitate this process because it gives the opportunity of being part of disaster response without the investment in logistics setups. Local actors can influence the programmatic aspects of the delivery of aid due to the flexibility of CVA. An important condition for the mutual benefit of CVA and localization are personal values of the professionals involved. Managers in INGOs need to be willing to give up power and influence, and experienced local professionals need to be willing to work in the national context.

Finally, study 4 shows that CVA has transformed the humanitarian system. CVA affects the core issues that the humanitarian system is facing. These are power relations, coordination and the sectorial nature of disaster response. The humanitarian system needs further transformation and CVA can be a strong contributing factor to this transformation. Donors favour giving CVA resources to a single agency or consortium in a given context and not all organizations are going to be involved in CVA implementation in the future. Some aspects of disaster response will continue being

delivered through the in-kind modality. These activities need to be defined and delivered by increasingly specialised organizations. Humanitarian organizations will need to review their role and identity in this changing landscape.

The change in the nature of disasters and the transformation created by financial technology may create a paradigm shift in the humanitarian sector and in disaster response in the near future. Based on the experiences from the past and the persistent reluctance to change, it can be concluded that the humanitarian organizations and the humanitarian system are not ready for that paradigm shift. Humanitarian organizations need to become more adaptable to the changing environment by creating change management, organizational learning and innovation processes. The incentives for humanitarian organizations and for professionals in the system need to be aligned with the aims and purpose of disaster response. The humanitarian system needs to ensure that in the privatization of disaster response, the humanitarian principles are respected and applied.

Sammenfatning (Danish summary)

Cash and Voucher Assistance (CVA) er ved at blive den foretrukne modalitet til levering af hjælp ved katastrofe respons over hele verden. CVA har mange dokumenterede fordele, såsom at give værdighed og muligheden for at vælge til den berørte befolkning. Denne afhandling viser, at skiftet mod CVA har påvirket humanitære organisationer og det humanitære system på forskellige måder. CVA er ikke kun en forandring, men også en kilde til forandring og transformation.

CVA er blevet brugt til at dække behovene i de forskellige sektorer i nødhjælp, såsom sundhed, ernæring eller levebrøds genoprettelse. Fordelene ved CVA er dog mest mærkbare, når kontanterne leveres ubetinget og ubegrænset i form af Multi-Purpose Cash Grants (MPCG). MPCG bidrager til at nedbryde siloer i nødhjælps arbejde ved at tillade en mere holistisk tilgang til hjælpen, der fokuserer mere på den berørte befolknings behov end på humanitære organisationers mandater.

Forskningen gengivet i specialet er baseret på fire undersøgelser, der dækker forskellige aspekter af CVAs transformative effekt på humanitære organisationer og det humanitære system. Undersøgelse 1 viser de ændringer, som de humanitære organisationer har oplevet som følge af skiftet til CVA. Nye færdigheder skulle læres, såsom markedsvurderinger, nye procedurer skulle etableres, såsom relationer med udbydere af finansielle tjenesteydelser, og nogle ændringer blev fremskyndet, såsom etablering af post-distributionsovervågning for at måle brugen og hensigtsmæssigheden af den leverede støtte. Ændringerne var for det meste organiske og manglede en ordentlig forandringsledelsesstrategi.

Undersøgelse 2 viser processen af spredning af innovation af nye teknologier anvendt på CVA i den humanitære sektor. Finansiel teknologi vil i den nærmeste fremtid ændre samfundets måde at bruge penge på og derfor påvirke måden, CVA implementeres på. Humanitære organisationer vil ikke have mulighed for at opretholde det nødvendige niveau af teknisk viden og vil derfor være nødt til at etablere dybere relationer til den private sektor. Innovation og forandring er udfordrende i katastrofeberedskab på grund af de potentielle virkninger på ansvarlighed for den berørte befolkning.

Studie 3 analyserer interaktionen mellem CVA og lokaliseringsdagsordenen i Kenya. Landet blev valgt, fordi både CVA og lokalisering er veletablerede, og derfor kan deres interaktion studeres mere effektivt. En ramme med syv dimensioner af lokalisering anvendt på CVA blev udviklet til analysen. Undersøgelsen viser, at en af de vigtigste bidrag til lokalisering er skabelsen af et netværk af lokale aktører, der giver små lokale organisationer en stemme i systemet. CVA kan lette denne proces, fordi det giver mulighed for at være en del af nødhjælpsindsatsen uden investering i logistik. Lokale aktører kan påvirke de programmatiske aspekter af leveringen af hjælp på grund af CVAs fleksibilitet. En vigtig forudsætning for den gensidige fordel af CVA og lokalisering er personlige værdier hos de involverede professionelle. Ledere i INGO'er skal være villige til at opgive magt og indflydelse, og erfarne lokale fagfolk skal være villige til at arbejde i den nationale kontekst.

Endelig viser undersøgelse 4, at CVA har transformeret det humanitære system. CVA påvirker de kernespørgsmål, som det humanitære system står over for. Disse er magtforhold, koordinering og katastrofeberedskabets sektorielle karakter. Det humanitære system har brug for yderligere transformation, og CVA kan være en stærkt medvirkende faktor til denne transformation. Donorer foretrækker at give CVA-ressourcer til et enkelt agentur eller konsortium i en given kontekst, og ikke alle organisationer vil være involveret i CVA-implementering i fremtiden. Nogle aspekter af katastrofeberedskab vil fortsat blive leveret gennem fysiske vare eller tjenester. Disse aktiviteter

skal defineres og leveres af endnu mere specialiserede organisationer. Humanitære organisationer bliver nødt til at revidere deres rolle og identitet i dette skiftende landskab.

Ændringen i naturkatastrofer og transformationen skabt af finansiel teknologi kan skabe et paradigmeskifte i den humanitære sektor, i nødhjælps arbejde og i katastrofeberedskab i den nærmeste fremtid. På baggrund af erfaringerne fra fortiden og den vedvarende modvilje mod forandring kan det konkluderes, at de humanitære organisationer og det humanitære system ikke er klar til det paradigmeskifte. Humanitære organisationer skal blive mere tilpasningsdygtige til det skiftende miljø ved at skabe forandringsledelse, organisatorisk læring og innovationsprocesser. Incitamenterne for humanitære organisationer og for fagfolk i systemet skal tilpasses målene og formålet med katastrofeberedskab. Det humanitære system skal sikre, at de humanitære principper respekteres og anvendes i privatiseringen af katastrofeberedskab.

List of acronyms and abbreviations

AHN	ASAL Humanitarian Network
ASAL	Arid and Semi-Arid Land
CaLP	Cash Learning Partnership
CBA	Cash Based Assistance
CBI	Cash Based Interventions
CCD	Collaborative Cash Delivery Network
CCS	Common Cash Statement
COPE	Copenhagen Center for Disaster Research
CSG	Cash Steering Group
CTP	Cash Transfer Programming
CTWG	County Technical Working Groups
CVA	Cash and Voucher Assistance
CWG	Cash Working Group
DRC	Danish Red Cross
EU	European Union
FbA	Forecast Based Action
fintech	Financial technology
FSP	Financial Service Provider
GHD	Good Humanitarian Donorship
GMI	Global Mentoring Initiative
HQ	Headquarters
IARAN	Inter-Agency Research and Analysis Network
IASC	Inter-Agency Standing Committee
ICHA	Centre for Humanitarian Affairs
INGO	International Non-Governmental Organization
KCC	Kenya Cash Consortium
KRCS	Kenyan Red Cross Society
LO	Local Organization
MDMa	Master of Disaster Management
MEB	Minimum Expenditure Basket
MMUST	Masinde Muliro University of Science & Technology
MPCG	Multi-Purpose Cash Grant
NACOSTI	National Commission for Science, Technology and Innovation
NCWG	National Cash Working Group
NEAR	Network for Empowered Aid Response
NFI	Non-Food Item
ODI	Overseas Development Institute
PDM	Post-Distribution Monitoring
SDG	Sustainable Development Goals
UN	United Nations
WASH	Water Sanitation and Hygiene
WHS	World Humanitarian Summit

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1. Introduction

This section will introduce the basic concepts and overall aim of the thesis. It will be followed by the research objectives, a background of the studied modality for disaster response and later by research on related topics. After a description of the methodology, the research papers will be presented as findings and discussed, which will lead to the conclusion of the thesis.

1.1. Cash assistance for disaster response

The nature of humanitarian disaster response has changed, shifting its activities from rural and camp contexts to urban response, from annual programming to protracted crises, from international aid to the requirement of locally-led response, from in-kind assistance to cash and voucher assistance (CVA) [1][2][3]. CVA is the response to disasters through the use of monetary or financial help to people in need instead of in-kind aid [4].

For arguably more than a decade CVA has progressively become the preferred modality by donors and humanitarian organizations for helping people in need in disaster response [4][5][6]. CVA has been described as one of the most significant areas of innovation in disaster response [7] and as a silent revolution in the humanitarian world [8]. At the Grand Bargain in 2016, States and humanitarian organizations committed to increasing the use of CVA [9]. There are many proven benefits for the affected population as dignity and flexibility [1][4][5] and there are also a number of challenges and unanswered questions as the economic impact of CVA [10], security concerns [11], overall coordination of CVA [12] or the implications for long term programming [13].

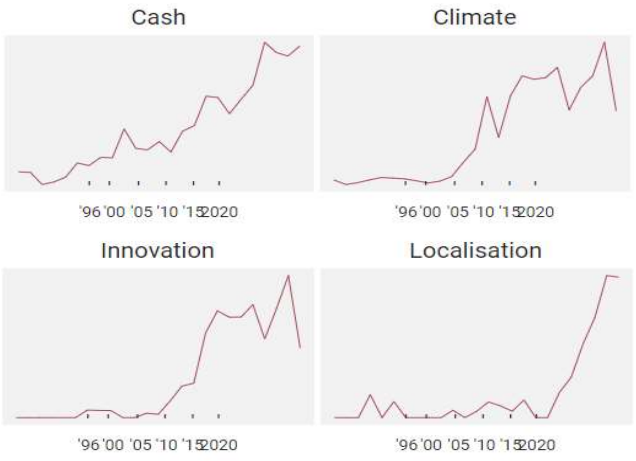

Figure 1: *Fluctuations across years in percentage of published reports that had the keyword in their title (the absolute number of reports on each topic cannot be compared from this data)* [14].

The concept of CVA and the research on CVA will be expanded in the background section of this thesis. However, it is worth noting that at the start of this PhD, in the reviewed literature there were many reports from organizations implementing CVA, yet the academic research in the area was not large. Figure 1 shows the percentage of reports that used the term “cash” in the title over the years, confirming the growing interest in CVA in academic research and grey literature. An academic

literature review from 2019 on CVA and supply chains noted that very few academic studies on the subject were published before 2006, and half of the research was published from 2018 onwards [15]. It was therefore pertinent to embark on academic research related to CVA implementation for disaster response.

The research in the area of CVA had mainly been focusing on the benefits and challenges of CVA and the effectiveness of the response related to a sector, a geographic area or a specific country. While there has been substantial discussion on the CVA as a modality, there is very little evidence of how CVA has influenced humanitarian organizations and the humanitarian sector. Organizations have dealt with the change or transformation in a practical way, but there is a lack of research perspective on the subject. A background note for the High-Level Panel on Humanitarian Cash Transfers [1] raised questions about whether and about the role of CVA for humanitarian organizations, the private sector and the localization agenda. These relevant questions have remained unanswered. After more than a decade of using CVA as a favoured modality for disaster response, it is reasonable to expect that the humanitarian organizations themselves as well as the humanitarian system as a whole must have experienced a change or transformation.

1.2. PhD rationale

The purpose of this thesis is to analyse the influence CVA has had on the humanitarian organizations that have favoured CVA over in-kind assistance and the humanitarian sector as a whole and to discuss what further effects CVA will have in the future of the humanitarian system.

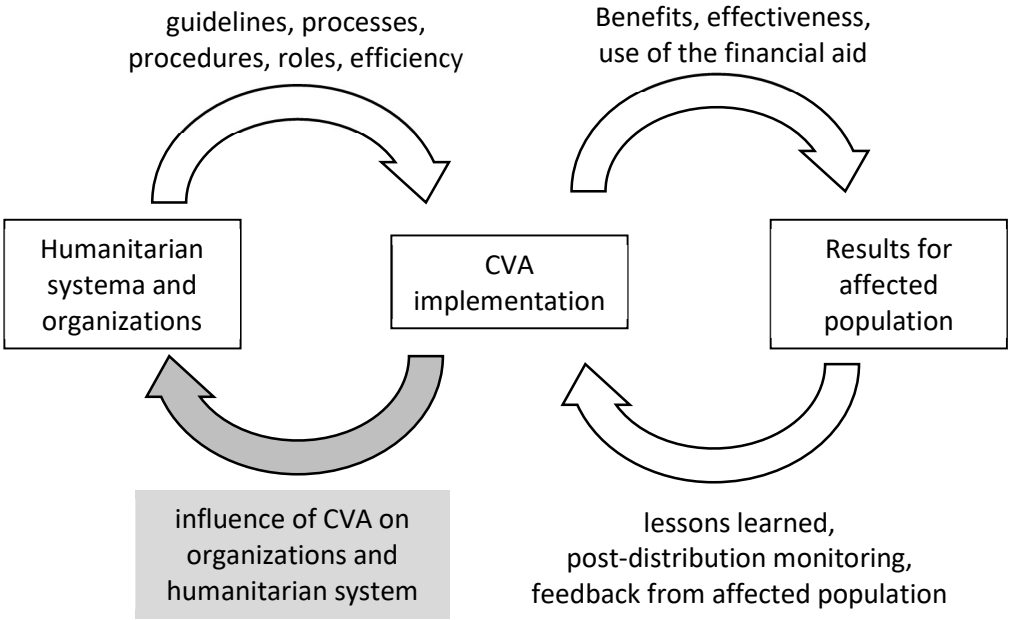

Figure 2: *Conceptual illustration of the scope of this thesis. The humanitarian system and organizations have an effect on CVA implementation which has an effect for the affected population. The outcomes of programs feed into improving CVA implementation. This thesis aims at studying how CVA implementation in turn affects the humanitarian organizations and the humanitarian system.*

Figure 2 shows a schematic illustration of the different influences CVA may have on the humanitarian system. The first arrow at the top left illustrates that the humanitarian organizations and the humanitarian system have defined CVA implementation and are constantly improving it through guidelines, processes, procedures, defined roles and improvement of cost efficiency. The second arrow at the top right indicates that CVA implementation affects the outcomes of programs and creates results for the affected population that rely on the benefits of CVA, the effectiveness and impact of the programs and the use of the financial aid that the people in need may decide. The third arrow at the bottom right illustrates that in turn, the results of the disaster response programs contribute to the improvement of CVA implementation through lessons learned reports, post-distribution monitoring and the feedback from the affected communities. Finally, the fourth arrow at the bottom left indicates that CVA implementation may have an influence on the humanitarian organizations and the humanitarian system. The three first steps of influence have been the focus of organization reports and academic literature. The last step marked in grey concerns the influence that CVA has had on humanitarian organizations and the humanitarian system. This influence has not been sufficiently studied and is the focus of this thesis.

1.3. Factors that influenced the research

The research started in 2019 right before the covid-19 pandemic impeded international travel. This had several implications for the studies. One was that all interviews were conducted online, given the geographical disparity of the respondents. The other consequence was that none of the people affected by disasters could be contacted during the data collection part of the PhD. The research was focusing on the humanitarian organizations and the humanitarian system as a whole, so the people receiving the aid were not the focus of the research. The research was aimed at disaster response in general, without having focus on a particular disaster, therefore the covid-19 pandemic will not be addressed specifically.

The researcher is an implementer in disaster response employed by the Danish Red Cross. During the research, I had a double role as implementer and researcher intermittently. The experience from the field gave me valuable insights and knowledge, however, it also brought with it some bias that had to be addressed. This will be addressed and expanded in the methodology under the subsection devoted to reflexibility.

1.4. Glossary

Some of the terms used throughout this thesis deserve clarification. Many of the concepts will be properly presented and defined in later sections but here a few of the terms that may cause misunderstanding will be described as they are used in the text.

CVA: Cash and Voucher Assistance is the most common term for financial aid and the term that is recommended by CaLP [16]. In literature, it has been named as Cash Transfer Programming (CTP), Cash Based Assistance (CBA) or Cash Based Interventions (CBI). In the text sometimes the term "cash" is used for simplicity, but it still refers to CVA program implementation.

In-kind aid is used as opposed to CVA. It includes all forms of food, Non-Food Items (NFI) and services provided to the affected population as aid for disaster response.

Financial assistance includes CVA plus other forms of monetary transfers using other channels than the humanitarian system to reach people affected by disasters. These are for example remittances, social transfers, micro-loans person-to-person transfers, etc. [17].

Sector is used in the humanitarian literature as the whole humanitarian sphere of action as opposed to the private sector, but also as each of the areas of aid implementation represented in the cluster system (nutrition, education, WASH, health, etc.). In this thesis the term sector will refer to the second use unless specified and the effects of CVA will be studied in relation to the humanitarian system.

Local organization (LO) is used in relation to the localization agenda [9]. As will be noted, it is a relative term but in the text, it will be used broadly to refer to national organizations that work in humanitarian action in a country. It includes NGOs, civil society organizations, ethnic-based organizations, representatives of pastoralist groups, etc. The term will be used as opposed to international organizations which will include INGOs or UN agencies.

Donor refers to the back-donors from the global north, even though in the response context some LOs use the term donor for INGOs or UN agencies.

Change is defined as "to make or become different" [18]. In the text, it will be used for things that have been altered in organizations but that do not require a completely new approach.

Transformation is defined as "a complete change in the appearance or character of something or someone" [18]. In the text, it will be used for things that require a new approach in organizations or in the relationship between organizations.

Disruption is defined as "the action of preventing a system, process, or event, from continuing as usual or as expected" [18]. This term will be used for completely new ways of working or radical change in the humanitarian system.

2. Research question and objectives

The initial motivation of this thesis was the notion that after arguably more than a decade of employing CVA as a modality for disaster response, the humanitarian system and the humanitarian organizations must have been affected or changed and that the future of the humanitarian system may further be transformed by CVA implementation.

To investigate this, I have analysed what change or transformation different humanitarian organizations have experienced due to CVA. I also studied how the organizations address the aspects of innovation that are necessary for further adapting to the transformation. Another area of focus became the mutual interaction of CVA and localization, which that particularly needed further attention. I finally focused on what aspects of the humanitarian system have been influenced by the change of modality and what further transformation is needed in the humanitarian system.

Thus, the main research question is:

What changes has cash and voucher assistance produced in humanitarian organizations and the humanitarian system and what transformations are needed for the future?

The main research question is divided into the following four specific objectives, each of which is addressed by a paper within the thesis:

- To analyse what changes the use of CVA for disaster response has created in humanitarian organizations and how the changes have evolved.
- To assess the application of innovation in the humanitarian sector and analyse internal and external challenges affecting the use of novel CVA tools.
- To explore how international and local organizations in Kenya understand and apply the concept of localization in the context of CVA and what implications this has for the humanitarian system in Kenya.
- To examine what challenges, contradictions or opportunities exist between CVA implementation and the functioning of the humanitarian system and how this affects the future of the system.

3. Background

This section will introduce the concept of Cash and Voucher Assistance (CVA) and present research in CVA which will guide the concepts discussed in the thesis. The section is not meant as a thorough nor exhaustive study on CVA, but rather as a presentation of the modality for disaster response that will aid the discussion of the research. The overview of the existing research, which will be completed in the next chapter, will allow for the identification of gaps for further study. The nomenclature will follow the one used by the Cash Learning Partnership (CaLP), an overview of which is included in the last annex.

3.1. Cash and Voucher Assistance

Cash and voucher assistance (CVA) is "the direct provision of cash transfers and/or vouchers for goods or services to individuals, households, or group/community recipients" [16]. CVA excludes payments to "governments or other state actors, remittances, service provider stipends, microfinance and other forms of savings and loans" [16]. Over the years CVA has been called by other names, for example, Cash Based Interventions (CBI), Cash Based Assistance (CBA) or Cash Transfer Programming (CTP). The term "cash" will in this thesis be used broadly to include both physical currency and different forms of electronic currency or digital payments.

The number of implemented CVA programs has grown tremendously during the last decade. From small programs at the turn of the century, CVA represented about USD 2 billion in 2015 and USD 5,6 billion in 2019 [19] as shown in figure 3. The High-Level Panel on Humanitarian Cash Transfers advocated for cash to be a "central part of humanitarian response, used much wider wherever possible and to be large-scale and unconditional" [20]. Currently, CVA accounts for approximately 20% of the aid delivered in disaster response [21] and its share is expected to keep on growing [17][22] [23].

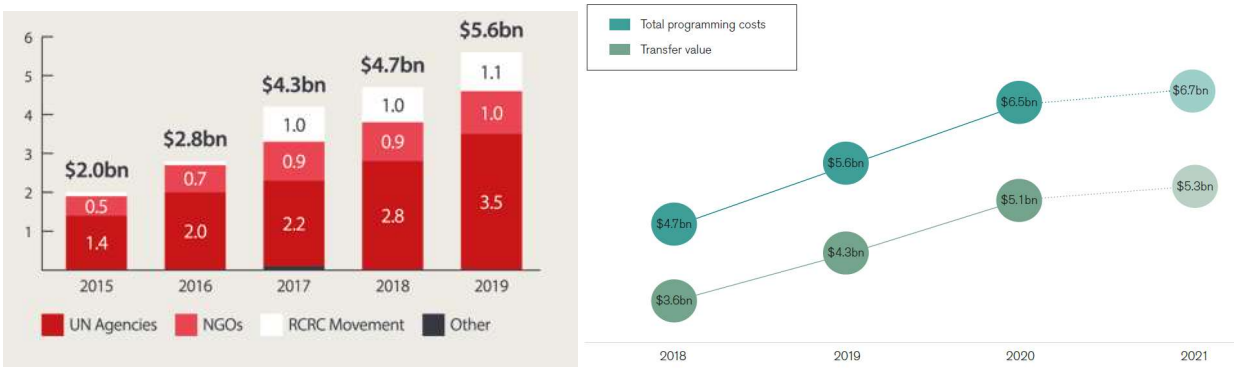

Figure 3: *Increase of CVA implementation from 2015 to 2019 by implementer [19] and increase of CVA transfers from 2018 to 2021 compared to the cost of the programs [22]*

Throughout history, there are examples of different forms of CVA being used for aid, calling it by various names [24]. Food vouchers were used in Europe after the second world war [25]. The Red Cross reports having used cash for disaster response for more than a century [26]. The development

sector has also used cash interventions to "address poverty issues and for market support as direct aid or in the form of micro-loans" [27][28]. The ICRC used cash for micro-economic initiatives in Serbia and cash-for-work programmes in Afghanistan in the early 2000s [29]. The use of large-scale cash in disaster response was formalized during the Indian Ocean tsunami of 2004 [30]. Since then, CVA has found its place at the centre of disaster response supported by most donors and humanitarian organizations whenever feasible and appropriate [31][32].

3.2. CVA compared to in-kind aid

Compared to in-kind contributions, CVA offers several strategic advantages, for example, CVA has the ability to be scaled up or down more flexibly than in-kind aid [33]. Research has focused on comparing the effectiveness of the different modalities of response [34]. Several studies compared cash with other forms of aid [10], showing that for the most part, people in need prefer cash to non-food- items (NFI) [35] and that the distribution of cash has a lower cost [11]. Related to the distribution by humanitarian organizations, studies have focused on the effect of CVA on logistics and supply chain in humanitarian interventions [36][37][38], as shown in figure 4.

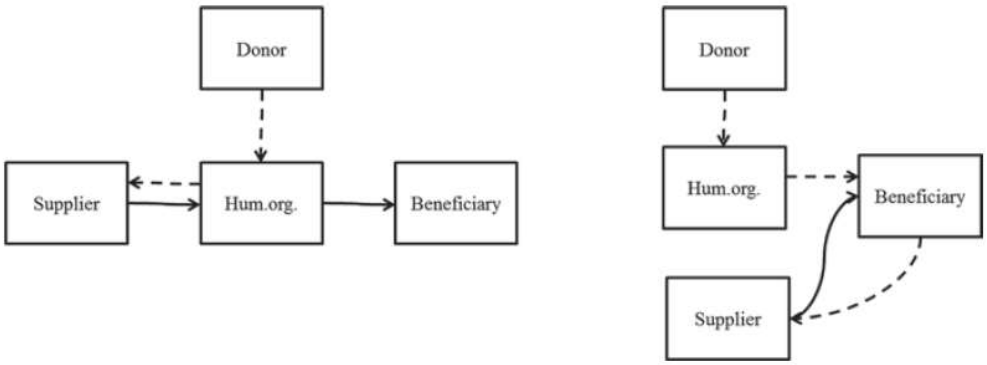

Figure 4: *Changing paradigm of the humanitarian supply chain before and after CVA [37].*

One specific study showed that in several responses there was no difference in the nutrition intake when giving cash or food, and in the case, where the population was forced to buy food by giving them vouchers, the most popular item was salt, which can easily be sold later in the market, thus showing that what the population really wanted was cash [39]. Another study in 2007 showed that only a very small proportion (8%) of the CVA funds was spent on goods found in NFI kits, demonstrating that the decision of the needed aid made by the population or by the organizations may not coincide [12]. On the other hand, one further study argued that in specific situations, distributing NFI may discourage people that are not entitled to the help from attempting to receive aid, since the NFIs are less coveted than cash [40].

Operationally, compared to in-kind programs, the assessment and targeting of the recipients of aid should be the same, since the purpose of CVA is not to distribute money but to cover needs. Other aspects of CVA are different from in-kind assistance. A Financial Service Provider (FSP) has to contract who will perform the actual distribution of the financial funds [41][42]. Furthermore, market assessments and monitoring need to be a part of CVA programs making sure that the goods corresponding to the needs to be covered are available in the right quantities and of the right quality

and appropriateness to the recipients of aid [43]. The transfer value needs to be calculated often based on a minimum expenditure basket (MEB) and should be harmonized across programs and organizations [44]. This is often coordinated at Cash Working Groups (CWG) established for disaster response or permanently present in the context [45]. Finally, Post-Distribution Monitoring (PDM) will assess what the recipients of aid used the funds for and gives them a chance to voice further needs [44].

3.3. Delivery of CVA

For the implementation of CVA programs, there are some conditions that need to be met [46]. These include the functioning of markets in a cash-based economy, availability of products, physical access to markets, trader willingness and capacity, and the acceptance of CVA by the affected population and the authorities [1][43][46].

There are also some characteristics of CVA programming depending on qualification conditions or utilization restrictions. CVA can be delivered unconditionally as a direct grant with no conditions for receiving it other than meeting the criteria of vulnerability of the program. Programs can also be designed as conditional cash transfers, where the aid is given after the recipients have fulfilled a specific condition like undergoing a training, showing appropriate construction skills, enrolling children in school or any other activity that meets the objectives of the program [46]. CVA programs can also be designed to be restricted, where the organization or agency decides what items or services the financial aid can be used on. Some organizations use the term “unconditional cash” when they mean unrestricted (using the terms “qualifying conditions” and “use conditions” instead of “conditions” and “restrictions”). The thesis will follow the CaLP recommended nomenclature [16]. Some common restrictions are food items, educational expenses, shelter materials, livelihood assets or the avoidance of alcohol and tobacco in basic needs [13][46][47]. When cash is unconditional and unrestricted, it is often referred to as Multi-Purpose Cash Grant (MPCG). Many CVA professionals prefer MPCG to conditional or restricted CVA programs, since the benefits of the CVA modality are more obvious delivered as MPCG [39][44][48].

CVA can also be delivered by many different mechanisms. It can be distributed as cash-in-hand, using credit cards or mobile apps and vouchers can be employed [46]. Clearly, using currency as mechanism will always be unrestricted, as there is no way of limiting the use of legal tender. Restrictions are most commonly enforced by the use of vouchers, which are a form of token that can be exchanged for a predefined set or type of goods or services at contracted merchants. Vouchers have been criticised for being monopolized because of agencies’ procurement rules. It is argued that they will benefit large traders who are capable of winning the procurement tenders instead of supporting the local market [49][50]. For this reason, some donors are favouring MPCG over vouchers in their strategies [48].

3.4. Benefits and concerns in CVA implementation

Several studies revealed the benefits of CVA in disaster response [4][10], showing an enhanced dignity for the affected population [50]. CVA provides the population with the flexibility of choice in the use of the funds [1] making the people in need agents of their own recovery [5]. Hence, CVA is preferred by the population, since it empowers them to make their own decisions [13]. CVA is also a cost-effective way to make the help arrive to the people in need [34]. Compared to in-kind aid, a study calculated that CVA was able to reach 18% more people with the same resources [51]. CVA

has been shown to increase savings and consumption [52], help diversify the consumed food [53] and contribute to reducing negative coping strategies, such as dietary restrictions, child labour and dangerous work [54]. Furthermore, CVA supports local markets and contributes to long-term economic community development [55][56]. The "multiplier effect" of CVA has been described in literature [50]. It shows how giving a family in-kind aid, helps that particular family; however, giving them money to cover their needs, means that a local merchant receives funds that he can spend on repairing damages, which gives an income to a carpenter, and so on. Various studies have calculated that for every dollar that is injected in the community in the form of CVA, more than the double is created as benefit to the local economy [54][57].

Several concerns and unknown factors have also been analysed when implementing CVA programs [32][58]. Some of these concerns are related to the recipients of aid, some to the implementing environment and some related to the organizations implementing the programs. The main concern is about the potential misuse of the funds by the recipient population for goods that were not intended by the humanitarian program [59]. Research has shown negligible cases of misuse by the population [10] and that the people in need overwhelmingly use the distributed cash for covering their basic needs [60][61][62]. The use of the funds has been shown to be more "on durable items when CVA is given in lump-sum and more on food security when given monthly" [63]. Also, the funds are used more for food when giving vouchers and for more varied needs when giving direct cash [64]. It has been shown that CVA does not create more dependence than in-kind aid [59] and that CVA does not discourage work [54]. One study from Burkina Faso found very little evidence of different effects on household benefits and children's well-being when giving the cash to fathers or mothers [65]. Research has also focused on safety for the population and the organizations, showing that it is viable to deliver CVA in a safe way after a disaster [30] while engaging the security units of the organizations more directly with the implementation of the programs [13]. The concern that CVA may create inflation is also unsubstantiated since most of the economy is unaltered given that only the most vulnerable are reached by CVA [45]. If inflation does become a problem, market assessment and monitoring will alert of the situation for rectifying actions to be taken.

An interesting debate concerns debt repayment. Sometimes the use of CVA funds for debt repayment is seen as problematic since it doesn't support consumption or investment. This argument is then used for favouring in-kind aid. However, a different analysis sees debt repayment in positive terms given that debt increase is an important indicator of vulnerability and paying off debt can help families regain creditworthiness which can be vital for protecting livelihoods [24]. Other concerns are related to beneficiary selection and the tension that it may create in the population [66]. The eligibility criteria for the ultra-poor may mean that there is very little difference between the selected and not-selected population [67], meaning that after the disbursement, the targeted population may be better off than their non-selected neighbours [68].

When it comes to the implementing organizations, a challenge that has been reported is the recruitment and retention of skilled staff as demand for CVA skills increases in the whole sector [19]. However, the main concern for organizations is corruption [59]. Several studies on corruption in CVA implementation reported that corruption was not an actual concern [69] [70] and that the risk could be reduced with enhanced tracking when using electronic transfers [71]. Interestingly, risk perception is higher when implementing CVA programs because of greater concerns related to monetary funds than with in-kind assistance. Hence, when implementing CVA programs, a higher level of accountability and stricter financial procedures are applied [71].

Operationally, CVA has been met with resistance from some humanitarian organizations and UN agencies. Studies have shown that restrictive interpretations of mandates and organizational self-

interest promote the persistence of well-established ways of working opposing change [72]. On the other hand, it is argued that the success of the modality has created an intrinsic risk. The external pressure for using CVA could force organizations to implement without adequately assessing the context confusing CVA as a humanitarian outcome in itself instead of a tool to achieve better outcomes in disaster response [31].

Because of these restrictions and the pre-conditions mentioned before, it is clear that CVA should not be used in all contexts. The people in need should be consulted and be involved in the decision on whether to use CVA or in-kind aid [31]. At the same time, there are aspects of disaster response that will never be implemented through CVA. Amongst these are health promotion, build-back-better approaches, advocacy and specialized food supplements in cases of acute malnutrition [73]. Reports have identified that CVA often creates better outcomes when applied alongside other forms of humanitarian aid [31].

3.5. Trends and future of CVA

All relevant literature agrees that the nature of humanitarian disaster response is changing. The number and severity of disasters has gradually increased leading to less time to recover between disasters and multiple disasters happening at the same time [74]. Therefore, more people are in need for a longer time, which emphasizes the need to renew approaches that will take into greater consideration the dignity of the people in need and will guarantee that financial resources are spent as efficiently as possible [62]. CVA has been recognized as a way to link humanitarian assistance with long-term development aid [62]. For that to happen, the focus of CVA implementation is shifting from delivering more CVA to delivering better quality CVA [19]. It is foreseen that CVA will further promote positive transformation in disaster response by challenging traditional sector and mandate-based models [19].

The implementation of CVA has brought some synergies and relations to other areas of humanitarian response. An area in the humanitarian sector that has received attention, is Forecast based Action (FbA) [75]. Some FbA work is being linked to CVA combining the effects of both types of intervention [76]. At present, there are studies on how best to implement this type of aid using early warning [75], and how to link the action up to climate forecast [77]. There are also initiatives to assess how technological developments can bring new opportunities for response and for CVA in particular [78]. Currently, the use of mobile phones for cash transfers is widely used as a mechanism in many countries [63], but it presents challenges in countries with limited connectivity [79]. Similarly, there is a focus by humanitarian organizations on data management [78]. For example, some financial service providers (FSP) are incorporating changes in their systems to incorporate tracking [80]. This, on the other hand, requires informed consent by the people in need on where their data is going to be stored and used [50]. The issues related to consent are highly debated amongst humanitarian organizations [81], especially if blockchain technology is starting to be used in disaster response [82][83]. In order to achieve the implementation of aid through these technologies, humanitarian organizations have had to bring new data policies and establish stronger collaboration with technology companies [84]. The extreme caution with regard to data protection that humanitarian organizations need to implement has thus influenced their procedures and the relationships with other players during disaster response [68].

Almost without fail, the reviewed studies point to the need for further study. There are external effects that will affect CVA implementation, for example, increased financial regulation, counter-terrorism legislation, increased data protection concerns and reduced risk tolerance [80]. There are

also further challenges and consequences and opportunities of CVA that at present have not been fully utilized nor studied, such as crowdfunding, technological developments and increasing funding from non-traditional assistance donors [80]. Cash in conflict situations as in the Middle East and the role of the Hawala system in this area also needs to be fully understood given the large scale of the responses in these contexts [85]. The relationship between CVA and other trends in the humanitarian sector as localization or social protection has also not been thoroughly researched [86]. Furthermore, humanitarian organizations have been known to be under transformation [33][87] due both to internal forces and the changing environment that the humanitarian organizations operate in [33][88]. Literature did not satisfactorily cover the influence that the shift to CVA has had on the humanitarian organizations themselves or in the humanitarian sector as a whole, which is the topic of this thesis.

4. Related Research

This section will present existing research related to the topic of the thesis. The exploratory research nature of this thesis relies on a series of related topics of research and not on a single framework or paradigm [89]. This is because the shift to CVA affects almost every aspect of the humanitarian sector. To analyse and discuss all those aspects it is necessary to review existing research on a variety of topics. Therefore, it has been necessary to look at a wealth of theories and literature on different areas and research disciplines. Table 1 lists the different topics that will be presented in this chapter.

It is firstly pertinent to review the existing research on CVA and how it relates to disaster response. Furthermore, CVA affects most aspects of the humanitarian architecture, especially the inherent challenges of power dynamics, funding streams, coordination, localization and the sectorial structure of response. Therefore, it is necessary to review the existing literature on each of these topics. CVA is also an innovative change which had to be learnt by the humanitarian organizations, therefore the theories of innovation, organizational change, organizational learning and change management had to be reviewed. Finally, CVA is also affected by external forces like fintech and the relationships with the private sector. Therefore, the research on these topics had also to be included.

Table 1: *Overview of topics of research related to the objectives of this thesis.*

- CVA implementation in disaster response
- Need for renewal of the humanitarian system
- Power relations among humanitarian actors
- Coordination and collaboration
- The sectorial nature of disaster response
- Localization in disaster response
- Innovation in humanitarian organizations
- Organizational learning and organizational change
- Fintech and private sector engagement

The presentation of each of these topics could have been extremely lengthy since each of them has its own body of research in academic and grey literature. However, the scope of this study is not to be exhaustive with regard to each of the mentioned topics, but rather to present the main points of existing literature pointing out the aspects that relate to CVA and its influence on humanitarian organizations and the humanitarian system during disaster response.

4.1. CVA implementation for disaster response

There is a large body of literature on CVA implementation with various focuses. In general, research has shown that CVA is an effective way of responding to disasters [69], it is efficient [4][50], but it also is very context specific [47]. Studies have shown that the affected population prefer cash as the modality of aid [90] but that the CVA response needs greater degrees of coordination [91] in order to avoid tensions caused by differences in transfer values amongst other reasons [4]. There have also been studies on appropriateness [92] and the correct way of implementing CVA [46][93]. Another area of research has been the link between CVA and social protection [35][79], showing the benefit of using the welfare programs to deliver another type of aid in parallel [94][95] and

linking CVA programs during disaster response with CVA for development [96]. Studies have shown how the integration of CVA with social protection policies helps in effectively addressing social-economic vulnerabilities [97]. The positive effect of CVA in parallel with other activities [98] has been further proven for example in cash-for-shelter programs complemented by cash-for-work [6] and courses in safe building [99]. Other areas of study have been the use of CVA for protection [100] or disarmament and reintegration [101] after conflicts. CVA was also the focus of research during the covid-19 pandemic [102][103]. Studies were published on technical advice on how to best deliver cash during the pandemic [104], on the influence of covid-19 on distributions [105] and on the use of CVA for recovery from the pandemic [106].

Many studies have focused on CVA in specific countries or on the response to specific disasters. The impact of CVA in disaster response has for example been shown in Pakistan [107], Uganda [67], the Philippines [6], for social protection in DRC Congo using in-kind and vouchers [64], for recovery after the Nepal earthquake [90], and in response in Fiji through the social safety net [68]. All these studies showed that CVA was effective and appropriate in the given settings but that it is essential to identify the most vulnerable as recipients of aid [108] and that the affected population needs to be consulted and given a participatory role in CVA [43].

Research has studied the effect of CVA related to specific areas of intervention. CVA has thus been studied in relation to WASH [6][46], to livelihoods [109][110] or education [111], for example in the link between the hunger safety nets and school attendance [112]. Studies have shown the positive links between CVA and nutrition [113][114][115] and between CVA and food insecurity in children [13][96][107]. Research showed that during the program nutrition is increased but the difference is not necessarily durable [116]. CVA has also been studied for nutrition in children in Niger [114], Ethiopia's safety nets [94], or Malawi's impact of CVA on nutrition in the ultra-poor [116]. Furthermore, cash for infant malnutrition has been shown to be effective and gives access to health services [98]. CVA for health has been studied extensively [117][118][119]. There have been studies showing the relative success of cash for reduce HIV in the young population [120], the effect of CVA on family planning with its indirect effect on contraception [112], the positive effects on psychological well-being and economic outcome [63], programs with CVA for delivery in institutions instead of at home in India [121], or the effects on mental health for orphans and vulnerable children [118]. Furthermore, the use of cash for health insurance for refugees [58] has also been studied. Related to refugees, studies have shown a growing tendency to reside with host communities instead of camps [58], thus, making CVA more appropriate.

CVA for sectors is by its nature restrictive [19][122]. The study of effectiveness between restricted and unrestricted cash programs has shown that "unconditional cash transfers may be more effective than vouchers in increasing household savings, and equally effective in increasing household asset ownership" [4] Furthermore, in many places, the goods acquired by NFI or vouchers were later sold in the market [39]. Multi-purpose cash has been characterized as addressing the needs of the population in a more holistic and coherent way [123]. Letting the population prioritize their need has been shown to have a positive impact on nutrition, food security and livelihoods [123]. However, the coordination of multipurpose cash in a sector-based system has been identified as a substantial challenge for CVA [19] as it is for the rest of the humanitarian system.

4.2. Need for renewal of the humanitarian system

Existing literature often calls for a renewal of the humanitarian system to better fit its intended purpose of effectively helping people in need [2][33]. The challenges that have been highlighted

which need to be resolved include issues of power relations [33], coordination and collaboration [124][125], trends in funding streams [126], the localization agenda [127][128] and the relationship between different sectors and people's needs [3][129]. The improvement of the design of the system is not a simple task. To begin with, it is not easy to define exactly what the International Humanitarian System consists of. Partly because organizations and agencies also are part of development, which means that drawing a line around the systems would mean drawing lines through organizations [130] separating the parts of the organizations that work in long-term development from those that work in disaster response. Nevertheless, there is a need for challenging the underlying structures and assumptions that the humanitarian system is built on [129].

While it was hoped that the World Humanitarian Summit (WHS) [131] would address these challenges and that the Grand Bargain would "create efficiencies and free up funding" [132] many of the challenges have not been solved in practice [133]. It has been argued that it would be necessary for all stakeholders to give up some authority, influence, and funding [33], which has not happened in practice [20]. The incentives that the system is making us of have also been an area of criticism, stating that it makes the system more reactive to media attention and political will than to humanitarian needs, and its accountability more aligned towards donors than towards the people it is designed to help [134].

There have been attempts at reforms which have produced abundant technical methodologies, guidance documents, and pilot initiatives around humanitarian accountability and local participation [135]. However, the overall failure to translate these into universal transformation in aid practice points to the need for deeper changes [135]. The Sphere Project was created after the 1994 Rwanda genocide [136] with the aim of ensuring minimum standards of the delivered aid. The Cluster Approach was established after the 2003 Darfur crisis and the Indian Ocean tsunami of 2004 [33] to improve coordination and avoid duplication of aid. In 2005 the humanitarian reform aimed at "improving the effectiveness of humanitarian response through ensuring greater predictability, accountability and partnership" [130]. The Transformative Agenda was implemented after the 2010 Haiti earthquake [33]. The Grand Bargain in 2016 [9] was created at the World Humanitarian Summit (WHS) [9]. Its aims were amongst others to increase the relevance of local actors, to improve the links between humanitarian and development programming, and to increase the use of cash compared to in-kind aid. [137]. All these initiatives have influenced disaster response although at a much slower pace than desired [138]. Actual changes appear to have been cautious and incremental while progress in the field has been limited and slow [9].

Studies have shown that changes are more noticeable within individual organizations and in individual agencies rather than in the coordination bodies or in the system as a whole [133]. There also seems to be a tendency to focus changes on the process of aid delivery, rather than on the outcomes of humanitarian action [133]. Research shows that to make humanitarian action efficient, effective, and sustainable it would be necessary to redefine humanitarian leadership and coordination [124]. Interventions should be designed for the medium and long term, given that many disasters are increasingly protracted [33]. Finally, the development of innovative humanitarian financing should adapt to new types of donors and create new financing instruments [33].

Theories of organizational change indicate that most systems resist change [139]. There are, however, other reasons for the slow change in the humanitarian system. Some of them are based on incentives to preserve the status quo [138] and the fact that many of the most important aspects needed for change are outside the control of the humanitarian organizations. Humanitarian

organizations have a small influence over the financial resources that the overall system receives or over the budgetary priorities of governments in countries affected by disasters [138]. There have been efforts to diversify the humanitarian funding base [140], however, "the international humanitarian sector remains dominated by five government donors and the European Union, which together disburse more than two-thirds of funds channelled through the formal system" [129]. In 2017, the three largest donors accounted for 59% of all government contributions [133]. Figure 5 shows the flow of resources in the humanitarian system as it was described in 1998 [141] which has not changed noticeably in the past three decades. The majority of funding continues to flow through UN agencies [133] and much of it is then transferred as grants to NGOs [22].

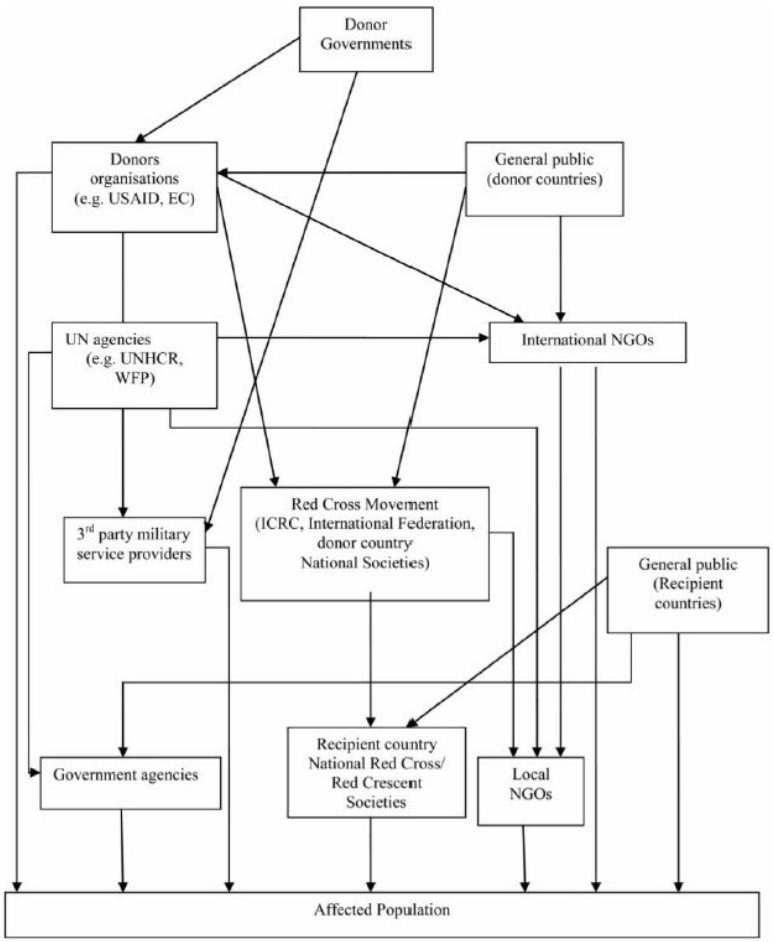

Figure 5: *Flow of humanitarian resources* [141]

Another reason for the limited capacity for change in the existing humanitarian system is the lack of understanding of the context and the limited ability to adapt to a changing environment [138]. The humanitarian system bases its activities and approaches on a standard set of structures and procedures [34]. This is an approach that has shown its benefits when responding to known disasters. However, the nature of disasters has changed since the system was designed. Disasters now appear more in urban contexts, in middle- and high-income countries and responses are activated to new and unexpected disasters [138]. The rapid growth of CVA is one of the changes in the implementing environment that the humanitarian system needs to adapt to [2][4][19]. A repeated critique is that the system does not include the capacities of the states and of the civil societies affected by disasters [142]. It is argued that the humanitarian system should fill gaps and work in support of mechanisms that are already in place [128][129]. Furthermore, the environment

where humanitarian organizations operate will keep on changing in the future [2]. The effects of climate change will make disasters more intense and of a larger scale [77]. The global changes in the nature of disasters highlight that needs are growing faster than the available funding [143]. At the same time, more non-traditional actors become involved in humanitarian work [138]. These effects mean that there is an increased competition for funds [143]. It is also expected that the funding base will change, since donor governments will need to keep more money for responding to their own disasters and its strategic neighbours. This means that it is expected that aid will be spent closer to the donor countries [144].

The shift that the implementation of CVA has brought is related to the various identified challenges and expected transformations within the humanitarian system [3][17]. These are mainly power relations amongst humanitarian actors, coordination and collaboration, the sectorial nature of response and the localization agenda which will be addressed in the next sub-sections of this chapter. The challenges that have been identified for the whole of the humanitarian system can be identical when implementing CVA [1]. The opportunities and efficiencies of CVA have been shown to be limited by the mandates and self-interest of organizations [72]. However, the opportunities in the further development of CVA can potentially be used for addressing some of the issues that need to be rectified [19].

4.3. Power relations amongst humanitarian actors

One of the main core issues that have been identified in the humanitarian system is power relations. Literature on disaster response advocates that power dynamics and legitimacy need to be revised for humanitarian action to be transformed [145]. The humanitarian system is composed of a variety of actors who have their own mandates and priorities [146]. For the improvement of the system, it would be necessary for dominant actors to give up some authority, influence, and funding [33]. The system is based on a hierarchy that was developed at a time when command-and-control was the way industrial and imperial powers influenced the functioning of the world [134].

For humanitarian organizations, power and authority are based on the control of resources and on the legitimacy given by being the “owners” of expertise, information and operational implementation [147]. This has been the basis of power dynamics in the sector, given that the humanitarian system operates based on competition and monopolies [148]. The core of power has been shown to be a hierarchical network of donors and international organizations, centred around the UN system [149]. At the global level, this power is shared by this small group of donors and major agencies in multilateral agency governing bodies and pledging conferences [149]. Then, during disaster response, the Humanitarian Country Team and the sectoral clusters represent that power influencing resource allocations and priorities [135].

Power relations have been shown still to be a challenge for CVA within the international humanitarian system [150] as well as in relation to local actors [127]. One of the identified challenges for the improvement of power relations within CVA implementation is the fact that humanitarian organizations are competing for funds [126]. At the global level, donors hold the power that emanates from defining resource allocations across agencies, organizations and disaster response operations [135]. In some cases, they are also members of governing boards of the aid agencies that receive the bulk of the humanitarian funding [135]. The way in which donors choose to allocate funding is in turn influenced by the priorities of the same agencies and major INGOs [135]. Several donors have adhered to the Good Humanitarian Donorship initiative [151] to alleviate the consequences of this imbalance of power [140]. The consequence of this is that flexible funding

through pooled funds has been growing in the past years [133]. However, the initiative has been criticized for perpetuating the existing power dynamics by "limiting its members to the largest donors and supporting the role of the United Nations in the coordination of the overall system" [129]. In this way, major agencies can function as gatekeepers between donors and national organizations or recipients of aid [135].

Through this process, there are incentives for major aid agencies and the clusters they lead to emphasize needs and priorities that align with their own mandates and strategies [152]. The competition for funds promotes self-interested growth and disincentivises the transfer of power to potential competitors for those funds [147]. Even in situations where collaboration is preferred, the organizational motivation is towards larger funds from donors [153]. Advocates of change highlight that the current unipolar system needs to open decision-making and influence to a larger number of actors [130]. Which, in turn, means letting go of power and "rethink humanitarian crisis response and allow a transformation it has simultaneously coveted and stifled" [145]. CVA implementation is equally affected by these tensions in power relations [154] since the same mechanisms are active regardless of modality. This affects the allocation of funds, the design of programs and the relationships to local actors. The identity and legitimacy of humanitarian organizations should be revised in the further development of the CVA modality. [155]. Studies have pointed out that no organization or agency is willing to step back and let others lead [72], adding to the adverse effects of power dynamics within CVA implementation for disaster response.

4.4. Humanitarian and CVA coordination and collaboration

The power dynamics in the humanitarian system have deep effects on coordination and collaboration [156]. During the implementation of humanitarian aid, coordination [150] as well as the relations with local actors [127][157] have been shown still to be a challenge. The root causes that impede the improvement of power dynamics and cooperation are the same. Thus, one of the limits to cooperation is the fact that humanitarian organizations are competing for funds, public profiling and market share [126]. The incentives to achieve more materialistic gains are often larger for humanitarian players than those for collaboration [153]. Competition for funds will increase because needs are growing faster than funding, and more non-traditional actors become involved in disaster response [143].

The coordination structures within the humanitarian system, such as the Cluster System, have been called too complicated, bureaucratic, insufficient in terms of accountability and efficiency, dominated by the global north, and unable to adapt to constantly changing environments [33][129]. The cluster system has helped minimize gaps in responses, but evaluations have shown that cross-sector coordination is poor [129]. It has been suggested that these coordination structures should be moved towards collaboration [158]. Furthermore, research has indicated that the humanitarian coordination system is acting as a barrier to localization by preventing local and national actors from participating in decision-making [154] and letting their contribution to the humanitarian response remain unacknowledged [159].

Coordination has been shown still to be a challenge for CVA within the international humanitarian system [59][60][150] as well as in relation to local actors [127][157]. A challenge that is becoming more pressing is where CVA should be situated within the formal coordination structures [85]. The Inter-Agency Standing Committee (IASC) is challenged for greater clarity on defining the coordination role of CVA and an agreement that CVA should have dedicated space in strategic

planning processes [72]. Like in other types of coordination, people associate CVA coordination with power and control, which makes the different possible alternatives become quite sensitive [33].

During the introduction of the CVA modality, coordination systems have been slow to adapt to the change [21]. There isn't a clear responsibility or accountability for cash coordination within the humanitarian system [19]. Therefore, CVA coordination has been undertaken on an ad hoc basis. Research and reports highlight the negative consequences of the absence of clear responsibility and accountability in cash coordination, affecting the quality and timeliness of humanitarian response [160]. A clearly defined, predictable and accountable cash coordination mechanism is therefore essential for the efficiency and effectiveness of CVA interventions [21]. CVA introduces changes in the way humanitarian actors collaborate [19]. However, reports also show that there has been limited progress in agreeing on the role, scope, leadership and resourcing of cash coordination, which has real operational impacts [19]. On the other hand, there have also been indications of progress that has been achieved. Organizations and donors have increased the use and quality of CVA implementation.

On the global level, several initiatives have been created to better coordinate CVA. The UN launched its Common Cash Statement (CCS) signed by several major agencies with a wish to "streamline CVA response and establish common procurement, contracting, delivery and data management systems" [161]. Fourteen major international INGOs have come together to form the Collaborative Cash Delivery Network (CCD) to "maximize operational effectiveness and efficiency" [162]. More than a decade ago, the Cash Learning Partnership (CaLP) [163] was formed by several large international organizations to promote good practices in both cash and voucher response [31]. The initiative has been reported to help standardize methods and training as well as create a common language around CVA. Even among the donor community, collaboration mechanisms for CVA are emerging [164]. However, these global initiatives have been criticized for working against the localization efforts of the humanitarian system [154][165][166].

On an operational level in most contexts, Cash Working Groups (CWG) have been established to help define the transfer value given to the population in need and harmonize approaches as well as in some cases provide capacity development to inexperienced organizations [21]. There has however been a clear competition on who is the lead in the CWG. There is a significant variety in CWGs in different settings in terms of leadership, reporting structures and terms of reference [21]. To avoid the perception that the coordination pertains to a single organization or agency, the CashCap organization [167] was created, specializing in CWG coordination as a neutral party to agencies and organizations.

The standpoint of donors towards CVA has been reported to be stronger, clearer, and better coordinated than before [19]. While funding CVA programs, donors have coordinated to fund large-scale CVA programs for responding to basic needs where appropriate [72]. The trend in this area of work is directed by efficiency and has the benefit that the assistance will be based on a holistic understanding of the basic needs of people in need [72]. There are however concerns about what implications this approach will have for the localization agenda [129].

4.5. The sectorial nature of disaster response

Since the 2005 humanitarian reform process, there have been improvements in the relevance and efficiency of aid [22][133], although these improvements appear to have focused primarily on sudden-onset disasters [138]. The cluster system which is a primary outcome of the 2005 reform

process has been criticized for making the humanitarian system segmented and sector based [168], thus fragmenting [169] and creating silos in humanitarian response [145].

The call for a renewal of the sectorial approach in the cluster system has been widespread [33][147]. A first critique being the absence of local governments and actors which impedes the localization of response [170][171]. The needs of the affected population emphasized in disaster planning, are primarily related to the sectors of the major agencies [152], showing that the strategies of international humanitarian actors have more prominence than the local actors [149]. Furthermore, the sectorial approach has been criticized because organizations and agencies push for their sector or mandate to be prioritized, instead of being led by the outcomes of assessments [133]. Even needs assessments have been limited to the mandates of organizations and program objectives [168]. There is a need for joint holistic vulnerability assessments that take into account short- and long-term needs, especially in protracted crises [169]. Hence, the sectorial approach of the humanitarian system affects the question of whether assistance is going to those who need it most [169]. It has been argued that a fragmented system can leave people behind if their vulnerability is not aligned with the existing humanitarian sectors. Studies have suggested that often people in need express that only those who fall within program objectives and organizations or agencies' mandates are targeted [168]. Even within sectors, studies show that agencies tend to favour what they understand and have used before, irrespective of the degree to which these activities meet priority needs [133]. This misalignment in perceptions is a reflection of the segmentation within the system [169].

There is a need for a more sector-neutral and generalized method to meet the diverse needs of the population [46][85]. However, this collides with the mandate based nature of agencies and organizations structured around the cluster system. It has been reported that "humanitarian agencies exhibit an anxiety associated with a deep existential insecurity" [172]. CVA has been identified as a way of alleviating the challenges imposed by the sectorial nature of response [19]. It has been described as having the potential of bridging the aid of different sectors and being more inclusive towards local actors.

4.6. Localization of disaster response

The literature on localization is extensive and includes the effect of the above-mentioned issues of coordination and power relations [127]. It also concerns other topics such as the identity and legitimacy of organizations [129], partnerships [173], capacity development [174], funding streams [128] or relationship to affected communities [142]. Here only some main points will be presented, which have relevance for the further analysis of the interaction between CVA and localization. First, the localization agenda and its challenges will be presented, followed by the significance of CVA in the localization agenda. Finally, a framework for the analysis of the interplay between CVA and localization based on existing localization frameworks will be introduced.

The exact definition of localization has not been satisfactorily defined [128]. There are ongoing discussions on who is part of the "local" [175]. For this study, localization can be described as "a process of recognising, respecting and strengthening the leadership of local authorities and the capacity of local civil society in humanitarian action, to better address the needs of affected populations and to prepare national actors for future humanitarian responses" [176]. The humanitarian organizations present in disaster response can broadly be classified into International Non-Governmental Organizations (INGO) with a presence in countries affected by disasters or Local Organizations (LO). The UN agencies work more closely to the governments of the affected population and as de facto donors in disaster contexts. When acting as implementing actors their

nature is more similar to that of INGOs in country. The Red Cross Movement has the particularity of working through the National Society in the given country, and therefore their activities with respect to localization have a different character [154]. LOs will in this analysis refer to all organizations that work in humanitarian action in a national context. This includes national NGOs, civil society organizations, ethnic-based organizations, representatives of pastoralist groups, etc. There are, of course, nuances among local organizations. LOs can work nationally or regionally and there have been similar issues of power dynamics between national and regional organizations as there are between national and international organizations [128].

Humanitarian organizations have committed to the Localization Agenda to better serve people affected by disasters through local actors [128]. The main goal of the localization agenda is to address issues such as financing, partnership, capacity strengthening, coordination, recruitment and communication [177]. At the Grand Bargain, donors and humanitarian organisations committed to making humanitarian response as local as possible, for example by channelling up to 25% of the funds directly to local and national actors by 2020 [9]. This goal has by no means been achieved [133]. Specific programmes for localization efforts have been active for some years [178] focusing on the self-assessment of LOs and contextualizing indicators for localization [179]. There have also been attempts to make the affected population part of decision-making and held the agencies accountable for the decisions they make on behalf of the affected population [159]. Local actors, local services and the local economy are prioritized in humanitarian policy based on a shift of perspective from “getting aid in” to “keeping people and society going” [31]. Under the localization agenda, INGOs are expected to shift their activities and focus from implementation to delivering advice and capacity development and to engage local staff who may be capable of leading the change [143]. Localization is now present in the humanitarian discourse like it has not been before [180]. The sphere of action of the localization agenda is also expanding, as it is being argued that it is not only implementation that should focus on localization. Also, research, program design or policy development should include people from the Global South [181]. The covid19 pandemic presented a unique opportunity for the localization agenda partly out of necessity. The lack of access of INGOs to the implementation field meant that local and national actors stepped up to the task and many of the justifications that donors and agencies had for not funding local actors disappeared [180].

However, despite global agreement, the effects of localization initiatives are slower than desired [143]. Even though the importance of local actors has been repeatedly acknowledged [142] and LOs have been recognized as being best placed to deliver the aid to the communities with which they have a long relationship [154], evaluations have still shown a lack of progress in practice [147]. One of the recognized barriers to change when it comes to localization is the perception of a low capacity in LOs [19]. Hence, an important aspect of localization has been recognized to be capacity development [154]. However, when an LO is described as “lacking capacity”, often what is suggested is that the organization is corrupt or not equipped to respond. In many cases, those assumptions have been proven false [180]. Investments in the capacity of local stakeholders and systems are still lacking [19]. It has also been argued that capacity development should be based also on what the LO believes they need and want. In many cases INGOs decide what LOs need, or worse, the trainings are based on what the INGO already has experience in giving training in [173].

The challenges of power and coordination presented earlier contribute negatively to the localization agenda [19]. The people most affected by disasters and LOs from the affected contexts have the least involvement in the design of programs in disaster response [147]. The consequence is that the inherent structure of the humanitarian system is a hindrance to the localization agenda [129][142]. Research has shown that the humanitarian coordination system is a barrier to localization by

preventing local and national actors from participating in decision-making [154] and ensuring that their contribution to the humanitarian response remains unacknowledged [159]. The response coordination at cluster meetings has also been criticized for not being inclusive enough when LOs didn't feel empowered to challenge expat staff of INGOs or when the technical English language employed was a barrier to participation [134].

A further challenge for localization in funding is the sharing of overheads. LOs often work under contractual agreements for short-term projects that do not allow for extra costs that would cover organisational development or the creation of their own strategies [137]. However, agencies and the performance of leaders of those agencies are measured based on their fundraising capabilities [137], which is at odds with the motivations to share overheads of programs. One possibility to address the localization of funding streams is the use of pooled funds, which have been growing in the past years [182]. Pooled fund "involves pooling money from more than one donor in an entity. That entity then distributes the funds to multiple recipients on the basis of defined criteria" [182]. It has the potential to get funds quicker to front-line responding organizations. However, this system has been criticised for lacking a standardized approach to assessing the capacity of LOs that potentially can access the funds [182]. Pooled funds act as de facto donors in country and over time, clusters have become pooled funds managers, deciding the allocations of funds. This may be perceived as a conflict of interest for the cluster lead agency [182].

As mentioned in previous sections, the increase in CVA implementation is one of the commitments of the Grand Bargain [9], where humanitarian organizations also committed to the Localization Agenda to serve people affected by disasters in a more context-appropriate manner [142]. The two ongoing transformations (CVA and localization) in the humanitarian sector may support or challenge each other. The Background Note for the High-Level Panel on Humanitarian Cash Transfers asked the specific question "what is the role of cash in localization?" [1], which has not yet been fully answered [183]. Studies have expressed concern that the current and future models of CVA implementation may work against the localization agenda [154]. Some of the reasons include the unbalanced level of capacities between INGOs and LOs in CVA programmatic design [154] and the power of INGOs and private sector companies compared to their national counterparts [117][129].

There have been efforts to measure the level of localization in a given context [184][185]. The Grain Bargain workstream on localization has developed indicators that mostly measure capacity development and direct funding to LOs [181]. It has been argued that those indicators are not optimal for the desired purpose, given that what is more important is how relationships between organizations are created or developed [128]. Some proposals for measuring localization are based on adapted versions of the "ladder of citizen participation" [186]. Proposed by Arnstein in 1969, it is a known model in the field of democratic public participation. The model also influenced many later models applicable to humanitarian response, which can measure the level of influence and engagement of LOs [187] [188]. Several methodologies for the analysis of localization have been developed [135] and several frameworks for localization have been developed for the analysis and implementation of localization. Four main frameworks recognised in literature are compared in table 2. The Global Mentoring Initiative (GMI) defines seven dimensions of localization [184], the Overseas Development Institute (ODI) defines three dimensions and five levers for localization implementation [179], a consortium of INGOs defines four pathways to localization [185] and the Network for Empowered Aid Response (NEAR) developed a localization performance measurement framework based on six components [189].

***Table 2:** Comparison of frameworks for localization with the 8 areas for localization developed for studying the interaction between CVA and localization.*

The Global Mentoring Initiative **(GMI)**	Overseas Development Institute **(ODI)**	**INGOs** (Christian Aid, CARE, Tearfund, ActionAid, CAFOD, Oxfam)	Network for Empowered Aid Response (**NEAR)**	Framework for localization in CVA (paper 3)
Capacity	Knowledge	Capacity	Capacity	Capacity development
Coordination Mechanisms	Relationships	Coordination	Coordination and complementarity	Coordination Mechanisms
Partnerships		Partnerships	Partnerships	External relations
Funding	Resources	Financial Resources	Funding	Funding
Participation Revolution	Agency Ways of being		Participation Policy, influence and visibility	Trust Power
Policy	Priorities Decision-making			Program design
Visibility	Delivery			Visibility

The level of localization has been described as a spectrum with three major categories loosely related to the Ladder of participation. Localization can be instrumental where there is a transfer of resources but not a transfer of decision power. This type of localization will fulfil the indicators but not go beyond that. It can also be decentralized where next to the transfer of recourses, strategic operational and financial decisions are made closer to the affected area. Finally, localization can be progressive where local actors not only have funding and autonomy but are "able to respond to crises and solve humanitarian problems on their own terms, via their own knowledge and understanding of the world, in a way that shapes their own destinies" [190]**.** The different existing frameworks have been combined into eight areas that specifically focus on the interaction between CVA and localization. These areas will serve as the basis for the data collection presented in the findings section. Table 3 presents an overview of the eight areas with an indication of the aspects of CVA implementation that are included in the area.

The different areas of the framework cover the components of localization that have significance to CVA implementation in the relationship between LOs and INGOs. Capacity development looks at the technical aspects of CVA implementation but also the decision of what trainings the LO needs, and to which extent this is a shared decision. Also, the aspect of organizational development is considered part of capacity development. Coordination mechanisms include the coordination of LOs nationally and regionally as well as coordination with international actors and the government and to which degree LOs are relevant in those coordination fora. Funding addresses the possibilities of

access to direct funding by LOs, the barriers that may exist to funding as well as the sharing of indirect costs. This last item was mentioned in literature as an important component of organizational development for LOs, given that without sharing of indirect costs the LOs become sub-contracted partners [184]. Trust in the operational capacity of LOs is essential for localization [179] it is based on the confidence in the compliance procedures of the LO and the conviction of lack of corruption. Since these are also concerns raised for the whole of CVA implementation [13], it is relevant to include trust as part of the framework. The area related to power addresses all the issues that were highlighted in the previous sub-section on the same topic. Program design measures the involvement of the LOs in decision-making and planning of programs. It includes respect for the strategies of the LOs and the type of partnership that the INGO and LO have established during the design phase of disaster response. Finally, visibility has been emphasised in other frameworks [189] as an important aspect to improve many of the other areas and give legitimacy to the LOs' work. These areas that are included in the framework of localization applied to CVA will form the basis for the analysis of the interplay between CVA implementation and localization in Kenya presented in paper 3.

Table 3: *Areas of application of localization with an explanation of what is covered by the area with regard to CVA implementation.*

Area	Aspects of CVA included
Capacity development	Decision on trainings Organizational development
Coordination Mechanisms	Coordination of national actors Coordination with international actors
External relations	Relations to donors Relations to FSP
Funding	Access and bureaucracy barriers Indirect costs
Trust	Compliance and corruption
Power	Power imbalance Relationships to sector
Program design	Decision-making Partnerships Strategies
Visibility	Giving credit to field implementation

Hence, localization is strongly related to all other areas that have been identified as being a challenge for the humanitarian system and for disaster response. Both localization and CVA have to be included as central aspects of the needed renewal of the system. The internal factors of power dynamics, coordination and sectorial division are not the only forces that call for a revision of disaster response. There are also external factors related to innovation and the application of new technology to disaster response and the evolution of fintech to CVA in particular. These may contribute to creating a transformation in the humanitarian system and a change in humanitarian organizations as will be discussed later in this thesis.

4.7. Innovation in humanitarian organizations

The above mentioned issues of sectorial approaches, coordination, power relations and localization relate to the whole of the humanitarian system and the relationship between organizations. However, CVA implementation and its future development also have a relevant component of innovation within the particular organizations that are implementing it. This sub-section will present a brief overview of the theories of innovation and how innovation applies to the humanitarian sector. The innovation will later be related to CVA making emphasis on financial technology and private sector engagement.

Innovation is defined as "the creative process whereby new or improved ideas are successfully developed and applied to produce outcomes that are practical and of value" [191]. Innovation has primarily been an object of study in the private sector [192]. The theory of diffusion of innovation was first developed in the 1960s by Everett Rogers [193]. The theory describes how new ideas gradually gain popularity and become the norm under the influence of three main variables, which are the inherent characteristics of adopters, the pros and cons of the innovation and the broader social and political context [194]. Organizational culture and leadership also are also important contributors to innovation within organizations [195].

When innovation applies to technology, a cyclical model of technological change has been proposed [196]. The model describes the evolution of technology through a series of cycles. First, the new product or service is introduced creating a technological discontinuity. This is followed by a "period of ferment", or competition between different products. The culmination of this competition is the emergence of a dominant design, while the rest of the products fail to diffuse [196]. Then an era of incremental change and sustained innovation appears, where the chosen design is gradually improved until the next discontinuity and the introduction of a new generation of products or services [196]. When innovation has radical consequences for a sector it becomes disruptive. Disruption is "an event in which an agent must redesign its strategy to survive a change in the environment" [197]. Disruptive innovation creates a discontinuity that requires users to change their behaviour to make use of the innovation [198]. Disruptions are also called paradigm shifts [199] and affect an industry by changing the relationships between different players [200]. Literature has identified CVA as an example of disruptive innovation in the humanitarian sector [201].

The concept of innovation in the humanitarian sector has been criticized for being primarily based on technology [202] and for having an inclination to emphasize the novelty factor before the needs of potential beneficiaries [203]. However, innovation in the humanitarian context presents several peculiarities [204]. It is not driven by profit but rather by humanitarian principles, which leads to risk aversion based on ethical concerns about the vulnerable population it tries to help [205]. The do-no-harm principle is essential when creating a partnership with the private sector that may have different motivations for the engagement [206]. Particularly, innovation in CVA aspires to increase the efficiency of aid [84] in an environment of chronically underfunded programs and external pressures of the financial system where money is getting increasingly digitized and decentralized [207]. UN agencies have expressed that further digitalization of financial services is essential for achieving the Sustainable Development Goals [41]. Technological giants from the private sector are also showing interest in the humanitarian field [19].

The growth of CVA implementation has become a major innovative trend in humanitarian assistance and disaster response [208]. Within CVA, a wide range of aid delivery mechanisms have been developing, from more traditional vouchers and cash cards to mobile transfers and blockchain-based distribution [209]. The rapid transformation of new financial instruments may become a

challenge for humanitarian actors if they are not adequately prepared for innovation [210], given that the transformations that humanitarian organizations will experience in the next decade will be determined by further development of financial technology [17].

Both CVA programming in the humanitarian sector and fintech tools in the private sector have experienced large growth. However innovative CVA tools have not shared that growth [19]. There have been numerous examples of pilot projects of CVA innovation in the humanitarian sector [19][42][211][212][213][214]. There are two important aspects that these trials share: For the most part, they have not passed the proof-of-concept stage and they all rely on a partnership with the private sector [215]. In recent years, the trend seems to have slowed down, as there are fewer humanitarian agencies and private sector actors reporting developing and implementing effective working relationships in CVA programmes [19]. Studies have expressed concern that innovation in CVA may be limited by the conformity of humanitarian organizations [84]. Reasons include the technological divide that the development of fintech may introduce in the future [4]. It is likely that a rapid transformation of the global financial sector will accelerate more active innovation in humanitarian CVA [17].

4.8. Organizational learning and organizational change

Innovation, change and transformation in organizations are rooted on the concepts of organizational learning and organizational change [216]. The humanitarian organizations embarked on these processes with the shift to CVA even though they were not always explicitly aware of it [217]. The concepts presented in this subsection will be useful for analysing the process of change that CVA has created in humanitarian organizations. The theories of organizational learning and organizational change will briefly be presented followed by the way in which change applies to the humanitarian organizations.

Organizational learning is a critical component for retaining the benefits of innovation and change [218]. Organizational learning is defined as “a change in the organization’s knowledge that occurs as a function of experience” [219]. It is based on the processes of creating, retaining, and transferring knowledge within the organization. The knowledge is kept in a variety of repositories, such as individuals, routines, and transactive memory systems [219]. Organizational learning is an ongoing cycle through which “task performance experience is converted into knowledge that in turn changes the organization’s context and affects future experience”. [219]. The culture of each organization has been shown to have a great influence on the way that organization develops and in particular how that organization learns or adapts to the changing environment or the evolving knowledge created within or outside the organization itself [220]. Research stresses that individual learning does not guarantee organisational learning [88]. Hence, the high employee turnover that characterizes the humanitarian sector has an impact on organizational learning [221]. A high level of staff turnover creates an opportunity for flexibility and new analysis and brings staff development by reallocating assignments [222]. However, it was also found that unplanned or unpredicted staff turnover can be a burden to organizations by reducing the knowledge base, being expensive and affecting efficiency [222].

Literature describes how through the organizational learning process, the gained knowledge and experience create a change in the organization’s context [139]. Organizational change has been studied extensively for the private sector, but also in the humanitarian context [218]. Studies show that some mechanisms have been institutionalized in humanitarian organizations in order to facilitate change. For example evaluations, trainings, policy development, knowledge-management

systems and internal communications activities [88]. However, research has also shown that for the most part, evaluations do not bring real change [223][224]. Especially when the findings challenge strongly held beliefs or behaviour rooted in the organizations' culture [223]. The changes that are created within humanitarian organizations affect and alter the humanitarian context but are often met with strong emotional responses [88]. Studies have further identified factors that enable change in humanitarian organizations, including staff turnover and the movement of the authority closer to the field [225][226]. These factors have been shown to be particularly important when it comes to CVA implementation [227]. Change in the humanitarian sector is a process characterized by being dynamic and continually evolving and having many components interacting simultaneously [87][88]. Humanitarian organizations are affected by internal forces and by the evolving contexts in which they operate [33][88]. Studies show that INGOs have formed global coalitions [86] and that new types of partnerships have been created with governments and private companies [228]. A the same time, organizations have been more engaged with the donor community that are getting more involved in implementation [140].

The humanitarian system is generally reported to be reluctant to change [229], partly because organizations are systems composed of people that react to change based on emotions [87]. Many organizations are not successful in getting their ideas realized, their visions of change accepted, or their agendas funded [210]. Research has shown that the greatest effects on the implementation of change in humanitarian organizations are in descending order (1) organizational capacity, (2) leadership, (3) organizational structures, and finally (4) organizational culture [230]. Literature has focused on the acquisition and retention of knowledge in humanitarian organizations both for CVA and in disaster response in general [218]. Knowledge management has been identified as a major challenge for each new development that is introduced in humanitarian organizations, [231]. One limitation is the culture of reluctance to share findings from unsuccessful or challenging programmes [19]. Studies further show that for humanitarian organizations to be more flexible and able to change it would be necessary to have authority closer to the field and build a shared vision based on core values, rather than around organisational policies and rules [88]. Centralised guidelines are not flexible enough and organisations which create policies at a headquarters with some distance to the field will tend to look inward to themself instead of outwards towards the context in which it operates [232]. Decentralised organisations risk losing overall consistency, while centralised organisations tend to produce dead documents [88].

A crucial part of organizational change is the management of that change. Change management has been defined as "the process of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers" [233]. Literature shows that various approaches to change management have been suggested [234][235][236]. The theory of change management shows that organisational change cannot be separated from organisational strategy, or vice versa and indicates that the primary task for management today is the leadership of organisational change [233]. It is also stressed not to underestimate the difficulty of introducing change of any sort in an organization of a certain size [227]. One common pitfall of change management is that since the need for change often is unpredictable, it tends to be "reactive, discontinuous, ad hoc and often triggered by a situation of organisational crisis" [233]. Hence, it has been shown to be beneficial to analyse the type of change that the organization is experiencing and plan for the appropriate approach [237]. Studies focusing on the management of changes in humanitarian organizations conclude that humanitarian organizations often ignore patterns of change [238]. Furthermore, many humanitarian organizations have difficulty innovating and implementing radical new ways of working [88] and therefore, the majority of organizational

change efforts fail [228]. One highlighted reason for it is that leaders of humanitarian organizations "trust more the opinions of each other and that of donors than those of recipients of aid" [223]. For the future of the development of CVA for disaster response, it will be essential for humanitarian organizations to have a more strategic and predictable approach to organizational learning, organizational change and change management. This will be particularly important with the advancement of financial technology and its application to disaster response.

4.9. Fintech and private sector engagement

One of the areas where the concepts of innovation, organizational learning and organizational change will be most useful for humanitarian organizations will be the adaptation to the upcoming development of financial technology (fintech). Fintech refers to "firms using new technology to compete with traditional financial methods in the delivery of financial services" [239]. The aim of fintech is to use technological innovations to allow technology to serve financial services and improve financial efficiency [240]. The four basic areas of fintech have been identified as artificial intelligence, blockchain, cloud computing, and big data [241]. The use of smartphones for mobile banking, modernized electronic payments and cryptocurrency based on blockchain technology, are examples of technologies that have been developed to replace or enhance the usage of financial services [240]. Fintech companies are various in nature. They consist of start-ups, established financial institutions and technology companies that aim at making financial services more accessible to the population [242]. All fintech research predicts that the way money is used in society will change dramatically during the next decade [239][240][241][242]. Therefore, it is reasonable to assume that the implementation of CVA will also have to change to match the developments of fintech.

The development of digital technology alongside the concentration of people in urban settings and market integration are identified as the main trends that will affect CVA in the future [243]. Hence, digital Technology is predicted to change the way humanitarian assistance is delivered and allow for enhanced analysis of various phases of humanitarian programs [143]. Similarly, there is a focus by humanitarian organization on data management [78]. It has been argued that information management is perhaps the newest and most rapidly growing area of humanitarian work [143]. For example, some FSPs are incorporating changes in their systems to incorporate tracking [80]. This, on the other hand, requires informed consent by the recipients of aid, about where their data is going to be stored and used [50]. The issues related to consent are highly debated amongst humanitarian organizations [81], especially if block-chain technology is starting to be used in disaster response [83].

In order to achieve the implementation of aid through these technologies, humanitarian organizations have had to bring new data policies and establish stronger collaboration with technology companies [82]. The humanitarian innovation literature has criticised the lack of engagement with the private sector and other actors that may be considered to pertain outside the response realm [84]. Especially taking into account that humanitarian organizations are facing innovation-related challenges that exceed their operational capacity [244]. An increased engagement of the private sector in disaster response is therefore considered inevitable [239]. Private sector participation is crucial in humanitarian action, especially when it comes to innovative CVA, where it is predicted that FSPs, software companies, mobile network operators and other actors will play an increasingly important role in the transfers of both private remittances and humanitarian financial aid [17], creating new channels of funding and aid delivery. The private sector

may include large international companies or local businesses, which need to be included as a form of private sector localization [128].

Literature has pointed out that the active involvement of the private sector brings the risk of the privatization of the humanitarian sector [245]. The differences in innovative approaches and risk appetite between the private and humanitarian sector discussed above, calls for careful planning of the cooperation [205]. Therefore, it will be necessary to design the partnership with the private sector and address the related challenges before the implementation phase becomes a reality. Hence, the shift towards CVA calls for the exploration of markets for long-term financial options and services [243]. Research has indicated that financial innovation and new forms of partnerships with the private can revolutionize the capacity to meet the basic needs of the affected population [241]. Another benefit of longer-term cooperation with the private sector may be addressing the financial inclusion gap, linking vulnerable groups to formal financial services that will benefit them [243].

The reviewed literature presented in this chapter has covered CVA implementation, the need for renewal in the humanitarian system, power relations and dynamics between humanitarian actors, the challenges of coordination and collaboration, the sectorial nature of the disaster response, localization, innovation, organizational learning, organizational change, change management, fintech and the engagement of the private sector in disaster response. The findings presented in the next chapter will show how these many and varied topics have relevance to the influence that CVA has on the humanitarian system, on the humanitarian organizations and ultimately on disaster response.

5. Methodology

This section describes the methodology and research approach used in the thesis. The studies are based on qualitative research The qualitative approach was not based on a single theory but on using a synthesis of different concepts from related research [246], which form the basis of the different areas of the humanitarian sector affected by CVA.

5.1. Research design

The research design was based on exploratory research in which the qualitative research is concerned with emerging concepts [247] and helps investigate unexplored areas or combine several areas of research to generate new insights [248]. The researcher begins by defining the research problem or question that requires exploration[249], which in the case of this thesis is the influence that CVA has on humanitarian organizations and the humanitarian sector.

Exploratory research was selected for providing flexibility and adaptability, allowing the researcher to explore various aspects of the topic [250]. The methodology involves a flexible approach to data collection and analysis, enabling the researcher to gain a deep understanding of the research topic. The focus is on exploring and understanding phenomena rather than testing specific theories [248]. In the case of this thesis the flexibility allowed new topics to enter the discussion even though they had not been part of the initial interview guide. For example, in paper 4 the creation of consortia became a recurring topic brought by the respondents in relation to funding of CVA programs and power relations and was introduced to the analysis. In paper 3, the importance of personal values by individual professionals was also introduced by the respondents and had not previously been identified in the reviewed literature in relation to localization.

A literature review formed part of each of the studies. Initially broad terms such as “CVA and humanitarian organizations” or “CVA and localization” were used. Each reviewed paper opened up for further studies to be reviewed either by the concepts mentioned in the paper or by the references that the paper used. The reviewed literature included research articles, reports by humanitarian organizations or by the UN, lessons learned reports and analysis of various aspects of the humanitarian sector. The literature review in each case informed the themes that became the base of the interview guide. In the cases where the respondents brought new topics to the interviews, these were sometimes included in subsequent interview guides and a further review of the literature on the specific topic was carried out. For example, the first interviews of study 3 mentioned the importance of the creation of a network of national Kenyan organizations. This topic was subsequently investigated in literature and included in further interviews.

Semi-structured interviews were employed for data gathering. This method was selected for providing an in-depth exploration of the research topic from multiple perspectives and capturing rich, nuanced data [250]. During the data collection, the researcher engaged in active listening and open dialogue with participants, allowing them to share their experiences, perspectives, and insights. As the collected data was reviewed, ideas or concepts became apparent. These concepts are therefore said to "emerge" from the data [247]. The data analysis involved an iterative and interactive process, in which there was a constant comparison of data, searching for patterns, connections, and themes. The process involved coding, categorizing, and organizing the data to identify recurring themes and concepts. This allowed for example to categorise the phase of CVA innovation in the humanitarian context, based on the theory of innovation created for the private sector.

Once the data was analysed, the findings were interpreted by exploring the relationships between themes, identifying overarching patterns, and seeking explanations for the observed phenomena [248]. For example, the relationship between coordination and power relations or competition for funding was recurrent in most of the papers creating a pattern for the whole of the thesis. Exploratory research involves the application of inductive reasoning where the researcher critically reflects on the data and considers alternative interpretations [250]. Exploratory research thus, differs from a more traditional scientific model of research, where the researcher chooses an existing theoretical framework and collects data for the purpose of assessing the validity of the propositions based on that framework [89]. In this thesis, there are different areas of humanitarian action related to CVA and the various concepts that have an influence on the relationship between CVA implementation and the humanitarian system. Therefore, the related research presented in the previous section related to a variety of subjects that were included in the analysis. The research was finally presented in narrative form in peer-reviewed articles, supplemented by quotes or excerpts from the data to illustrate key points. These articles can be found annexed to this thesis.

The process for data collection, data analysis and generation of the manuscripts was the same for all papers except for the second study. The paper was co-written with Alex Monich who is the first author of the paper. The distribution of tasks in the research process and creation of the manuscript was the following: The initial question and objective were developed by me. The literature review was done by both of us. I reviewed literature on innovation for the humanitarian sector and Alex reviewed more on innovation theory for the private sector and innovative tools for CVA. The interview guide was developed in iterative steps in cooperation between us. I identified and selected the respondents. Alex conducted the interviews and coded the transcriptions. The analysis was done in iterative stages between us and the themes were developed together. The writing of the paper started with Alex writing a first draft, which was followed by an iterative process of re-writings and edits conducted by both. The final manuscript was developed based on feedback from the third author, Dr Emmanuel Raju. Addressing the comments by peer reviewers was led by me with support from the other two authors of the paper.

5.2. Data collection

Data were collected through semi-structured interviews with key informants [251]. The methodology was chosen for collecting open-ended data and to explore the respondents' thoughts on various topics, which allows them to expand the valuable insights on their particular expertise [252]. Due to the diverse geographical locations of the respondents and the limited possibility for mobility during the covid19 pandemic, all interviews were held online between 2019 and 2022. The semi-structured interview guides were based on exploratory research [247] which meant that the themes emerged from the topics discussed during the interviews. The initial themes in the interview guide for studies 1, 2 and 4 were based on the reviewed literature, but respondents were able to expand and introduce new topics if they found it relevant to the discussion. For study 3, the initial themes were based on the framework for localization applied to CVA that was developed for the study.

Exploratory research is appropriate for researching questions that have not previously been studied in depth [253]. In our case, as explained earlier, many of the emerging themes (such as power dynamics or localization, for example) have previously been researched in their own right. However, the interaction between these themes with CVA had not received enough attention. Given that the overall object of study is the transformation that the introduction of CVA has and will produce in the humanitarian system, no pre-existing paradigm could fully be employed for the analysis. The

results may lay the groundwork for future analysis, as in the case of studies 2 and 4 and proposed future studies.

For study 1, the interview guide included topics related to organizational change resulting from the introduction of CVA in the implementing organizations. The respondents were asked to share their background and experiences with CVA, specifying their first experience with the modality. After that, they were asked to reflect on the changes, and challenges brought about in the organization by CVA. The interview also covered the relations with external actors related to CVA; and how the future of organizations will be affected by CVA. The respondents had some freedom to introduce topics that they found important in the transformation of humanitarian organizations created by the introduction of CVA implementation.

Study 2 included an initial literature review that explored the theoretical foundations and the diffusion of innovation in humanitarian settings, the characteristics of emerging CVA tools and the perception of innovation by humanitarian actors. The academic literature provided overarching themes to be explored during the interviews, while reports from organizations indicated innovative programmes for further inquiry [17]. Hence, for study 2, the semi-structured interview guide was based on identified components and potential challenges described in innovation studies such as the cyclical model of technological change, familiarity and resistance to innovation, absorption capacity and stages in the diffusion of innovation. The interviews also asked about the respondent's experience with the various CVA programmes as well as their general opinions on humanitarian innovation. They were asked about their personal input and the role played by their own organizations, the private sector and governments in the implementation of successful innovative CVA programmes.

For study 3 the semi-structured interview guide included questions on the respondent's experience in CVA in Kenya, their understanding of what localization is and how they think CVA influences localization. Then, each of the seven dimensions of localization presented in the framework for localization was discussed in light of CVA implementation in Kenya. The semi-structured nature of the interview meant that the actual questions were adapted to the background and the level of expertise to which the respondent pertained, but the themes themselves were fixed by the applied localization framework.

Finally, for study 4, the interview guide consisted of topics relevant to change in the humanitarian system resulting from the introduction of CVA for disaster response. The respondents were asked to explain their background and experiences with CVA. They were then asked to reflect on the changes and challenges that they had witnessed in the humanitarian system related to CVA implementation. The interview also included enquiries on the relations to donors, local actors, and the private sector concerning CVA. Finally, they were asked to reflect on what they foresee the benefits and limits of CVA implementation within the humanitarian system will be in the future.

5.3. Selection of respondents

The sampling method for respondents in all studies was purposive snowballing sampling [254] which allowed for selecting respondents that could provide relevant experience, insights and knowledge.

Purposive sampling is a non-probability sampling technique in which the selection is based on specific characteristics that are needed for the study [255]. The participants are thus selected "on purpose" for participation in the study. The sampling relies on the researcher's judgement identifying the respondents that are able to provide the best information to meet the study's

objectives. There is therefore a high risk of bias in the selection process, although it can provide information-rich cases with limited resources [256].

In this thesis, expert sampling was employed since the research objectives require respondents with a high level of knowledge about the subject. The experts are thus selected based on possessing a demonstrable level of experience [255]. The reason for this approach is that the phenomenon under study lacked direct tangible observational evidence but is rather subject to trends and themes that allow for exploring the phenomenon under study [257]. The criteria for selecting the respondents for each study are shown below as well as the background of the participants. In each case, the interviewed key-informant was asked to suggest further names for snowballing. The new names were assessed against the initial criteria. In a few cases, the suggested professionals were not contacted for not meeting the criteria for respondents described below.

Study 1 deals with changes in organizations due to CVA. Respondents were selected for having more than 10 years of experience in CVA implementation. They represented various international and national organizations. The respondents were selected to represent experiences from organizations at the global level and the local implementing field level, as well as being representatives of large international organizations and agencies, local organizations and the donor community. All respondents pertained to different organizations and in some cases, they reflected on their experiences from several organizations that they worked for during the past decade.

In total, 16 respondents were interviewed.

- Five respondents from INGOs, agencies or worldwide organizations at headquarters or global level
- Five respondents from INGOs, agencies or worldwide organizations at field level
- Three respondents from implementing partners and local (national) NGOs
- Three members of donor organizations at global level

Study 2 assesses humanitarian innovation in the light of CVA. Respondents were selected based on their practical experience with innovative CVA tools and snowballing was again used to enrich the pool of respondents and enhance the quality of the data [254]. Two of the respondents represented large humanitarian organizations at the global level. Five were working in the field for various organizations. Three private sector participants were representing tech companies and/or consultants offering specialized fintech solutions to humanitarian actors.

Study 3 relates CVA to localization in Kenya. Initially, the respondents were identified as members of the national cash working group (NCWG) co-chaired by the Kenyan Red Cross. Each of those respondents was asked to identify who their collaborating partners were for CVA programs. Further, snowballing sampling [254] was used to identify further respondents who also could contribute with relevant experience, insights, and knowledge. All the respondents were identified based on their experience with the phenomenon under study [257], namely, CVA implementation in disasters in Kenya and could therefore answer questions about CVA and localization in Kenya. The respondents represented INGOs active in CVA implementation in Kenya that either were or were not members of an international consortium, as well as LOs that also represented both members and non-members of a national network of LOs. In one case the LO was directly funded by a back donor from the Global North.

A total of 15 respondents were interviewed. The respondents included

- Three members of INGOs that are part of the Kenya Cash Consortium
- Three members of INGOs or agencies that are not part of the consortium
- Six members of LOs that are part of the ASAL Humanitarian Network
- Three members of LOs that are not part of the network.

Study 4 addresses the transformation that CVA brings to the humanitarian system. The respondents were selected if they had a decade or more of experience in the humanitarian sector and with CVA implementation from one or several organizations and had therefore insights on the humanitarian sector and CVA. The respondents were representing global coordination actors, donors, international organizations at headquarters and the field, as well as local organizations. All the respondents had experiences from several organizations and could answer questions about the relationship between the humanitarian system and CVA at a very high level.

In total, 19 respondents were interviewed. The respondents included

- Three members of donor organizations or coordination actors at global level
- Six respondents from INGOs, agencies or worldwide organizations at headquarters or global level
- Seven respondents from INGOs, agencies or worldwide organizations at field level
- Three respondents from implementing partners and local and national NGOs

Table 4: *Background of respondents in each of the studies presented in the findings.*

Background of interviewees	**Total**	**Study 1**	**Study 2**	**Study 3**	**Study 4**
Donors and coordination global level	6	3		3	
INGO / agency HQ	15	5	4	6	
INGO / agency field	21	5	3	7	6
Local organization	15	3		3	9
Private sector fintech	3		3		
Total	**60**	**16**	**10**	**19**	**15**

In all cases, the respondents were told that they would remain anonymous and that no organization would be mentioned specifically, as shown in the informed consent form in the Annex of this thesis. In some cases, this allowed the respondents to discuss more freely the topics that emerged, without having to consider the official position of the organization they pertain to. Therefore, all respondents' identities and organizations will remain anonymized. An overview of the background of respondents for each study is shown in table 4. The respondents all had a vast experience in the humanitarian system and in CVA implementation, giving them the possibility of a more generalized view on the topic; thus, helping us indicate analytical generalizations [258][259].

5.4. Data analysis

All interview data was recorded (except in one case where the interviewee asked for the recording to be stopped as the discussion was becoming sensitive and critical towards the respondent's own organization). The recordings were transcribed [260] and in four cases all pertaining to the first study, a follow-up interview took place to clarify some of the statements. The respondents were guaranteed anonymity for themselves and their organization by an informed consent form (an example of which is presented in the annex). This was respected at all times, including the analysis of data and the writing process. Names of respondents were omitted and letter codes were used to identify the different interviews from the start of the process. The file that related the letter codes to the respondents' names and the organization they pertained to was stored in a secure location.

The recordings were listened to many times and the transcripts were re-read to become familiar with the data and identify important points [261]. The data analysis began with manually open coding, identifying important statements and emerging concepts [262] that contributed to the research objective of the study. The codes were developed during the analysis process and designed from the reading of the material supported by the reviewed literature [263].

Given that it is not possible to make statistical interferences from this qualitative data, the data is a basis for recognizing trends and making generalizations that must be logical and analytical [262]. Thus, the codes were then categorized into themes by clustering those pertaining to the same broad topics [264]. In some cases, the respondents talked about other related matters that interested them. Hence, the analysis continued with a process of reducing and re-arranging the text clustering statements with common themes [263]. For each theme, I searched for the part of each concept that related to the design of CVA programs or CVA implementation for disaster response. In this way, the analysis identified common information across different interviews [251]. This led to the synthesis of the analysis that produced the findings presented in the next chapter of this thesis.

All four studies followed the same process of data analysis with one exception. Paper 3 started with the development of a framework of localization for CVA synthesised from several other frameworks presented in the previous chapter. This framework plus the analysis of the concept of local served as the basis for the data analysis.

5.5. Research limitations

CVA is a single component of the ongoing transformation of the humanitarian system. Therefore, many of the related topics are reported elsewhere in literature as concepts of research in their own right. Hence, the aim of this thesis is not to be exhaustive with each related topic that emerges from the data, but rather to show how different components of the humanitarian system interact with CVA implementation and the components and CVA influence each other contributing to the change in humanitarian organizations and the transformation of the humanitarian system. Likewise, paper 2 focuses on practitioners' perspectives on innovation. Therefore, a detailed analysis of each innovative CVA tool listing its challenges and impact is beyond the scope of the study.

The data collection for the thesis took place between 2019 and 2022 (largely during the Covid-19 pandemic). The limited mobility due to the pandemic forced the interviews to be conducted online. It also meant that during the data-gathering phase of the research, the affected population of disasters were not accessible to the researcher. Hence the research is focused on the effect that CVA has on humanitarian organizations and on the humanitarian system and not on the effect that

CVA has on the affected population nor on the relationship between humanitarian organizations and the affected population.

The findings of the four studies are based on a limited number of respondents. This can impose a limit to generalizability [252]. However, the respondents were all respected members of the humanitarian sector with a vast experience with CVA and with knowledge from various organizations and agencies. This gave them the possibility of a more generalized view on the topic [262] and allowed the creation of data of a sufficient quality to indicate analytical generalisations [265].

5.6. Reflexivity

Given that the author of this thesis is himself a practitioner in the field of study, it is relevant to give some attention to reflexivity in the study. It is important for the researchers to attempt to make their influence on the research as explicit as possible to themselves and to the reader [266]. Dodgson states that "The issues surrounding the researchers' reflexivity are many and complex. Therefore, the researcher has the responsibility of succinctly and clearly addressing these issues, so the reader can evaluate the research" [267].

The background of the researcher influences the analysis. Corbin and Strauss [265] describe how "personal experience can be brought into the analysis in a way that maintains the primacy of the empirical data". The researcher's experience is brought to the analysis, not as data, but rather to provide "ideas of what to look for in the data, making us sensitive to things that otherwise might have been overlooked" [265]. Furthermore, reflexive concerns while creating the research may create the risk of self-censorship [268]. It is, therefore, important to disclose explicitly the researcher's own concerns and how these affect the final report [266].

Reflexivity requires that the researcher scrutinize relevant personal assumptions, judgements, practices and belief systems [269]. This process also entails that the researcher reflects critically upon the possible implications caused by their own personal beliefs on the research aim, the findings and the conclusion [269]. Hence, reflexivity helps the researcher become aware of instinctive choices regarding research objectives, study design, and outcomes of quantitative studies [270].

The following provides reflections on my background, assumptions, judgements, practices and belief systems, all of which shaped the research I conducted presented in this thesis.

I am a practitioner in the field of disaster management. I am employed by Danish Red Cross and have been an external lecturer at the Master of Disaster Management at the University of Copenhagen. In disaster response, I am often deployed as a CVA expert and team leader. My first motivation for research in the field of disaster management happened in the field where I could see some of the challenges of implementation like cross-border CVA programs, for example.

In the course of my professional deployments, I have witnessed many incidents that illustrate the challenges that are presented in this thesis and in other academic literature. I started my disaster career after the shift towards CVA had started. I studied the Master of Disaster Management in 2010 (before that I was a project manager in the private sector). Even so, I have witnessed the reluctance towards cash in some settings and the simplification of guidelines and procedures to fit the operational realities. Hence, the initial basis for this thesis was the mentioned idea that CVA must have changed the humanitarian organizations and the humanitarian sector and I initiated the

research to find out how that change had taken place. I was disappointed in the beginning by the lack of literature specifically relevant to the subject. My supervisors helped me broaden my perspective to include related fields of study. During the course of my PhD, more literature has become available and it was comforting to realize that in most cases the conclusions were in line with those in my studies.

During the interviews, I made a conscious effort to be neutral to the responses that the respondents were given. However, there might have been instances where I didn't ask enough follow-up questions because I already understood what the respondent was referring to. Some of the topics we discussed were obvious to me, so I understood immediately without the need for further explanation. This is good for advancing the interview, but it may need further clarification when writing for a broader research audience. A danger was that the topics were chosen with bias due to my experiences, however, I am confident in that the coding and topics that were discussed came from literature and the respondents themselves. In some cases, the study was founded on unanswered questions from a previous study (like in the case of innovation or the interplay between CVA and localization). On the other hand, the fact that I have a professional and academic network in the field of study meant that I immediately had access to the most experienced professionals. In each case, they referred me to further experts that they respected. Therefore, the basis of the data benefited from my background. The only contacts I purposefully did not use were the members of the Danish Red Cross. Since this institution finances the whole research, I found it relevant to exclude them completely from the analysis to keep the independency of the research.

During the analysis and writing process, I did feel frustrated by the fact that some of the respondents to interviews were as much of an expert in the field as I am myself. However, as a researcher, I should withhold my own opinion. My supervisors were crucial in spotting when I was introducing too much of my own experience in the discussion. I could have used participant observation research as a methodology, where the researcher is part of the observed field. It relies on the assumption that "the best way to understand a group of people is to interact with them closely over a long period of time" [26]. I chose not to in order to give more validity to the results. My observations would have been anecdotical based on the disaster response operations that I participated in, and they would be from the field level and a little bit from HQ in Copenhagen. The observations would have lacked the global level, the relationship to fintech and other aspects of the overall humanitarian architecture that the study needed.

One final consideration is that the way of thinking is radically different in research and in practice. During my PhD, I was deployed in disaster response almost half of the time (which extended the period of research). During the response operations, the aim is to constantly solve problems quickly and move on. When I came back to the research, it surprised me how long it took to change the mentality to a research frame of mind of being thorough with methodology and being mindful of details. Again, it was with the help of my supervisors that I was able to make the transition from one frame of mind to another. In the final year of my PhD, I was grateful to the Danish Red Cross for allowing me to concentrate on the research full-time.

5.7. Ethical considerations

The information gathered from the studies is anonymous and any sensitive data has been treated responsibly. The study is not focused on the affected population. Interviews were not conducted with people affected by disasters. The interviews were held with the organizations that respond to

those disasters. All informants were asked for their consent to take part in the particular study and be recorded. Feedback on the results will be made available to the participants when appropriate.

The whole study is guided by the Core Standards of the Red Cross with regard to the treatment of affected populations [271]. The researcher subscribes to the Code of Conduct of Red Cross Societies [272]. The data was managed and stored according to GDPR rules as stipulated by the University of Copenhagen [273]and following the requirements of data protection indicated by the ethical approval. For the study conducted in Kenya, ethical approval was received from the Masinde Muliro University of Science & Technology (MMUST) and a research permit from the National Commission for Science, Technology and Innovation (NACOSTI) in Kenya.

The research and PhD were funded by the Danish Red Cross. However, the funding organization was not involved in any aspects of the study and the academic research was conducted in an independent manner. In particular, members of the funding organization were not respondents to interviews. The author declares that he has no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

6. Findings

This section presents the summary of the four annexed research papers. Each study represents the analysis of each research objective which together aim at answering the research question for the thesis. Each study has been submitted to a peer-reviewed journal for publication. Three of them have been published and one is in the review process. The journals are mentioned in each case. At the end of the section, the findings are summarized and structured under each research objective to contribute to answering the main research question of the thesis.

Study 1: The transformative effect of cash and voucher assistance experienced by humanitarian organizations

Published in International Journal of Disaster Risk Reduction, Volume 80, 1 October 2022
Authors: Pablo V. Holm-Nielsen, Emmanuel Raju and Peter Furu

The paper presents the results of how the shift towards CVA has transformed the humanitarian organizations that employ the modality for disaster response and how that transformation has evolved, addressing research objective 1. The knowledge of the changes that the humanitarian organizations have undergone, may serve as the basis for improving the further changes that the humanitarian system will have to face in the future.

The paper shows how the organizations implementing CVA in response, embarked on an organizational learning process that happened in a more organically than planned manner. In many cases, the learning happened in the organizations while the implementation took place. CVA created a shift in mindset for many individuals, particularly in departments such as finance, logistics or procurement. The implementation of CVA transfers power to the recipients of aid and forces organizations to think beyond sectors and enhanced accountability. Since the transformation happened in all humanitarian organizations at the same time, there was a shared model of organizational learning where different organizations influenced each other and shared experiences.

The study shows that the implementation of the CVA modality was accelerated due to pressure from donors. Inside the organizations, the motivation came both from top-management that was convinced by cost-effectiveness and bottom-up from the implementers on the field that saw the direct benefits of CVA for the population in need. The middle layers of the organizations were more reluctant to change as it meant changing processes and standardized tools from what had been the norm for a long time. Financial and logistic departments felt threatened by the change and showed some resistance. One aspect that also benefited the spread of knowledge in the sector is the high level of turnover that the humanitarian system experiences. Experiences from CVA implementation were shared through the rotation of staff between organizations.

The change towards CVA happened in stages, as innovation usually does. Initially, there was intense learning within the organizations and a constant push to drive the change. At later stages, a more predictable change management strategy was established. As usually is the case, small organizations were able to adapt more rapidly to the change. Whereas bigger agencies took in some cases surprisingly long time to carry out the needed changes. The study further presents how innovation in the humanitarian system is usually slow due to the limited risk that is acceptable when working with people affected by disasters. Sustained change has matured in the implementation of CVA with a more standardized approach in which CVA is embedded in each department. The

transformation of the modality is ongoing. Currently, implementation is leaning towards multi-purpose cash grants (MPCG) and the links to social protection, thus moving away from a sector based CVA approach. A new phase of innovation is expected due to the advancements in financial technology and data management.

CVA has been a catalyst for change that has affected other areas of humanitarian response beyond the modality of the delivered aid. Several aspects of disaster response have received more attention and developed quicker due to the shift towards CVA. Market assessments should have been performed when delivering in-kind aid, but the knowledge of how the aid was affecting the markets was for the most part ignored. CVA and the analysis of the use of cash in the markets pushed the skills of market assessments and supply-chain in humanitarian organizations. Likewise, reports had been focusing more on the amount of aid given, than on how useful and appropriate the delivered aid was. With the implementation of CVA, the concept of post-distribution monitoring (PDM) became central to the monitoring activities. Furthermore, as the use of technology became more widespread, the skillsets for data management and data protection were intensified. Finally, there is a tendency to perceive more risk when delivering monetary aid than items. This produces enhanced financial controls. These changes revealed in the findings of the study would probably have happened anyway, but they happened more rapidly because of the introduction of CVA.

The study also shows how the experience of local organizations was much more challenging at the onset of CVA implementation. The decisions were made in the global north and trainings were not widespread. The international organizations were learning how to implement CVA while influencing their local partners at the same time. The local organizations were pushed to apply the new modality and learned as they were implementing the programs. Improvements in capacity development have occurred since, with the focus on the localization agenda. However, in the expected future development of the modality, there is still ample room for improvement in including local organizations in CVA program design.

The study indicates that with the emergence of fintech, the way CVA is implemented in the future will have to change. Humanitarian organizations will not have the capacity to keep up with the technological evolution of fintech and therefore, a stronger relationship with the financial sector will be necessary. This relationship will have to go beyond the response phase and rely on long-term institutionalized agreements. These stronger relationships with FSPs bring a concern to humanitarian practitioners, that fear that a division of tasks in the program cycle may lead to donors transferring funds directly to private sector FSPs, while the humanitarian actors merely identify whom the money should benefit. Donors, on the other hand, were of the opinion that this will not happen as the for-profit private sector would distort humanitarian disaster response.

CVA implementation is now at a phase of sustained change and could experience a new process of transformation with the ongoing development of financial technology. Therefore, in the future, a stronger collaboration with the financial sector will be needed as technology evolves. At different stages of the transformation, there have been changes in the type of skillsets and roles that have been needed. The change has also influenced the way organizations collaborate with each other. In many organizations, the changes are ongoing while the reality of the implementation of CVA is evolving. Other organizations have arrived at a more stable phase where CVA implementation is more predictable and included in organizations' strategies.

Our research suggests that the shift towards CVA has in turn also had a transformative effect on humanitarian organizations and on the humanitarian system. CVA has created a disruption of traditional ways of delivering aid. It has forced organizations to question their activities and

approaches. The process led the international organizations to embark on an organizational learning process while at the same time advocating to their partners.

Study 2: The stagnation of innovation in humanitarian cash assistance

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Authors: Alex Monich, Pablo V. Holm-Nielsen and Emmanuel Raju

The objective of the study is to analyse the absorption of innovation and diffusion capacity of the humanitarian sector and assess internal and external challenges affecting the implementation or rejection of novel CVA tools, addressing research objective 2. More than examining concrete examples of CVA innovation, the study focuses on how the perception of innovation and the implementing environment affect the innovation of CVA implementation.

The theory of innovation was developed for the private sector, distinguishing between product and process innovation and showing the cyclical nature of innovation. A technological discontinuity starts the era of ferment, the emergence of a dominant design followed by the era of sustained innovation until a new discontinuity restarts the cycle. At the moment, technological innovation in CVA can be described as pertaining to the era of ferment. The theory also describes how the success of innovation is based on three variables, which are the inherent characteristics of adopters, pros and cons of innovation itself and a broader social and political context.

The perception of innovation in the humanitarian sector has not arrived at a consensus on what innovation should entail nor what issues it should solve. Further, innovation in the humanitarian sector doesn't follow the same patterns of diffusion as the private sector. Ethical considerations towards the affected population, the demand-driven nature of the activities and the characteristics of the funding prevent the humanitarian sector from more radical types of innovation. Therefore, innovation in the humanitarian sector is naturally slower and less efficient than in the private sector.

Innovation within CVA will be guided by the evolution of financial technology (fintech) and will therefore be heavily reliant on the private sector. Humanitarian organizations do not have the capacity to follow the technological developments of fintech and will have to create stronger ties with the private sector in a more strategic and long-term manner than has been the case so far. This evolution will potentially transform the nature of CVA and contribute to the transformation of the whole humanitarian system during the next decade.

Conversely, there is some discomfort amongst the humanitarian actors about the active involvement of for-profit organizations in humanitarian implementation. Furthermore, one contradiction to solve is that the private sector would favour standard products and global solutions that could be replicated in all disaster response operations. Fragmentation of current CVA innovation in the humanitarian sector prevents scaling and proper investment in developing the appropriate tools and technological solutions. However, humanitarian innovation needs to be context specific relying on custom-built tools that will be appropriate to the affected population. The study points to several challenges that are contributing to the stagnation of innovation in CVA in the humanitarian sector, which are presented below.

Innovation in CVA is stuck in the proof-of-concept stage. Despite the implementation of numerous pilot projects and interest from organizations and donors, the proposed solutions do not progress from the initial stage and fail to scale up to the level of implementation. Fragmentation, the lack of a common understanding of digitalization and the absence of a proper strategy for innovation are

mentioned as reasons for this stagnation. Governments and the regulatory framework are lacking behind technological innovation. Governments are often an actor and a regulator in humanitarian response and are slow at including financial innovation in national regulation. Therefore, humanitarian actors are often acting in grey areas which slows down the application of innovation.

Institutional resistance is a challenge for all types of innovation in the humanitarian sector. Organizational change is key to achieving success in innovation. However, in humanitarian organizations, there is an under-appreciation for innovation or even a permanent ban on certain kinds of innovative approaches. The short-term mentality of disaster response often contradicts the need for knowledge dissemination needed for effective innovation. There is a need for a cross-organizational learning process to take place and the creation of safe spaces for innovators.

Another challenge for humanitarian innovation presented in the study is the absence of reporting on failures. The exclusion of failures from reporting impedes cross-organizational learning and leaves some challenges under-analysed. This data would be useful for the next phase in the innovation cycle. Reasons for this omission are the perception of organizations that don't want to damage reputation and potentially jeopardize future funding. Finally, the study empathises the importance of localization in innovation. Some of the provisions for humanitarian procurement favour more established technological vendors from the global north. This contributes to a technological divide if knowledge and tools are not shared with local partners.

The transformation of fintech globally will affect the implementation of CVA and represent a transformation of the humanitarian ecosystem, changing fundraising, capacity development and community engagement. The impact of this effect could create a disruption in the humanitarian system and the way disaster response is implemented. The technological complexity of these changes will mean partnerships with the private sector are not just desirable but unavoidable.

Study 3: The influence of cash assistance on the localization agenda in the humanitarian sector in Kenya

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The objective of the third study is to examine how CVA interventions and the localization agenda influence each other in Kenya addressing research objective 3. Kenya was chosen because it is a country where both CVA implementation and localization are fairly well functioning, so the influence of these two concepts on each other could be studied without having to analyse the potential needed improvements of one of them. The study aims at analysing how the international and local organizations in Kenya understand and apply the concept of localization, how they interact in relation to CVA interventions and understand whether the trend to create one main international actor or consortium for CVA implementation affects the localization agenda.

The study concludes that "local" is a relative term and does not have an absolute definition. For the donors and organizations in the global north, any organization operating in Kenya will be local. For a national organization based in Nairobi, a county-level organization will be local. And in the context of the county, the village where the affected population lives, will be local. Therefore "localization" is also a relative term. Anything that brings relevance closer to the affected population at any level, will be an act of localization. Therefore, the term local organization (LO) was used broadly, referring to any Kenyan organization that works in humanitarian action and the term *donor* meant the back-donors to INGOs in the global north.

Table 5: *Areas of application of localization with a description of what is covered by the area with regard to CVA implementation and the most important findings in the study related to that area.*

Area of Localization	Aspects of CVA included	Most important findings in the mutual influence of CVA and Localization
Capacity development	- Decision on trainings - Organizational development	- LOs should be part of deciding what to develop and train. - It should include organizational development, project management and consortium management as well as donor relations.
Program design	- Decision-making - Partnerships - Strategies	- Diverse views on how much LOs are part of design. - Often program design fits INGO and donor strategies. - LOs and INGOs disagree on the balance between coverage and impact (number of targeted families vs transfer values). - Short-term mentality of some CVA programs strain the relationship between LOs and communities.
Trust	- Compliance and corruption	- Donors often see direct relation to LOs as higher risk. - Trust affects power relations. - Top management is key to enforcing policies.
Power	- Power imbalance - Relationships to sector	- Sometimes INGOs and donors agree on conditions of programs before LO is part of the discussion. - Network of LOs greatly influences power relations.
Funding	- Access and bureaucracy barriers - Indirect costs	- Mostly, funding goes from donors to INGO and then to LOs. - Few LOs have direct relationship to international donors. - Network of LOs influence the distribution of overheads. - Funding streams are based on power and trust.
Coordination Mechanisms	- Coordination of national actors - Coordination with international actors	- Two levels of coordination: national and county level. - - - - Stronger relationship between the two levels needed. - LOs present only at county level. - Capacity development on coordination needed (but challenging since training profiles are absent).
External relations	- Relations to donors - Relations to FSP	- LOs have direct access to FSP platforms in some cases. - Improvement in the last years, where LOs are in more direct contact with donors. - Network of LOs positively affects external relations.
Visibility	- Giving credit to field implementation	- Important for building external relations and trust. - Usually in Kenya LOs get credit for their work. - Benefits both INGOs and LOs in common applications for funds.

The study combines several frameworks for analysing localization developed by different institutions into the areas presented in table 5. These areas became the basis for interviews and for analysing the obtained data. One important factor in analysing localization in Kenya is the influence of local networks. Concretely, in the counties declared Arid and Semi-Arid Land (ASAL), the ASAL

Humanitarian Network (AHN) is a network of 30 LOs that address the wider humanitarian system together (the logos of which are presented in figure 6). Four INGOs actively supported the creation and the continuous development of AHN and together formed the Kenya Cash Consortium (KCC). The study interviewed both INGOs that did or did not pertain to KCC and both LOs that did and did not pertain to AHN, as well as coordinating bodies.

Localization is found to be a continuous process in Kenya. Some progress has been made, although some critical LOs questioned whether particular INGOs use localization for their own promotion towards donors. For a more successful localization of CVA implementation, the study calls for a more radical change or disruption in approach in the humanitarian system instead of small incremental changes as has been the case until now. Power relations, coordination, relations with donors and program design are still areas that need strengthening. On the other hand, visibility, trust and sharing of indirect costs have shown improvement.

Figure 6: *Logos of the members of AHN from the organization's facebook page. The description reads: "The ASAL Humanitarian Network (AHN) is led by 30 local actors, including women rights organisations, operating in the arid and semi-arid land counties of Kenya".*

Both INGOs and LOs see the benefits of localization in terms of fundraising, capacity development and in geographical presence and relevance. The covid-19 pandemic was an opportunity for increased localization as LOs were able to access the communities more freely and meetings were held online, so presence in the capital was no longer needed. CVA implementation supports localization by giving small organizations the chance to implement smaller caseloads in equal terms as bigger organizations and allowing the relationships to communities to be strengthened.

The study reveals a disagreement in approaches which CVA makes possible. INGOs favour a higher impact helping fewer families with more funds, while LOs prefer spreading the help to more families even if it meant that the transfer value was reduced. The difference is evident in the approaches of national level coordination where INGOs attend the national CWG and the county level coordination in some cases led by LOs. Another criticism of CVA implementation is the short-term mentality of responses where INGOs push LOs to distribute funds for a short time without a clear strategy of what the long-term funding situation is. This undermines the relationship between LOs and the communities they represent.

The biggest contribution to localization in CVA implementation is the creation of AHN and its connection to KCC. The relationship was developed while implementation took place and gave members of AHN a voice and influence in the Kenyan humanitarian system. AHN was created by the interest of Kenyan individuals with international experience that chose to work locally and strengthened by the approach of individuals in INGO management positions that chose to give up power to LOs. Therefore, the influence of individual leadership is found to be crucial in the development of those networks. The trend to unify CVA responses into one actor shown in previous studies, is shown to have the potential to support localization if properly managed.

Naturally, there are still issues to solve in AHN as it keeps evolving. The network shows similar dynamics to the wider humanitarian system in its internal struggles, where internal power relations, competition for funds and the challenge coordination is pointed out next to the demand for visibility by county-level organizations in relation to bigger organizations with a national presence.

For localization in CVA programs to be successful, the study highlights the importance of a change in the identity of the INGOs and for a more strategic long-term relationship to be established. Next to channelling funds and monitoring programs, INGOs should focus capacity development efforts on organizational development and cooperation rather than solely on technical matters. This calls for the profiles of trainers to be revised.

Study 4: The influence of cash assistance on the future of the humanitarian system

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The aim of this study is to analyse what challenges and contradictions exist between CVA implementation and the humanitarian system and therefore what issues need to be resolved between CVA and the future renewal of the system addressing research objective 4. CVA has clearly had an influence on the humanitarian system. CVA is not only a change, but a source of change and a disrupter of the ways of working. The rate of change may increase in the future, making it relevant to address the issues of CVA implementation as part of the transformation of the humanitarian system.

CVA affects relationships between organizations and influences the power structures between community and organization. It brings higher standards and forces organizations to define what value they add to a given program. There are some aspects of disaster response that CVA accelerated the development of, such as financial accountability, impact monitoring or data management. Coordination remains an unresolved issue in the humanitarian sector in general and in CVA implementation in particular. There are two global initiatives for CVA coordination, one within the UN system (the Common Cash Statement) and one amongst the INGO community (the Collaborative Cash Delivery Network). These have been criticized for creating parallel structures and not resolving the diplomatic battle of who will be the lead.

So far, there is an organic adjustment to cash coordination. A fundamental obstacle to the coordination of CVA is the multi-sectorial nature of CVA, which is at odds with the cluster system and the fact that in disaster response, organizations often work sector-specific and by mandate. The benefits of CVA are most obvious in multi-purpose cash grants (MPCG) that are not restricted to a certain use or sector. However, this multi-sectorial tool is bringing a diplomatic battle on who will coordinate it, which also includes the cash delivery companies of the private sector.

The humanitarian sector has been criticized for being too silo-based, which CVA is helping to erode. This however leads to the mandate-based organizations and agencies being concerned with losing their essential reason for existence with a multi-purpose response that moves funding away from specific sectors, depending on the preferences of the affected population. So far, organizations also had an issue with how to report on MPCG that falls outside a specific sector. However, donors are already committed to simplifying this part of reporting in their continuous support to CVA. It is also worth noting that many humanitarian activities, such as advocacy for example, will never be substituted by CVA and more specialization in those areas is to be expected.

Since CVA brings the exact same response delivery from all organizations, donors are questioning why all organizations need to be doing the same thing. There are more consortia for CVA being created based on specialization, geographical presence and competition for funds. Donors favour a single consortium or agency managing the whole CVA response, as it simplifies the managing and monitoring of the programs. The question that was raised is whether this approach is a contradiction of the localization agenda of the Grand Bargain. CVA brings an opportunity for smaller local organizations to compete at smaller scales with the traditional large international organizations because the implementation does not require an expensive logistic setup. However, it has been unclear how CVA and localization affect each other given the push for efficiency that the single-actor approach is based on. This issue will be researched in the last study of this thesis.

Given the continuous and rapid rise of CVA implementation, it is reasonable that in the future a larger portion of disaster response will rely on MPCG. To accommodate for this, the humanitarian system needs a radical, strategic and systemic transformation, rather than the incremental, organic change that has been seen until now. As shown in study 2, the rapid evolution of financial technology will mean that the delivery of CVA will change, and humanitarian organizations will need to collaborate with the private sector to be able to keep up with the technological evolution.

The identity and role of humanitarian organizations will need to be reviewed in the light of a renewed system in which not necessarily every organization will be involved in CVA. The non-CVA activities will need to be defined resourced and assigned. The role of the cluster system will also have to be re-defined in relation to a growing MPCG-based response. Therefore, the future of the humanitarian system is reliant on resolving these aspects of the transformation that CVA has brought and will keep bringing.

6.5. Answering the research question

The presented studies address each of the objectives of the thesis that together aim at answering the research question:

What changes has cash and voucher assistance produced in humanitarian organizations and the humanitarian system and what transformations are needed for the future?

The main findings that contribute to each objective will be summarized in a synthetic and structured approach. The discussion in the next section will be based on these findings and lead to the conclusion that will answer the overall research question of the thesis.

To analyse what changes the use of CVA for disaster response has created in humanitarian organizations and how the changes have evolved over time.

The objective is mostly addressed in paper 1 with contributions from papers 2 and 4. The findings show that the introduction of CVA has created change in humanitarian organizations. CVA has disrupted traditional aid delivery and forced organizations to review their activities and approaches. The change happened mostly in an organic way, accelerated by donors favouring CVA.

Humanitarian organizations have had to innovate and acquire new skills such as market assessments and redefine some roles for example related to procurement. CVA accelerated some changes that may have occurred at a slower pace, like for example the focus on PDMs or data management or financial inclusion. CVA has also affected external relations, particularly with FSPs but also in the coordination and collaboration between organizations. Humanitarian organizations had to learn how to implement the new modality and advocate it to their local partners at the same time. These local partners were not included in the definition of the implementation of CVA and adopted the modality by mandate. The capacity development that occurred internally and externally simultaneously did not lead to an effective organizational learning process.

The change in humanitarian organizations went through phases, some of which lacked proper management and planning. CVA was introduced in different response sectors, then applied in a multipurpose manner through MPCG and finally arrived at a more stable stage where it is included in organizations' strategies and normal ways of working. The change in organizations is still ongoing and needs to be managed more predictably. Future changes will be affected by the evolution of the financial sector and by the change in the nature of disasters.

To assess the application of innovation in the humanitarian sector and analyse internal and external challenges affecting the use of novel CVA tools.

The objective is addressed in paper 2 with contributions from paper 1. The findings show that innovation in the humanitarian sector is diffused at a slow rate because of the need to consider the consequences for the affected population and maintain a balance between efficiency and needs-based programming. Organizational changes are slow in humanitarian organizations and institutional reforms even more so However, innovation in the humanitarian sector still follows the patterns of innovation, typically with institutional resistance and a relatively high rate of failure. Humanitarian organizations are not necessarily skilled in managing and implementing innovation.

Innovation in CVA may now be at a phase of sustained change and could experience a new process of transformation in the near future. A new disruption or paradigm change based on the evolution of fintech should be expected following the theory of cyclical innovation. Humanitarian actors need

to arrive at a consensus on a shared vision of implementation of CVA, in order to facilitate the diffusion of innovative CVA tools. Private sector involvement will be necessary in a more strategic and prolonged way, given the complexity of new technological tools that the humanitarian organizations will not have the capacity to follow nor sustain.

Typically, innovative CVA projects do not pass beyond the ferment stage. Several factors contribute to a stagnation of innovation in the humanitarian sector and CVA implementation. There are various views on the appropriateness of innovation in various humanitarian contexts. There is a tendency to only report on successful pilot projects. Humanitarian innovation projects are seen with reluctance due to the do-no-harm principle. Innovation in the humanitarian sector and in CVA implementation needs to be supported by creating a culture of shared learning. Localization and innovation of CVA can be aligned by including local infrastructure and local knowledge in the process.

To explore how international and local organizations in Kenya understand and apply the concept of localization in the context of CVA and what implications this has for the humanitarian system in Kenya.

The objective is addressed by paper 3 with contributions from paper 4. The findings show that CVA can support the localization agenda if properly managed. The definition of localization is relative, depending on the position of each actor within the system. Both CVA and localization are well established in Kenya and are central to disaster response. Local organizations (LO) can engage in CVA response relying on their existing capacities and their established relationships with communities. INGOs tend to be present at national CWG, while LOs have found their space in county response coordination. The flexibility of CVA and the emergence of localization enable a discussion between INGOs and LOs on the balance between coverage versus impact. However, the same flexibility of CVA may also allow for short-term implementation of aid without proper strategy.

Donors favour allocating CVA funds to one larger actor, facilitating the creation of consortia of INGOs for CVA implementation. Likewise, LOs benefit from forming national networks that give them influence in the humanitarian system. For the local networks to succeed, capacity development needs to focus on coordination, collaboration and organizational development beyond the technical skills needed for implementation. Funding is needed for capacity development and for the creation, management and maintenance of the national network.

For localization to become a reality, managers in INGOs have to be willing to withdraw from implementation and give up power to the networks of LOs and experienced national professionals have to be willing to work in the national context. Localization is therefore dependent on leadership and personal values that may collide with the personal interest of humanitarian professionals. Therefore, the synergy between Localization in CVA implementation relies on a re-definition of the identity and role of INGOs and LOs.

To examine what challenges, contradictions or opportunities exist between CVA implementation and the functioning of the humanitarian system and how this affects the future of the system.

The objective is addressed by paper 4 with contributions from papers 1, 2 and 3. The findings show that the existing issues of the humanitarian sector have been replicated in CVA implementation. However, the future development of CVA can be used as an opportunity to address some of these issues. Most of these issues find their root challenge in coordination, power relations, mandates and competition for funds and localization.

These fundamental problems also affect CVA implementation. CVA resources are centralized into one entity formed by one agency or a consortium of organizations. This may be at odds with the localization agenda if not properly managed. There have been initiatives to address CVA coordination globally. The collaboration is limited by the duplication of systems and power dynamics. The multi-purpose nature of CVA is challenging the sectorial nature of the cluster system and forcing organizations and agencies with a specific mandate to re-evaluate their identity and legitimization. There will always be non-CVA activities which require further specialization by some organizations.

The humanitarian sector is being challenged by external and internal factors and the adoption of CVA is helping accelerate some of these changes. The humanitarian system is expected to change even further as the nature of disasters changes and the technology of the financial sector evolves. The system can no longer rely on incremental changes but needs a deeper transformation. The increasing importance of CVA implementation in response will play a big role in this transformation.

7. Discussion

The chapter will present in the first section the changes, transformation and disruption that CVA has caused based on the findings of the four papers included in the annex. The next section will analyse drivers that will bring further change and transformation to the humanitarian sector. This will be followed by a discussion on the future of humanitarian transformation induced by CVA. The last section will discuss the implications that these changes and transformations have for the future of humanitarian organizations and the humanitarian system.

7.1. Change, transformation and disruption due to CVA

This thesis shows that the shift towards CVA in disaster response has created a change in humanitarian organizations and a transformation in the humanitarian system. In paper 1 CVA is described as a disruptor, a provoker, and an agent for change. It was a change in the humanitarian sector that follows the reviewed theories of change and innovation. CVA can be classified as disruptive innovation in the humanitarian sector [201] since it has created a discontinuity that required users to change their behaviour to make use of the innovation [198]. Following the classification of change by Manter [237], the change was discontinuous, emergent and based on modular transformation. Furthermore, the diffusion of innovation in the case of CVA was both vertical (from donors INGOs, from INGOs to LOs) and horizontal (from food security to health and social protection, from one organization to another) [192]. CVA is a dynamic tool that changes and creates further change in the way humanitarian actors work, relate to each other and approach the affected communities [4]. It has the potential for being a further disruptor of the traditional ways of working in the humanitarian sector as shown in paper 2. CVA has influenced organizations and has motivated the appearance of new organizations dedicated to CVA [4].

Interestingly, most of the respondents that were active in disaster response two decades ago, said that they and their organization started cash interventions. Showing that it most likely happened simultaneously, because the time had arrived where it was feasible and made sense. Financial inclusion has been indicated as a barrier to CVA [274]. However, while reviewing guidelines and literature it doesn't seems to be mentioned as often as a challenge nowadays [19]. Consequently, cash assistance is now possible in most settings because development efforts have made financial inclusion reach a large number of communities.

The influence that CVA has on humanitarian organizations and the humanitarian system can be categorized as change, transformation or disruption and is initiated from internal and external dynamics. In the glossary at the start of this thesis, change is defined as an alteration, while transformation is a deeper change that requires a new approach and in disruption the change does not allow for things to continue as they were. Broadly speaking, CVA created changes in humanitarian organizations, transformation of the humanitarian system and the way the humanitarian actors relate to each other and disrupted traditional mindsets and approaches. Some of the influence of CVA has already taken place and some will affect the future of the humanitarian sector.

7.1.1. Change in organizations

Paper 1 shows that many organizations have changed the way they work and the type of profiles that they hire to accommodate for the shift towards CVA. New roles appeared as CVA project managers, new skillsets had to be learned, as market assessments, and new methodologies had to be developed for the implementation of a new modality. The shift in skillsets meant that some profiles felt threatened by the change, especially in logistics. Furthermore, new activities took place with the shift to CVA, such as the relationship with financial service providers (FSP) which challenged the traditional procurement procedures. Paper 1 further shows that the change to CVA was not equally well managed in all organizations. Change management was at the time part of the private sector business management portfolio [275][276][277], but had not been sufficiently identified as a need by humanitarian organizations. The change became for the most part reactive, discontinuous, ad hoc and often triggered by a situation of organisational crisis as characterized by Todnem [233].

CVA also created a major shift in mindset for the whole organization, but especially in some departments like finance. Hence, CVA challenges the organizations to review what added value they bring to the operation, and it shines a light on issues that have always been there, like the fact that it does not make sense for several organizations to deliver the same aid. The way the changes happened at the start of CVA implementation can be used as lessons for the further development of the modality and of the system [219]. The change was rapid and pushed by donors. Organizations have been in a race to position themselves in CVA implementation. Therefore, the changes were brought about in an organic way. The shift to CVA confirmed that small organizations can change more rapidly and are more adaptable and that support from leadership and donors is instrumental to change [275]. The changes are now in a sustained phase where CVA is normalized in most departments and implementing sectors. Although in some contexts there is still some reluctance because of the typical concerns presented in the background chapter [13].

The shift to CVA has meant that many aspects of disaster response have been revised. CVA brings higher standards to quality control and accountability because it creates more risk aversion than in-kind aid. Concerns about fraud and corruption bring enhanced financial controls and concerns about inflation bring monitoring of markets. Paper 1 further indicates that in some cases new activities were created which would probably have arrived in any case, but CVA accelerated the process, for example, the increased use of data management. CVA also strengthened financial accountability since transparency is easier with cash. Showing how much aid reached the beneficiaries is more straightforward. Furthermore, CVA has supported the introduction of post-distribution monitoring (PDM), which in the opinion of most professionals should have been performed when giving in-kind aid, but was rarely done [84]. Whether the aid was useful and relevant was something that often in-kind distributions did not report on. Humanitarian organizations describe being now aware of household dynamics more than they ever have been in the past.

7.1.2. Transformation of the system

The changes that humanitarian organisations experience, in turn, affect and alter the humanitarian context [88]. Papers 3 and 4 show that CVA has had a transformative effect on the humanitarian system. Regardless of the use of modality for disaster response, the humanitarian sector has been described as needing renewal [33], especially regarding amongst other things the sectorial approach [210], coordination [278], power dynamics [146] and localization [175]. Next to these internal forces of the system, there are some external forces like the rapid development of technology [279], the

need for innovation [203] or the rapid growth of financial technology (fintech) [280]. The humanitarian sector has grown tremendously, as traditional humanitarian agencies have expanded and been joined by new actors [88]. Perhaps the most important change in the external environment has been the increase in the number and scale of disasters [88]. The transformation of the system affects relationships, power dynamics, localization, coordination and the sectorial nature of disaster response. These are central aspects of the humanitarian system and therefore, CVA is contributing to the transformation of the whole dynamics of disaster response.

Paper 4 indicates that CVA has altered the relationships with external actors to the humanitarian system like collaboration with governments social safety nets or the inclusion of the private sector in the form of FSPs. The paper further shows that the effects that CVA has had on the humanitarian system are contributing to a transformation in power dynamics, and, ultimately, challenges the way humanitarian organizations think about their role within the system [281]. Paper 3 shows that CVA also can be used to reinforce the role of local organizations (LO) in disaster response. It gives the chance to LOs to compete with small caseloads and hence influence the localization of the system. An essential transformation of power dynamics is the relationship of humanitarian actors to the recipients of aid. CVA changes the disaster response environment, giving the power of choice to the affected population [12]. CVA forces organizations to think of a more empowering type of aid based on higher levels of dignity. Giving people cash makes them agents of their recovery [72]. With CVA, essentially organizations deliver a tool and communities utilize it and make the decisions as they see fit. This is empowering to the communities and consequently creates a shift in power relations. Hence, CVA facilitates the approach of considering the people in need at the centre of the response [227].

CVA is also more flexible and granular than in-kind assistance, meaning that cash can be divided in smaller amounts and can be increased or decreased quicker to adapt to the changing environment. This characteristic of CVA has some positive consequences but also carries some risks. CVA allows for a relevant discussion between LOs and INGOs based on what each of them is measured on and motivated by. The INGOs prefer giving a higher amount to fewer families to be able to show larger levels of impact to their donors. The LOs would like to give less money to more families to spread the coverage. The fact that this discussion is taking place, is an improvement of the localization agenda that CVA has enabled. Conversely, there have been cases of INGOs asking for cash distributions to be made in order to ensure sufficient “burn-rate” of the budgets or because the deadline of the programs was approaching, without much strategy or continuity being applied. This is a risk that the flexibility of CVA is facilitating to a greater degree than with in-kind programs.

An important further consequence of CVA implementation is that it is making the duplicity of efforts more obvious [79]. As research indicates, donors have become significantly more directly involved in humanitarian issues [88]. Hence, as paper 4 shows, donors are questioning why several organizations should be engaged in exactly the same form of aid. Therefore, and also in the name of cost efficiency, the trend is giving the resources for CVA to a single agency or consortium, which has transformed the dynamics of disaster response. Donors are thus, through CVA, forcing a standardization of approaches and the efficient use of more skills and different capacities than may be present in a single organization. The expectation is then that localization will be guaranteed equally through the consortia than it would be through the donors directly, leaving the management of contracts to the consortium of INGOs which the donors don’t have the capacity to oversee.

The risk is that LOs become sub-contractors, without influence, negating their sense of ownership. To measure to which degree localization is achieved, research has indicated that the proposed indicators on localization are not adequate. The indicators don’t measure the degree of participation

and power sharing [190], but concentrate on the number of local organizations that are involved and the amount of funding that is shared with them. Paper 3 shows that the approach can support localization, provided that the consortium refrains from direct implementation and supports the creation of national networks of LOs. The creation of these networks of LOs will require a different approach to capacity development and an acceptance of reduced power and influence by the INGOs. This approach to CVA and localization is a major transformation of the identity and relationship between INGOs and LOs in disaster response.

As research has shown, an important transformation that CVA has brought is the approach to sectors in disaster response [45]. Indeed, one of the criticisms of the humanitarian architecture is the sectorial nature of the cluster system which creates silos in the response operation [138][168]. The approach of the system is based on the mandates and strategies of the humanitarian organizations and agencies, rather than on the needs and wishes of the affected population [179]. A fragmented humanitarian system can leave people behind when their vulnerability is not aligned with the traditional humanitarian sectors [168]. Therefore, there have been appeals for a redesign of the sectorial approach of the cluster system [33][147].

Paper 4 shows that currently, there are two levels of competition for funds in the humanitarian sector: one is that organizations are competing with each other; the other is that organizations also try to attract funds to the sector that they pertain to. In a fragmented and sector-based system, agencies and organizations have a tendency to promote their particular sector or mandate, rather than being led by what outcomes assessments specify are the needs and priorities [133]. CVA has brought to the system the capacity for a multi-purpose response that breaks down the silos of the system disrupting the traditional way of delivering aid.

7.1.3. Disruption and further development

Disruptions affect a sector by changing the relationships between different players [200]. In some cases, CVA disrupts supply chains and transfers the logistics to another actor [37]. More importantly, CVA has disrupted mindsets in the humanitarian system by allowing a new approach to disaster response. CVA permits aligning disaster response better with what people need, rather than with what humanitarian organizations are mandated or equipped to provide [62].

The presented changes and transformations are not sufficient for the future development of CVA within the humanitarian system [33]. The further development of CVA can be used to tackle some of the issues of the system. Among these are power relations, coordination and collaboration, trends in funding streams, the localization agenda and the relationship between different sectors and people's needs [33][129]. The incentives created in the system lead towards financial gain, power and influence. This in turn produces inefficiency and ineffectiveness in the system [2][3]. All these issues have so far to some degree been replicated in the implementation of CVA which is been forced into the existing structures. However, there are drivers of further change that can guide humanitarian aid onto the next paradigm shifts [199].

The findings in the papers and the related research indicate that the humanitarian system no longer has the same legitimacy [129]. Disaster response operations are often underfunded [117], the humanitarian actors do not feel represented by the system they pertain to [22] and most importantly, recipients of aid do not feel a sense of relevance and trust in the humanitarian system [169][129]. For this reason, the experiences learned from the change and transformation that CVA has brought to the system must be used to improve the process of change in the further development of the system that will rely on CVA to a greater degree than before [282]. Already in

2015 at the High-Level Panel on Humanitarian Cash Transfers [20], it was suggested that cash implementation might "help addresses weaknesses and promote transformation" [1].

7.2. Drivers for further change and transformation

This section will discuss three main drivers for further change and transformation of the humanitarian system. These are the increased use of multi-purpose cash grants (MPCG) presented in paper 4, the localization agenda presented in paper 3 and the rise of fintech discussed in paper 2. The section will be followed by a discussion of other drivers and variables that will affect the future of CVA's influence on the humanitarian system and humanitarian organizations and what consequences this will have for the future of disaster response.

7.2.1. Multi-purpose Cash Grants

Paper 4 confirms that CVA and particularly multi-purpose cash grants (MPCG) are breaking down the silos in aid that the cluster system created. MPCG can cover needs according to the choice and prioritization of the recipients of aid [32], instead of the use of funds being dictated by the donor, the strategy of the organization or the mandate. This brings a challenge to organizations and agencies with a mandate, since they cannot guarantee that the affected population will use the aid on the mandate the agency is designed to cover. In some cases, it also brings a challenge to sector-based reporting. Conversely, papers 1 and 4 indicate that sectors and in-kind aid will keep existing in the humanitarian system, given that certain aspects of disaster response will not be covered by CVA. The most obvious examples are advocacy, health promotion or restoring family links. Organizations with specific expertise will still be necessary because some services are not prioritized by the population during disaster response and there will always be the need for a mixture of public policy alongside CVA.

A benefit of MPCG is that it builds on what the population is already doing for their own recovery [99]. People move faster and get on faster than the international system. Meaning that people move to livelihoods and early recovery within one month, instead of the three or four months that the international system takes to move on. People in need are not concerned with the type of programs that the humanitarian organizations have. They have a number of household needs that they want to cover and they do not separate their WASH needs, from their shelter needs, from their nutrition needs. The separation is something that the sectorial nature of the humanitarian system imposes, in a similar way to how governments are organized in ministries.

One critique of MPCG that was noted during the research is that its success absorbs most CVA resources, especially when working through governments and their social safety nets [94]. MPCG homogenizes CVA into household basic needs and does not necessarily prioritize other sectors. The consequence is that MPCG monopolizes CVA and moves resources away from other types of cash interventions. Another risk is that MPCG requires monitoring of the quality of goods and services that the population is receiving from the market, to ensure that the needs are met appropriately [283].

The multi-purpose nature of cash makes the challenges of the humanitarian system more obvious. Hence, MPCG is being promoted by donors and practitioners [48]. It is expected that the portion of CVA dedicated to MPCG will grow in the future making use of information technology and expanding private sector partnerships [33]. Conversely, the tension between MPCG and sectors further

intensifies the competition in the humanitarian system because some agencies and organizations within a specific sector are fearing that MPCG will mean a reduction of funds to their sector.

There are various ways in which organizations and agencies address the tension between mandates and the multi-purpose nature of cash. Initially, when CVA was introduced, there was an effort to insert CVA into the operations of each sector, while continuing to work in the same way as had been the norm. As presented in the background chapter, there have been studies of the effect of CVA in different sectors. These studies are a reflection of the wish to embed CVA in the existing humanitarian structure instead of allowing the people in need to decide which needs they wished to have covered [19]. Some agencies admit that they do not do post-distribution monitoring but rather measure outcomes in the communities. If the outcome related to their mandate has improved, they assume that CVA has been used for the purpose that the mandate of the organization dictates.

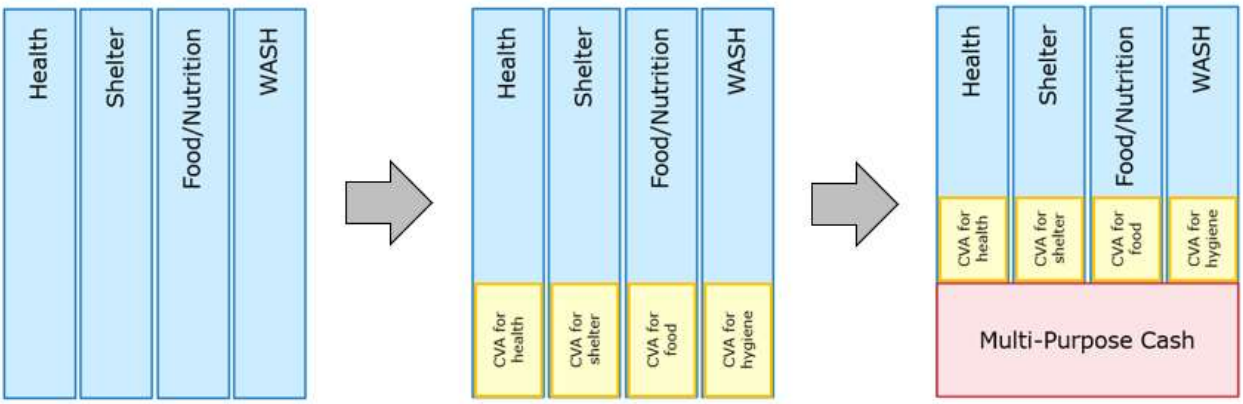

Figure 7: *The introduction of CVA in the humanitarian cluster system. The clusters introduced cash for each sector. MPCG will become a significant part of disaster response that does not pertain to any sector in particular.*

A way of making CVA fit into mandates and sectors is to restrict the use of the cash by distributing vouchers [39]. Restrictions on the use of cash are comfortable for many organizations because it keeps the aid embedded in the traditional ways of working and it can be controlled relatively better. However, the lack of choice of vouchers is seen as undermining the benefits of CVA. Pressure to do CVA has incentivised some agencies into distributing "commodity vouchers" to the targeted population, which they can use at contracted supermarkets to pick up the food parcel that they were going to get in any case. The aid is fixed and the affected population does not have a choice. This is presented as voucher programs, but most CVA professionals are of the opinion that they are in fact in-kind distributions where the distribution point has been shifted to a supermarket. This practice further monopolizes resources because of the agencies' procurement rules, which benefit large traders who will win the big procurement tenders, instead of benefitting the local market. The approach has been criticised for undermining the benefits of dignity and decision power that CVA should bring [217]. At the core of this discussion sits the question of for how long the humanitarian organizations can decide what the distributed aid is used for. When you give something to someone, when does it cease to be yours? Meaning, for how long can the organizations allow themselves to be part of the decision-making of the use of cash during a disaster response? In the disaster response

community, there is a growing perception that further adapting CVA to the existing humanitarian sector is no longer feasible and that in the future it will be necessary to transform the humanitarian sector to incorporate CVA fully into the system.

Consequently, the humanitarian system is moving towards a situation where CVA is increasing its proportion of the humanitarian aid, and MPCG is increasing its share of CVA as represented in Figure 7. The challenge is that this portion of aid which represents billions of USD worldwide is currently not well coordinated nor controlled by any entity. As suggested in paper 4, it is waking the interest of agencies and organizations with a wish for power and influence and it is attracting the private sector that wishes to get involved in the delivery of that aid. This tendency is going to further exacerbate power dynamics in the humanitarian sector and have in impact in coordination and the localization agenda.

7.2.2. Localization and CVA

An important aspect of the research of this thesis is the relationship between CVA and localization, which are two of the main outcomes of the Grand Bargain [160] and what influence that relationship has on humanitarian organizations. As indicated in paper 3, a definition of localization that satisfies all actors has not yet been proposed [128] and there are even discussions on who is part of the term "local" [175]. Paper 3 proposes that localization is a relative term that depends on the position of the actor in the system. This is reflected in Kenyan LOs perceiving similar localization issues with the INGOs as county-based LOs perceive with regard to national Kenyan organizations. Therefore, each link in the humanitarian architecture strengthening whatever actor is closer to the recipients of aid, will be an act of localization. Furthermore, for localization to be truly *local*, it should be contextualized and defined by the local actors, not by the international humanitarian sector.

Paper 3 shows that CVA can strengthen localization if properly applied, but it can also easily undermine it if the nuances of local implementation are not considered. In principle, CVA is participatory and relies on a bottom-up approach, which is what the localization agenda requires. The decisions and sense of community of the population are strengthened with CVA [142]. It was pointed out in the Kenya context that people would often share money with their relatives when cash was delivered, which they would not be able to do with in-kind distributions. However, CVA is often pushed down on the LOs in a non-participatory way. It was reported that the short-term nature of some programs didn't foster a real relationship between LOs and the communities they represent.

The analysis of the dimensions of localization applied to CVA is presented in paper 3. The main contributors to the influence of CVA on localization is found to be capacity, program design, coordination and power relations. Capacity development should focus on organizational capacity and coordination rather than just on the technical knowledge of CVA delivery. However, this would require a different skillset from the staff delivering trainings. CVA program design should be inclusive of LOs and the strategies of LOs should be respected as much as the strategies of INGOs or of donors. There is also a need for moving away from short-term approaches that depend solely on the available funds with little strategic thinking, which undermines the relationship between LOs and the communities. Paper 3 further indicates that the coordination of CVA is as poor as the rest of humanitarian coordination. INGOs and agencies tend to coordinate with the LOs that they fund, but not with other LOs even when working in the same sector. LOs don't participate in the national CWG because they feel excluded amongst other things because of the technical language that is employed. The LOs feel more comfortable in the county-based CSG that they sometimes lead.

These aspects of the interaction of CVA with localization show that CVA has the potential of strengthening localization provided that the role of each humanitarian player is re-assigned. Paper 3 suggests that CVA supports LOs integration in the humanitarian system and that one of the most important aspects that strengthen localization is the creation of networks of LOs and the support that these networks may receive from INGOs in country. Leadership and personal values are found to be determinant factors. Local experienced professionals choosing to work nationally and management of INGOs choosing to give up power will reinforce the relationship between CVA and localization. These findings indicate that the localization agenda is still developing and that CVA can be instrumental in that development. Humanitarian organizations will have to adapt to that transformation of disaster response by re-defining their role with regard to CVA implementation in disaster response led by local organizations.

7.2.3. Fintech and innovation

A third driver for further change in humanitarian organizations and the humanitarian system that the implementation of CVA is introducing is related to fintech and innovation. Paper 2 indicates that the evolution of financial technology is predicted to happen with such intensity [280][240], that the agencies and organizations no longer will have the ability to keep up with the evolution. It is predicted that fintech will dictate how money is used and transferred [207][239], which in turn will dictate how the aid to the beneficiaries will have to be implemented as a mechanism. The humanitarian system and CVA implementation in particular are experiencing external pressure from the modern information era, in which money is getting increasingly digitized and decentralized [280][284]. The ongoing digitalization of cash and the emergence of innovative financial instruments will result in new operational challenges [281]. Therefore, as papers 1, 2 and 4 indicate, humanitarian organizations will have to collaborate more closely with external partners in the financial sector that possess that knowledge.

Paper 2 shows that a short-term disaster response mentality is at odds with the need for innovation and knowledge dissemination. Therefore, there needs to be a longer-term collaboration with the private sector. The private sector indicates that for developing a product that meets the needs of the humanitarian sector, what they require is a more committed partnership that lasts longer than the time span of a specific disaster response. Should this partnership become a reality, it would disrupt the procurement rules that are currently applied, which rely on quotations and not on a negotiation. Hence, separating procurement from logistics would be beneficial for the humanitarian system to work with the private sector on long-term products and solutions. Conversely, all innovation must be context specific. In certain contexts, new financial technology may be inappropriate if it imposes an unreasonable burden on vulnerable individuals. Since CVA is highly context-specific, it often requires custom-built tools as opposed to global products.

One of the challenges of implementing new technology is the lack of familiarity with new tools and approaches and the lack of relevant competencies in the organizations. Hence, the learning process should rely on cross-learning between organizations and between countries and contexts [219]. An important step towards the successful implementation of innovative fintech would be to create a learning culture that focuses both on successes and failures, without considering reputational risks. The need for innovative CVA tools based on fintech points out that further transformation is needed in the humanitarian system. Organizations will have to adapt to the private sector's way of working and the system will have to address the collaboration in a multi-sectorial and cross-organizational manner.

7.3. The future of humanitarian transformation influenced by CVA

The influence that CVA will have on the humanitarian sector will in turn be affected by the transformation of the system due to external factors. There is little doubt that the nature of disaster response is changing [22]. There are more disasters with increased consequences leaving larger portions of the population being affected for a longer time [74]. At the same time, changes in society based on technological evolution are faster than they have ever been [285]. The advancements of AI, interconnectivity, data management and fintech will have a deep impact on society and as a consequence also in disaster response [207]. Hence, the implementation of CVA will increase and become much more technological [19].

There is a complacent perspective in the humanitarian sector that the development of CVA has arrived at a stable state and that little further innovation is needed. CVA is reported to cover 20% of humanitarian spending [19], and most donor policies include it, especially with MPCG [48][164]. CVA is now a common approach in most response situations. We have therefore arrived at a situation where CVA can be considered to be established in the humanitarian community. Simultaneously, as mentioned earlier, it is important to note that some humanitarian activities will never be done through cash assistance, like advocacy or restoring family links. These types of activities will have to be performed by increasingly specialized humanitarian organizations.

Papers 1 and 2 show that the introduction of CVA as a modality followed the stages of innovation in the humanitarian sector [13]. The stages of innovation were defined as introduction, fermentation and sustained change before a new cycle of innovation is introduced [48]. CVA has passed through these stages and is currently at the stage of sustained change. This stage is characterized by the approach being standardized even though new developments are still taking place. However, due to the external factors mentioned above, a new phase of innovation is likely to start.

During the research, it was noticed that humanitarian professionals are not necessarily aware of the previously presented aspects of the humanitarian transformation related to CVA. Staff and management are aware that changes have occurred due to the shift towards CVA but in some cases feel confident that the change has reached its end state. Many humanitarian organizations don't realize how much the humanitarian sector still is going to change in the relatively near future. In the humanitarian sector, there are individuals who want to do the same things as they are used to, instead of seeing change. It will be important to move away from that mindset and foster the creation of new visions. It is reasonable to assume that we are at the initial phase of a paradigm shift in the humanitarian sector that will profoundly transform disaster response. The humanitarian system is facing a turning point [2] and humanitarian organizations should therefore prepare for this new phase by introducing flexibility and change management processes in their activities and strategies. Further development of CVA should be seen as an opportunity to influence the needed changes in the humanitarian system.

The above-mentioned humanitarian developments are in accordance with two studies made predicting the future of aid and financial assistance with an outlook to 2030. In 2018, IARAN made a study on the future of the aid system and INGOs [286]. Four scenarios were defined for the future of aid depending on the localization or internationalization of crisis and the presence or absence of global governance [286]. Based on those scenarios, CaLP and IARAN created a study in 2019 on the future of financial assistance [282] also creating four scenarios. In the control scenario, government leads disaster response and strongly regulates financial assistance. In the chaos scenario, response is transnational by multi-actor approaches and characterized by unpredictability. In the emergence scenario, new localized networks with specific expertise deliver financial assistance and are not

coordinated by the government or formal humanitarian actors. Finally, in the synergy scenario, financial assistance is funded, designed and delivered in a collaborative manner. It is worth noting that financial assistance includes other types of financial aid other than humanitarian CVA. As described in the glossary, financial assistance also includes remittances, which consistently have been shown to be larger worldwide than humanitarian aid [287][288]. Nevertheless, the findings of this thesis point to a combination between the emergence and the chaos scenario. New actors based on novel technologies will rely on new channels of delivering financial assistance. Networks of national actors will have a stronger influence and CVA will be delivered based on technological innovation, which runs the risk of not necessarily being based on humanitarian principles.

There are some variables that will determine the impact of the changes that the humanitarian sector is facing. One such basic variable is how much CVA is going to increase. The impact of the transformation that CVA will induce in the future will depend on whether the proportion of CVA has reached a stable level at 20% or it will increase further to 30%, 50% or even 80% of the total of humanitarian aid. All the mentioned changes and transformations will depend on this proportion between CVA and in-kind aid. The increase of CVA will in turn depend on the size of humanitarian aid. Research has described how the increase in disasters due to climate change is likely to force governments in traditional donor countries to focus on response to their own disasters reducing the overall international aid contribution [144].

Other variables relate specifically to the delivery of CVA. Particularly determining who is going to be involved in delivering CVA and what channels will this delivery rely on. As mentioned earlier, the evolution of fintech will further transform CVA, will bring further challenges of innovation and will require a stronger engagement with the private sector and allow for new forms of financial channels and remittances [282]. Paper 1 indicates that not all existing humanitarian actors necessarily are going to deliver CVA in the future, meaning that some organizations have devoted resources to a change that they will not participate in. As shown in papers 2 and 4, new players and channels will arrive to CVA implementation. These new players will emerge as new humanitarian actors devoted exclusively to CVA, as private sector actors innovating CVA delivery or as local actors harnessing the benefits of the above mentioned interplay between CVA and localization.

These uncertainties are strongly related to the question of who is going to coordinate or control MPCG. As shown earlier, MPCG will increase its importance in disaster response and is not satisfactorily situated within the humanitarian system. One identified possibility is that the private sector may push for delivering MPCG with the humanitarian system as support. Some donors are favouring the ABC model, where the roles in the program cycle are separated into different actors for reduced risk and segmentation of duties. One actor will define the program and targeting criteria, a different actor will deliver the program and a third actor will perform the monitoring and evaluation of the program. Thus, the program cycle is split into several actors based on the scale and geography of the program.

In this model, some humanitarians are fearing that the donors could potentially contract the private sector directly to carry out the cash delivery. The role of the more traditional humanitarian actors would then be around other aspects of the program as assessments or targeting. The privatization of the humanitarian sector has been argued to be challenging given the incentives for profit of the private sector and the risk of treating the affected population as customers. Paper 4 indicates that donors dismiss this possibility. However, actors of the private sector are clearly attracted to the business of humanitarian cash delivery and they are clearly much better at marketing and sales than the humanitarian sector can be. Furthermore, the division of activities is already happening in the relationship between INGOs or UN agencies and local actors. Very often national organizations are

used for targeting in the communities that they have a relationship with, while the international organizations or agencies assume the direct contact with the FSP that does the actual delivery of the cash.

A more extreme scenario for this possibility is that global financial institutions who wish to deliver humanitarian cash, may approach private sector foundations and individual donors arguing that they are able to deliver the aid for a fraction of the cost that the humanitarian system uses. They could then subcontract humanitarian actors for assessment, targeting, monitoring and evaluation. This extreme scenario may not be realistic but needs to be considered because of the risk of the aid not necessarily being driven by the humanitarian principles. Given the emergence of new technologies and delivering channels, MPCG may increase but not necessarily through the established humanitarian system making the humanitarian efforts insignificant in comparison.

7.4. Consequences for the future of the humanitarian sector

As indicated earlier, the nature of disaster response is going to change and CVA is going to have a big role in that change [282][286]. Therefore, the influence of CVA on humanitarian organizations and the humanitarian system is equally going to evolve. Assuming the impact of a paradigm shift in disaster response based on CVA, it is likely that many humanitarian organizations have not yet realized the tasks that await them nor the journey that they are facing. The reason for this lack of vision is partly the confidence that the influence of CVA has arrived at a stable stage and partly the reluctance to change [289] of a system based on traditional power struggles [129]. To improve the process of transformation in the future, it is important to learn from recent experiences of organizational change [289]. This subsection will present some of the consequences that the future transformation based on CVA will have for humanitarian organizations and for the humanitarian system.

Humanitarian organizations need to re-define their role and identity. The increase of MPCG will mean that agencies and organizations with a mandate will have to re-evaluate how they will fit into the system. The attribution and relevance of mandate-based organizations will have importance in the sectorial part of disaster response but needs to be evaluated in the multi-purpose portion of aid delivery. Localization will also mean that organizations will have a different role and in some cases re-define their identity. Paper 3 reveals that all of the dimensions of localization are greatly influenced by the creation of a network of LOs. The coalition of local actors gives them a counterweight to the rest of the system and allows them a voice in the discussions that they would not have achieved individually. However, in order to achieve such a network, the role of INGOs needs to shift from implementation towards mentoring and coordination.

It is likely that in the future not every organization will be engaged in CVA implementation. Organizations and agencies need to evaluate what their role will be. If the organization is not going to deliver CVA, it needs to define what aspects of disaster response they are going to have relevance in and in which activities they are going to specialize. Furthermore, when identifying what their added value is in the humanitarian system, the organizations will need to establish what skills and roles they need their staff to have. It is likely that profiles as coordination and collaboration managers are going to be needed in the establishment of networks and consortia but also in the management of the relationship with the private sector. A criticism of the learning process of humanitarian organizations pointed out in paper 1 is the challenge of “recycling experts”. In the humanitarian system, it is not uncommon that an individual receives a one-week training and is

subsequently called an expert in a new field. Organizational learning based on personal knowledge is limited by this practice [229].

In the future process of transformation, it will be necessary to include local actors, which papers 1 and 3 indicate did not happen satisfactorily in the past. The LOs were not included in the shared organizational learning process of the shift to CVA [154]. They were imposed with a directive narrative about the new modality and adopted the approach by requirement. Their experience was different given that the implementation and adoption of procedures preceded the absorption of knowledge by the organization [139].

Organizations also need to address the contradictions between personal ambition and organizational objectives that emerged from the research. Paper 3 suggests that this is one of the biggest factors indirectly encouraging the relationship between CVA and localization. From the side of the INGOs localization of CVA requires that the INGOs give up power, reduce their influence and share funding. This will only be achieved if the personal values of managers in those organizations allow for the right mindset. From the side of the LOs, a beneficial condition for creating the network was the dedication and vision of local individuals with international experience that chose to work locally. This indicates that the mentality, values and approach of individuals are more important for localization than organizational strategies. Unfortunately, the ultimate goal and purpose of humanitarian organizations are at odds with the individual purposes of their staff for their own life in terms of career advancement and financial compensation. Hence, the focus should be given to the development of individuals as much as organizations, instilling a mentality of optimizing the common good for the country and the LOs.

Similarly, with regard to power dynamics within the system, often what is wished and required from humanitarian organizations by the external environment collides with the personal motivation of the staff of the organizations. Humanitarian organizations are complex systems composed of individuals with varied motivations [88] who will react very differently to learning and change [86]. Each person wishes their own organization to have more relevance and is motivated to make their own career move forward. Therefore, organizations sharing power and funding is the more challenging. As long as staff success is measured in terms of the amount of influence the organization has and the size of the programs, power, coordination and localization will remain unchanged. CVA implementation has an opportunity of influencing and renewing the measurement of impact and success by individuals and organizations.

Because of these various needs, organizations need to establish effective change management procedures that will allow them to adapt to the new changing environment. However, it is important to acknowledge that the humanitarian system is, on the whole, change-resistant [281]. If the past processes are to serve as an example, it must be concluded that for the most part, humanitarian organizations are not ready for the changes that are to come. To describe the humanitarian organizations jointly is obviously a generalization. Every organization is at a different stage of change and readiness for further change. Nevertheless, generalizing serves the purpose of discussing the concepts that are relevant to this research. Furthermore, the humanitarian system is not based on a single executive authority but on decentralized consensus [210]. Therefore, change will happen through many interconnected actors that make up an ecosystem [281].

Paper 1 indicates that the more institutionalized the organization is, the harder it will be to be adaptable and change. The agencies that are most bureaucratic will have a bigger challenge changing. Smaller organizations are more adaptable depending on their commitments to specific donors and their mandates [133]. The national actors are the most flexible and adaptable since they usually don't have long-term commitments to donors and often find ad-hoc funding from INGOs or

the UN functioning as intermediates. They are therefore already used to adapt to new realities for every new project. Hence, LOs will have the easiest time transitioning into the new humanitarian sector with a more multi-sectorial approach based on CVA. Conversely, they are the organizations with the least technical capacity, which will be challenging for the transition to technical and novel financial CVA implementation. Evidently, new emerging actors will have the advantage of being more fit for purpose since they will be created within the new environment and with the purpose of making use of new technologies and new channels of aid.

In much the same way as single organizations, the humanitarian system needs to re-define itself [33]. It is necessary to define how the structure of the system relates to localization and to governments and social protection [19]. The further evolution of CVA can be used to address some of the most basic issues of the system like the sectorial approach, power dynamics or coordination. As has been mentioned before, coordination as part of the humanitarian system needs an overhaul [125]. Many actors feel that it is not fit for purpose and not inclusive enough of local actors. Coordination is perceived as power, which makes the task more complicated. CVA has been identified as having the potential of being useful to address the challenge of power in the humanitarian system, given that smaller organizations can have a larger influence in the design and delivery of programs.

Paper 4 indicates that unfortunately there is a diplomatic battle taking place about how CVA will be coordinated globally. Several models of global coordination of CVA have been proposed [134][161]. However, these models have been criticised for wishing to control more than coordinate and for creating parallel systems that will further exacerbate the competition within the humanitarian system. Furthermore, the humanitarian system also needs to define a multi-purpose space and a multi-purpose approach to disaster response. It will be necessary to clarify who coordinates the MPCG that will keep growing. Especially, it will be necessary to define how large the influence of the private sector will be in this area of the humanitarian system.

For the transformation of the humanitarian system to be effective, the incentives and definition of success within the system need to be revised [129]. Currently, the incentives work against the culture of change because they rely on competition for resources and visibility. Incentives for long-term cooperation need to be established by the future donors to the system. The Humanitarian system will have to be more adaptable to the changing environment [138]. For this to happen, it will be necessary to create change management strategies, collaborative learning platforms and innovation processes at all levels. As indicated in paper 4, learning cannot rely only on successful experiences. The study of failures would provide insightful knowledge to the sector, which is usually not shared for fear of reputational risk to the organization. In most cases, no learning is derived from the “lessons learned” reports [231][223]. These should instead be called “lessons identified” reports, which would then lead to an organizational learning process that currently is not happening.

In order to keep its relevance, the humanitarian system needs to establish a clear and predictable pattern of co-existence between CVA and in-kind programs (or a combination of both). Thus, the non-CVA activities in disaster response need to be identified. Furthermore, in the relationship with the private sector, the humanitarian sector will have to advocate for being custodians of the humanitarian principles in CVA response. Learning from the changes and transformations of the past will be essential to improve the transformations processes that are going to take place in the future. For this to happen, change management and organizational learning have to be more present and predictable in humanitarian organizations. The organizations are debating their own future and discussing what the future holds within the system itself. For being adaptable to the

future it is necessary to look at a broader context that includes parts of society that lay outside the humanitarian system.

The organizations that will succeed in the future humanitarian system will likely be those who

- Are prepared for a fintech disruption by establishing change management as part of their adaptability to the changing environment
- Work on the individual motivators or their staff and management that should incentivise them to give up power and support the future of localization
- Define their role and relevance in the humanitarian activities that will not be carried out by CVA, strengthening their specialization if necessary
- Review their identity as members of the transformation of the humanitarian system and identify both the internal and external requirements that will influence their ways of working.
- Establish long-term relationships with the private sector where their role and identity demand it to further develop their CVA and data management capabilities in innovative ways
- Identify which skillsets and profiles will be necessary for carrying out all of the above

8. Conclusion

This thesis demonstrates that CVA has profoundly changed the global humanitarian sector and that further changes are needed with the evolution of technology, the transformation of the humanitarian sector and the changing nature of disasters. CVA is more than a change in disaster response, it is also a source of change and transformation in the humanitarian system and for humanitarian organizations. The humanitarian system is undergoing a transformation that has just started and CVA is a crucial part of it. CVA affects all aspects of the humanitarian system and disaster response. From coordination and power relations to accountability and localization. CVA is an agent for change that creates sometimes unforeseen changes and also accelerates changes that were due to happen, like the initiatives on post-distribution monitoring or the improvements in accountability.

Some of the aspects that have been studied in this thesis can be characterized as being changed by CVA like the new skillsets that organizations have had to learn or the new procedures that were introduced. Other parts of the system have been transformed, like power relations both between organizations and between the humanitarian system and the recipients of aid. And finally, some parts of the system have been disrupted like traditional approaches and in some cases the supply chain. Until recently, the changes due to CVA have been incremental, organic in nature and driven by external forces like donors. In the future, the further transformation of the humanitarian system needs to be more predictable, managed and in aimed at improving the goal of the whole humanitarian system.

For individual organizations, the shift to CVA required a change of mindset. Support from leadership was instrumental for that change, although resistance was strong in some organizations from people who felt threatened by the shift of modality. Change management was identified as a skillset that humanitarian organizations could benefit from especially in the future adoption of innovation related to novel technologies applied to CVA.

There are some tensions in the humanitarian system that need to be accepted and discussed like the relationship between humanitarian sectors and MPCG, the trade-off between efficiency and localization or the extent to which personal motivation affects coordination and power struggles. With regard to these tensions and in light of the future of CVA implementation, humanitarian organizations need to review their identity and redefine their legitimization and attribution power. Not all organizations or agencies are expected to implement CVA in the future. Therefore, the activities that will never be done through CVA need to be reassigned to expert organizations. The success of localization based on CVA will also rely on INGOs redefining their role and with that, their perception of themselves.

Donors are in a strong position to drive change and transformation in the humanitarian system and therefore a responsibility. In the name of cost efficiency, they favour giving the funds to a single agency or consortium that will act as a national donor managing local contracts and ensuring the quality of the programs. For this approach to be harmonized with the localization agenda, it is essential to create national networks of local actors that will become a counterweight to the international presence in disaster response. These networks need to be supported and their capacity developed at the organizational level more than on the technical level of CVA. The localization of CVA also relies on personal values and motivations. National individuals with strong

profiles can show a selfless interest in creating the networks of national organizations and international managers can contribute by giving up power and influence for the benefit of a more localized response. Hence, in order to tackle localization, power dynamics and coordination, it is necessary to address the motivation of individuals and the measure of success of staff and organizations.

A further transformation in the humanitarian system is based on the multi-purpose nature of CVA and of MPCG in particular, which is challenging the silo mentality of the cluster system and creating a new multi-purpose space in disaster response. A diplomatic battle is taking place for the coordination and control of that space. At the moment, CVA is not promoting collaboration because of the competition for funds to arrive at organizations and the sectors they represent. Restrictions on the use of cash are comfortable for many organizations because it keeps the aid embedded in the traditional ways of working and it can be controlled relatively better. However, a fragmented humanitarian system can leave people behind when their vulnerability is not aligned with the traditional humanitarian sectors. There is a strong sense that the possibilities of adapting CVA to the existing humanitarian sector have been exhausted and that it is time to adapt the humanitarian sector to CVA. The models should not be based on preference or an agency's mandate but based on what produces the best outcome.

Furthermore, the thesis shows that the role of the private sector in the humanitarian system needs to be defined. This is especially important as the evolution of fintech will determine the ways in which CVA will be implemented in the future and will influence the efficiency of remittances and other channels of financial aid. Financial technology is predicted to evolve rapidly during the next decade to an extent that will not allow humanitarian organizations to keep the expertise inside the organization. Therefore, humanitarian organizations will have to collaborate more closely with external partners in a way that needs to be designed and defined. A possible consequence is that the private sector will push for the delivery part of humanitarian CVA implementation. This is perceived as a risk given the for-profit nature of the private sector. Even if donors dismiss this possibility, the new technologies are going to allow for new channels of direct funding to be created and new actors to appear in the CVA realm of disaster response. The humanitarian organizations will not be irrelevant, but their contribution to CVA implementation may become insignificant compared to these new channels and actors.

CVA is growing and is becoming a central part of disaster response. The humanitarian sector is going to change dramatically because of CVA and new ways of working around localization and accountability. The use of money will also change in the near future. Hence, in the future, there will be more variation in the type of actors to collaborate with. The research indicates that humanitarian organizations don't realize that we are at the doorstep of a paradigm shift in the humanitarian sector. For the most part, humanitarian organizations are shown not to be ready to embark on a new phase of transformation, since very few have learned from the past.

In the future, there will be more blurred lines between the private sector and the humanitarian sector, technology will play a big role and donors will be both institutional and private. There will no longer be one channel of aid based on the humanitarian sector, but a complex system where help and solutions come from the private sector, from the affected population, from humanitarian organizations or from various spontaneous alliances. Humanitarian organizations will no longer dictate the form of aid that is delivered but will have to adapt to the local complexity, being more embedded in the local or regional reality and adaptive to the changing environment and to the risk governance of each context. The most important role of the humanitarian sector in this new reality

will be to be the custodian of the humanitarian principles and ensure that the affected population are at the centre of the operations.

8.1. Further research

There are many aspects related to the influence of CVA in the humanitarian sector that deserve further attention and research. An important component of the transformation is the empowerment and increased role of the affected populations. Therefore, it would be paramount to study how the recipients of aid also affect the implementation of CVA and whether their perception of their role in their own risk management has changed due to the increased use of CVA in disaster response. Furthermore, the flexibility of CVA and its multi-purpose nature creates an opportunity to bridge the nexus divide between disaster response and long-term recovery. This opportunity and the effectiveness of its application have not been sufficiently researched. Furthermore, during this thesis, it became apparent that a limit to coordination and localization is the measurement of success of individuals and organizations and the personal values and motivations of the staff of these organizations. This is an aspect of humanitarian action that needs to be further clarified. It is evident that not all activities in disaster response will be addressed through CVA. However, it is not obvious in literature what these non-CVA activities include. Finally, the evolution of fintech will be an opportunity for developing more useful financial tools for disaster response and will deserve the attention of both practitioners and the research community in the near future.

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Annex 1: Article 1

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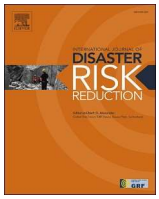

The transformative effect of cash and voucher assistance experienced by humanitarian organizations

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ABSTRACT

Cash and voucher assistance (CVA) has gained significant importance as a modality for disaster response during the last decade. Research has shown its benefits and pointed out challenges for implementation. This study focuses on how the shift in modality has transformed the humanitarian organizations which have adopted CVA as a response mechanism and how that transformation evolved over time. The study is based on interviews with experts working with humanitarian organizations who have witnessed the transformation during at least the past decade. Our research shows that organizations have had to acquire new skills and redefine some roles. CVA implementation has increased the focus on certain areas such as financial inclusion, data management, post-distribution monitoring among others. Moreover, our research shows that the transformation of the organization went through phases, some of which lacked proper management and planning. Furthermore, local partners were not included in the development of practices of the new modality. CVA has also affected external relations, particularly with financial service providers. These effects are expected to keep changing in the future as the humanitarian sector, the financial sector and the nature of disasters evolve.

1. Introduction

Globally, the modalities of disaster response have been changing along with the humanitarian needs. Cash and voucher assistance (CVA) has progressively become the preferred approach by donors and humanitarian organizations in response to people's needs after a disaster [1,2].

There are examples of CVA being used as a modality for aid but with different titles throughout history. In Europe, after World War II, food vouchers were used [3]. In North America, the Red Cross has used cash after disasters for over a century [4]. Cash interventions have been used in the development sector to address poverty issues and for market support as direct aid or in the form of micro-loans [5,6]. In more recent times, the Indian Ocean tsunami of 2004 fundamentally brought in CVA as a formalized option for disaster response [7]. Since then, this approach has only increased in importance and has become the preferred method for responding to disasters by many donors and humanitarian organizations whenever feasible and appropriate [1,8].

While there has been a substantial discussion on the CVA as a modality of implementation and comparisons to the in-kind modality, there is very little research on how CVA has transformed humanitarian organizations themselves since the adoption of the modality. Therefore, this paper aims at analysing how the introduction of CVA in humanitarian action has affected and continues to affect

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the international organizations and their local partners. The analysis will take a long-term perspective and contribute to understanding the development in organizations since the adoption of the CVA modality of response. This may serve as a basis to further analyse the challenges and opportunities that CVA will bring to individual organizations in the future.

Humanitarian organizations have been undergoing different forms of transformation for a long time [9–10]. This is due to internal forces and the changing environment that the humanitarian organizations operate in [11–10]. The transformation of international NGOs in aid has been shown to foster larger global coalitions, innovate the partnerships with governments and the private sector and move towards greater localization of aid [12].

In a background note for the High Level Panel on Humanitarian Cash Transfers [13] questions were raised about whether cash implementation would "help addresses weaknesses and promote transformation" and about the role of CVA for humanitarian organizations, the private sector and the localization agenda. These questions remain largely unanswered. Furthermore, the reviewed literature did not directly address the topic of the changes and transformations in the humanitarian organizations brought about by the implementation of CVA. It is reasonable to expect that after more than a decade of using CVA as a preferred modality for disaster response whenever feasible, the humanitarian organizations themselves may have experienced a transformation. Future development of humanitarian organizations will rely on the learnings and improvements of past transformations.

2. Literature review

The research on CVA has primarily focused on the benefits of CVA and the effectiveness of the implementation related to a specific sector such as logistics [14], to a geographic area or a specific country. This leaves a gap on how CVA has impacted the organizations that implement it. Little literature has dealt with what changes the adoption of the CVA modality has produced in the humanitarian organizations.

The following literature review illustrates the main areas that research has covered in the field of CVA. This is not meant to be an exhaustive overview but only to introduce the gaps in the literature. It will be followed by the way changes and innovation normally occur in humanitarian organizations.

2.1. Research on CVA

Many studies have revealed the benefits of CVA in emergencies [2,15,16], showing that the dignity of the affected population is enhanced [17] and that CVA is a cost-effective way to provide support [18]. Specifically, after the Indian Ocean tsunami in 2004 [7], the humanitarian sector as a whole started a shift toward accepting cash as the preferred modality for disaster response [19]. This was accompanied by discussions on the appropriateness of CVA [20] and the appropriate ways of implementing CVA [21,22].

Studies have concerned themselves with comparing the effectiveness of different modalities' response. The relative effectiveness of CVA compared with in-kind interventions has been thoroughly studied [18]. Related to the implementation of Non-Food Items (NFI) distribution by humanitarian organizations, a vast body of research has focused on the logistics of humanitarian interventions [23–25]. Several studies have compared cash with other forms of aid [15], showing that in general, the affected population prefers cash as opposed to NFIs [26] and that the distribution of cash has a lower cost [27].

A body of work related to CVA is aimed at clarifying concerns with the modality. It is not the intention to reiterate these discussions here, but rather to present the main areas that CVA research has been concerned with. The main concerns were about misuse and corruption [28]. Hence, some studies focused on this area and suggested that corruption had not been a serious issue [29,30], and in particular, electronic transfers could reduce corruption through more transparent tracking [31]. Another area of concern was the safety of the population and the organization's staff. Some studies indicated that it is possible to deliver cash safely after a disaster under the right circumstances [7,16]. Furthermore, security challenges arise in conflict environments [32,33], which has engaged the security units of the organizations more directly with the implementation of the programs [34].

With regard to the affected population, studies suggested that CVA may not create more dependence than in-kind aid [28] and the affected population generally uses the given cash for the intended purpose of covering their basic needs [15,35]. Different studies revealed no or negligible misuse of the distributed funds [15,36]. When studying what the population uses the distributed funds on, it has been shown that the use is more focused on durable items when CVA is given in lump sum and more on food security when given monthly [37].

Other challenges during the implementation of disaster response are not specific to CVA but very relevant during CVA implementation. Particularly the relationships of the humanitarian organizations with external partners. In this case, coordination has been highlighted as a challenge [59–60, 40] including the coordination and relations with local actors [41,42]. Further, one of the limits to coordination has been shown to be the fact that humanitarian organizations are competing for the same pool of funds [43].

Organizations are now discussing how technological developments give rise to new opportunities for response and for CVA in particular [44]. Mobile money is widely used as a mechanism in the countries that allow for it, but it presents challenges in countries with limited connectivity [45], given that this mechanism can only be used when mobile phones have a stable connection to the network.

2.2. The process of change in humanitarian organizations

The introduction of CVA as a modality for disaster response and its future developments are examples of innovation contributing to transformations within the humanitarian sector [14,46]. In its Outlook to 2030, the Cash Learning Partnership (CaLP) suggests that further development of financial assistance will be a major contributing factor to the evolution of the entire humanitarian ecosystem over the next decade [47]. This will determine the transformations that humanitarian organizations will have to face in the future.

Innovation has been studied in the private sector for decades [48–49] and many of these results are also valid to humanitarian organizations. The literature describes how new ideas gradually gain popularity and become the norm, under the impact of variables, such as the particular characteristics of the organizations, pros and cons of innovation itself and a broader social and political context [50]. Leadership and organizational culture are considered to be important factors contributing towards innovation within organizations [51].

Innovation has been shown to go hand in hand with organizational development and organizational change [52]. As Sandvik points out, "How the humanitarian innovation discourse contemplates change says much about power, resource distribution, and humanitarian governance" [46].

However, to retain the benefits of innovation, organizational learning is a crucial factor [53]. Organizational learning creates a change in the organization's knowledge which occurs as a function of the gained experience [54]. The process is often one in which "task performance experience is converted into knowledge that in turn changes the organization's context and affects future experience" [55].

The transformation of NGOs has been studied particularly in the development sector, showing that INGOs have globalized and formed global coalitions [12] and new partnerships with both governmental and private actors [12,56]. This tendency has also been noted in the donor community, which tends to favour the concentration of resources and at the same time, donors are getting more involved in implementation [57].

Furthermore, organizational change has been studied in the humanitarian sector [53]. The studies show that humanitarian organizations have "institutionalized a number of mechanisms to facilitate change. These include (but are not limited to) evaluations, learning and knowledge-management systems, policy development, training and internal communications activities" [11]. However, few evaluations introduce real change [58,59], particularly when "findings challenged strongly held beliefs and behaviour embedded in the organizations' culture" [58]. The changes that humanitarian organizations make to themselves affect and alter the humanitarian context [11] but are often met with strong emotional responses [11].

While witnessing the shift to implementation of CVA, it is interesting to note that the literature on changes in humanitarian organizations concludes that "humanitarian organizations are not sensitive to patterns of change" [60], that "leaders of humanitarian organizations give more credence to the opinions of each other and of donors than to those of beneficiaries" [58], and, that "many humanitarian organizations find it hard to innovate and implement radical new ways of doing things" [11]. This contrasts with the change that has happened in the sector toward CVA implementation.

Some factors that facilitate change in humanitarian organizations have been identified including the movement of the authority closer to the field [61,62] and a certain degree of staff turnover used as an opportunity to develop organizational learning as long as the continuation of activities is maintained [63].

When it comes to CVA some studies include the effects of CVA on a sectoral reform, but not on the individual organization [46]. While other reports identify the experiences of particular organizations with the implementation of CVA programs in emergencies [64] concluding that there is a need for "increased experience and skills in areas such as assessments of markets and the analysis of cash delivery mechanisms" [64]. The changes to the sector that are highlighted are the need for CVA guidelines by donors, the challenge to the role of in-kind aid and the "increases the freedom of beneficiaries to use assistance according to their own decisions" [64]. These aspects make our study relevant to the transformations withing the organizations that the implementation of CVA has produced.

3. Methodology

The study is based on qualitative research methods and data were collected through semi-structured interviews conducted online during 2019. This method allowed collecting open-ended data to explore the respondents' thoughts on the topic allowing them to expand on their particular expertise and provide valuable insights [65]. The research instrument was in-depth key informant interviews. In total, 16 respondents with more than 10 years of experience in CVA and representing various international and national organizations were interviewed. The respondents were selected to represent different organizations related to the implementation of CVA. They were identified to represent experiences from both the global level and the local implementing field level and to be representative of big organizations, local implementing partners and the donor community. All respondents were from different organizations and in some cases, they reflected on their experiences from different organizations they worked for during the past decade. The respondents included.

- Five respondents from INGOs, agencies or worldwide organizations at headquarters or global level
- Five respondents from INGOs, agencies or worldwide organizations at field level
- Three respondents from implementing partners and local (national) NGOs
- Three members of donor organizations at global level

The sampling method for respondents was purposive snowballing sampling [66] in order to select the respondents that could provide relevant experience, insights, and knowledge. The respondents were first contacted based on their expertise and long engagement in the field of CVA. Each participant was asked to suggest names for snowballing. Besides being part of the above-mentioned groups, the respondents were selected if they had a decade or more of experience with CVA from one or several organizations. All the respondents had experiences from several organizations and could answer questions about CVA at very high level on humanitarian organizations and CVA.

The respondents were hence identified based on their experience with the phenomenon under study [67]. The information was triangulated with lessons-learned reports from disasters.

When conducting the semi-structured interviews [68] and to be open to their opinions, the interviewees were told that they would be anonymous and that the study would not mention single organizations specifically. Since the interview was based on a semistructured guide, the actual questions were adapted to the sector and level of experience to which the participant pertained. The interview guide consisted of topics relevant to organizational change resulting from the introduction of CVA implementation. It asked the interviewees to explain their background and experiences with CVA, specifying their first experience with the modality; the changes, and challenges brought about in the organization with CVA. The interview also covered the relations with donors, local actors, and the private sector concerning CVA; and what CVA holds for the future.

The interview data were recorded, transcribed and analysed by coding and highlighting important statements, emerging issues and concepts [69]. The codes were developed during the analysis process and were later categorized into themes by clustering those pertaining to the same broad topics. These themes are presented in the findings of this article, where the statements are identified by the respondent codes shown in Table 1. The code of the respondents will be used when referencing the quotes in the findings.

3.1. Research limitations

The current research is a snapshot of a single component of an ongoing transformation of the humanitarian sector at large. Therefore, many of the topics are reflected elsewhere in literature as topics of research in their own right. The aim here is not to be exhaustive with each theme that is brought to light, but rather to show how the different themes interact and influence the organizations with the implementation of CVA.

The interviews took place in 2019 (before the Covid-19 pandemic) and the aim of the interviews was to look at the transformation that CVA has had in humanitarian organizations with a long-term perspective in mind, without emphasizing any particular disaster.

4. Findings

The results of the interviews are presented in four themes (Table 2). The views differed in some cases mainly depending on which type of organization the respondent belonged to.

4.1. Changes in individual organizations due to CVA

All respondents agreed that CVA has created a shift in mindset within the organizations. CVA has influenced the ways in which individual members of organizations discuss and plan for disaster responses. Most of the respondents stated that at the beginning of the shift to CVA, some organizations viewed CVA as easier as it reduces logistics. However, it was soon realized that there were other activities needed around the distribution of cash, such as market assessments, reconciliation, post-distribution monitoring, just to mention a few. Hence the changes occurred organically in the organizations while the development of the modality was taking place. Most respondents pointed out that the transformation that the changes created in the organizations went through stages. At different points in time, the need for various tools and skillsets became more apparent.

The findings related to changes to individual organizations can be sub-grouped based on the source, the management and the consequences of the changes as specified below.

4.1.1. Sources and resistance to changes

In INGOs, the wish for change came from staff working in the field who witnessed more directly the benefits of CVA. In many cases, organizations influenced each other through staff rotation. [J] clarified: "In the humanitarian sector there is quick rotation, so people came with new ideas from one organization to another". The rotation of staff contributed to the rapid spread of capacity on CVA in international organizations and the standardization of tools. Top management was convinced for different reasons such as cost-effectiveness. However, in most cases, it was the middle management that was most reluctant to the change since they were re-

Table 1
Background of respondents in the study and corresponding codes used as reference to statements in the findings section.

Type	Interviews	Respondents' ID
Donors and global-level actors	3	A, B, C
INGO/agency HQ	5	D, E, F, G, H
INGO/agency field	5	I, J, K, L, M
Local NGO, implementing partner	3	N, P, Q

Table 2
Themes identified concerning the transformation of humanitarian organizations due to CV A implementation.

1. Changes in individual organizations
   1.1. Source of the changes
   1.2. Management of the changes
   1.3. Consequences of the changes
2. Skill sets in humanitarian organizations
3. Relationship to the financial sector
4. Evolution of the transformation

sponsible for making the existing processes work in practice. At the start of implementing CVA, there was push-back because disaster response had been done in a specific way for a long time. The change was internally pushed top-down from management and bottom-up from the field at the same time, while the middle layers of the organization often offered more resistance.

All respondents agreed that externally the shift towards CVA was greatly accelerated due to the pressure from donors who in many cases realized the benefits early on and pushed for the modality to be used. One respondent [J] went as far as saying that "some donors are becoming very directive in pushing for modalities of implementation".

Most respondents stated that areas like finance needed an individual mind shift. One respondent explained: *"Professionals in finance have been trained to keep the money and only release it when it is absolutely clear what the money is for. With the arrival of CVA, the same professionals are told the opposite: release the* funds *quickly. It doesn't matter that we don't know how the money is spent"* [E]. In the view of the respondent, that goes against the core of their training and a major shift in mindset is often needed for this department. The financial departments were most risk-averse when it came to the introduction of CVA.

It was pointed out that in some cases, logistics departments were initially reluctant due to the fear of losing their jobs or their power in a given organization. In most organizations, the procurement department has generally not been involved in the development of market assessment tools. They have, however, been involved in the contracting of financial service providers (FSP), which has brought the procurement departments closer to the design of the programs.

INGOs are expected to cooperate with local implementing partners in their operations. Hence, an important part of the transformation related to the relationship between international organizations and local partners. The views and experiences of the local implementing partners in the development of the CVA modality were different from that of the members of other organizations. Initially, there was no detailed discussion of why CVA should be implemented. Instead, the donors and larger INGOs with the funds advocated for CVA, which was the primary motivation for implementation. The trainings needed for creating a lasting change in the local organizations were also lacking at the start of the shift towards CVA. The interviewed members of local implementing partners received no training when CVA was adopted as a modality. Trainings were given at a later stage and were often only received by top managers in the implementing organizations.

4.1.2. Management of the changes

All respondents agreed that initially, in INGOs, intense training programs took place for cash implementation. Cash teams were set up within the organizations and a constant push was required to drive the change. At a later stage, a more predictable way of working with CVA was established. However, arriving to that point required time and resources that often were simultaneously involved in response operations.

From the donors' side, there has been an acceleration in the willingness to fund CVA programs in recent years. All respondents pointed out that donor pressure accelerated the change. The rapid change led to a situation where the INGOs were involved in the changes that CVA brought to their own organizations, while at the same time influencing their local implementing partners to shift to CVA.

The organizations were facing the challenge of change to CVA. Five respondents pointed out that small organizations are able to change more rapidly due to their flexibility. Change management is slower in big organizations and agencies in many cases due to the larger stability of their staff. In some cases, it was surprising to the interviewees, how long the change took. "Cash should be viewed as a long-term initiative in the organizations, after 10 years it should be totally integrated, but as everything that calls for a change, it takes time" [C]. The change in the organizations includes changing procedures, systems and profiles in the organization, as well as changing the mindset of a lot of individuals that had been used to implement response in-kind for a long time. This required an investment for which management wished to see a return, given the pressure of saving money, to maximize the money that is given to the beneficiaries compared to the money that is used for organization and modality development.

Change management was generally viewed as a skill that was and still is needed in humanitarian organizations. According to most respondents, initially, the change came about in an unplanned way led by the push from donors. Recently, however, the modality has matured into a normalized stage of working. At the same time, it was pointed out that innovation in the humanitarian system is naturally slow because the work is guided by the "do no harm" principle, which limits the risk that can be taken when the consequence of the innovation may affect the people in need.

4.1.3. Consequences of the changes

All respondents indicated that the introduction of CVA has created a shift of power within the organizations and in the relationships between organizations and the people in need. Furthermore, all respondents from INGOs expressed that CVA has unlocked a number of taboos within the organizations. There have been areas within the humanitarian organizations which had been known to need revision for some time. CVA induced discussions within organizations about several subjects that had been avoided.

Three respondents pointed out that risk perception towards the programs is higher when implementing CVA. People are generally more concerned with risks related to monetary funds, than with risks related to goods. Therefore, more accountability and stricter financial procedures are now in place. Most respondents clarified that these changes in controls and procedures would probably have happened anyway, but they happened more rapidly because of CVA. Two respondents stated that still, the perception that cash will be misused exists amongst some individuals in many organizations (and in local partners or some governments). These perceptions still create friction in the design of CVA programs.

One identified change was that when introducing CVA, working between teams happens in a different way. In some organizations, internal Cash Working Groups (CWG) have been established to discuss how to work together. For example, as stated by one respondent: *"[…] with CVA supply chain is involved earlier to a degree that should have happened before but didn't"* [G]. This brought teams within the organizations to work closer together than they had done before.

All respondents agreed that CVA was well established in different organizations and agencies to a larger or lesser degree depending mostly on the particular individuals that were in country offices. This was also a reflection of the organic manner that led the change based on individuals taking the lead. Even in organizations that had embraced CVA, hiring local staff meant starting all over with the needed changes in mindset. Thus, the culture within the organization had a large importance on the speed at which the change came about. In some cases, the process is not concluded yet, as [K] pointed out "the cultural shift has not happened yet, and there is still a need to drive the dialogue quite strongly".

One of the bigger consequences of the shift to CVA recognized by most respondents was that it made the organizations think beyond sectors and basic needs; it led to an increase of accountability and placed the affected population in the centre, by shifting the power of decision to them.

4.2. Skill sets in humanitarian organizations related to CVA

All respondents agreed that with the introduction of CVA, there have been new skill sets that the humanitarian sector has had to develop or acquire. As the shift towards CVA progressed, different skillsets were identified as relevant or necessary. Some respondents believed that most of these skill sets would have arrived in the humanitarian sector in any case, however, the introduction of CVA accelerated the process. In the bigger INGOs, it was pointed out that the variation in relevant skills, leads to some individuals feeling threatened by the change.

Initially, one of the obvious new skill sets that were identified by the respondents as needed was the assessments of local markets. It was mentioned by one respondent, that this is a skill set that the development sector has had more experience with, but that the humanitarian organizations had had less focus on. It was, however, also pointed out that this is something that should have happened before CVA was introduced to the response options. "No one looked at the destabilization of markets when doing in-kind aid" [L].

As the implementation of CVA became more widespread, other types of skillsets were needed. One of these identified new skill sets are data management and data protection. These include managing databases and finding ways to share the data contained in those databases. It was emphasized by both INGOs and implementing partners that this skill set becomes more relevant with the creation of consortia and in the cooperation between donor agencies and implementing partners. Respondents described how this emerging field has led to several initiatives of global data centres, either as repositories or as collaboration platforms that include specialists from data analysis and economists.

Looking back at their own experiences, many respondents identified change management as a skill set that had been needed within their staff, given that the local organization they worked with had to undergo a change towards using CVA and using databases in a new way. This was recognized as a skill set that the organizations are still lacking in.

It was remarked that monitoring, particularly post-distribution monitoring (PDM), is also an area that has increased its presence during the shift to CVA in the humanitarian sector. The interest in knowing what people in need have used the CVA aid for has impacted the monitoring activities considerably. *"When distributing blankets or tarpaulins, we were mostly interested in how many had been distributed and where. With CVA we have*

to go back and do a PDM to find out what the aid was used for. This gives the chance to complain and enhances accountability. It should have happened before CVA, but it didn't" [M].

On how skill sets are developed within an organization, most respondents stated that in many cases, during the early days of CVA, people learned by doing, which is not perceived as effective. There have traditionally been very few trainings on how to facilitate a CVA program. The knowledge that still seems to be lacking is the basics of how to initiate a CVA program, contracting of FSPs and general project management. Five of the respondents pointed at the challenge of "recycling experts" in the humanitarian sector. Meaning that a person that is an expert in a particular field receives a one-week training and subsequently is called an expert in a different field. This imposes a limit to organizational learning in these organizations and one respondent [E] saw it as a practice that "damages the sector".

Most of the respondents pointed out that in the humanitarian sector, the mobility of the staff is relatively high. Therefore, it is important to realize that continuous investment in personnel training and development is needed if the organization wants to keep its basic grasp of the capacities it has acquired related to CVA programming. Two of the respondents [B, F] identified that, even HR in the organizations needs to get involved in the CVA discussion in order to understand what skill sets are needed for new recruitments that have to design and implement CVA programs.

4.3. Relationship to the financial sector based on CVA

The implementation of CVA has brought a new dimension to humanitarian organizations with the relationship with financial service providers (FSP). Negotiating with banks is viewed as an area that still needs to evolve within each organization.

Most of the respondents mentioned that the internal systems furthermore need to adapt in many organizations, given that traditional roles are inherited from the in-kind implementations. In many cases, internal standard operating procedures (SOP) define the respective responsibilities between logistics, administration and technical departments that are involved in implementing the program. For several organizations, it appears that while the administrators are only involved in the reconciliation of encashment, the logistics teams identify suppliers (in this case banks or traders). The way of dealing with these external entities is still very bureaucratic in many cases. Tendering is traditional or conservative on some quality parameters and price and few negotiation skills are being applied. Often, the negotiation is done by the technical departments that identify the FSPs active in the field. These program officers have often done this task with no former training nor experience.

Two respondents explained how initially there was an attempt to make agreements with FSPs, while later it was recognized that the agreements should be part of the preparedness phase before the disaster occurred. Almost all respondents from INGOs stated that there is a need for longer-term collaboration with FSPs. The message from their collaborating partners is that for developing a product that meets the needs of the humanitarian sector, the financial sector needs a longer and more dedicated partnership than merely during the implementation of a specific disaster response. Working together on a long-term products or solutions, was described by one interview as a disrupter of the procurement rules that are applied at the moment. This was clearly expressed by the FSPs to management in the humanitarian sector: "The FSPs say that we need to revisit how we work with them. In the humanitarian sector, we often use words like partnership or collaboration, but the FSPs say that to get effective partnership and collaboration, with a financial product that is designed to meet what you need, I can't do that in a two-week window, which your procurement rules tell me. We can take an off-the-shelf solution, but for the best solution, we need to work together" [J].

It was noted by the respondents of INGOs at HQ, that the programmatic dimension and the financial dimension need to be aligned. Program staff with grounded experience from the field need to be complemented by people knowing the peculiarities of the FSPs. In that sense, however, the view was that the sector doesn't need new skills, but we need better communication between the people that have the different needed skills.

Five participants noted that this relationship with FSPs is also changing the way donors finance the international humanitarian system. Some of the respondents from INGOs raised a concern that with the division of responsibilities requested by the donors, we might be leading into a situation where the donors disburse the funds directly to an FSP and the humanitarian organization merely identifies who the money should be transferred to. This leads to a further concern that through for-profit organizations, new capacities in collaborating countries would not be created or developed.

The interviewed donors said that it is unlikely that this would happen. The argument was that in emergencies efficiency is preferred, but not a must; and that the access to people in need and the humanitarian principles rest with the humanitarian organization. There was, however, still a concern from the organizations stating that the private sector is good at marketing and lobbying as stated by a respondent that *"[..] if they see the opportunity, they will pressure hard and they will do it well"* [K].

There was a consensus amongst respondents that the relationship to the financial sector will undoubtedly increase in the future, given that both the financial technology and the nature of disasters will keep on changing, so there will be a need to engage in a continuous development of the modality and of the organizations involved in implementing it.

4.4. Evolution of the transformation

All respondents indicated that the transformation produced in the organizations is still an ongoing process. The sector has become used to the modality as [I] pointed out "Learning by doing while introducing CVA in emergencies was a challenge. Now it is easier because the organizations are more used to it and have more experience and agreements in place."

Most respondents explained that at the beginning, CVA was mostly linked to food security and livelihoods because this is how many organizations felt comfortable in exploring the opportunities of implementing CVA. After the Grand Bargain in 2015, the push was to include CVA in all sectors and standardize tools and conditions for the use of CVA. Whereas currently, the attention has shifted to multi-purpose cash grants (MPCG) and the links to social protection, thus moving away from a sector based CVA approach. This was agreed by donor respondents that have made efforts for reporting on MPCG and introduced the separation of roles in the CVA process for enhanced accountability.

The respondents from INGOs identified a new stage in the transformation in which CVA is to be embedded in each department instead of having its own team. [L] said "We've put a lot of effort over the last few years in the mainstreaming [CVA] across country managers, program advisors and program managers. […] Initially, you had to bring in the technical specialists who knew everything. That has changed now."

Several respondents indicated that other developments in CVA are linked to the evolution of the financial sector and the development of technical solutions for the use of financial products and data sharing. "If we want to know where cash programming is going 3 years, 5 years, 10 years, we just need to study the banking or the money transfer companies and see what they are doing now" [F]. This aspect of innovation was identified as the future innovation that the humanitarian sector will face in the coming years.

5. Discussion

The above findings suggest that CVA has indeed had a transformative effect in the organizations that have chosen it as the preferred modality of assistance. The experience with CVA in these organizations created a process where organizational learning created a change in the organization's process and context which in turn will affect future implementation [54,55].

The humanitarian organizations that are leaning towards CVA implementation in disasters and emergencies during the last decade had to undergo two separate processes: They had to learn a new way of working with aid and they had to change their internal and external processes which brought about the transformation. These changes have occurred in stages. In a first stage, the changes happened organically, in large part pushed by the donor organizations. Later stages of the transformation have led to a more standardized approach to CVA.

The findings are based on a limited number of respondents which poses a limit to generalizability. However, the respondents were all members of the humanitarian sector with more than 10 years of experience with CVA and with experiences from various organizations and agencies, giving them the possibility of a more generalized view on the topic. This helps us indicate analytical generalisations.

The introduction of CVA as a modality is an example of innovation in the humanitarian sector [13]. The stages of innovation were defined as introduction, fermentation and sustained change before a new cycle of innovation is introduced [48]. Based on the experiences of our respondents, CVA has passed through these stages and can currently be defined as being in the third stage. This means that sustained change has been achieved where the approach is standardized even though new developments are still happening. A new phase of innovation could start if the developments of financial technology change the reality of the financial system [70,71]. How that will influence the humanitarian organizations can be designed with knowledge of how CVA has changed the humanitarian organizations in the past.

5.1. The change in humanitarian organizations

Our findings indicate that CVA created a mind shift in many organizations in the humanitarian sector. CVA led the organizations to look beyond sectors and enhance accountability by giving more power to the people in need. It also resulted a stronger relationship with FSPs and a realigning of the cooperation between departments.

Humanitarian organizations operate in a complex domain [11]. Our findings suggest that the shift towards CVA was not only a learning experience for a single organization but also a common exercise in which different organizations in the same context learned at different levels and influenced each other by shared experiences. This was also suggested by the literature on organizational change in humanitarian organizations [11]. Thus, donors who don't have direct implementing experience also learned from the evidence and influenced the context that the organizations exist in. This was done by changing the expectation with regard to the employed modality in accordance with the trend of donors getting more directly involved in humanitarian issues [11,57]. In this sense, it was a shared model for organizational learning that affected the whole sector.

Capacity development of the local actors has been shown to be a major challenge in the humanitarian sector [72,73]. In the experience of our respondents, this was also the case regarding CVA, where the capacity development was lagging. It appears from the data that the motivation was largely the funds that international organizations and donors brought with the CVA modality. The local implementing partners and local NGOs were not included in this shared organizational learning process. The local organizations were confronted with a directive narrative and adopted the approach by requirement. According to the interviewed local partners, they had to adapt more quickly to the working styles of INGOs and donors and didn't always have the chance of receiving the proper trainings for CVA implementation. The finding suggests that the implementation and adoption of procedures in these organizations happened much before the knowledge was absorbed by the organization.

In the larger humanitarian organizations and agencies witnessed by our respondents, the changes happened simultaneously with the experiences from the field and with the realization of the benefits of the new modality. This is similar to earlier observed changes in humanitarian organizations [9] and was equally initially met with reluctance [11]. The initial argument that convinced the field practitioners was not to harm the markets, while higher levels in the organization were convinced by the cost efficiency. According to our findings, the middle layers of many organizations were caught in between these two conflicting thoughts at different levels and were more reluctant to learning and change. This is in agreement with the organizational learning knowledge transfer [11] since it is in the middle layers of the organization that the traditional processes were created and where they are upheld. In these organizations, support from leadership was instrumental to change. However, the shift to accepting CVA as a preferred modality has in many cases meant a major shift in mindset for many individuals in the humanitarian organizations. Particularly, some departments like finance, logistics and procurement found themselves in new territory. This further illustrates that humanitarian organizations are a complex system composed of individuals with varied motivations [11,12].

The change that initially was accelerated by a strong push from donors, is now being affected by the donor's preference for MPCG. While donor collaboration agreements on CVA are emerging, the presence of donors in the field has been increasing during the last years. Hence and despite the efforts on the localization agenda [12], the sector still has a strong donor-driven component.

Our respondents indicated that the relationship with FSPs also happened in phases. Initially, there was an attempt to contract the services while the response operation was taking place. In a second phase, the agreements with FSPs became part of the preparedness process and it was recognized that the traditional procurement rules were not optimal for a negotiation with an FSP. Whereas currently, some organizations are taking steps towards establishing a longer relationship with FSPs which could define more relevant products. Our data suggest that the developments in financial technology will imply the need for a stronger cooperation with FSPs.

The use of CVA brought important changes or at least accelerated the changes. The use and benefit of PDMs had been vastly ignored in the distribution of in-kind aid. CVA has brought a shift of power toward the population in need. Other changes revealed in our findings relate to the fact that more scrutiny is applied in evaluations and audits when using CVA. There seems to be a tendency to perceive more risk when dealing with monetary help (which leads to less corruption due to higher levels of scrutiny [28,30]) and a more relaxed view of missing items when dealing with in-kind. Therefore, auditing and finance are more in focus.

At later stages in the transformation, data management became an increasingly needed skill set in humanitarian organizations. This need has been brought about by the combination of CVA implementation, use of technology and increased requirements for data protection. The use of data management would most likely have happened in any case, however, the implementation of CVA has accelerated the process, showing the transformative impact of the modality.

The respondents indicated that change in humanitarian organizations is ongoing and leading to new stages where the implementation of CVA has gained a level of normality and where the effort is now shifting into making CVA an embedded part of each sector, department or role; instead of having cash teams with experts in the matter.

5.2. Management of change

Change in the humanitarian sector is a dynamic and continually evolving process, where many elements interact with one another [11]. At the same time, organizations are systems composed of people that react differently to change [9]. Our respondents expressed that in their experience, the shift to CVA in humanitarian organizations did not at first rely on a planned change management strategy. It happened rapidly and was pushed by external factors such as donors and competition. In many cases, the changes were influenced by the particular individuals that happened to be present at the time, influenced by leadership and organizational culture [51]. The organizations have a common narrative in which cooperation is essential and desirable. However, the truth is that organizations are competing for resources and for power of influence. This puts a limit to how deep or truthful the cooperation can be [43].

At the time when most humanitarian organizations were adopting the CVA modality, change management was well established in the private sector business management processes [74], but had not yet been well established in the humanitarian organizations experienced by our respondents. One particular point of interest is that most of the interviews ended with the respondent indicating that they had not thought about the changes that CVA had brought to their organization in a systematic way before, which indicates that a clear change management strategy could have been a stronger part of the process.

The transformation of the shift toward CVA happened in stages, as described in literature on innovation [48]. As indicated earlier, the changes are still happening in many organizations as the implementation of CVA is evolving. After the initial exploratory development of tools, came a phase where CVA was meant to be more sector specific. Recently unrestricted multi-purpose cash is favoured, with the aim of linking it to social protection and a broader understanding of humanitarian action.

5.3. Retainment of the change

The results reveal that there were specific skill sets that were and, in some cases, still are needed and relationships that need to be developed or strengthened. This indicates that the change to the organizations due to the shift to CVA is still for the most part ongoing and more efforts need to be allocated to managing that change. In particular, the emergence of FinTech [71] will further accelerate the change in the sector and enforce the relationship between the private and humanitarian sectors. At the same time, the increasing size of interventions is challenging the methods employed by the humanitarian organizations [47]. The results point to a need for a more purposeful and systematic approach in the future developments of humanitarian organizations.

The acquisition and retention of knowledge in humanitarian organizations have been the focus of attention both for CVA and in disaster response in general [53]. For every new trend that is introduced in humanitarian organizations, knowledge management has been identified as a major challenge [75]. Humanitarian organizations are characterized by a high employee turnover [76], which is generally viewed negatively because it limits the knowledge base of the organizations [63]. However, our research shows that the high employee turnover helped the dissemination of CVA technical and implementation knowledge between the humanitarian organizations that thus developed a shared knowledge base. Staff rotation along with individual people leading the change show the importance of organizational culture when it comes to change in humanitarian organizations [51]. In some cases, the introduction of CVA in the organization came from new employees that had experienced it in other organizations, and in other cases, the technical knowledge on CVA was strengthened by new employees. This source of shared knowledge has not been utilized in an optimized way by the humanitarian organizations that experience it.

Our findings suggest that in the future the cooperation between the private and humanitarian sector could become more institutionalized than they are today; technology will play a bigger role in response; governments will be in a better position to influence the outcomes of response, and donors will be both institutional and private [1]. At the same time, in the views of our respondents, there is still an opportunity for donors to be more aligned. Based on these developments, the most important role of the humanitarian sector will act as to be the custodian of the concept that the affected populations need to be at the centre of the operations. This can be achieved amongst other things, by improving the implementation of CVA in the humanitarian sector with deeper reflections on partnerships and capacity development processes.

In the view of all respondents, the focus on the local organizations was notoriously lacking when the shift to CVA was taking form in the international organizations and agencies. Decision-making was done in international forums and trainings arrived late at the local NGO and happened in an unstructured way. Although progress has happened in the localization agenda [77], the further technical complexities that CVA will bring in the future with increased demands on data management and the arrival of new financial technologies pose a challenge for local organizations [44,78]. This challenge will need to be addressed in a more targeted way.

5.4. Further studies

The results and discussion in this article focus on the changes that have occurred in humanitarian organizations that have embraced the modality of CVA in disaster response. There are however, two aspects that deserve further attention that arise from this analysis. The first one is the process of change in humanitarian organizations. How humanitarian organizations implement change and innovation specifically in relation to a transition to CVA. The perception on innovation will inform the attempts to implement novel CVA tools by humanitarian organizations in the future.

The second important point for future research would be the challenges of CVA implementation in the future. It has been argued that the humanitarian sector is due for reform [10,79], it will therefore be important to analyse what role and what challenges the implementation of CVA will have in the future of the humanitarian sector.

6. Conclusion

Our research indicates that the change favouring CVA has in turn also had a transformative effect on the humanitarian organizations themselves and on the sector as a whole. CVA has been a disrupter of traditional ways of delivering aid and it has pushed the organizations towards questioning their activities and approaches. At different stages of the transformation, there have been changes in the type of roles that are needed and in the way organizations rely on each other through collaboration. A lot of work still lies ahead on advocacy to governments of nations affected by disasters and on capacity development of national and local implementing partners.

Following the stages of innovation, CVA implementation is now at a phase of sustained change and could experience a new process of transformation. Organizations would have to learn from their past experiences to improve the process of change in the future. In many organizations, the changes are still happening as the implementation of CVA is evolving, while other organizations have arrived at a more stable situation where CVA is the norm. The evolution of the transformation has led to a situation where CVA implementation is more predictable and included in organizations' strategies. It was indicated that the aim could then be to make CVA an integrated part of social protection.

Several aspects and processes were superimposed in the organizations' shift towards CVA. The exponential growth in CVA implementation has been influenced by a strong push from donors and will continue in the years to come. At the same time, the organizations experienced an organizational learning process in which the organizations had to learn the new modality while at the same time advocating to their partners. This means that the international organizations had to create capacity development both internally and externally simultaneously. At the same time, there has been a learning process on how to manage the change effectively and efficiently. However, the competition for funds and for innovation pushed the change in a much more rapid and organic way.

The results of this study indicate that CVA has indeed created a transformation in the humanitarian organizations which is still ongoing and needs to be managed and organized more predictably. The future adaptation of humanitarian organizations to an increasingly changing environment will be based on the learnings from the transformation of the past. The current research has focused on the transformation that CVA has had on different individual humanitarian organizations implementing CVA for disaster response and not what influence CVA has had on the whole of the humanitarian sector. As discussed above, the humanitarian sector is being challenged by external and internal factors and the adoption of CVA is helping accelerate some of these changes.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

The data that has been used is confidential.

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Annex 2: Article 2

RESEARCH ARTICLE **Open Access**

The stagnation of innovation in humanitarian cash assistance

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Abstract

Cash and voucher assistance (CVA) has been gaining traction among humanitarian organizations as the preferred aid modality in disaster relief and complex emergencies. While the advantages of cash are well documented, the ongoing digitalization of cash and the emergence of innovative financial instruments can be associated with new operational challenges and a stagnation in innovation.

This paper reflects on the changing environment in CVA as a result of technological breakthroughs in the global financial system. The concept of humanitarian innovation is introduced to differentiate it from a similar process in the private sector and to investigate factors, contributing to a slower pace of acceptance, a reluctant implementation, or a complete rejection of innovative approaches in the humanitarian organization. The purpose of the study is to conceptualize the challenges of new technology adoption and scaling, as well as to analyze the direction and current stage of the diffusion of innovation in the humanitarian sphere.

Ten interviews with informants representing humanitarian agencies and the private sector were conducted to discuss their experiences with new CVA tools and perspectives on innovation in cash and voucher assistance. The results demonstrate that there is no uniform perception of innovation across the field, and the challenges of diffusion can be associated with several domains, including internal and external capacities, inherent characteristics of new financial technology (fintech), and a wider social, political, and regulatory context. According to the cyclical model of technological change, the innovative CVA fintech is currently at the ferment stage characterized by a high level of uncertainty and competition. The subsequent emergence of several dominant designs followed by incremental innovation is plausible in the future.

Keywords Humanitarian organizations, Cash and voucher assistance (CVA), Innovation, Humanitarian sector

Introduction

Cash and voucher assistance (CVA) is increasingly becoming the preferred modality for humanitarian intervention (CaLP 2020). Before the 2010s, CVA had accounted for a small share of the total aid volume—in 2006, it was less than 1% of the total humanitarian spending (Barder et al. 2015). However, the volume of CVA and its share in humanitarian assistance programmes have been increasing steadily during the past decade or more and reached 5.6 billion, or about 20% in 2019 (CaLP 2020). The increase in CVA volume is a reflection of many organizations adopting the approach as a fundamental mode of operation (Holm-Nielsen et al. 2022). According to experts' estimates, CVA provides an opportunity to reach 18% more people with the same amount of funding, compared to in-kind contributions (Barder et al. 2015).

Recent technological advancements paved the way for further innovation in CVA and the potential introduction

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of new financial technology (fintech) tools, including distributed ledger technology (DLT), or blockchain, for aid distribution, identity management, or parametric insurance (CaLP 2020). Innovation in CVA is fueled both by humanitarian aspirations to increase the efficiency of aid delivery by organizations operating with chronically underfunded budgets, and external pressures of the modern information era, in which money is getting increasingly digitized and decentralized (Bergara and Ponce 2017). Recent developments in global finance, such as further growth and recognition of electronic payments and cryptocurrencies, the rapid growth of the non-fungible token (NFT)[1] market; and the implementation of blockchain-based solutions across various industries from shipping to insurance, prompt policymakers to start preparing for a likely, if not inevitable, widespread propagation of fintech in the humanitarian field. In 2020, the United Nations declared that further digitalization of financial services is essential for achieving the Sustainable Development Goals (UN Digital Financing Task Force 2020).

Several pilot projects with DLT integration were initiated by humanitarian actors across the globe. However, despite the high overall level of support among donors and a significant growth of the CVA sector, the scaling prospects of new fintech tools have been unclear, and practitioners have expressed lower interest in further development of novel CVA approaches since 2017 (CaLP 2020). The adoption of innovative tools has demonstrated underwhelming results compared to the exponential growth of the CVA segment in the total volume of humanitarian assistance. A significant number of pilot projects have not progressed past their initial stage, getting stuck in the "proof of concept" level and demonstrating resistance to scalability (Lee 2020). The implementing organizations may not be adequately equipped to develop and maintain fintech solutions. Hence, an important aspect of CVA innovation is private sector involvement, which may include both large international companies behind the new technology and traditional local businesses participating in the implementation.

The concept of innovation in the private sector has been thoroughly investigated and some studies have pointed out its basic differences from innovation in the humanitarian sector. However, the challenges and implications of innovative CVA tools in the humanitarian sector have not been fully understood.

The aim of this paper is to analyse the innovation absorption and diffusion capacity of the humanitarian sector and assess existing and potential challenges and themes that impact humanitarian actors' decisions to support or reject the implementation of novel CVA tools. The contribution of the study is to conceptualize challenges in CVA innovation by humanitarian actors and to explore internal and external factors contributing to the current stagnation in humanitarian fintech.

Theoretical framework

Innovation in the private sector

Innovation is defined as "the creative process whereby new or improved ideas are successfully developed and applied to produce outcomes that are practical and of value" (Taylor 2017). The phenomenon of innovation, primarily in the private sector, has been studied for many decades—the diffusion of innovation theory was first proposed by Everett Rogers in the 1960s (Rogers 1995). The theory describes how new ideas gradually gain popularity and become mainstream under the impact of three sets of variables, including inherent characteristics of adopters, pros and cons of innovation itself and a broader social and political context (Dearing and Cox 2018). Innovators can be represented by an organization if the diffusion is a system-wide effort across the organization or a selected individual within an organization who may face a certain degree of institutional resistance while recruiting early adopters within their own organization. The majority of innovations fail to diffuse and do not peak past the early adoption stage.

Innovative approaches and tools normally fall under one of two broad categories, known as either "process" or "product" innovation (Betts and Bloom 2014). As suggested by the taxonomy, product innovation is focused on significant improvements of an existing product or tool, or the development of a new tool, while process innovation emphasizes enhancements in methodology and program design.

With regards to the technological aspect of innovation, Anderson and Tushman (1990) proposed a cyclical model of technological change that describes the evolution of technology through a series of cycles, in which the introduction of brand-new products and services (technological discontinuity) opens a period of ferment, or fierce competition between different products that leads to the emergence of a dominant design or designs, while the rest of the products fail to diffuse. The emergence of the dominant design is followed by the era of incremental change (sustained innovation), where the existing design is gradually improved until the next discontinuity and the introduction of a new generation of products or services. Innovations at the beginning of the era of ferment are "crude and experimental" and the selection of a dominant design is largely a process of trial and error by implementing organizations (Anderson and Tushman 1990).

[1] NFT is a unique unit of data stored on blockchain that can be sold or traded. It is often associated with digital art.

Innovation in the humanitarian sector

Innovation in the humanitarian sector faces a unique set of challenges and does not necessarily have the same scope or rhythm as the similar process in the for-profit sector. Innovation in the humanitarian sector is presented as "an iterative process of implementing an idea" (UNHCR 2019). The concept of innovation is not exclusively associated with technology. UNHCR defines the following four dimensions of innovation: application of technology, application of innovative technology, innovative application of existing technology, and innovative application of innovative technology. The third is defined as the preferred type of innovation (UNHCR 2019).

Betts and Bloom outline several peculiarities of humanitarian innovation (Betts and Bloom 2014)—among other things, it is not driven by profit but rather based on humanitarian principles; there are inherent ethical concerns due to the precarious circumstances of affected people who should not be treated as untapped consumers; aversion to risk may discourage innovation; innovation is often driven by outsiders (including the private sector).

While the trial-and-error approach is acceptable with new products in the private sector, humanitarian principles and ethical considerations suggest that humanitarian innovation should be more risk-averse and participants are to be identified based on values rather than profitseeking considerations (Batali et al. 2019). The do-noharm principle is therefore crucial to the application of innovation in the humanitarian sector (Sandvik et al. 2017). Furthermore, aid recipients in difficult circumstances should not be equaled to untapped consumers in a new market and humanitarian aid is not profit-oriented (Betts and Bloom 2014), which is why a partnership with the private sector may present a challenge that has to be addressed before the implementation phase.

Christensen argues that it is the market-creating innovation that is the biggest contributor to development and poverty eradication (Christensen et al. 2018). However, in humanitarian studies literature, the stance on innovation is less radical since humanitarians by definition are more people-oriented and do not consider market related concerns very often as part of their work e (Lee 2020).

Innovation has not been unanimously embraced by humanitarian practitioners and researchers, with calls for further academic scrutiny of "utopian expectations" (Scott-Smith 2016; Sandvik 2017). The concept of innovation has been criticized due to its presumed tech-centeredness and an inclination to emphasize the novelty factor before the needs of potential beneficiaries (Scott-Smith 2016). Even with innovation proponents, the period of heightened enthusiasm sometimes was followed by disillusionment and rethinking of priorities, when innovation labs were declared dead (UNHCR Innovation Service 2018)

Innovation in CVA

An important aspect of social and humanitarian innovation describes a "systems change" component, which refers to rethinking and redesigning existing social and economic systems through innovation (Papi-Thornton and Cubista 2019). Certain fintech components such as decentralized finance may be uniquely positioned to contribute to systems change along the lines of localization, sustainability and community ownership (Buterin and Weyl 2018). CaLP in its Outlook to 2030 suggests that further development of financial assistance will be a major contributing factor to the evolution of the entire humanitarian ecosystem over the next decade (IARAN and CaLP 2019).

Concrete examples of CVA innovation in the humanitarian sector have been analyzed elsewhere. Some of these examples include the World Food Program (WFP) Building Blocks in refugee camps in Jordan (Evans 2019), Unblocked Cash by Oxfam/Sempo in Vanuatu (Rust 2019), Community Inclusion Currency (CIC) by Grassroots Economics in Kenya (Bornstein 2019), DLTbased initiatives such as Sikka in Nepal (Rust 2019) and different varieties of charity coins (Farooq et al. 2020), and other initiatives like direct digital person-to-person donations (Gebken et al. 2021). Commercial tech giants have also expressed interest in the field. For instance, the Facebook-backed Diem (formerly Libra) Association includes several large humanitarian actors, pooling their efforts to develop a decentralized currency (CaLP 2020). The benefits and results of these programs have been shared by the implementers, based on two important aspects. One is that they have often not passed the proofof-concept stage, showing that innovative CVA tools have not had the same level of growth as CVA programming in general, nor as similar fintech tools in the private sector. The second is that they all rely on a partnership with the private sector. There is however a knowledge gap in the way the perception of innovation and the implementing environment affect these aspects of CVA.

As financial instruments and technology become increasingly more sophisticated and the private sector gets actively involved, the privatization of the humanitarian sector has been argued to be challenging (Hotho and Girschik 2019). Private sector participation is crucial in aid delivery in general, but even more critical in innovative CVA, where financial service providers, software developers and platforms, mobile network operators and other actors will play an increasingly important role in facilitating transfers of both private remittances and institutional aid from humanitarian organizations (IARAN and CaLP 2019).

Methodology

This study is based on qualitative research, based on a literature review on humanitarian innovation and 10 semi-structured interviews with practitioners from different international organizations either developing

or implementing innovative tools. This method allowed for collecting open-ended data to explore the respondents' thoughts on the topic allowing them to expand on their particular expertise and provide valuable insights (DeJonckheere and Vaughn 2019).

The literature review focused on theoretical foundations and the diffusion of innovation in humanitarian settings as well as characteristics of emerging CVA tools and the perception of innovation by humanitarian actors. The desk-based review of academic literature provided initial themes for the interview guide, while reports by associations such as Cash Learning Partnership (CaLP) helped to select innovative programs for further inquiry (IARAN and CaLP 2019; CaLP 2020).

Respondents included seven respondents working in humanitarian agencies and three representatives from the private sector focused on the impact of innovation and new fintech in CVA. Interview participants were selected through purposive sampling based on their practical experience with innovative CVA tools (Naderifar et al. 2017). The respondents were hence identified based on their experience with the phenomenon under study (Holzhauser 2008). Two of the humanitarians represented large organizations at the global level, while five others were working in the field. Private sector participants were representing tech companies and/ or consultants offering specialized fintech solutions to humanitarian actors.

The semi-structured interview guide (Dearnley 2005) was informed by elements and potential challenges described in innovation studies and the cyclical model of technological change, such as familiarity and resistance to innovation, absorption capacity and stages in the diffusion of innovation. The thematic analysis was conducted under three categories based on the sets of variables that determine the diffusion of innovation described above: the inherent characteristics of adopters, challenges and opportunities of innovation per se, and a broader social and political context (Dearing and Cox 2018). Interview questions referred to interviewees' personal experience with the respective CVA programs as well as their general opinions on innovation in the humanitarian sphere. Respondents were asked to provide their input on the role played by their own organizations, the private sector and government regulators in the successful implementation of innovative CVA programs.

Respondents' identities were anonymized and marked P1-P10 in the interview notes—several participants specifically requested to stay anonymous and thus all interviewees' identities were anonymized. P1–P2 are CVA experts working at headquarters of larger organizations, P3–P4 are private sector developers, and P5–P6 represent practitioners working in the field. Handwritten notes were taken during the interviews for preliminary identification of themes and concepts (Kvale 2011). The interviews were coded and cross-referenced in NVivo to identify and group themes and further structure the findings.

Since the paper focuses on practitioners' perspectives, the comprehensive analysis of challenges and opportunities, associated with specific CVA tools and their impact on communities is beyond the scope of the study. Innovation in CVA is characterized by a rapidly changing landscape, and financial technology applications in humanitarian settings are predominantly new instruments with fluid features.

Findings

Interview findings are grouped into three categories: particular characteristics of innovation in the humanitarian sector; challenges and opportunities of innovation in CVA; and characteristics of the enabling environment where CVA takes place.

Innovation in the humanitarian sector

Perception of innovation and institutional resistance

Respondents showed a plurality of opinions on what innovation entails and how it should be implemented in the humanitarian sector. Their views varied from a slow and gradual introduction of selected new tools to a complete overhaul of the existing channels of financing and aid distribution, or systems change. The majority of respondents focused on the technological aspects of innovation and the broader implementation of new digital tools. Half of the respondents also emphasized the "innovative use of existing technology" and innovations in the policy space that are sometimes overlooked. One example that was often mentioned was new regulatory provisions for digital IDs.

The respondents reflected that the understanding of the importance and inevitability of innovation has been growing with humanitarian actors and the donor community. The COVID-19 pandemic provided an additional impetus to find new ways of distributing cash assistance. Nevertheless, all respondents emphasized that innovation must be context-specific. Specifically, two experts working in the field (P6 and P7) concluded further, that in certain contexts new fintech may be completely inappropriate as it imposes an additional burden on vulnerable individuals.

Respondents generally rejected the idea that technology-fueled innovation leads to an unnecessary degree of control by external actors. One reason is that humanitarian respondents believe that new tools can be owned and operated by communities themselves—localization is desirable and encouraged.

The respondents had different opinions on the prevalence of institutional resistance to change. In order to achieve a successful innovation process, the importance of organizational change for fostering innovation was explicitly mentioned by practitioners. One of the first steps would be the creation of a safe space for innovators. A few interviewees reflected that they initially struggled to generate enough support and enthusiasm within their own organizations for introduced innovation. In many cases, it was explained

by the lack of knowledge and previous familiarity with technology. For instance, the prevailing myths and misconceptions surrounding blockchain, and the risky and volatile nature of cryptocurrencies.

Many participants explicitly mentioned the humanitarian-development nexus and the inherent contradiction between what was called "the disaster mentality" focusing predominantly on emergency response with short-term deployments, and long-term development objectives. With regards to CVA, it creates a disconnect between short-term cash injections in disaster relief, budget cycles, and certain innovative approaches that may require a longer time for rollout, onboarding and implementation.

The prevalence of the so-called "disaster mindset" was blamed for poor knowledge dissemination in the community. This mindset was described as practitioners flying in immediately after a disaster and for a short period of time and then leaving with no substantial knowledge for institutional memory.

Private sector involvement and cooperation

The role of the private sector, private-public partnerships, and the role of the government as a regulator/ actor became crucial topics during the interviews. While the importance of partnering with the private sector for innovative solutions is recognized unanimously, there are diverging opinions on how this partnership should be shaped.

A humanitarian respondent from a global organization (P1) suggested that humanitarians should learn from the private sector and borrow their best practices, such as using the same instruments that financial institutions and countries use, and digital tools that have already been used and established in the private sector. At the same time, humanitarian respondents showed concerns about funds being channeled to the private sector, primarily large international corporations, instead of developing internal capacities.

The lack of standardization was emphasized as a serious challenge by two private sector participants (P3 and P4), who pointed to current fragmentation as one of the barriers to scaling existing innovation initiatives. However, there is an opportunity to find a common denominator as, according to the participant, the vast majority of humanitarian operations follow the same cycle and there is an opportunity to develop universal tools with some added flexibility. Furthermore, this lack of standardization (technical or otherwise), was identified as a barrier for further investment in the development of purpose-built solutions for the humanitarian sector. Standardization could help alleviate certain concerns related to partnerships with the private sector such as vendor lock-in[2].

One respondent with field experience in conflict settings (P8) insisted on the integration of CVA into existing government programs and the national development agenda, suggesting that the government with its infrastructure and tools is best suited for delivery and there is no need to duplicate unless new tools and approaches fit into the existing framework.

Innovation in CVA: challenges and opportunities

The perception of innovation in CVA

All respondents agreed that innovation of CVA will rely on the development of fintech. Three informants with different backgrounds (P1, P4 and P5) emphasized that fintech is neither good nor bad, it is neutral and can only be assessed as a component of cash-based programming: "The end goal is not technology. Giving out a digital ID does not ensure that you are now resilient" (P5). The dono-harm principle was referred to by many respondents when discussing the implementation of technological innovation regarding CVA. Furthermore, most respondents pointed out that there is no need for innovation for the sake of innovation, the programming is shaped by humanitarian principles and is demand-driven; the end goal is not to be defined by technology but rather by what will have the biggest impact in terms of making the community more resilient to future disasters.

Respondents pointed out that innovation within CVA can trigger a transformation of the entire humanitarian ecosystem, from fundraising to long-term community development. The transformation may eventually result in more predictable funding based on parametric triggers and market-based instruments with lower transaction costs.

According to some respondents, another aspect of innovation in CVA revolves around digital ID management and connectivity. Digital ID is not necessarily tied to CVA; however, in many scenarios, digital ID has become a prerequisite for inclusion into CVA programming either because refugee populations are blocked from receiving IDs or buying SIM cards or if their IDs are insufficient for opening bank accounts due to AML and KYC regulations[3].

One private sector participant (P4) and one staff member from a humanitarian organization (P1) advocated the development of a *common humanitarian platform* based on open-source software: "We're building a digital platform that allows us to pivot quickly from scenario to scenario, and to be able to be effective" (P1). This platform would enable users to build their own custom solutions based on a publicly available secure infrastructure for CVA implementation. Another private sector representative (P3) noted that while the idea sounds appealing in theory, it may be hard to implement in practice because

[2] Vendor lock-in refers to the scenario when someone is forced to use a product or service regardless of its quality (often subpar) due to dependency and/ or substantial switching costs.

[3] Anti-Money Laundering and Know Your Client regulations specify verification procedures and documents required for opening bank accounts and other transactions.

of the current fragmentation and multiple stakeholders in the sector.

At the same time, two field experts (P6 and P8) expressed doubt that generalized solutions may be feasible, given the multitude of contexts, scenarios, and operational modalities and suggested that the emergence of a common platform is more likely in digital ID and data management than specifically in CVA implementation. Shared databases are in any case perceived as less secure by many humanitarian organizations. Furthermore, a single database maintained by an organization could also develop into a monopoly, which has more negative ramifications than positive outcomes.

Familiarity, learning, and failure

All the respondents referred to a lack of familiarity with new tools and approaches and relevant competencies as key challenges in implementation. Respondents further explained that familiarity and skillsets or competencies can be defined at the individual user level (beneficiaries), organizational level (humanitarian actors and private partners) and regulatory level (government). At the user level, familiarity with technology supports initial onboarding, implementation and troubleshooting. At the organizational level, it helps to overcome institutional resistance and generate support among other team members, who resist the introduction of technology and considerably slow down the process. At the regulator level, which is normally occupied by a responsible government agency, familiarity ensures faster approval and regulatory support of innovative mechanisms.

Many participants specifically mentioned how blockchain for many stakeholders is still exclusively associated with cryptocurrencies, while the range of possible applications of DLT goes far beyond cryptocurrencies. In the absence of alternative infrastructure, blockchain can be used as a backbone even for fiat currency distribution via tokens.

Most respondents pointed out that training requirements and formats also depend on the degree of previous familiarity—whenever stakeholders face an innovation for the first time, they need to be engaged differently: "Whenever you present something for the first time, you need to explain a lot of things; you need to engage them differently, communicating in a much simplistic way" (P4). The humanitarian respondents thought that it is important not to learn only within one's own organization. Several respondents emphasized the value of crosslearning between organizations and between countries and contexts. For example, it was mentioned that governments seem to be more receptive to projects coming from other countries facing similar challenges.

Many respondents linked trust to familiarity, explaining that it is natural for people and communities to trust situations and organizations they have been previously exposed to and are familiar with. Respondents explained that trust can be considered at different levels, from beneficiaries to donors. Two participants who worked in countries with unstable financial systems (P7 and P9) suggested that in a situation, where official financial institutions cannot be trusted—for instance, when banks go bankrupt regularly and the deposits are not guaranteed— innovative financial technology may offer a viable and more trustworthy solution if properly implemented.

The importance of failure and its problematic exclusion from case studies was emphasized by two experts (P2 and P10), who pointed to a selection bias in industry reporting where only relatively successful pilot projects are reviewed outside of the implementing organizations: "Development and humanitarian actors need to understand that documenting innovation does include acknowledging failure" (P2). The omission of failed projects from published case studies jeopardizes cross-learning and keeps certain challenges hidden and under-analysed. Considering that most innovations fail to diffuse, the exclusion of failures cuts off a major data source from the analysis. Reasons mentioned for the lack of reporting of failure were the self-perception of organizations and the fear that a damaged reputation may have on future funding. Creating a learning culture, which focuses on the analysis and documentation of successes and failures alike, was identified as an important step in organizational change and the successful implementation of innovation.

Implementation environment

Government and regulatory framework

The role of the government and the importance of regulation was emphasized by all respondents, although there are different opinions on the degree of involvement since the government can be both an actor and a regulator in CVA. One participant working in the field (P8) advocated integrating CVA into the existing government transfer scheme, arguing that humanitarian organizations underutilize existing infrastructure for fear of making themselves redundant. However, all respondents pointed out that changing government regulations is a lengthy process that remains one of the most significant challenges.

Similar to humanitarian organizations, national regulatory frameworks were criticized by participants for lagging behind the latest technological developments, which may cause friction between financial regulators and fintech innovators if they are perceived as parallel currency issuers: "Who gave you the right to print money in our country? You know, there's a lot of that sort of vibe around it as well" (P10). Some governments have instituted outright bans on cryptocurrencies but allow the use of blockchain technology as an infrastructure for supply-chain management and other nonmonetary applications. In one case, the use of external cryptocurrencies was not allowed but the innovation lab was granted permission to mine their own tokens for use in CVA, and the NGO is now looking at exporting this format to other

countries. The absence of clear regulations means that humanitarian actors often operate in a grey area.

One participant (P2) stated that the government can also be quite enthusiastic about innovation, especially if the competent authorities are somewhat familiar with the project, or if it has already been implemented in a similar context (e.g., other countries in the region). Government support is instrumental in digital ID projects—for example, it is the primary responsibility of governments to manage the identities of hosted populations but there are currently persistent gaps with regards to refugee ID management. In conflict scenarios such as Syria for example, the government can restrict access to certain areas and population segments.

Localization and CVA innovation

One aspect that was repeatedly mentioned concerning CVA innovation was localization. The majority of interviewees from humanitarian organizations believed that innovative tools are more likely to be successful if they are developed and implemented by local organizations. Even when an external solution is used, certain components of a tool or its implementation can and should be localized.

Partnership with local for-profit companies was seen as less challenging compared to large transnational corporations. However, it was pointed out that certain provisions of NGO procurement policies lead to the prioritization of more established vendors who meet the required criteria, which is problematic for inclusive community development.

Respondents mentioned that localization and knowledge dissemination is a lengthy process. Hence the challenge of the above-mentioned "disaster mentality" leading to high staff turnover and short-term cash injections can be detrimental. Physical and digital connectivity is crucial for the community's ability to absorb knowledge and develop innovations locally. Local actors are more likely to reach a better level of understanding with the national government.

Respondents empathized that CVA innovation can foster localization if implemented the right way but can also lead to an impediment to localization if technology is not shared with local partners or if knowledge and resources are not available locally.

Digital divide and the future of CVA

All participants affirmed the need for a context-driven and demand-driven nature of humanitarian innovation. This would mean that CVA programming should be custom-made to address the needs of a selected community, and that specific CVA tools and modalities selected should maximize a positive and long-lasting impact on the community.

Even though digital literacy has been growing rapidly in developing countries (Ameen and Gorman 2009), the digital divide still poses a serious challenge. One of the respondents with field experience (P5) stated that digital inclusion is one of the objectives of humanitarian work in general: "As you're looking at more of these digital IDs or peer-to-peer payments or cryptocurrencies, you must ensure that the rights of the individuals are not being impeded. Making sure that you are not excluding certain groups, because they are not able to, to attain, or get access to that digital or technological aspects" (P5). Therefore, it was argued that improving connectivity and infrastructure should be part of CVA programming and wider development initiatives.

The interviewees expressed unanimously that the humanitarian field is changing rapidly. Innovation, therefore, becomes a driver and a product of demand driven organizational reforms at the micro level and is fostered by the changing landscape at the macro level. People's understanding of the concept of money is gradually changing, so the awareness about alternative payment methods will be growing and the demand structure will be changing as well. The evolution of innovation in the humanitarian sector will therefore potentially be dictated by the evolution of fintech, which is in disagreement with the current stagnation in humanitarian fintech innovation.

There were other related aspects of the innovation of CVA that are likely to influence the humanitarian sector according to our respondents:

Half of the respondents were hoping to have a more predictable funding mechanism in the future, and two respondents with different backgrounds (P1 and P10) outlined a system change scenario, in which new CVA tools will be integrated into a comprehensive funding system with market-based fundraising elements.

Also, the humanitarian respondents believe that the gap between the humanitarian and the development side will be bridged, and a new funding mechanism will provide a degree of flexibility without time limits imposed by external actors. This will effectively blur the line between CVA and UBI.

Finally, the COVID-19 pandemic exposed a significant number of people in both developed and developing countries to various cash assistance programs and is likely to become an additional powerful contributor to innovation in CVA, given the large number of emergency assistance programmes and the restrictions imposed by the pandemic.

Discussion

Our findings indicate that innovation in the humanitarian sector does not necessarily follow the same diffusion principles that were described in the private sector (Rogers 1995) and possesses certain characteristics that are unique to humanitarian innovation (Betts and Bloom 2014). Further, we discuss the perception and effectiveness of innovation in the humanitarian sector and analyze its current state and the

future of the innovative process with regard to new CVA tools. The challenges mentioned below are associated with the role of the private sector, the regulatory environment and institutional rigidity of the humanitarian sector.

Innovation in the humanitarian sector

The interviews demonstrate that humanitarian actors subscribe to multiple definitions of innovation in CVA and the ways it should be implemented. The transition from in-kind assistance to cash-based programming is viewed as an example of *process* innovation, whereas the introduction of novel CVA tools (e.g., blockchain-based transfers or identity management solutions) can represent both process and *product* innovation as a combination of the two domains, which may eventually result in paradigm change reflecting a complete replacement of in-kind assistance with CVA (Ramalingam et al. 2009).

It can be argued that innovation in the humanitarian sector is slower and less efficient compared to the private sector due to inherent characteristics of the humanitarian field. Humanitarian innovation does not always match the conventional understanding of innovation in the private sector, nor does it always follow the same diffusion pattern. On the one hand, humanitarian organizations are willing to go beyond strictly technological solutions and include unconventional applications of traditional tools and community-based informal systems; but on the other hand, they tend to focus more on either sustained or efficiency innovation since ethical considerations and the nature of humanitarian work prevent from initializing more radical market-creating or disruptive innovations.

As our findings show, the slower pace and the emphasis on sustained, less radical innovation is caused by several factors. Although innovation is demand-driven both in the open market and in humanitarian scenarios, basic ethical considerations postulate that disaster affected populations are different from untapped consumers and market creation is hardly appropriate in humanitarian settings. In addition, since CVA is highly context-specific, it often requires custom-built tools as opposed to truly global products.

According to our respondents, this kind of fragmentation and the lack of common understanding of digitalization among strategists and practitioners is a significant barrier to scaling—if the definitions and objectives of innovation do not match, neither will the metrics for success and failure. Better understanding and harmonization of concepts can be facilitated by sector associations like CaLP and further standardization of technology and procedures, provided that humanitarian organizations are flexible enough to absorb and process external knowledge.

Era of ferment

Our findings demonstrate that the current landscape of CVA innovation is characterized by fragmentation and a high level of uncertainty. According to the cyclical model of technological change, the present phase of fintech in CVA matches the ferment era of the innovation cycle (Anderson and Tushman 1990), where multiple competing tools are piloted by different organizations and the dominant design may slowly emerge. The majority of innovations fail to diffuse; hence failures are common. The analysis of failures at this stage could provide valuable data for the next ferment cycle. However, our research shows that implementation failure is not shared often with the humanitarian community, which hinders true knowledge sharing. Factors for not sharing failed attempts at innovation implementation include the perception and reputation of the organizations and fear of influence it might have on future funding.
Only after a dominant design or designs emerge, the innovation cycle will reach maturity (Anderson and Tushman 1990). At the same time, it can be argued that CVA in general has already established itself as a dominant design regarding it as an outcome of process innovation in an earlier cycle. Thus, fintech represents a new cycle within a cycle as a result of technological discontinuity that gave rise to new digital tools. However, the humanitarian innovation based on fintech is currently characterized by stagnation.

In the best-case scenario, the emergence of dominant designs and potentially global platforms in CVA may foster a period of collaboration, with multiple organizations focusing on the improvement of the selected tools (IARAN and CaLP 2019). However, it must be noted that collaboration is when organizations truly work with one another beyond mere information sharing (Raju and Becker 2013). It is yet unclear whether these designs will emerge as a result of a deliberate coordinated and collaborated efforts or replicate organically from successful pilot projects. The era of ferment can produce several flexible context-specific tools and shared platforms with industry-wide standards for further improvement during the subsequent era of incremental change.

In its Outlook for 2030, CaLP proposes four basic scenarios of the sector evolution: control; chaos; emergence; and synergy; with the latter scenario being the most positive one (IARAN and CaLP 2019). According to CaLP, the synergy is unlikely to happen before 2025; yet many study respondents are quite optimistic about their scaling perspectives, hence the emergence and replication of dominant designs may happen even sooner either on a regional or global level. The transformation of the global financial market and the growing role of fintech will change the CVA landscape and the humanitarian organizations that administer aid delivery. The complexity of new fintech tools means that partnerships with the private sector are not just desirable but also unavoidable.

Private sector—friend or foe?

Our findings show that partners from the private sector have to be brought in to offer unique expertise, bridge knowledge and capacity gaps, explore new opportunities and find efficiencies. However, these partnerships can introduce new challenges; there is a plurality of views on the role and underlying motivations of the private sector, with a notable degree of discomfort caused by the potential privatization of the humanitarian sphere. Maximizing profit may not always be consistent with humanitarian principles (Betts and Bloom 2014); hence, it is important to find areas of the most optimal overlap and alignment of objectives. As mentioned above, an ethical approach dictates that there is a difference between market-creating for-profit innovation and humanitarian settings, in which affected people should not be treated as potential new customers. Along with privacy and security concerns, collecting large volumes of sensitive personal data also raises an important question if humanitarian organizations will become 'data brokers' in the digitization process (Lemberg-Pedersen and Haioty 2020).

The importance of collaboration with and learning from the private sector is emphasized in major industry reports (CaLP 2020), yet the format and the boundaries of this partnership are not properly established. In fact, given the variety of contexts and stakeholders involved, it is unlikely that such standard rules of engagement can be introduced at all. Further, an avenue to be examined is the clash of ideologies and values in the different sectors. The criticism of privatization usually focuses on larger corporations, even though the collaboration framework between a humanitarian organization and the private sector can engage local small and mediumsized enterprises. This kind of collaboration is crucial for localization. There seems to be a tendency to view local businesses and organizations in a more positive light compared to transnational corporations.

Localization is a popular concept in the humanitarian sector and was one of the workstreams under the Grand Bargain (WHS 2016). And although there has been some success with the localization-related commitments of the Grand Bargain over the last 5 years (Metcalfe-Hough et al. 2021), innovative approaches are often characterized as exogenous, and the bottom-up innovation is not given enough credit. Our respondents reflected that a meaningful engagement of local businesses can contribute to bridging this gap. Both with national and international companies, data privacy and data protection are sensitive matters—with the inclusion of additional players into the ecosystem, the likelihood of a sensitive data leak increases.

Although some participants from the humanitarian sector expressed their indignation with the level of private sector involvement and the amounts paid to private software developers and other contractors, a complete detachment from the private sector does not seem plausible. Given the sophistication of new fintech and the competencies required for in-house development, very few organizations can have sufficient funds and human resources to spend on self-produced tools. In addition to that, our data show that the private sector would favor a larger standardization of the humanitarian sector, in order to develop effective technical tools and scaling up proof-of-concept initiatives.

Other challenges

Our findings suggest that institutional resistance to innovation and the prevalence of the so-called "disaster mindset", meaning a propensity to apply short-term patchwork solutions to humanitarian crises, can highlight the need for organizational change. The institutional resistance can manifest in different shapes and forms—from an outright and permanent ban on certain kinds of innovative approaches in CVA to a subtle underappreciation or lack of investment into approaches that may be considered too radical and/or not fitting into the established organizational format. The rigidity and conservatism of organizational structures in the humanitarian sector and actors' inability to quickly adapt to a changing environment has been a topic for discussion for a long time, some scholars call the system completely broken in the absence of a joint political effort for transformative action (Spiegel 2017).

Although this kind of pessimism was not fully shared by study participants, the issue of organizational change and flexibility to support humanitarian innovation takes a central place in the discussion. The ability of humanitarian organizations to change under the influence of external push and pull factors was described in the literature more than a decade ago (Clarke and Ramalingam 2008), although the effectiveness and the extent of such changes are up for discussion. Following our findings, the agent of change and the driver of innovation can be either internal, i.e., an influential member of the organization, who supports and promotes innovation and the required changes in the organizational fabric; or external, when changes become inevitable due to dramatic events in the operational environment. As a technological discontinuity, blockchain generated new financial and supply chain management tools, while the covid-19 pandemic and lockdowns resulted in a skyrocketing demand for innovative aid distribution tools that could be managed remotely. These dramatic changes will undoubtedly affect even the most conservative humanitarian organizations that would otherwise prefer to continue with their business-as-usual approach.

When it comes to the regulatory framework, our findings indicate that the government's willingness to cooperate and accommodate is a key factor contributing to the successful implementation of innovative CVA programs. In the humanitarian field, governments act in a dual capacity concerning innovation—both as a regulator and also as one of the main providers of assistance. In its role as a regulator, the government to a large extent shapes the context in which other actors

must operate. Governments across the world employ drastically different approaches to blockchain, ID digitalization, and legal requirements. Therefore, cross-border scaling and deployment can be impeded by non-uniform regulatory environments and a lack of standardization in different countries and regions. If the government is supportive of innovation and the humanitarian programming fits into the national political and development agenda, it becomes a strong contributor to the successful diffusion of innovative tools and approaches.

Conclusion

Our research shows that the humanitarian sector welcomes innovation but is not necessarily well-equipped to implement it. The plurality of views and opinions on the appropriateness of innovation in various humanitarian scenarios further contributes to stagnation of fintech in CVA. On top of that, humanitarian actors often have to count on the vision and values of their private sector partners. Given the complexity and sophistication of new technology, private sector involvement in innovative CVA will necessarily continue to grow in the foreseeable future. It is important to develop a meaningful collaboration framework early in the development cycle. Furthermore, national and supranational regulators can contribute to this assignment as well—for instance, with data protection rules.

The diffusion rate of innovative tools depends on whether stakeholders can reach a consensus on their vision for the future of CVA and the humanitarian sector in general. In a lot of ways, humanitarian innovation follows classical patterns with an initial institutional resistance, a high failure ratio and challenges caused by lack of familiarity. A slower pace of innovation diffusion and fintech development in the humanitarian sector is determined by the inherent characteristics of humanitarian actors and the necessity to maintain a delicate balance between the efficiency of the innovative cycle and the human-centeredness of needs-based programming. Organizational changes can be harder to implement in the humanitarian community, and in many cases, institutional reforms are required across the board—from governments to donors to implementing organizations. Another aspect that will facilitate innovation is creating a learning culture, which focuses on the analysis and documentation of successes and failures alike and concentrates on local infrastructure, resources and knowledge, thus aligning the paths between innovation and localization in CVA.

The innovation challenges are persistent but not insurmountable. The near future will demonstrate whether humanitarian innovators can push their pilot projects past the ferment stage and into a large-scale deployment. The ferment stage provides an opportunity to study successes and learn from failures. Due to the level of required expertise, the learning curve is likely to be steeper compared to CVA adoption over the last two decades but those who manage to advance are likely to determine the dominant toolset for the future.

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Authors' contributions

All authors read and approved the final manuscript. AM conducted the interviews and the literature review. PVHN defined the methodology of the study and the analysis of the data. AM and PVHN co-wrote the discussion and conclusion. PVHN led the revision of the paper with support of AM and approval of ER.

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Availability of data and materials

The data generated and analyzed during the current study is based on the conducted interviews. The data are not publicly available due to the respondents being assured that they would remain anonymous, as explained in the Methodology section.

Declarations

Competing interests

The authors declare that they have no competing interests.

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Publisher's Note

Annex 3: Article 3

The influence of cash assistance on the localisation agenda in Kenya's humanitarian sector

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Cash and voucher assistance (CVA) has gained importance as a modality for humanitarian disaster response during the last decade. Research has documented its benefits and listed challenges for implementation. Simultaneously, humanitarian organisations have committed to the localisation agenda to better serve people affected by disasters through local actors. These two ongoing transformations in the humanitarian sector may support or challenge each other. The authors use Kenya as a case study to analyse how CVA influences the localisation agenda in the humanitarian sector. Semi-structured key informant interviews were conducted with national and international organisations to gain insights on how the international organisations and their local implementing partners view and experience the mutual support or potential tensions between CVA implementations and the localisation agenda. The analysis is based on seven dimensions of localisation applied to CVA in Kenya based on existing frameworks. The findings indicate that CVA can support the localisation agenda if properly managed. It provides smaller organisations an opportunity to get involved without expensive structures. International organisations need to redefine their role and withdraw from direct implementation and be willing to give up power. The local organisations benefit from forming national networks that give them a voice within the humanitarian system. These transformations rely on personal leadership and on capacity development focusing on coordination, collaboration and organisational strengthening beyond the technical skills needed for implementation.

Contribution: This study identifies how CVA and the localisation agenda affect each other in Kenya. This contributes to the understanding of the future development of the humanitarian sector.

Keywords: disaster response; cash and voucher assistance; localisation; Kenya; grand bargain; cash interventions.

Introduction

Cash and voucher assistance (CVA) is becoming fundamental to disaster and humanitarian response worldwide (Clarke, Stoddard & Tuchel 2018). Cash and voucher assistance is the 'direct provision of cash transfers and/or vouchers for goods or services' to the affected population (CaLP Network 2022). Its benefits and challenges have been shown in research and practice (Smith et al. 2018; Spiegel 2015; Tappis & Doocy 2018) as well as in the needed conditions for implementation (Doocy & Tappis 2017; Kreidler & Rieger 2022). It is expected that the modality of aid delivery in disaster response will keep increasing its relevance and significance in the future (Keith et al. 2020) by changing the humanitarian sector and the relationships between humanitarian actors (Harvey & Bailey 2015; Holm-Nielsen et al. 2022). This is crucial in the light of the Grand Bargain (IASC 2019), where humanitarian organisations have committed to the *Localisation Agenda* to serve people affected by disasters in a more context-appropriate manner (Apthorpe & Borton 2019). A definition of localisation has not been agreed upon (ICVA 2018); however, localisation can be described as the respect and strengthening of the leadership of local actors in disaster response (Fabre & Gupta 2017). However, despite some efforts focused

on capacity development (Lewis 2021), the relationship between CVA and localisation has not been fully understood or researched. If the commitments of the Grand Bargain are to be achieved in the context of the humanitarian transformation, it is important to understand whether there are contradictions between the design and implementation of CVA programmes and the concept of localisation. This has not been systematically studied leaving a huge knowledge gap. Therefore, the aim of this paper is to analyse the mutual influence of CVA and localisation on each other using Kenya as a case study. Because CVA implementation and localisation are highly context-specific (Aker 2017), it is relevant to study the interplay between CVA implementation and the localisation agenda in a concrete setting, where the potential of synergies may be present. To study this, the authors used Kenya as a case where many humanitarian organisations (local, regional and international) are present (UNOCHA 2021) and CVA is widely used as a modality for humanitarian response (Haushofer & Shapiro 2013). This provided an ideal setting for studying the relationship between CVA and localisation. The objective of the study was thus to critically examine how CVA interventions and the localisation agenda influence each other in Kenya. In particular, the study determined how the trend to utilise one main international actor or consortium for CVA implementation affects the localisation agenda. To achieve that, the study determined how the international and local organisations (LOs) in Kenya understand and apply the concept of localisation in relation to CVA interventions, analysed the interactions between international and LOs related to CVA implementation in Kenya and examined the extent to which CVA implementation and the localisation agenda influence each other. For the purpose of this study, the analysis was based on localisation frameworks that were adapted to CVA implementation in Kenya. There are endless discussions on the definition of localisation. Here, the authors explore what localisation means to the organisations in Kenya from their perspective. This study focused on the relationship between LOs and international organisations and how CVA influences this relationship. The organisations involved in the study will broadly be classified into International Non-Governmental Organisations (INGOs) with a presence in Kenya or LO. Local organisations refer to Kenyan organisations that work in humanitarian action. It includes national NGOs, civil society organisations, ethnic-based organisations, representatives of pastoralist groups, among others. Further, the term 'donor' will refer to the institutional donors from the Global North, even though in the interviews some LOs used the term donor for INGOs or United Nations (UN) agencies.

Kenya provided ample opportunities for learning as both CVA and localisation efforts are well established in the context of humanitarian response (Atputharajah 2020; Odera 2017; Shapiro & Haushofer 2016; Tiwari et al. 2016). Hence, the relationship of CVA and localisation could be studied minimising the disturbance caused by either area not being effectively implemented, as may have been the case in other contexts. Hence, the study did not have to address potential improvements in either CVA or localisation implementation and could concentrate on their mutual influence. Further, Kenya is routinely affected by a variety of slow-onset and rapid-onset disasters such as droughts, heatwaves, floods and refugee crises of the Horn of Africa (Rudari, Conijn & De Angeli 2018). In recent years, the country has also been affected by locusts (Kimathi et al. 2020) and the coronavirus disease 2019 (COVID-19) pandemic (Karijo, Wamigu & Boit 2021). To these crises, the response focuses on programmes for nutrition, livelihoods or basic needs, among others (Rudari et al. 2018). Cash and voucher assistance is commonly used as a response modality and mobile money is often used as a mechanism through a national network operator (Harvey, Sossouvi & Hurlstone 2018). Kenya is also a country where innovative CVA implementation has been piloted (Oliveros 2018). In Kenya, like in other contexts, there is a trend by donors to concentrate CVA programmes in a consortium of INGOs, arguing increased cost efficiency (Holm-Nielsen et al. 2022). It has been questioned whether this trend works against the localisation agenda (Lewis 2021). Specific programmes for localisation efforts have also been active for some years (Start Network 2015) focusing on the self-assessment of LOs and contextualising indicators for localisation (Baguios et al. 2021). Compared to neighbouring countries, Kenya is characterised by having experienced LOs with a high capacity for implementation (Kabetu & Iravo 2018). Analysing the relationship between CVA and localisation in the context of Kenya can provide valuable insights for both researchers and practitioners in the humanitarian sector, and potentially these may be applied to other countries or regions (Ruddin 2016).

Cash assistance in a localisation context

The aim of this section is to provide a brief overview of the overlaps between the two approaches namely, CVA and localisation and the efforts that have taken place in making linkages between them. Numerous studies have revealed the benefits, challenges and opportunities of CVA in humanitarian action (Bailey & Harvey 2015; Peppiatt, Mitchell & Holzmann 2001), showing that the dignity of the affected population is enhanced (Venton, Bailey & Pongracz 2015) and that it is a cost-effective way to make the aid arrive to the people in need (Tappis & Doocy 2018). This was accompanied by discussions on appropriateness (Farrington, Harvey & Slater 2005), the correct way of implementing CVA (Creti & Jaspars 2006;

Farrington & Slater 2006) and the conditions that need to be in place, such as the functioning markets (Kopczak & Matthews 2016). The Background Note for the High-Level Panel on Humanitarian Cash Transfers asked the specific question 'what is the role of cash in localisation?' (Harvey & Bailey 2015) which has not yet been fully answered making a compelling case for this study.

Studies have expressed concern that the current and future models of CVA implementation may work against the localisation agenda (Lewis 2021) and that innovation in CVA approaches may be limited by the conformity of humanitarian organisations (Monich, Holm-Nielsen & Raju 2023). Reasons include the unification of CVA implementation into one single agency or consortia (Holm-Nielsen et al. 2022), the technological divide that the development of fintech may introduce in the future (Doocy & Tappis 2017), the unbalanced level of capacities between international and LOs when it comes to CVA programmatic design (Lewis 2021) and the overwhelming power of international organisations and companies compared to its national counterparts (Bennett, Foley & Pantuliano 2016; Haakenstad et al. 2018). For this reason, the study of the influence of CVA on localisation has to rely on the existing analysis of the operationalisation of localisation.

Many methodologies for analysis of localisation have been developed (Konyndyk & Worden 2019). The exact meaning of localisation has not yet been defined (ICVA 2018). There have also been discussions on who is the 'local' (Mac Ginty 2015). For this study, localisation can be described as:

> [*A*] process of recognising, respecting and strengthening the leadership of local authorities and the capacity of local civil society in humanitarian action, to better address the needs of affected populations and to prepare national actors for future humanitarian responses. (Fabre & Gupta 2017:1)

The main commitments from the localisation agenda address issues such as financing, partnership, capacity strengthening, coordination, recruitment and communication (Charter4Change 2019). At the Grand Bargain, many donors and humanitarian organisations committed themselves to making humanitarian response as local as possible, for example by channelling up to 25% of the funds directly to local and national actors by 2020 (IASC 2019). This goal has by no means been achieved (ANALP 2021). It has further been argued that the indicators of the Grain Bargain workstream on localisation are not optimal for the desired purpose (ICVA 2018). Instead of measuring capacity development or direct funding to LOs, what is important is how relationships between organisations are created or developed (ICVA 2018).

There have been attempts to regulate relationships between the people affected by disasters and the humanitarian agencies by making the affected population part of decision-making and held the agencies accountable for the decisions they make on behalf of the affected population (Barbelet 2018). However, research has shown that the people most affected by crises have the least influence in the humanitarian decisions (Collison 2016).

The mutual influence of CVA and localisation is hence relevant for the future of humanitarian aid delivery. The study of this relationship was based on the different components of localisation operationalised in a framework highlighted in the next section.

Conceptual framework for localisation and cash and voucher assistance

Research criticises that power is held by the international humanitarian system centred around the UN (Konyndyk & Worden 2019) and that international organisations keep the primary relationships with the donors (Barnett & Walker 2015). Even though the importance of local actors has been repeatedly acknowledged (Apthorpe & Borton 2019), evaluations have revealed a lack of implementation in practice (Collison 2016). Further, the needs of the affected population emphasised in disaster planning are primarily related to the sectors of the major agencies (Konyndyk 2018), showing that the strategies of international humanitarian actors have more prominence than the local actors (Barnett & Walker 2015). Some of the reasons are that the competition for funds promotes self-interested growth and disincentivises transfer of power to potential competitors for those funds (Collison 2016). Even in situations where collaboration is preferred, the organisational motivation is towards larger funds from donors (Ramalingam 2014).

Donors have indicated difficulties in channelling funds directly to LOs due to a lack of absorption and monitoring capabilities. Therefore, their preference is to work with a large partner on a localisation approach (Holm-Nielsen et al. 2022). Further, an important aspect of localisation is capacity development (Lewis 2021). It has been argued that capacity development should be based also on what the LO believes they need and want. In many cases, the INGO decides what LO needs, or worse, they base the trainings only (or mainly) on the training experience that the INGOs already have (Hagelsteen, Becker & Abrahamsson 2021).

Several frameworks for localisation have been developed for analysis and implementation of localisation compared in Table 1. The Global Mentoring Initiative (GMI) defines seven dimensions of localisation

Table 1: Comparison of frameworks for localisation with the 8 areas for localisation developed for studying the interaction between CVA and localisation.

The Global Mentoring Initiative (GMI)	Overseas Development Institute (ODI)	INGOs (Christian Aid, CARE, Tearfund, ActionAid, CAFOD, Oxfam)	Network for Empowered Aid Response (NEAR)	Framework for localization applied to CVA in this study
Capacity	Knowledge	Capacity	Capacity	Capacity development
Coordination Mechanisms	Relationships	Coordination	Coordination and complementarity	Coordination Mechanisms
Partnerships		Partnerships	Partnerships	External relations
Funding	Resources	Financial Resources	Funding	Funding
Participation Revolution	Agency			Trust
	Ways of being		Participation	Power
Policy	Priorities		Policy, influence and visibility	Program design
	Decision-making			
Visibility	Delivery			Visibility

(Van Brabant & Patel 2018), the Overseas Development Institute (ODI) defines three dimensions and five levers for localisation implementation (Baguios et al. 2021), a consortium of INGOs defines four pathways to localisation (Accelerating Localisation through Several frameworks for localisation have been developed for analysis and implementation of localisation compared in Table 1. The Global Mentoring Initiative (GMI) defines seven dimensions of localisation (Van Brabant & Patel 2018), the Overseas Development Institute (ODI) defines three dimensions and five levers for localisation implementation (Baguios et al. 2021), a consortium of INGOs defines four pathways to localisation (Accelerating Localisation through Partnerships 2019) and the Network for Empowered Aid Response (NEAR) developed a localisation performance measurement framework based on six components (Featherstone 2019). The authors have combined the different frameworks into eight areas that specifically focus on the interaction between CVA and localisation. These areas served as basis for the data gathering presented in the results section.

Each of the four existing frameworks was reviewed comparing the concepts that were included in the particular framework. The underlying concepts use slightly different nomenclature to point at similar areas related to localisation. For example, the term 'capacity' in three of the frameworks was labelled 'knowledge' in the ODI framework but covered similar concepts related to capacity development of the LO. Similarly, 'relationships' covered similar concepts as 'coordination' and 'partnerships'. The comparison of the different dimensions of localisation or pathways to localisation allowed us to extract eight relevant areas of localisation related to CVA. Table 1 presents the comparison of the four frameworks for localisation available in literature along with the conceptual framework developed for this study based on previous studies.

Table 2 presents an overview of the eight areas with an indication of the aspects of CVA implementation that are included in the area. Capacity development of CVA related to localisation describes the process of decision-making on what trainings are relevant for the LO and

Table 2: Areas of application of localisation with an explanation of what is covered by the area with regard to CVA implementation.

Area	Aspects of CVA included
Capacity development	Decision on trainings Organizational development
Coordination Mechanisms	Coordination of national actors Coordination with international actors
External relations	Relations to donors Relations to FSP
Funding	Access and bureaucracy barriers Indirect costs
Trust	Compliance and corruption
Power	Power imbalance Relationships to sector
Program design	Decision-making Partnerships Strategies
Visibility	Giving credit to field implementation

whether organisational development is part of this decision process. Coordination mechanisms describe the activities related to coordination of CVA programmes among LOs and between LOs and INGOs and various levels in the Kenyan humanitarian sector. External relations refer to the access to donors by LOs and the relationship to financial service providers (FSP) supporting the programmes. Funding covers the access and bureaucratic barriers to funding and the sharing of the indirect costs that the programmes include. Trust includes the relationship between LOs and INGOs with regard to compliance and the perception of risk of corruption. Power describes the imbalance of the relationship between LOs and INGOs as well as the space given to LOs in the Kenyan humanitarian sector. Programme design addresses the initial stages of the programme related to the decision-making about the programme, the character of the partnerships that are established and the respect for the strategies of LOs, INGOs and donors. Finally, visibility describes the extent to which LOs are given credit for their activities in reports and in the international fora. These eight areas of localisation applied to CVA next to the understanding and application of localisation for each organisation are used as the basis for interviews and guide the analysis of the data.

Research methods and design

This study is based on qualitative research methods. Data were collected in 2022 using semi-structured key informant interviews (DeJonckheere & Vaughn 2019). In total, 15 respondents were interviewed. The respondents were selected purposely for having experience in CVA implementation during disasters in Kenya, either from INGOs or LOs in order to be able to represent several types of organisations and points of view. Thus, insights were gathered from larger international organisations and agencies (some of which were part of a CVA consortium) and respondents representing LOs (some of which were part of a national network of LOs). In one case, the LO was directly funded by a back donor from the Global North. The respondents are shown in Table 3 along with the codes used to present the findings.

Initially, the respondents were identified as members of the national cash working group (NCWG) co-chaired by the Kenyan Red Cross. Each of those respondents was asked to identify who their collaborating partners were for CVA programmes. Purposive snowball sampling (Naderifar, Goli & Ghaljaie 2017) was used to select further respondents who could provide relevant experience, insights and knowledge. All the respondents were identified based on their experience with the phenomenon under study (Holzhauser & Cresswell 2008), namely, CVA implementation in disasters in Kenya and could therefore answer questions about CVA and localisation in Kenya.
The interview data were recorded, transcribed and analysed by coding and highlighting important statements, emerging issues and concepts (Kvale 2011). The codes were based on the dimensions of localisation and the sub-codes developed during the analysis process identifying themes that respondents referred to. The themes that emerged from the analysis revealed thematic areas that are essential to the interaction betweenCVA and localisation in Kenya's humanitarian sector, which will serve as basis for the discussion.

Table 3: Background of respondents in the study and corresponding codes used as a reference to statements in the findings section

Respondents	Member of consortia or network	Not member of consortia or network
INGO	3 F, G, H	3 A, I, J
LO	6 B, C, D, K, L, N	3 E, M, O

Anonymity was ensured for individuals and organisations allowing an open discussion (Dearnley 2005). The semi-structured interview guide included questions on the respondents' experience in CVA in Kenya, their understanding of what localisation is and how they think CVA influences localisation. Then, each of the seven dimensions of localisation presented in the framework for localisation (Table 2) was discussed in the light of CVA implementation in Kenya. The semi-structured nature of the interview meant that the actual questions were adapted to background and the level of expertise to which the respondent pertained. The respondents all had a vast experience in the humanitarian system and in CVA implementation in Kenya, giving them the possibility of a more generalised view on the topic; thus, helping us indicate analytical generalisations (Flyvbjerg 1997, 2011).

Findings

This section firstly focuses on the understanding on localisation and CVA in Kenya by the respondents and the effect of CVA on the creation of networks of organisations and its importance in the localisation in Kenya. Secondly, the presentation of the findings explores each of the areas of localisation presented in the framework and its relationship to CVA.

The Kenya story on localisation and cash and voucher assistance

All respondents agreed that the definition of local actors is dependent on the point of view of the national organisation in the capital, who may consider an organisation in a province as local. A basic characteristic of an LO was identified as their knowledge of the affected communities and the fact that they have a permanent presence in the same context.

All respondents from LOs emphasised that localisation is based on their greater knowledge of the context and understanding of local processes. In their view, localisation means to respect decisions made at county-level. Although respondents from LOs reported to have experienced a focus on localisation in the past years, they felt that there is still room for improvements. International non-governmental organisations, on the other hand, indicated that localisation is more than capacity development and responding through an LO. 'It is about integrating that LO in the design and decision-making' (G). To the INGOs, localisation is a shift of mentality which re-defines their role. 'It is about reorientating your systems and withdrawing' (H). It was suggested that there is a need for a radical change instead of incremental changes as have taken place until now. Communities and the local private sector were pointed out as missing from the general localisation discussion. However, the concepts of CVA and localisation are shown to be well established in Kenya. There was a general consensus among respondents that CVA implementation has helped localisation in Kenya. 'CVA relies on the skills that the LOs already have' (H). Local organisations further indicated that CVA helps localisation because it strengthens their relationship to the recipients of aid and it has simplified the delivery process. Several respondents mentioned that during the COVID-19 pandemic, there was an activation of CVA and localisation, due to LOs having a larger access to the communities and CVA being preferred due to lower risks of infection. 'It was a hopeful moment for LOs, which unfortunately, disappeared after the lock-down' (G).

International consortia and local networks for cash and voucher assistance implementation in Kenya

In Kenya, a consortium of INGOs for CVA was created 4 years ago, called the Kenyan Cash Consortium (KCC), which works closely with a network of LOs called the Arid and Semi-Arid Land Humanitarian Network (AHN). Arid and Semi-Arid Land Humanitarian Network was formed, pushed by the initiative of individuals who had international experience but chose to work locally in Kenya. The aim of AHN is to 'influence the localisation agenda by finding likeminded people who shared a long term vision' (K). Some INGOs took strategic and financial risks to strengthen the emergence of the network of local partners in the Arid and Semi-Arid Land (ASAL) counties, which was crucial for the development of AHN.

All respondents from AHN indicated that the creation of the network was greatly influenced by the implementation of CVA programmes that did not require a logistics set-up. Respondents indicated that AHN lets LOs have more strength in the humanitarian system. 'We have bargaining-power and a strong platform for fighting for our space' [L]. Other benefits of AHN include having common tools and approaches, having a platform to raise issues and fight for the communities they represent. The creation of the AHN was reported to have a secondary effect of inspiring other networks to be created. Two LO respondents [K, N] explained that county-level networks of LOs are starting to appear.

A few respondents also indicated that INGOs benefit from the existence of AHN, given that they have a larger geographical presence in the country and have introduced a harmonised way of assessment and reporting. One critical LO was of the opinion that AHN benefits the INGOs more than the LOs, giving KCC the opportunity to show localisation to donors.

Framework for localisation

The seven dimensions of localisation presented in Table 2 are analysed in the context of CVA implementation in Kenya. Some of the dimensions are combined when the respondents expressed a strong relationship between them.

Capacity development

Capacity development is defined as 'the process of developing and strengthening the skills, instincts, abilities, processes and resources that organizations need' to engage in disaster response (UNAI 2023). There are different approaches to capacity development in Kenya based on the level of applied localisation. A few respondents indicated that often costs for capacity development are given to INGOs that prepare a training, instead of going to the LO for organisational development. 'Therefore, capacity development is perpetual' [E]. Capacity development is generally not handed over to LOs, like fieldwork activities are.

In the relationship between KCC and AHN, a renewed capacity development approach focuses on LOs becoming independent of INGOs. It relies on strengthening capacities in the management level on strategy and organisational development. 'The aim is understanding how the international humanitarian system works, how to navigate the politics and how to access donors' (B). Although there have been trainings in programme and consortium management in Kenya, a significant change of the training plans has not yet become a reality. A respondent from an INGO (D) pointed out that the shift in the aim of capacity development demands a shift in the profiles that deliver the trainings.

It was also pointed out that good capacity development often leads to staff leaving the LO for higher international salaries. The local humanitarian system would need a long-term mentality from experienced and motivated national staff. 'As you decide to take the local role, it is more about passion and motivation than a salary' (K). This also reflects a disparity in pay structures between different levels of organisations.

Programme design

Programme design in the context of this study refers to the definition of the programmes that will address the needs of the affected population. Opinions and reflections were most diverse when discussing dimensions of programme design in localisation. Some LOs (M, E) indicated that they should be more involved in programme design, explaining that INGOs and donors decide what they expect the programme to include. These LOs complained that the selected locations, modalities and sectors are the ones that fit the strategy of INGOs and donors, more than the needs that are identified by the assessments. A different point of view was that the INGOs do engage the LOs at the initiation of the project and in the proposal writing. They stated that LOs have an influence in the identification of the locations and in the design of the response. A member of AHN (L) reported that project proposals and definitions can even be created with a bottom-up approach, where the LO submits proposals to the INGO that further it to the donor.

A disagreement in CVA programme design between INGOs and LOs concerns the balance between coverage and impact. The LOs wish to spread the CVA help more widely to help more people even though it may reduce the transfer value to individual families. The INGOs, on the other hand, believe that this strategy will not have a significant impact and would therefore prefer to reduce the number of targeted villages. It was suggested that one way to alleviate this issue would be to have more predictable funding that would allow for long-term planning. However, the biggest criticism to the CVA programmes in Kenya was the lack of long-term strategies, where the aid is delivered intermittently for a couple of months, depending on the available funding. The LOs questioned the real impact of this approach and argued that it undermines their relationship with the population.

Power and trust

All respondents highlighted that trust and power relations greatly influence each other. Cash and voucher assistance programmes in Kenya were described as 'contributing to maintaining the existing division of power' (C) in the cases where the INGO and the donor negotiate the conditions of the programme before engaging the LO. Respondents were unanimous in saying that INGOs need to give up power for localisation to be successful. However, the general view suggested that for the transfer of power to happen, it depends on the headquarters in the Global North and the individual managers of the INGOs in Kenya.

All the respondents indicated that the creation of AHN has increased the power of the members of the network, giving them a more prominent role. One risk raised for AHN, was that as the network grows larger, internal agreement becomes more difficult, which weakens the negotiating capacity as a whole network.

All respondents agreed that trust is a big barrier for localisation and for accessing power. However, 'trust and compliance really mean corruption and fraud' (C). Respondents indicated that some donors and INGOs view fraud as a real risk with LOs. Further, LOs explained how reported cases of fraud affected the reputation of all of the organisations of the country and strengthens the reasoning for the INGOs to be grant managers. Two respondents (C, F) expressed frustration of the fact that INGOs are more trusted even though

cases of fraud have also been reported at that level. It appears that the staff implementing CVA programmes have a similar background in INGOs and LOs. Conversely, several respondents indicated that fraud mostly depends on the top management of the organisation, which enforces or ignores different policies and guidelines. Cash and voucher assistance implementation, however, was reported to lead to enhanced financial controls because it is easier to monitor than in-kind aid.

Funding

Respondents indicated that in more traditional CVA programmes in Kenya, funds are given to INGOs that subcontract LOs for implementation. However, in one case (M), the LO received funds directly from donors, indicating that it happened because of proven organisational strength and effective financial control measures. Funding and the sharing of overhead were identified as barriers for LO organisational development. Local organisations indicated that there has been an improvement in later years, and INGOs explained that further improvement is expected in the future. However, even in the cases where respondents of INGOs were committed to sharing the overhead and indirect costs, they indicated that it depends on the attitude of the donor and on the headquarters of the INGO in the Global North. One INGO [F] indicated that they use the overhead as an incentive for the LOs to deliver financial reporting on time.

Members of AHN explained that they negotiated the overhead as a group. It was an important step for localisation that was possible because of the strength that AHN offers. However, in the AHN consortium, there was reportedly some competition for programmes and funding. The funds that are transferred to the affected population could be transferred directly by the INGO to targeted people through the national FSP. However, in the KCC and AHN relationship, the LOs perform the transfers because showing that larger funds have been managed successfully by the LOs may be important for future programme applications.

Coordination mechanisms

All respondents identified that localisation of CVA coordination in Kenya is challenging. Major issues mentioned included competition among INGOs and poor follow-up on processes handed over to the government. Two levels of coordination of CVA programmes were identified namely at national level with the NCWG chaired by the National Drought Management Authority and co-chaired by the Kenyan Red Cross and at county level, with Steering Groups (CSG) and the County Technical Working Groups (CTWG) that refer to them.

Respondents were unanimous in noting that the LOs are notoriously absent from the NCWG. The reasons included that the LOs focus on their own county, the difficulty of travelling to the capital for meetings, that the LOs may not see the value of NCWG for them or that they have not been particularly targeted for participation. During the COVID-19 lockdown, meetings were held online, meaning that participation was no longer restricted to organisations with a physical presence in Nairobi. There were a variety of opinions on whether this under-representation of LOs at the NCWG was a cause of concern. One set of respondents indicated that INGOs represent their LO partners and at a later stage inform them about the outcomes. It was argued that the LOs could give feedback on certain issues to the NCWG through their partner INGOs. Another set of respondents said that LOs should be more present at the NCWG meetings because they could give a better picture of the local context. All of these indicate a weak localisation process in including different partners at the county level in coordination mechanisms.

At county level, LOs are usually members of CTWG and CSG. Some LOs are chairing the CTWG, although several LOs indicated that they required enhanced capacities for that role. At CSGs there are representatives of LOs, INGO, UN agencies and governmental representatives. 'It is the only platform where all actors are around the same table' (M). Respondents indicate the need for strengthening the link between the NCWG and the CSGs. One challenge is that the INGOs coordinate among themselves and only with the LOs that are funded through their means, and not with a broader set of national or county-level LOs. A second challenge relates to disagreements on the transfer value that has previously been presented in the programme design sub-section.

External relations and visibility

Most respondents linked external relations to the visibility of the organisation's activities. The general consensus among respondents was that in Kenya usually LOs get the credit for their work in reports and assessments alone. There were exceptions where INGOs had taken credit for data produced by the LOs. Kenyan Cash Consortium members indicated that they are pushing the LOs to be present at international meetings. It was indicated that both KCC and AHN could use each other for advocacy and visibility. Kenyan Cash Consortium represents AHN raising issues at national or international level, while AHN is able to criticise the national institutions more freely if needed.

Respondents critically highlighted that visibility is only promoted when it is useful for the INGO. Respondents from INGOs saw the benefit of giving credit to the LOs, which strengthens funding applications. However, even when INGOs are willing to give the LOs a prominent position towards the donors, it is still the INGO doing

most of the work in the applications. The reasons included quality of the application and the capacity for strategic communication to donors. The LOs unanimously felt that they should have direct contact with the donor to discuss the strategy of the CVA programme directly. However, most respondents from the LOs indicated that in the past years there has been a positive strengthening in the relationship between LOs and donors. Respondents from LOs also pointed out that localisation issues are furthermore relevant to the relationship within and between Kenyan organisations. Some of the tensions related to visibility that are relevant in the relationship between INGOs and LOs were replicated among Kenyan organisations. Finally, some of the organisations that have a presence at county and sub-county level felt that they are competing with the larger national Kenyan organisations.

All the dimensions of localisation presented here have an influence on each other and represent a particular contribution to the localisation agenda for the implementation of CVA programmes in Kenya. These aspects will be discussed in the next section.

Discussion

The findings highlight significant relationships between CVA implementation and the localisation agenda in the Kenyan humanitarian context. The discussion will address this interaction as well as the significance of the creation of networks of organisations and the role, identity and leadership in humanitarian organisations in their influence on CVA and localisation. These topics were identified by the respondents and the subsequent analysis of the data as relevant to the interaction between CVA and localisation in Kenya's humanitarian sector.

Localisation and cash and voucher assistance in Kenya

The authors' research shows that localisation is a relative term, which should not have an absolute definition (ICVA 2018; Mac Ginty 2015). Each organisation defines 'local' as whoever is closer to the people receiving the aid – from the Global North to the affected nation, from the capital to the counties, and further to the villages. Therefore, localisation will be any action empowering the next step closer to aid delivery. This is reflected in Kenyan LOs perceiving similar localisation issues with the INGOs as country-based LOs perceive them with regard to national Kenyan organisations.

The findings in this study indicate that localisation in CVA in Kenya is in a continuous process of development and that the humanitarian system needs for a radical change instead of incremental changes as have taken place so far (Holm- Nielsen et al. 2022). While there are changes, there is significant scope for improvements (Bennett et al. 2016) and power relations are still largely unequal (ICVA 2018; Konyndyk & Worden 2019). Several of the areas of localisation from the framework show positive outcomes, especially visibility, sharing of indirect costs and fund management. From a situation where INGOs did not trust LOs, the relationship is slowly moving towards LOs being able to question and challenge INGOs and have a real influence in CVA implementation. However, relations to donors and influence in programme design are still areas that need improvement (Collison 2016). Some LOs also question whether particular INGOs use localisation for their own promotion towards donors, more than giving a more prominent role to their LO partners.

The findings show a variety of opinions from the Kenyan LOs on the relationship with INGOs. Some LOs appreciate the cooperation with INGO because of support for proposal development and in fund raising and see an opportunity to develop and expand (Lewis 2021) especially considering the expected future transformation of the financial sector and its influence on CVA (Monich et al. 2023). Conversely, other LOs are of the opinion that if they had access directly to donors, they would be able to implement the CVA programmes without the INGO, thus lowering the administrative costs (Barnett & Walker 2015). Among the INGOs, there is a variety in opinions on whether this would be the case. Ultimately, the strategies of donors and INGOs for CVA tend to overshadow the strategies that the LOs may have, confirming the criticism found in literature (Collison 2016).

The authors' research confirms that trust is an important issue for localisation and that cases of corruption and fraud greatly influence that trust (Ramalingam 2014). The implementing staff has the same profiles in INGOs and LOs, so the greatest influence on fraud was shown to be the attitude of top management in the organisations. Capacity development on organisational management would therefore be needed in particular cases.

An important factor for CVA coordination is that LOs are more active at county level than at national level. Local organisations are not active in the NCWG for various reasons, but they participate and even chair the county-level CSG at CTWG. The counties were shown to be the only forum where all actors are present simultaneously.

During COVID-19, there was an activation of localisation and CVA given that LOs had more access to communities because of movement restrictions. Meetings were also held online, giving easier participation to organisations without presence in the

capital. However, the momentum was lost after the pandemic, showing that localisation is more dependent on willingness than on opportunity.

Cash and voucher assistance localisation and networks

The authors' research shows that CVA helps localisation in various ways. A small organisation can contribute to the programmes without the need of an expensive setup. Cash and voucher assistance relies on the capacities that the LOs already have in community engagement and understanding of the context (Charter4Change 2019). Also, transfer funds can be given to LOs to distribute to the communities in an easier way than it would be with in-kind aid. Hence, showing the capacity of the LO to manage funds (Haakenstad et al. 2018), which is important for future applications and donor relations.

In Kenya, there is an ongoing discussion between LOs favouring the increase of coverage with less funds per family and INGOs preferring to increase impact with larger funds to less families. The discussion is positive for localisation showing the more equal nature of all organisations (Konyndyk & Worden 2019). The discussion is also possible because CVA allows for the grant to be reduced in arbitrary smaller sizes. However, the flexibility of LOs and CVA also allows for short-term implementation without a long-term strategy. In some cases, LOs complained that the aid was distributed over time in an unpredictable way that is dependent on funds more than on strategy.

The authors' research shows that INGO consortia for CVA are not an impediment for localisation if the rest of the conditions for localisation are correctly managed. A unified CVA entity makes sense for CVA to scale. However, it is important to pay attention to the relationship between the lead actor and the implementing partners. For localisation, it is not so important how many LOs are engaged as how those relationships are created and developed. Hence, some of the indicators for localisation that are used in the Grand Bargain workstream (IASC 2023) were shown not to be optimal.

The authors' research shows that the local networks of LOs are the most important reason for localisation in Kenya. It gives LOs bargaining power, influence and a voice in the humanitarian system. For localisation to develop, it is important to create the spirit of a national movement among LOs, fostering internal cooperation and trust in their common capacity. However, the cooperation mechanisms in the local networks are not always smooth and are still being defined and their internal processes being consolidated. Therefore, capacity development needs to focus on the creation and coordination of these local networks (Hagelsteen et al. 2021), raising the question of whether the INGOs are well equipped for supporting the development of such capacities.

The creation of AHN was due to the capacity and willingness of individuals with international experience that chose to work locally in Kenya. The creation of the local network was further reported to be possible due to CVA implementation. The vision was strengthened by the support of INGOs that were willing to hand over responsibilities to capable LOs. Secondment of staff by the INGOs was shown to increase the understanding of the challenges and contexts LOs are facing.

Role, identity and capacity

The findings in this study indicate that localisation in CVA programmes requires that the engagement between INGOs and the LO should be long term and strategic, and not based on single projects or single responses. Protracted crises, like the recurrent droughts witnessed in Kenya (Houldey 2019) give the opportunity for such relationships to be established. Furthermore, localisation in CVA implementation relies on a re-definition of the roles and identities of the organisations involved. This in turn affects the capacity development efforts that are taking place. Capacity development should focus on organisational strength, on cooperation among LOs as well as on technical matters like CVA implementation. However, this type of capacity strengthening requires new profiles giving the trainings beyond technical knowledge on CVA implementation. Also, the humanitarian sector has been shown to be based on poor coordination (Spiegel 2017), which raises the question on how INGOs can contribute to increased capacity in something they themselves are not good at.

The authors' research shows that in Kenya, localisation in CVA programmes is successful because several INGOs have re-defined their role and with that, their identity. These INGOs are no longer direct implementers but have defined themselves as grant managers. Local organisations perceive that there will be a role for INGOs in CVA implementation in Kenya channelling funds from donors, monitoring that systems and SOPs are functional and that accountability is ensured. Thus, ultimately helping the LOs to become self-sufficient. Ideally, the LOs should help define what the role of the INGOs should be.

The authors' research further shows that several of the important factors for localisation in CVA programmes rely on individual leadership. Managers in INGOs should be willing to give up power for themselves and their organisations, which may go against their personal interest or the willingness of the HQ of their organisation in the Global North. Kenyan professionals also have the opportunity to choose to work locally. Thus, strengthen

LOs and influence the localisation agenda and CVA implementation from the local humanitarian system. They should be encouraged to find other local professionals who are willing to influence the process with a long-term goal in mind. However, this vision requires funding. Creation of networks and national coordination demands resources, and furthermore, for national professionals with experience to have an interest in the creation of a local networks of LOs, the salaries in those positions should be comparable to the ones in INGOs.

Conclusion

In studying the interplay between CVA implementation and localisation in Kenya, CVA was identified as a key aspect supporting localisation, given that LOs can engage in the response without expensive setups and can rely on their existing capacities and relationships to the communities. The flexibility of CVA enables a discussion on the balance between coverage versus impact. However, the same flexibility may also allow for short-term implementation of aid without proper strategy. The study highlights the existing challenges of defining the concept of localisation, showing that the concept of the local is a relative defined from the position of each actor.

The analysis shows that localisation in CVA implementation relies on a re-definition of the identity and role of INGOs and LOs. The study highlights an increased effort for localisation in great part due to the creation of a national network of LOs that has given a voice to the LOs. Further, there are good examples of willingness of certain INGOs to give up power and withdraw from an implementation role. It is clear that these initiatives require decisions that may collide with the personal interests of humanitarian professionals. In Kenya, a few LOs seem to be finding their space in the county response context. They participate and even lead the county steering committees and technical working groups on cash interventions. They influence the targeting and the response design (in some cases challenging the NCWG and INGOs). Further, they have a direct contact with the affected population they represent.

The authors' research shows that CVA programmes have facilitated the creation of networks of national organisations. However, it requires capacity enhancement that goes beyond technical skills and needs further organisational development. Funding is needed for capacity development and for the creation, management and maintenance of the LO network. Donors should therefore consider funding the creation of national consortia or networks of LOs. This would foster a long-term relationship between INGOs and LOs, thus strengthening localisation based on CVA implementation. Finally, the research shows that based on a re-definition of roles and an appropriately managed relationship between INGOs and LOs, CVA may be a solid base to build a practical implementation framework for localisation.

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Competing interests

The authors declare that they have no financial or personal relationship(s) that may have inappropriately influenced them in writing this article.

Authors' contributions

P.V.H.N. defined the study as part of his PhD. He developed the research methodology, conducted the interviews, analysed the data and wrote the draft of the article. E.R. supported the definition of the methodology, supervised the process, reviewed the manuscript and approved the final article. P.F. supervised the process, gave feedback on the manuscript and approved the final article.

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Data availability

The data generated and analysed during the current study is based on the interviews conducted. The data are not publicly available due to the respondents being assured that they would remain anonymousand are available from the corresponding author, (P.V.H.N), upon reasonable request.

Ethical considerations

Ethical clearance to conduct this study was obtained from the Masinde Mulior University of Science and Technology Institutional Ethics and Review Committee (IERC). (No. MMUST/IERC/041/2022).

Disclaimer

The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any affiliated agency of the authors.

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Annex 4: Article 4

The influence of cash assistance on the future of the humanitarian system

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Key words: Disaster response, cash and voucher assistance (CVA), humanitarian system, transformation

ABSTRACT

Cash and Voucher Assistance (CVA) is the preferred modality for disaster response. There are practical challenges implementing CVA, and issues that require transforming the humanitarian system. The multi-purpose nature of CVA challenges the sectorial nature of the cluster system and forces organizations with a specific mandate to re-evaluate added value. The unification of response funds to CVA centralizes power into one agency or consortium. This may work against the localization agenda if not properly managed.

Main identified obstacles are power relations and the identity that legitimizes organizations. The struggle for power is an obstacle for localization, coordination, and for improving the humanitarian system. The power attributed to organizations stems from their identity and legitimization. CVA challenges this by transferring power to recipients of aid.

This study shows an opportunity: The humanitarian system can replicate existing problems and issues into CVA implementation, or the consolidation of CVA can be used for addressing some of the issues that need to be rectified. The humanitarian system can't rely on incremental changes but needs deeper transformations. One important factor for the success of that transformation will be how the challenges and contradictions between CVA and the broader humanitarian system are addressed.

1. INTRODUCTION

In recent years, the humanitarian system has been in the spotlight with a number of challenges that need to be resolved. These include issues of power relations , coordination and collaboration, trends in funding streams, the localization agenda and relationship between different sectors and people's needs [1][2][3][4]. Since the establishment of the Grand Bargain [5], there have been adjustments in the humanitarian system, although these have been much slower than desired [6]. In this context, one such example making a difference in disaster response is the use of cash and voucher assistance

(CVA). CVA has gradually become a favoured option and has been established by donors and humanitarian organizations in response to people's needs after disasters [7] [8]. Research shows that CVA has introduced changes in humanitarian organizations [9] and in the system as a whole [10]. In a background note for the High-Level Panel on Humanitarian Cash Transfers [10] questions were raised about whether cash implementation would "help addresses weaknesses and promote transformation". These questions remain largely unanswered.

While there has been a substantial discussion on CVA as a modality of implementation and comparisons to the in-kind modality, there is very little research on the interplay between CVA implementation and the challenges and further development of the humanitarian system. The challenges existing in the humanitarian system are often replicated in CVA implementation in a very practical sense [10]. However, the opportunities in establishing the CVA modality can be used for addressing the issues that need to be rectified [7]. It is therefore relevant to analyze how relates to the changes needed in the sector relate to the establishment of CVA structures and methods and to identify what tensions, contradictions or opportunities exist between CVA and the development of the humanitarian system. The aim of this study is to analyze what tensions and contradictions exist between CVA implementation and the current humanitarian system from the perspective of the actors pertaining to the system.

2. CVA within the humanitarian system

CVA has been described as one of the most significant areas of innovation in humanitarian assistance [11]. From small programs at the turn of the century, CVA represented about USD 2 billion in 2015 and USD 5,6 billion in 2019 [7]. The High-Level Panel on Humanitarian Cash Transfers advocated for cash to be a "central part of humanitarian response, used much wider wherever possible and to be large-scale and unconditional" [12].

For most of the proponents, there is little disagreement on the merits of CVA in improving humanitarian outcomes [7][13]. The benefits are many: CVA is more cost-effective as it has a much lower transaction cost compared with in-kind aid relief that demands big logistical management costs [8]. CVA also has high convertibility, giving the recipients greater freedom for covering a wider variety of needs [14]. This, in turn, provides increased dignity and choice to the affected populations [1]. CVA has also the potential to stimulate local markets, thus supporting local economies and helping the livelihoods of a part of the affected population [14][1]. From an operational point of view, CVA has the ability to be scaled up or down more flexibly than in-kind aid [1]. The most promoted type of CVA implementation is Multi-purpose Cash Grants (MPCG), where the financial help is provided unrestricted and unconditionally to cover a certain portion of their needs according to their choice and prioritization [13]. This method is expected to become particularly important in this age of information technology and expanding private sector partnerships [1]. Despite the shown benefits of CVA, some studies have also identified some potential drawbacks. One obvious drawback is that for CVA to be effective, markets need to be functioning [15] and need to be responsive to the injection of cash [10]. There have been concerns about the potential danger corruption and of misuse of the transferred value [16]. Operationally, CVA has been met with resistance from some organizations, particularly from some operational UN agencies. Studies have pointed out that no organization or agency is willing to step back and let others lead [17], adding to the adverse effects of power dynamics within the sector.

2.1. The relationship between sectors, needs and CVA

Since the 2005 humanitarian reform process, there have been improvements in the relevance and efficiency of aid [18][19], although these improvements appear to have focused primarily on sudden

onset disasters [6]. The cluster system which is a primary outcome of the 2005 reform process has been criticized for making the humanitarian system fragmented and sector based [20]. Furthermore, needs assessments have been limited to the mandates of organizations and program objectives [20]. Studies have suggested that often people in need feel that the humanitarian system only targets those who fall within agencies' or NGOs' mandates and programme objectives [20]. It has been argued that the segmentation of the humanitarian system into sectors by the cluster system has led to a part of the population in need "falling in between sectors" and thus being overlooked [20]. Further, the system has been criticized for failing to meet priority needs because it is supply driven. Agencies tend to push for their particular sector or mandate to be prioritized, rather than being led by the needs and priorities indicated in assessments [18]. Even within sectors, studies show that agencies tend to favor what they understand and have used before, irrespective of the degree to which these activities meet priority needs [18].

The call for a renovation of the sectorial approach in the cluster system has been widespread [21][1]. One of the critiques being the absence of local governments and actors [22][23]. CVA has in some cases been identified as a more sector-neutral and generalized method to meet the diverse needs of the population [15][24]. Besides the establishment of the effectiveness and efficiency of CVA, research has studied the benefits of CVA over in-kind assistance [8][25][14]. There have also been studies of the effect of CVA in different sectors as nutrition [26][27][28], education [29], health [30][31][32], protection [33] or WASH [34][15]. These studies are a reflection of the ambition to embed CVA in the existing humanitarian structure instead of allowing MPCG to be based on the decisions of the people in need [9][7].

3. Power relations and coordination

The humanitarian system is composed of governmental, non-governmental and individual actors as well as UN agencies who all have their own characteristics, mandates and priorities [35]. For humanitarian organizations, power and authority are based on the control of resources and from the legitimacy given by being the owners of expertise, information and operational implementation [21]. This has been the basis of power dynamics in the sector, given that the humanitarian system operates based on supply, demand, competition and monopolies [36]. The core of power has been shown to be a hierarchical network of donors and international organizations, centered around the UN system [37]. During disaster responses, the Humanitarian Country Team and the sectoral clusters represent that power influencing resource allocations and priorities [38].

The power dynamics in the humanitarian system, competition for funds, public profiling and market share between and among many of the key humanitarian actors have shown to have deep effects on coordination and collaboration [39]. The incentives to achieve more materialistic gains are often larger for humanitarian players than those for collaboration [40]. Conversely, the people most affected by disasters and crises and the organizations from the affected contexts, have the least involvement in the definition and operations of the international relief system [21], which continues to be a bottleneck in the localization agenda [41][2] and despite global agreement, the effects of localization initiatives are slower than desired [42].

The power structures that define leadership and coordination within the humanitarian system, such as the Cluster System, have been called too cumbersome, bureaucratic, inadequate in terms of effect and accountability, dominated by developed countries, and insufficiently adapted to constantly changing environments [1][2]. At the global level, donors hold the power that emanates from defining resource allocations across agencies, organizations and emergencies and in some cases are also members of governing boards of the aid agencies that receive the bulk of the humanitarian funding [38]. Several donors have adhered to the Good Humanitarian Donorship

initiative [43] to alleviate the consequences of this imbalance of power [44]. The global changes in the nature of disasters highlight that needs are growing faster than the available funding [42]. At the same time, more non-traditional actors become involved in humanitarian work [6]. Both these effects mean that there is an increased competition for funds [42].

Donors have unified resources, or at least coordinated, to fund large-scale CVA programs for responding to basic needs where appropriate [17]. The trend in this area of work is directed by efficiency. Funding a single organization or a consortium reduces the need for capacities in an individual organization and makes use of economies of scale when it comes to assessing, monitoring and delivering CVA programs. This approach has the benefit that the assistance will be based on a holistic understanding of the basic needs of people in need, instead of needs being covered in a fragmented manner based on an agency's sector or mandate [17]. There are however concerns about what implications this approach will have for the localization agenda [2].

One initiative that has emerged to alleviate these problems are pooled funds has been growing in the past years [18]. Pooled fund involves pooling money from more than one donor in an entity, which then then distributes the funds to multiple recipients on the basis of defined criteria [45]. It has the potential to get funds quicker to responding organizations. However, this system has been criticized for lacking a standardized approach to assess the capacity of local organizations that potentially can access the funds [45]. Furthermore, over the years, clusters have become pooled funds mangers, deciding the funds allocations, which is seen by some as a conflict of interest for the cluster lead agency [45]. Pooled funds even when they include local actors in their management often act as de facto donors in country [45], perpetuating the existing power relationship by limiting its members to the largest donors and supporting the role of the UN in the coordination of the overall system [2].

3.1. Global CVA collaboration and coordination

Collaboration with governments on CVA implementation has been related to social protection and poverty-reduction [46] and global coordination of CVA has received considerable attention. The UN launched its Common Cash Statement (CCS) [47] signed by several major agencies with a wish to implement cash in a coordinated manner. Fourteen major international INGOs have come together to form the Collaborative Cash Delivery Network (CCD) to "maximize operational effectiveness and efficiency" [48]. More than a decade ago, the Cash Learning Partnership (CaLP) [49] was formed by several large international organizations which the respondents argued has helped standardize methods and training as well as create a common language around CVA. Even among the donor community, there is a donor collaboration emerging in CVA [50]. However, these global initiatives have been criticized for working against the localization efforts of the humanitarian system [51][52].

On an operational level in most contexts, there are established Cash Working Groups (CWG) to help define the transfer value given to the population in need and harmonize approaches as well as in some cases providing capacity development to inexperienced organizations. However, to avoid the perception that the coordination pertains to a single organization or agency, the CashCap organization [53] was created, specializing in CWG coordination as a neutral party to agencies and organizations.

A challenge that is becoming more pressing in the humanitarian system is where CVA should be situated within the formal coordination structures [24]. The Inter-Agency Standing Committee (IASC) is challenged for greater clarity on defining the coordination role of CVA and an agreement that CVA should have dedicated space in strategic planning processes [17]. However, research has highlighted that a global humanitarian coordination system can act as a barrier to localization [51].

For example, local and national actors are often prevented from participating in decision-making and frequently don't have their contributions acknowledged [54].

4. METHODOLOGY

This study is based on qualitative research methods and exploratory research, for which data were collected through semi structured key-informant interviews [55] conducted online during 2019 and 2020. In total, 19 respondents were interviewed. The participants were selected for having more than 10 years of experience with CVA and the humanitarian sector and representing various international organizations. The respondents were also selected to be able to represent different types of organizations and points of view. Thus, insights were collected from larger organizations and agencies both from the global level and representing the country's activities, from local organizations in the field and the donor community. The respondents included

- Three members of donor organizations at global level
- Six respondents from INGOs, agencies or worldwide organizations at headquarters or global level
- Seven respondents from INGOs, agencies or worldwide organizations at field level
- Three respondents from implementing partners and local and national NGOs

The sampling was based on the criteria mentioned above and a snowballing strategy [56] to select the respondents who could provide relevant experience, insights, and knowledge. The respondents were first contacted based on their expertise and long engagement in the field of CVA. Each participant was asked who else they would suggest should be part of the study. All the respondents had experiences from several organizations and could answer questions about CVA at very high level in the humanitarian system and CVA. The respondents were hence identified based on their experience with the phenomenon under study [57]. The information was triangulated with lessons-learned reports from disasters.

Table 1: Background of respondents in the study and corresponding codes used as a reference to statements in the findings section.

Type	Interviews	Respondents' ID
Donors and global-level coordination actors	3	A, B, C
INGO or UN agency at HQ	6	D, E, F, G, H, I
INGO or UN agency in the field	7	J, K, L, M, N, O, P
Local/national NGO	3	Q, R, S

Anonymity was ensured for individuals and organizations allowing an open discussion [58]. Since the interview was based on a semi structured guide, the actual questions were adapted to the sector and the level of expertise to which the participant pertained. The interview guide consisted of topics relevant to change resulting from the introduction of CVA implementation. It asked the interviewees to explain their background and experiences with CVA, specifying their first experience with the modality; the changes and challenges that they had witnessed in the humanitarian sector related to

CVA. The interview also covered the relations to donors, local actors, and the private sector based on CVA implementation. Finally, the interview asked what they foresee the benefits and limits of CVA implementation within the humanitarian sector will be in the future.

The coding based on explorative research is dictated by the outcomes of the interview rather than the research design. The interview data were recorded, transcribed and analyzed by coding and highlighting important statements, emerging issues and concepts [59]. The codes were developed during the analysis process and were later categorized into themes by clustering those pertaining to the same broad themes. These themes are presented in the findings of this article, where the statements are identified by the respondent codes shown in table 1. The letter for each respondent will be used when referencing the quotes in the findings.

4.1. Limits to the study

The findings are based on a limited number of respondents which poses a limit to generalizability. However, the respondents all had a vast experience in the humanitarian system and in CVA implementation, giving them the possibility of a more generalized view on the topic; thus, helping us indicate analytical generalizations.

The data covers the experience and point of view of the humanitarian sector, hence no members of government or the private sector were interviewed. The focus of the study is on the experience of the organizations and not the point of view of the recipients of aid, therefore, the affected population is not included in the study. The data collection took place during the covid-19 pandemic, which impeded field visits and forced all interviews to be conducted online.

Critical analysis of the bias in the selection of respondents suggests that there is an overrepresentation of respondents that have implementation as area of focus professionally, rather than policy or compliance. Since the interviews related issues of the humanitarian sector to CVA implementation, this bias did not affect the outcome of the analysis.

5. FINDINGS

The results of the interviews have been grouped into categories based on the themes that were recurrent in the different interviews. These themes are the influence of CVA on the humanitarian system, coordination and power relations related to CVA, the influence of CVA on sectors, mandates and reporting, the creation of CVA consortia, the trend to unify CVA response into one entity, and finally the future of CVA within the humanitarian system. The focus is to identify issues that need to be resolved in the future humanitarian system to improve CVA implementation for disaster response and hence each of the related topics will not be exhaustively studied as they have their own body of literature and research. Rather the rationale is to focus on the aspect of each topic that relates to or influences CVA.

5.1. CVA's influence on the humanitarian system

All respondents agreed that the implementation of CVA has created a change in the global humanitarian system. One of the respondents described CVA as a disrupter [B] and the head of an INGO agreed: "There are some things [in CVA] that are technical, but mostly it is a provoker as a tool. It is an agent for change" [F]. Most respondents stated that CVA has been affecting the relationships of all stakeholders in the humanitarian system as well as the power structures "between community and organization; and between organizations and the broader architecture" [B]. CVA is considered an important tool, allowing disaster affected communities to be involved in

choosing the type of services that they need. On the other hand, there was a broad consensus that CVA will not solve everything that needs to be solved in a humanitarian context.

Most of the respondents stated that there are areas such as financial accountability that probably would have gotten attention in any case, but that CVA has accelerated the discussion. Higher standards were introduced when CVA became more established. "Because there is more risk aversion when implementing CVA than in-kind, there is more fear of corruption and therefore higher standards of financial reporting where demanded" [E].

Most of the respondents from the field level viewed CVA as having the potential of helping bridge the nexus gap, linking response to development, particularly with the use of social safety nets or social protection mechanisms. "Different households might be in different stages of the recovery phase, which can be a problem for in-kind program design but can be addressed with MPCG" [L]. On the other hand, one respondent from the global level was concerned that the introduction of CVA was not simplifying the system but adding another layer of complexity. "We are good at creating structures, but not good at taking away obsolete ones" [D]. The humanitarian system would therefore need transformation instead of organically driven incremental changes.

5.2. Coordination and power relations in implementing CVA

Most of the respondents stated that the challenges related to coordination and power relations that are present in the humanitarian sector are also reflected in CVA programs. During the interviews, the respondents were asked to share their experiences and views on coordination exclusively related to CVA. All respondents agreed that coordination is an area that is still lagging behind in the humanitarian sector in general and in CVA implementation in particular. Most respondents identified that there are some attempts for CVA coordination at operational level, however, at the strategic level much more needs to be done. "There is a lot to do on cash coordination and not a clear vision on how to proceed. There is a basis but many different opinions" [C]. It was pointed out that there isn't a clear indication of how global cash coordination should work, rather there is an organic adjustment to cash coordination. One respondent [G] stated that in principle, collaboration and coordination of CVA programs should potentially be easier than in-kind implementation, given that the programs and responses have the possibility of being identical. However, in general, there was a feeling of frustration regarding CVA cooperation and concerns about real cooperation.

Despite the potential benefits of having a strategic coordination of CVA, respondents were sceptical of the global initiatives presented earlier. One main issue pointed out by respondents from the field level is that, if not implemented properly, it has the risk of working against the localization agenda, giving less room for local voices from the Global South. Five respondents argued that the Common Cash Statement members have an internal diplomatic battle because leading this initiative would give more power to a single agency over the others. Other sectorial organizations are concerned that this large entity will monopolize CVA implementation and channel most of the resources from donors toward multi-purpose CVA. Furthermore, respondents identified that there will be two parallel systems forcing donors to choose between funding one or the other model. This situation will increase competition for funds and tensions between what will essentially be "implementers versus contractors" [L].

Additionally, most respondents believed that CWGs don't seem to be the answer to the collaboration gap. In their view, CWGs were born from a need for technical knowledge transfer, trainings and for finding a common way of calculating transfer values. Even so, in many contexts transfer rates are not harmonized. Furthermore, in many cases, individual coordinators are associated with certain agencies which can conflict with strategic objectives or with the ability to

share information. “People associate coordination with power and control and then it becomes a problem” [N]. Hence, it was indicated that a neutral party is preferred to organize coordination and several initiatives in this direction have already started in recent years, as presented earlier.

According to the respondents, a fundamental obstacle to the coordination of CVA seems to be the multi sectorial nature of CVA, which is at odds with the cluster system and the fact that in emergencies, organizations often work sector specific and by mandate. “It is unclear where [..] the coordination of [MPCGs] sits. It is an unsolved problem identified several years ago, that remains unsolved” [H]. There was a general agreement that there is poor coordination in cash interventions, especially in sector-specific interventions and that it is even worse when it comes to MPCG. “It is not a lack of skills; it is a lack of willingness to collaborate or the willingness to reform a system that in my opinion is obsolete” [I]. Many respondents agreed that there is a need for a more holistic view instead of the fear that MPCG will move funds away from the sectors.

5.3. Sectors, mandates, targeting and reporting

All respondents expressed the view that CVA is breaking silos during response between different sectors. The benefits of CVA are most evident with the implementation of MPCG. “The beneficiaries do not care what type of programs we have. They have a number of household-needs that they want to cover, and they do not separate their WASH (water and sanitation) needs, from their shelter needs, from their nutrition needs. The separation is something that we do” [K]. However, some organizations and agencies find a challenge that they are not sure about how to report it as it is unclear what sector the program has met the needs for. “It is impractical to report on a percentage of the MPCG for each sector based on post distribution monitoring (PDM) reports. However, that is our problem, not the beneficiary’s problem.” [I]. Some of the more flexible donors disagreed with the reporting problem, expressing that there are ways to report on a multi-purpose program on a more strategic level. There seem to be an agreement amongst donors for harmonizing the tools, to have one report for all donors from all organizations and systems for reporting on MPCG. In any case, the reporting problem is to be solved institutionally and not operationally. As a respondent from the field said, “this reporting issue is only a problem if you think that reporting is the end objective of the programme” [Q].

Most respondents from the INGOs and agencies insisted that there is a problem for the agencies that are born for a specific mandate beyond reporting. These agencies feel that they lose their essential reason for existence. “The challenge with MPCG and reporting is a big argument against cash in some agencies. Some people in these organizations claim that they will lose the attribution power for their activities” [G]. It further forces them to “put under judgment and discuss the whole program design and response analysis that they are doing. With in-kind, that was not the case” [I]. There is a challenge in clarifying what it means to approach humanitarian action with a multi purpose philosophy and “donors’ approach probably reflected a lack of faith in the ability of agencies to resolve this multi purpose philosophy” [A]. When the barriers of the individual agencies’ mandates are being broken down, it becomes unclear who should coordinate the efforts. “That means moving funding away from the sectors. So not only is there a fear about who is going to get the money for cash programming but also how do you get the appeal for your specific sector. We are supposed to do this for the betterment of the beneficiaries and at the end of the day cash is not promoting a collaborative space because we are competing for cash for our own agencies and for our own sectors” [E]. Therefore, conditional or restricted cash implementation is more accepted by the agencies and organizations involved in different sectors as “they feel more comfortable in adopting cash [when] it is embedded into something that they were already doing, that they can control relatively better” [I].

5.4. The creation of consortia

One of the trends discussed by most of the respondents is that more consortia are being created in response. Managing these consortia and establishing strong collaborations within them, was viewed as a skillset that is strongly needed in the humanitarian sector. There was, however, disagreement among the respondents on what the main reason for this trend is. One view is to suggest that with CVA and if transfer values are harmonized (even though this may not always be the case), the organizations are providing exactly the same type of aid which makes it easier to collaborate and create consortia. Another point of view is that consortia are created out of necessity as funds are becoming scarce. To survive in the humanitarian sector, organizations need to team up sharing their respective areas of expertise to compete with the bigger agencies. “As we got closer and closer and we focused more and more on harmonizing our responses, the Consortium Model gave us efficiency gains and ability to reach scale faster” [E]. Thus, through consortia, the organizations can achieve a comparative advantage within a well defined strategic framework. A third possible reason shared by some interviewees was that a consortium is more convenient to the donor, given that one of the partners will lead and there will only be one contract and one report. However, the donors pointed out that even though consortia are preferable, given that there are fewer contracts and reports to manage, they are often time consuming because of the need to encourage different organizations to work together.

The effects of the creation of consortia that were pointed out were on one hand the need for qualified managers to ensure collaborations which is more demanding than project management; and on the other hand, the need for technical solutions to data management. In any case, a point stressed by one respondent [B] was that there is yet no clear evidence that the creation of consortia is providing a better service to the communities in need. The consortia create a new reality for the organizations that have to face new power dynamics within the consortium. “We use a lot of time trying to align different agendas and different mandates” [N].

5.5. Efficiency vs localization

According to respondents, there are various types of consortia with different levels of success. Depending on how consortia a structured, they could harmonize their work with the localization agenda or work against it when bigger humanitarian agencies, organizations or consortia get most of the funds for CVA implementation. Half of the respondents felt that this means that there is a shrinking space for small NGOs to operate with CVA. Some respondents expressed that the main reason for this trend is efficiency, but that it is a trend that is in contradiction with the localization agenda of the Grand Bargain. Several respondents from the field level expressed the opinion that initially, CVA could have been a huge game changer for national NGOs and for localization. With the arrival of cash implementation, it was the first time that small actors could have large caseloads. The smaller organizations did not need large logistics setup nor warehousing, and they were efficient in terms of value for money. So, for the first time, the small national NGOs could be competitive with larger actors. However, this opportunity was quickly lost, given that the single provider approach of some donors meant that the opposite became the case. “The trend to give the funds to a single large entity is advancing delocalizing national response capacity” [K]. From the field level, respondents indicated that better localization could be achieved by having a coalition of national partners leaving the INGOs to have a managing role that donors don’t have the resources to fulfil.

Some respondents said that cost effectiveness is more on the agenda than localization. However, one interviewee working in the field questioned whether increasing localization would necessarily be more expensive. The point is that “local actors are very cost efficient and not very expensive

compared to the bigger organizations. From that point of view, increasing localization will not cost more money, it will cost more management time" [L].

Some respondents pointed out that the trend contributes to the above-mentioned diplomatic struggle between some of the big actors about who would lead the coordination of a common cash programming. As mentioned earlier, it is viewed that leading the coordination efforts would give a particular agency more power, even if the purpose of the agency is coordination. Also, interviewed donors agreed that there is a contradiction in pursuing larger efficiency by giving the grants to a few bigger organizations and talking about increasing localization on the other hand. However, the donors stated that "cash will not take over the whole humanitarian sector. There will be room for traditional aid and localization. Other services will always be used, and local capacities will be increased" [A]. Furthermore, donors indicated that they have a challenge in localization because they can't channel funds directly to local partners. This is because they don't have "the monitoring capability required. Therefore, there is a preference to work with large partners on a localization approach" [B].

One donor explained that their vision for localization is to split the program cycle into design, implementation and monitoring. Three local actors should in common be in control of the vision and in control of the full program cycle together. The aim should be to create consortia of organizations that together cover the whole program cycle. Two respondents were particularly worried that "should this tendency be brought to the extreme, it might end with donors giving the funds directly to a financial service provider (FSP) and having the humanitarian sector point out who needs to receive the money" [G]. There was a general agreement that this would not be a positive development given the for-profit nature of FSPs. "When it comes to having a piece of the pie of a billion-dollar business, the private sector will do aggressive marketing, and they will do it [better] than the humanitarian organizations" [H]. However, the donors dismissed this, claiming that it is not likely that it would happen in reality.

5.6. The future of CVA within the humanitarian system

Our respondents suggest that shifts in the humanitarian sector are expected to create a different programmatic reality that the humanitarian system will have to adapt to. "Many organizations don't even realize how much the humanitarian sector is going to change in the near future, especially when it comes to CVA" [B]. Some aspects that will influence the work with CVA mentioned was the need for increased data interoperability, the need for scaling up programs and the changing reality of protracted crises and refugee emergencies.

One of the proposed future changes that were highlighted, was that "the evolution of financial technology is predicted to happen with such intensity, that the agencies and organizations no longer will have the ability to keep up with the evolution" [F]. The technological evolution will dictate how money is used and transferred, which will dictate how aid to the affected populations will have to be distributed. Therefore, the humanitarian organizations will have to collaborate more closely with external partners in the financial sector who will have those capacities and expertise.

Some respondents suggested that the fundamental question is whether all organizations need to be implementing CVA. "Right now, the eco system of the sector is changing, and it seems that every organization needs to be doing everything and that every organization needs to be a provider of cash grants. That may not remain a sustainable model in the long term" [B]. It is possible that the shift to cash will push some organizations to become even more specialized, given that everybody should not be doing the same activities. That might mean that some organizations may be investing in becoming CVA ready but may not be implementers of CVA in the future.

What seems to be clear to most respondents is that until now, there have been efforts to fit CVA within the cluster system, attempting to fit CVA to each sector. However, there is a need for a paradigm shift that will define the role of multi-purpose CVA within the humanitarian system in a much more strategic way, challenging the current disaster response system.

6. DISCUSSION

Our research examines how CVA currently influences the humanitarian system and relates to the existing challenges in disaster response. The purpose is not to analyse these known challenges, but rather to assess how these challenges relate to CVA implementation. Our findings confirm that CVA is not just a change, it is a source of change and transformation [9] [24]. Our respondents also suggest that the rate of change may be more rapid in the future and that CVA will play a central role in that change. This means that resolving issues in CVA implementation will be essential for the transformation of the humanitarian system.

Our findings further show how some of the effects of CVA are directly related to the changes that are necessary to the humanitarian sector. CVA affects relationships between organizations and influences the power structures between community and organization. It brings higher standards and forces the organizations to define what value they add to a given program. Given the rapid increase in CVA implementation [60][61], it is reasonable to expect that the future humanitarian system will be based on CVA as a response modality. For this to happen, the humanitarian system needs a radical, strategic and systemic transformation, rather than the incremental, organical change that has been seen until now.

6.1. Power and coordination in CVA

The influence of power relations in the humanitarian sector has been in the spotlight over the years [21]. The implementation of CVA introduces a shift in power relations [17], both between organizations and between the people in need and the humanitarian system [62]. Our findings indicate that despite the need for CVA coordination, it remains an unresolved issue. Coordination is perceived as power and there is an ongoing struggle to fill that role. Our respondents were critical towards the global CVA coordination models set up at the UN and between INGOs. It is felt that rather than resolving the issue, two parallel systems are taking form that may increase organizations to compete for funds. Within these models, there are diplomatic battles to identify which agency will be the lead. When these global models were created, they were meant to be collaborative platforms for better outreach and to ensure effectiveness. However, our findings indicate that these global initiatives increase the distance to the local NGOs moving away from the localization agenda despite the efforts on pooled funds [45]. The challenge being that the big agencies and INGOs will compete for the power that the coordinating role gives, while the national organizations will be merely contractors.

Furthermore, the multi-billion-dollar humanitarian business is attracting the private sector. Some donors are implementing a differentiation of roles in assessment and targeting, delivering of CVA and finally monitoring. That would give the big financial companies the chance to seize the delivery role managing the funds and acquiring power in the humanitarian space. However, the respondents from donor organizations didn't seem to be concerned with this scenario claiming it will not realistically take place.

Our findings and the current state of the humanitarian system raise questions of whether there is a solution to power, collaboration and coordination; or if there is a limit to how coordinated the

system can be, given that institutional funding and the UN are political tools for national governments that also are competing for political power.

6.2. A unified multi-purpose response: sectors and localization

CVA has been used for different sectors embedding CVA in the traditional ways of working. However, the sectorial nature of the humanitarian system has been criticized [20][6][63]. Our research indicates that CVA is breaking silos in response. With the introduction of MPCG, the decision power on what resources can be used for has to some extent shifted from organizations to the affected population. This has an implication for the different clusters and the organizations and agencies that have specific mandates. If performed, the post-distribution monitoring (PDM) on the use of the given financial aid, may show that the people in need prioritized a different type of need than the mandate of the organization. It was indicated that the CVA trend will imply specialization by some organizations in non-CVA activities. Conversely, it was also indicated that some things will never be done with CVA, such as advocacy for example. Hence, the humanitarian system will keep evolving into an architecture where clusters will co-exist with multi-purpose aid. This CVA based multi-purpose aid will be increasing in size and require needs and vulnerability assessments that go beyond the focus of each sector in the cluster system.

Localization, alongside with CVA, was a central issue at the Grand Bargain [5] and identified as a major challenge for the humanitarian system [64]. Our findings suggested that the introduction of CVA meant that for the first-time small actors could compete with large organizations. This opportunity was unfortunately quickly lost and the introduced models for CVA coordination and collaboration have been suggested to work against the localization agenda.

More consortia are being created in response contexts, demanding more time and resources to manage the consortium and satisfy the various agendas and mandates. This satisfies the trend from donors to give funding for CVA to one big agency or to one big consortium, arguing that it creates higher efficiency. However, if not designed carefully, bigger organizations or agencies will be further away from the implementation and will have a managing role towards national organizations which will be further alienated from the sources of funding and decision-making. On the other hand, the efforts of creating pooled funds may alleviate the potential inconsistency between unifying funds and localizing response [45].

6.3. Role, identity and survival of humanitarian organizations

The benefits of CVA are more evident when designing MPCG programs [17]. However, our research shows that the mandate-based organizations and agencies are concerned with losing their essential reason for existence with a multi-purpose response that moves funding away from specific sectors. Hence, the humanitarian system needs to clarify what a non-sectorial multi-purpose approach means and how to coordinate this type of response. Our findings point out that some organizations may not be well prepared for the future changes that will occur within the humanitarian system. It is likely that in the future not every organization will be implementing CVA. This means that some organizations will have to specialize in non-CVA activities that are needed along with CVA implementation.

Our research points at a renewed reality for humanitarian organizations: (a) given that not all organizations need to be implementing CVA at the same time, there will be new roles that humanitarian organizations may fulfil; (b) a more holistic multi-sectorial response based on MPCG could potentially result in a challenge for mandate-based organizations; (c) within a consortium or within a unified CVA response, INGOs would have a managing role with a coalition of national

partners. All these aspects of the future reality of disaster response suggest a need for a re definition of the legitimization and identity of some of the actions within the humanitarian theatre. Using CVA implementation for introducing desired changes into the humanitarian system may be too late at the operational level, given that response structures, tools and procedures have already been defined. However, for the strategic level and for related activities such as forecast-based action, inclusion in social safety nets and for the nexus linking to development, there is still an opportunity to introduce lasting changes that will benefit the architecture as a whole and the people in need.

7. CONCLUSION

Our research indicates that it is not only the nature of assistance given to disaster affected people that has changed during the last decade or more but also a change favoring CVA has in turn had a transformative effect on the humanitarian organizations themselves and on the sector as a whole. CVA has been a disrupter of the traditional ways of delivering aid and it has forced organizations to question their activities and approaches. Given its increasingly central role in response, CVA will also be central for defining the future design of the humanitarian system.

There have been changes in the type of roles that organizations fulfil and in the way organizations rely on each other. This collaboration is mostly limited by the power dynamics that are inherent in the system. The attempts to create global collaborative platforms are limited by internal struggles for power and parallel nature of several existing initiatives. This, alongside the tendency to unify CVA responses into a single entity (consortia or agency), leads to a reality where local partners may be relegated to an implementing role with little influence in the system.

Our research suggests that there are some deeper issues to resolve for CVA to be functional within the humanitarian system. A fundamental definition is needed between the multi-purpose nature of CVA and the sectorial approach of the cluster system. Likewise, a clarification between the effectiveness of a unified approach and the localization agenda is yet to be provided. Furthermore, the coordination of CVA is to be resolved in a way that doesn't centralize power. Finally, the roles of organizations that may or may not implement CVA need to be defined. These issues ultimately rely on redefining different organizations' and agencies' legitimization, and the perception of their role within the humanitarian system. This process will have an impact on the power relations that are inherent to the system. Our research suggests that the increasing importance of CVA implementation in response will play a big role in this transformation. CVA is expected to keep gaining relevance in the humanitarian sector. At the same time, the humanitarian system is expected to change even further in the future as the realities of disasters change and the technology within the financial sector evolves. The ongoing adjustment to the implementation of CVA presents a challenge and an opportunity. The challenges of sectorialism and power struggles can be replicated into the new emerging structures surrounding CVA implementation. However, it also provides an opportunity for transformation to create synergies for a robust humanitarian system that can effectively address the commitments to local organizations and the disaster survivors.

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Annex 5: Informed consent form

University of Copenhagen
Department of Public Health
Research Center COPE
Ph.D. Thesis
"The mutual influence of CVA and localization in Kenya."
INFORMED CONSENT FORM

Dear Research Participant,

My name is Pablo V. Holm-Nielsen, and I am conducting a study on the influence of cash and voucher assistance (CVA) on the localization agenda. The study will analyse whether CVA is aiding or challenging the different dimensions of localization with particular emphasis on the Kenyan context. Interviews will be conducted with International Humanitarian Organizations (INGO) and with their local and national partners (LNGO). The results will be published in a scientific peer-reviewed journal and will later be part of my Ph.D. thesis.

If you agree to participate in the study, you will be one of 10-12 respondents and you will be asked to participate in an interview that will last approximately 45 minutes. The interviews will be anonymous to allow you to expand on your personal experience instead of being an official statement of your organization. The information you provide will form the basis of the research data. Your personal data (name, position and organisation, e-mail address) are being collected as part of the process of scheduling and carrying out of interviews, and for follow up interviews (if necessary). The information collected during this interview will be used only for this research. Additional data such as organisational affiliation or professional history may be collected through personal communication such as via email, or during the interview but will not be shared outside the study.

With your permission, the interview will be audio-recorded and notes will be taken throughout to document the discussion and for data analysis. Audio recordings will be used solely for the purpose of transcribing information generated during the interview. I will ensure that all personally identifiable information is redacted from notes, transcripts, and recordings taken during the interview. The recordings will not be shared with anyone outside the research group and will be destroyed upon the completion of the article and subsequent thesis report.

The data will be securely stored digitally. Access to the data is controlled only by me. All data provided will be processed in accordance with the standards of the EU's General Data Protection Regulation (GDPR). You may contact me to request the deletion of your personal data at any point in the process. All research records, including any recording and the notes of the interview, will be handled in line with University of Copenhagen policy, and stored securely in line with the EU's General Data Protection Regulation (GDPR). Hand-written notes will not be left unattended and will be stored in lockable storage. When recording notes electronically that identify an individual (either as text documents or audio files), notes will be stored on secure University of Copenhagen network drives.

Your participation is highly appreciated because you will be able to provide a unique personal insight into the implementation of CVA as well as the challenges and successes of respective programmes.

By agreeing to the below points, you are giving your consent to participate in the study:

- I voluntarily agree to participate in this research study.
- I can withdraw my consent at any time or refuse to answer any question without any consequences of any kind and I can withdraw permission to use data from my interview at any time after the interview, in which case the material will be deleted.
- The purpose and nature of the study have been explained to me and I have had the opportunity to ask questions about the study.
- I agree to my interview being audio-recorded and transcribed.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research, my identity will remain anonymous.
- I understand that extracts from my interview may be quoted anonymously in this University of Copenhagen Ph.D. Thesis and in publications derived from the thesis.
- I understand that under the General Data Protection Regulation, I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Contact information for the main researcher:

Pablo V. Holm-Nielsen
Ph.D. student, University of Copenhagen
[email]
[phone number]

Signature: _____

Participant Name: _____

Participant Signature: _____

Date: _____

Annex 6: CVA nomenclature

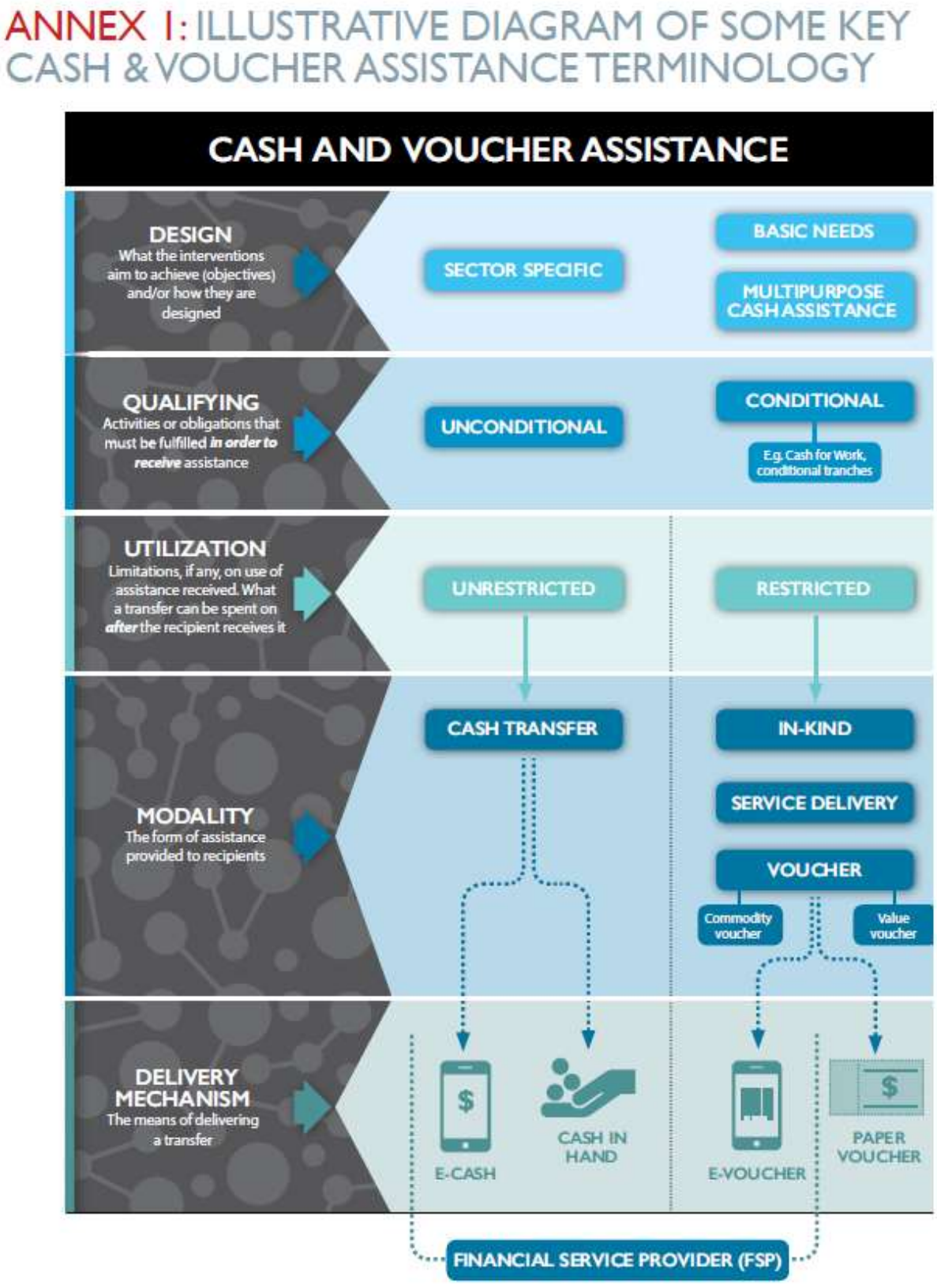

Figure 8: Infographic on CVA nomenclature developed by CaLP [16].