

FEBRUARY 2018

THE STATE OF THE WORLD'S CASH REPORT

CASH TRANSFER PROGRAMMING IN HUMANITARIAN AID



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February 2018

ACKNOWLEDGEMENTS

The report was commissioned by the Cash Learning Partnership (CaLP) and delivered by a team of CTP experts, CaLP staff and Accenture Development Partnerships.

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We are extremely grateful to the many contributors and collaborators who so generously shared their time and experience, to build up this common picture of the state of the world's cash transfer programming in humanitarian aid. In particular, we would like to thank the members of the Steering Committee for their expert guidance throughout the process, and Abigael Baldoumas (CaLP) for her valuable support in editing and finalizing the report and leading the communications planning.

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Many thanks also to the members of CaLP's Technical Advisory Group (TAG) and others who reviewed the draft report, and those who reviewed and provided inputs to the case studies, including Karen Peachey (CaLP), Nynne Warring (WFP Somalia), Dalia Sbeih (Solidarites Lebanon), Dina Morad and Jonathan Campbell (WFP Turkey), Gabriele Erba (ex-UNICEF DR Congo), Iraz Oyku Soylap and Qimti Paienjton (UNICEF Turkey), Jasmine Jahromi and Jenny Weatherall (Lebanon Cash Consortium), Sophie Tholstrup (OCHA), and Sophie Pongracz and Tom Russell (DFID Lebanon). Alexandra Spencer and Cat Langdon from Development Initiatives provided essential advisory support and access to data to enable the calculation of the 2016 CTP expenditure estimate.

The report was funded by: the Australian Government through the Department of Foreign Affairs and Trade, the German Federal Foreign Office, the Swiss Agency for Development and Cooperation, the British Red Cross, the World Food Programme, as well as CaLP's general funds.

The views expressed in this publication are the authors' alone and are not necessarily the views of the donors.

FOREWORD

Imagine that you had to flee your home with your young children and elderly parents. That you had to leave everything behind. At long last, an aid organization arrives in your displacement camp. They come from far away and know neither your needs nor your heritage. Fortunately, they ask a question first: 'Would you like us to give you boxes containing what we think you need, or would you like to receive cash and decide for yourself?' Which would you choose?

Personally, I would choose unconditional cash and decide for myself, provided there is a market available that can meet my needs. That is why I suggested in the DFID high-level panel on humanitarian cash that all decision makers in the aid world should always be required to ask: 'Why not cash? And if not now, when?' And that is why I think the Cash Learning Partnership (CaLP) and this report are so important.

Cash-based assistance is, in brief, one of the most significant reforms in recent years. There is no longer serious dispute about whether cash can significantly improve humanitarian aid. Established humanitarian actors now invest in cash at greater scale and more consistently than ever before. It is at the forefront of innovation for people in crisis.

However, while the overall argument is won, important debates continue about how cash-based assistance should best be used. This is because we are still learning about how best to use cash in different contexts and because it challenges established ways of operating in the humanitarian sector.

Cash-based assistance is not necessarily a substitute for or very different from existing humanitarian programming. When we embrace the complementarities between different forms of humanitarian assistance, cash undoubtedly helps to better serve affected populations.

With a humanitarian sector in rapid change, there is an urgent need to take stock of how much progress the sector is making in using cash and how we best learn from good practices. We also need to agree on the next steps for making the most of the potential of cash-based assistance.

This report addresses that need. It has been prepared by an expert team on the basis of extensive research and the best available evidence. It provides a comprehensive overview of the issues and establishes a new understanding of the practical steps needed to make the most of cash. A stronger collective understanding will drive a stronger collective reform.

I therefore welcome the report as an important step in our shared journey to continually improve humanitarian aid, so that limited funds provide the greatest possible benefit to people in desperate need all around the world.



Jan Egeland
Secretary General
Norwegian Refugee Council

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EXECUTIVE SUMMARY

INTRODUCTION

In recent years, the use of cash transfer programming (CTP)¹ in humanitarian assistance has grown significantly. In 2016, we estimate that \$2.8bn² in humanitarian assistance was disbursed through cash and vouchers, up 40% from 2015 and approximately 100% from 2014³. As this report describes, the move to CTP has strong roots and is set to continue. CTP is widely recognised as one of the most significant areas of innovation in humanitarian assistance, with huge potential to meet more needs, more efficiently and more effectively.

Realizing the transformative potential of cash depends on:

- **Integrating** CTP into humanitarian responses, systems and organizations; and
- **Innovating** to benefit from the new and disruptive opportunities created by CTP

This has never been more vital. The gap between humanitarian needs and available funding has increased to over 40%⁴. In recognition of CTP's potential, many humanitarian actors, through the Grand Bargain⁵ and independently, have made public commitments to increase its use. These political commitments are welcome. But, they are not enough on their own. Despite the significant increase in CTP, it accounted for only 10% of humanitarian assistance in 2016, up by 2.5% from 2015.⁶ Realizing the transformative potential of CTP requires significant changes to established ways of working within institutions and collectively.

The change process is already under way. This report identifies specific steps that have already been taken, good practices to learn from and the priority actions necessary to accelerate progress. For example, donors, coordinating bodies and implementing agencies are actively integrating CTP into humanitarian programming. They are updating their systems, skillsets and processes to make the best use of CTP. With the volume of CTP already measured in billions of dollars and still growing, the stakes are high.

The benefits of cash-based assistance have been shown to cut across multiple sectors. And many opportunities have been identified to align CTP with major reforms at every level, from achieving the Sustainable Development Goals and the 2030 Agenda for Sustainable Development,⁷ to strengthening social protection systems and realizing the UN's New Way of Working.⁸ CTP has been actively linked to a host of other reforms such as: financial inclusion, the digital revolution, evolving coordination mechanisms, strengthening local leadership, enhancing dignity and accountability to affected populations, and improving monitoring and reporting of results.

At the same time, CTP is not a silver bullet capable of solving all the problems associated with aid. Rather it is one factor, among many, driving a wider set of reforms across the sector. However, the increasing scale of CTP is driving disruptive innovation by raising strategic questions for organizations about their role and function, and how different humanitarian stakeholders best work together. Answering these questions cuts across established ways of working and interests.

Different actors have overlapping goals and ambitions for CTP. Whether CTP is seen as a tool to realize wider reforms, an integral component of a related set of reforms or a straightforward good in its own terms, it is clear that the increasing scale of CTP is inextricably linked to the future of the humanitarian aid sector. The case for CTP has been made. It now remains to ensure the hard work is continued across humanitarian actors to realize the benefits and opportunities it offers.

¹ CTP refers to all programs where cash (or vouchers for goods or services) are directly provided to beneficiaries. All key terms used in this report are defined in CaLP's Glossary: www.cashlearning.org/resources/glossary

² Total calculated at \$2.806 billion, rounded to \$2.8 billion. Methodology for calculation of the total CTP figure is detailed in Annex 1.5 of the main report

³ Compared to the best available estimate of \$1.2-1.5bn in 2014, made in Doing Cash Differently: Report of the High Level Panel on Cash Transfers (2015).

⁴ Development Initiatives (2017) Global Humanitarian Assistance Report

⁵ List of signatories and text of Grand Bargain available at www.agendaforhumanity.org/initiatives/3861

⁶ Important caveat on the comparability of the CTP figures and IHA: as these figures have respectively been compiled from different sources, they do not allow for easy comparison so the proportional estimates should be treated with caution

⁷ See <https://sustainabledevelopment.un.org/?menu=1300> and <https://sustainabledevelopment.un.org/post2015/transformingourworld>

⁸ www.agendaforhumanity.org/initiatives/5358

ABOUT THIS REPORT

This report critically analyses the current state of CTP in humanitarian aid, and the extent to which commitments have been achieved, in order to provide shared insights that can accelerate progress.

The report is structured according to the six Global Objectives set out in CaLP's Global Framework for Action (GFA, see Annex 1).⁹ This is a consolidated summary of the major commitments and recommendations made to improve CTP. It provides a collective and measurable road map for increasing the scale and quality of CTP:

- Ensure sufficient funding is available for cash transfer programming
- Ensure cash is routinely considered, alongside other tools
- Build sufficient capacity for cash transfer programming
- Ensure the quality of cash transfer programming
- Strengthen coordination of cash transfer programming
- Strengthen the evidence base and invest in innovation

The Framework connects policy commitments with operational management, and the contents of the six chapters based on the Global Objectives are closely inter-linked.

The full report also includes:

Critical Debates: These summarize the views of different actors in six key areas of current debate, without attempting to reconcile them.

Case Studies: The report presents eight case studies of CTP in practice. These vividly bring the issues to life. They were selected on the basis of providing significant insights into recent practice, progress and challenges.

Priority Actions: These are the next steps required to drive progress most effectively. They are summarised at the end of this Executive Summary.

Methodology: The methodology for this report included primary and secondary research. Over 40 key informants were interviewed, and over 200 practitioners and 35 organizations were surveyed. Respondents include humanitarian actors from donors, non-government organizations (NGOs), UN agencies, the Red Cross movement, host governments and the private sector. Secondary research was undertaken drawing on a significant volume of reports, studies, reviews, data analysis and articles. Survey results were triangulated with the interviews, focus group discussions and secondary data. Unless otherwise stated, the findings included in the report reflect common trends and perceptions from across the different data sources.

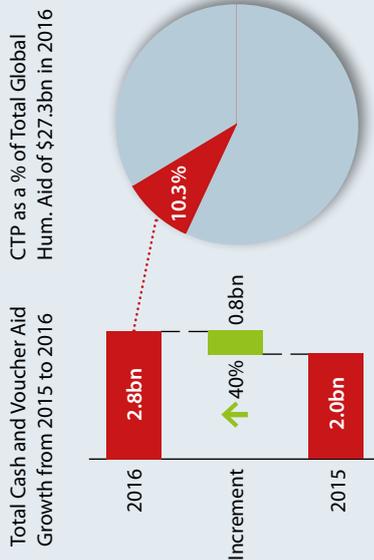
The team worked closely with Development Initiatives to use a comparable methodology for estimating the total volume of CTP during 2016 as they used for 2015, as presented in the publication 'Counting Cash: Tracking humanitarian expenditure on cash-based programming'.¹⁰

⁹ www.cashlearning.org/downloads/calp-framework-web.pdf

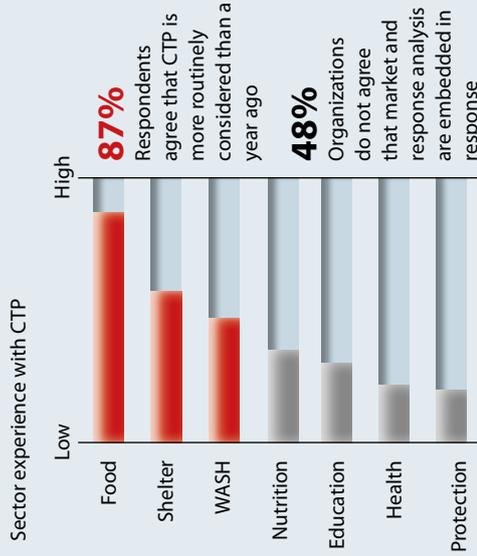
¹⁰ <http://devinit.org/post/counting-cash-tracking-humanitarian-expenditure-on-cash-based-programming/>

Key Findings

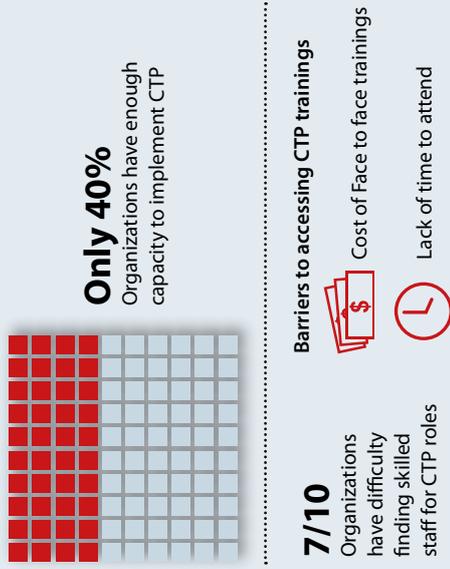
1 Global spend on cash and vouchers increased by 40% to \$2.8bn in 2016



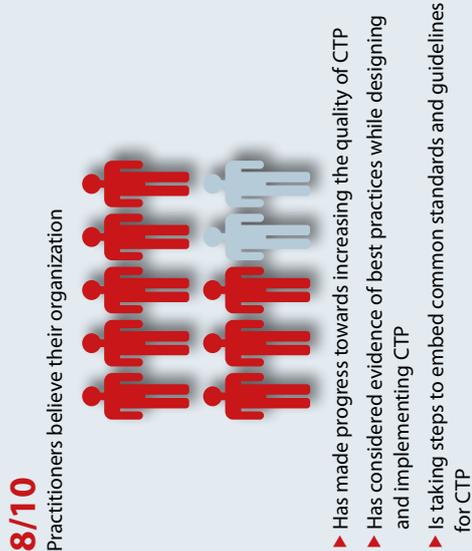
2 CTP is being considered more often, but not systematically



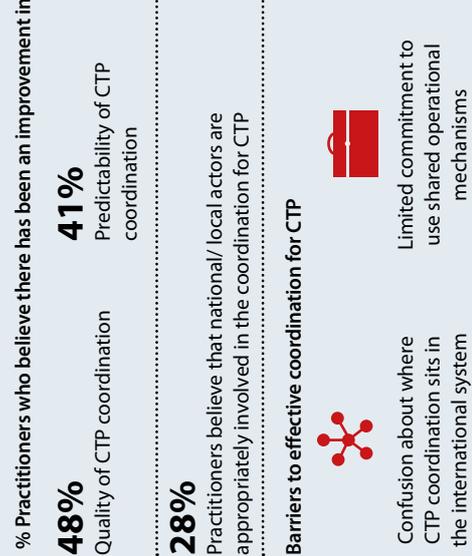
3 Capacity for CTP is a limiting factor across organizations



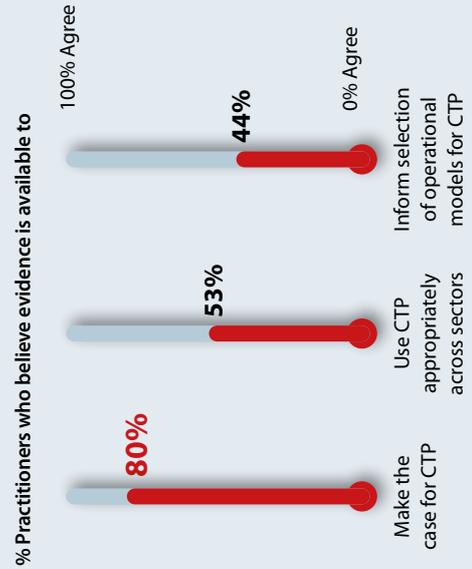
4 The quality of CTP is improving, enhanced by collaboration



5 The coordination of CTP is unreliable, limiting the benefits realized



6 Innovations and evidence are proliferating, but gaps remain



Source: Practitioner Survey, Organization Survey, CaLP and Accenture Research



CHAPTER I – FUNDING

Global Objective 1:

Ensure Sufficient Funding is Available for Cash Transfer Programming

Increased support for CTP: Increased high-level support for CTP within donor and implementing organizations is translating into numerous policy and strategy commitments. Some donors and agencies have set quantitative targets for the use of CTP. Others who are supportive of scaling up CTP have not yet done so, often as a result of concerns about diverting aid away from contextually appropriate responses. 60% of surveyed organizations do not have a target for CTP as a percentage of humanitarian assistance.

More humanitarian aid is being disbursed as cash and vouchers, but growth is uneven: We estimate that the total aid being disbursed in CTP (both cash and vouchers) increased from \$2bn¹¹ in 2015 to \$2.8bn¹² in 2016. This indicates a 40%¹³ growth rate in CTP from 2015 to 2016. CTP's share of total IHA¹⁴ has increased from 7.8% in 2015 to 10.3% in 2016. Note that the 7.8% calculation for 2015 has been updated from the 7% included in the Counting Cash¹⁵ report, as recommended by Development Initiatives. This estimate suggests that progress in terms of commitments to CTP is starting to translate into practice, with a 2.5% increase in CTP as a proportion of total IHA from 2015 to 2016. Aid disbursed as CTP is however not evenly distributed, but is concentrated within a few organizations. Over two-thirds of aid disbursed as CTP in 2016 came from just two organizations – the World Food Programme (WFP) (\$880 million distributed to beneficiaries), and UNHCR (\$688 million distributed to beneficiaries).

The volume of CTP is beginning to be better reported, but obstacles remain: CTP must be integrated into the global systems used for tracking humanitarian aid as well as organizations' internal systems. The vast majority of organizations and donors that participated in this study are taking steps to improve their internal reporting systems to better track CTP. Further progress will require collective action on a) whether to track cash and vouchers separately or together, b) what costs should be counted (just transfer values or full programming costs), and c) what related programming data should be measured.

In order to achieve greater scale in CTP, policy commitments need to be translated into practice: This requires systemic organizational change involving both top-down and bottom-up approaches. Government buy-in and public support for CTP as a form of humanitarian assistance are also important elements in both donor and host countries.

¹¹ The \$2 billion figure is drawn from *Development Initiatives (2017) Global Humanitarian Assistance Report*. This figure is an update on the \$1.9 billion reported in *Development Initiatives (2016) Counting Cash: Tracking Humanitarian Expenditure on Cash-Based Programming*

¹² Total calculated at \$2.806 billion, rounded to \$2.8 billion. Methodology for calculation of the total CTP figure is detailed in Annex 1.5 of the main report

¹³ The 40% increment is the rounded figure (from 40.3%), calculated using the 2016 \$2.806 billion figure, and \$2.0 billion for 2015

¹⁴ Important caveat on the comparability of the CTP figures and IHA: as these figures have respectively been compiled from different sources, they do not allow for easy comparison so the proportional estimates should be treated with caution

¹⁵ ODI, *Development Initiatives (2016) Counting Cash: Tracking Humanitarian Expenditure on Cash-Based Programming*



CHAPTER 2 – ROUTINE CONSIDERATION

Global Objective 2:

Ensure Cash is Routinely Considered, Alongside Other Tools

Over the past two years, CTP is being considered much more systematically. Several factors are driving this change, which is an evolution rather than a single step. In addition to policy commitments and investments in staff capacities, there has been greater embedding of tools and processes for market analysis and response analysis, and greater collaboration around common approaches and tools.

While tools and processes required for the routine consideration of CTP are becoming more embedded, they still need to be used more systematically and effectively. Response analysis and market analysis are undertaken inconsistently within and between organizations. Although response analysis is commonly used to inform initial programme design, it is not often revisited during implementation, and there is limited consideration of mixed modalities. The tools used for market assessment tend to focus on commodities, rather than the service markets which are of interest in sectors such as shelter, WaSH and education. Respondents saw a need to simplify market analysis guidance to enable wider adoption by country teams and improve decision making.

Barriers that limit the use of CTP persist (particularly the use of unrestricted cash, including multipurpose grants). The biggest barriers are seen to be: perceived risks of CTP; capacity constraints within implementing agencies; constraints of sectoral mandates; constraints of donor funding processes; and lack of multi-sectoral assessments. The perceived risks of cash are amplified by limited funding and the anti-terrorism/money laundering agenda of donors. There can be less tolerance for the diversion of cash compared to in-kind aid.

Respondents agreed that some sectors are currently more likely than others to consider using CTP. The main constraints here are perceived to be concerns about achieving high-quality, sector-specific outcomes in areas such as protection, shelter or health. There are concerns about whether there will be sufficient funding for complementary in-kind, technical assistance and other sector-specific activities, as well as about diminishing the roles of established actors in humanitarian assistance.

Multipurpose Cash Grants (MPGs) emerged as an area of contention, with strong views expressed by different actors about their appropriate use. No stakeholder argued for their uncritical adoption, nor that MPGs are sufficient to meet all people's needs. More dialogue is needed between donors, clusters and other stakeholders to agree on opportunities and ways forward.

For many implementing agencies, the use of CTP across sectors represents the 'next step'. There are several barriers to this, including practical challenges in terms of cross-sectoral coordination and engagements. However, there has been progress, including tools and processes for a 'Basic Needs Approach' (BNA) being developed and tested by UNHCR and others. Some respondents suggested that reorienting thinking around 'basic needs' could support better integration of sectors, presenting MPGs as a common platform and the foundation for meeting sector-specific needs. At the same time, some were cautious about the limited evidence available to establish 'proof of concept' and the need to monitor outcomes.



CHAPTER 3 – CAPACITY BUILDING

Global Objective 3:

Build Sufficient Capacity for Cash Transfer Programming

Lack of organizational capacity is a critical barrier to effective and extensive usage of CTP. 60% of organizations surveyed reported that they don't currently have the capacities in place required for CTP. Human resource capacity must be supported by organizational structures, systems, policies and procedures. The lack of organizational systems for CTP was identified as a major obstacle to efforts to scale up.

Systematic investments are required to build organizational capacity for CTP. These are long-term processes. The organizations that have made greatest headway in scaling up CTP – such as WFP and UNHCR – have invested consistently in structured capacity building over several years. This has gone significantly beyond hiring technical 'cash experts' to mainstreaming CTP within sectoral and operational teams, and upgrading key systems and processes.

Human resource capacity in CTP is improving, but gaps remain. Upskilling existing staff requires suitable training as well as experience, for which further opportunities and resourcing are required. Respondents reported that it would be helpful for capacity-building materials to be shared, and to foster more harmonized ways of working across organizations through joint capacity-building approaches. Recruiting skilled staff for cash-related roles is a challenge across the sector, particularly for technical and strategic leadership roles.

Agencies need to invest in upgrading their systems and procedures for CTP; but uncertainty over the future direction of CTP implementation is holding back investment. The growth and innovation in CTP is leading to the rapid trialling of new approaches to delivering aid. Not all agencies are clear about what this means for their future roles. Many interviewees perceived that a trend towards more streamlined cash delivery means that operational agencies may not all require the full systems and processes needed for CTP delivery. However, others pointed out that new models still needed to be tested, that not all donors are aligned, and that the feasibility of certain models depends to a great extent on the context. They saw a continued need for a wide range of operational capacities in the short to medium term. There was general agreement that implementing organizations should reconsider the roles that they should be playing, based on where they can add most value, and for this to inform capacity developments.

Building capacity of local actors can generate significant benefits but is not being undertaken systematically. The Grand Bargain commits international actors to make humanitarian action as local as possible. Currently, there is a major gap in the emphasis and resources being channelled towards building the CTP capacities of local actors – both governmental and non-governmental. The work of the International Federation of Red Cross and Red Crescent Societies (IFRC) to build the capacities of national societies demonstrates the added value of building local cash readiness ahead of a crisis, and highlights the importance of consistent and increased investment in cash preparedness and institutionalization.



CHAPTER 4 – QUALITY

Global Objective 4: Ensure the Quality of Cash Transfer Programming

The quality of CTP is perceived to be improving. However, it was noted that there is no common definition of what quality means for CTP, which could act as the basis for objective measurement. Work is planned to develop more standardized measures of quality around efficiency and effectiveness, for instance, through the Grand Bargain and Good Humanitarian Donorship initiative.

Common tools and standards, based on best practice, are required to manage quality consistently. Many respondents report that they have access to tools and information on best practices for CTP. But they are not systematically used or harmonized. Reasons include the proliferation of CTP guidelines and tools, with insufficient consolidation and curation, and the fact that they are not embedded into wider humanitarian frameworks. There is increasing evidence that harmonizing tools and guidance can help to increase the quality of CTP.

CTP is being integrated into key humanitarian standards, with increasing engagement across sectors. CTP is being mainstreamed in the current revision of the Sphere Standards. There is a growing agreement across sectors and clusters that CTP can play an important role in achieving quality outcomes. However, there is some way to go in determining the best ways to do this.

Unrestricted CTP can promote choice and quality, but evidence is currently limited. Debates about the role of unrestricted cash in achieving sectoral outcomes are rooted in concerns that: a) beneficiaries may not prioritize certain sectoral needs, b) markets may not have the right quality of goods or services, or c) beneficiaries may purchase lower quality goods or services. This cuts to the heart of 'putting people at the centre' of decision making and the role of beneficiaries in making complicated decisions in times of crisis.

Effective monitoring requires the use of common indicators and processes across agencies. This is true across all modalities, including in-kind aid. It can enable comparative analyses of efficiency, effectiveness and accountability. The monitoring of CTP should be integrated with other complementary programming activities.

The potential of humanitarian CTP to enhance financial inclusion depends on context-specific factors. Research suggests that there may be limited opportunities for humanitarian CTP to contribute to financial inclusion objectives, and only when intentionally designed for this purpose, in ways appropriate for each context. Respondents consider that the question of whether financial inclusion should be an objective for CTP depends on the nature of the crisis – specifically, its predictability and time horizon.



CHAPTER 5 – COORDINATION

Global Objective 5: Strengthen Coordination of Cash Transfer Programming

Currently, the coordination of CTP is ad hoc. Only 28% of survey respondents agree that humanitarian agencies make the best use of common mechanisms for assessment, delivery or monitoring of CTPs. This is identified as a critical barrier to achieving global commitments on improving the scale, efficiency and effectiveness of cash assistance.

The causes and results of the poor coordination of CTP are well documented. Different agencies manage programmes on the basis of different analysis, with gaps or duplications in service provision, inconsistencies in the results achieved (and key factors such as transfer values), and confusion among beneficiaries and authorities. These challenges are most acutely felt in relation to MPGs, which do not fit into the established humanitarian sectors and structures.

In most contexts, Cash Working Groups (CWGs) have emerged at an operational level. They respond to operational needs, such as coordinating assessments or minimum expenditure baskets. They are organized inconsistently by different actors, without stable resourcing or clear relationships with strategic oversight bodies. Lessons are not shared between contexts. This study found little evidence that CWGs adequately involve local actors. 44% of survey respondents perceive that host governments have become more involved in coordinating humanitarian CTP in the last year.

The barriers to improving cash coordination are not being adequately addressed. Barriers include confusion about where CTP fits into the international humanitarian system, for instance, in areas such as clarifying key responsibilities, the role of CWGs, and incorporating CTP in humanitarian response plans (HRPs). Another barrier is seen to be the limited commitment of agencies to use shared mechanisms. The debate about cash coordination is perceived as politicized and undermined by 'turf wars'. Respondents note that it also relates to wider issues about enhancing coordination in aid.

There is broad agreement that cash coordination should be situated at the inter-sector level, building on existing humanitarian coordination structures. Work is underway to implement this. For instance, UN agencies are building CTP into the system of humanitarian coordination, and developing use of the Basic Needs Approach.

There is significant interest in linking humanitarian CTP with national social protection systems. 50% of survey respondents report that their organization has worked with governments, on some level, to use national social protection systems for delivery of cash assistance. Experience suggests that, in appropriate contexts, this can improve the efficiency and effectiveness of humanitarian response. There is little evidence that humanitarian programmes can strengthen social protection systems during a crisis response. Further research is required and currently being undertaken in this area.



CHAPTER 6 – EVIDENCE AND INNOVATION

Global Objective 6: Strengthen the Evidence Base and Invest In Innovation

The case for CTP as an assistance modality that can effectively be used at scale has been made. There is a solid and growing evidence base for CTP, and it is among the best researched humanitarian tools. However, critical evidence gaps remain, which constrain further change. These relate to using different types of CTP in different contexts and for different sub-populations, including in terms of achieving sectoral outcomes, as well as the use of MPGs, and complementary and multi-modality programming. Determining what works best in a given context requires new approaches to be tested in practice. At the sector level, agencies and clusters are considering how to build evidence to achieve sectoral outcomes through CTP, and a range of research is planned or being carried out.

Collaboration in implementing CTP is increasing, but we don't yet know which operational models¹⁶ are the most appropriate in different contexts. Respondents report that this needs to be systematically addressed through trials of alternative models in different contexts and comparison of the results. Scaling up CTP offers opportunities to transform how humanitarian aid is delivered, potentially involving a consolidation of functions and a more prominent role for 'non-traditional' players. Key issues include the role of the private sector in the delivery of aid, the digitization and potential for greater harmonization of programming functions, the use of MPGs and opportunities to increase value for money. These can have major ramifications in terms of funding decisions, how agencies work, and partnerships with distinct government units, financial service providers and technology providers.

Respondents reported different views about operational models. Some prioritize potential efficiency gains. Others are concerned about wider aspects of effectiveness. If functions are consolidated, this can reduce the funding available for agencies that are not involved in directly delivering payments. The implications of this for funding core costs and maintaining key humanitarian capacities needs further discussion, based on transparent analysis of the real costs of humanitarian action.

CTP can act as a catalyst for further innovation. It will benefit from increased strategic collaboration, both among humanitarian agencies and with the private sector. Innovation requires an appetite for risk (and the accompanying possibility of failure) on the part of implementing agencies and donors. Technological advances have been central to the growth of CTP, such as the rapid expansion of mobile money, use of biometrics and more recent attempts to utilize blockchain technology and digital identities. Overall, new technology has been underutilized, with primary reasons being fragmented demand from humanitarian agencies and a proliferation of solutions which address specific issues, rather than taking a more holistic approach to programming requirements. This also relates to the need to enhance data interoperability.

¹⁶ 'The overall structure through which agencies work jointly (either through a partnership, consortium or other form of collaboration) to deliver a CTP. Specifically, in the situation response and analysis, program design and implementation' (CaLP's working definition of 'operational models').



CHAPTER 7 – PRIORITY ACTIONS

Each chapter closes with three priority actions needed to drive further progress, summarised below. Unless otherwise stated, the actions apply to implementing agencies, donors and coordinating bodies. These span government entities, UN agencies, NGOs, the Red Cross Movement and the private sector.

This report does not propose a new set of recommendations, which would be unnecessary and potential confusing. Instead, the priority actions are cross-referenced to the Global Framework for Action and the draft action plan of the Grand Bargain Cash Workstream (GB).¹⁷ The Sustainable Development Goals provide a broad frame of reference, alongside the UN's New Way of Working.¹⁸

The priority actions are summarized here. More details are provided in the full report. Each action is cross referenced to:

- GFA: Specific supporting actions identified in the Global Framework for Action¹⁹
- GB: Specific draft actions identified in the Grand Bargain Cash Workstream Workshop Report, 31st May–1st June 2017²⁰

1.1 Sustain high-level policy commitments to CTP. [GFA 1.3, GB 1.3]

- Continually monitor, sustain and refresh existing commitments to realize the potential of CTP, for instance, through lobbying, public accountability mechanisms, sharing experiences and strengthening the evidence base.

1.2 Integrate CTP into organizational and inter-agency reporting systems, using common definitions. [GFA 1.4, GB 4]

- This should be enacted within individual institutions, and across key inter-agency systems such as the Financial Tracking System (FTS), and the International Aid Transparency Initiative (IATI) data standard. All actors should use common definitions, to enable comparison and aggregation. CaLP's Glossary has been collectively developed over several years and recently recommended for adoption by the cash workstreams of the Grand Bargain and the Good Humanitarian Donorship initiative.
- Policy decisions are required concerning whether to report cash and vouchers together or separately in global reporting systems. Work is needed to increase transparency of programming costs for all modalities (cash, vouchers, in-kind, etc).

1.3 Strengthen support for CTP among the public. [GFA 1.3]

- Make the case to the public for CTP as an integral part of humanitarian aid. Actors can achieve more in this area by working together using common messaging.

2.1 Embed contextual analysis and response analysis²¹ into humanitarian programme cycles and funding decisions. [GFA 2.2]

- Decisions about how best to provide aid should be based on an assessment of each context, including all issues relevant for CTP. Programme cycles should include the explicit step of response analysis. These steps should be embedded in agencies' internal procedures, as well as in leadership, coordination and funding bodies.
- Use and promote common, streamlined tools, appropriate to each context and operating across sectors. Work with new partners to achieve collective goals in these areas.

¹⁷ https://interagencystandingcommittee.org/system/files/gb_cash_workstream_workshop_report_may-jun_2017.pdf This action plan identified areas where the Grand Bargain could add value to other processes. It was not intended to provide a comprehensive road map for achieving the cash reform.

¹⁸ See p. 6 of The New Way of Working, available at www.unocha.org/sites/unocha/files/NWOW%20Booklet%20low%20res.002_0.pdf: 'working over multiple years, based on the comparative advantage of a diverse range of actors, including those outside the UN system, towards collective outcomes; wherever possible, efforts should reinforce and strengthen the capacities that already exist at national and local levels.'

¹⁹ www.cashlearning.org/downloads/calp-framework-web.pdf

²⁰ http://interagencystandingcommittee.org/system/files/gb_cash_workstream_workshop_report_may-jun_2017.pdf

²¹ Response analysis is defined in CaLP's Glossary: www.cashlearning.org/resources/glossary#RA

2.2 Identify how CTP can achieve the best results in different technical sectors and across sectors. [GFA 2.3, GB 1.6 & 1.7]

- Technical specialists, including clusters, should lead work to identify and promote how CTP can best contribute to outcomes in different sectors. Explore the added value, and limitations, of MPGs in different contexts.

2.3 Donors should work together to ensure appropriate consideration of CTP. [GFA 2.4, GB 1.1]

- Donors should encourage implementing agencies to always consider using CTP, to achieve the best strategic outcomes for crisis-affected people. This includes considering how actors can collaborate in the most effective and efficient ways.
- Donors may benefit from developing shared principles for high-quality CTP. They should consider how risk can be managed in different contexts and appropriately shared across actors.

3.1 Integrate CTP into organizations' strategies, systems, processes and staffing [GFA 3.2]

- All relevant staff should be equipped to use CTP appropriately, including through the structured integration of CTP into organizational plans, systems, processes and guidance. This is the single most significant step in driving the uptake of CTP and requires time, consistent resourcing and leadership.
- Agencies should make strategic decisions about the role they intend to play in CTP. Donors should resource capacity building and institutionalization processes.

3.2 Fund and support national organizations to build their capacity for CTP [GFA 3.5]

- National organizations should be supported by international actors to accelerate their efforts to build capacities for CTP. National agencies can also benefit from sharing experience, tools and approaches.

3.3 Build individual competencies in CTP. [GFA 3.3]

- All actors should invest in strengthening the competencies of individual staff and practitioners in CTP. CTP competencies should be built into existing job roles, rather than siloed as separate 'CTP experts'.
- CTP should be integrated within existing initiatives to develop skills and talent in the humanitarian sector. All agencies can benefit from common approaches such as shared materials based on best practice. Competencies should be enhanced with experience from outside the humanitarian sector.

4.1 Design and implement cash-based assistance to contribute as effectively and efficiently as possible to strategic outcomes. [GFA 4.2, 4.3 & 4.4]

- Agencies should systematically ensure that CTP is designed and implemented on the basis of the best available standards and evidence. Programmes should be designed to contribute to strategic outcomes for the whole humanitarian response, in line with beneficiaries' preferences. Agencies should assume that this will involve collaborating with other actors, rather than operating independently.
- Humanitarian programmes should build on existing infrastructure and systems where possible, such as social protection systems, local networks or financial services and communications providers.

4.2 Develop common tools for managing the quality of CTP. [GFA 4.1].

- Agencies, donors and coordinating bodies should improve the common tools available to manage the quality of CTP, at global, national and operational levels. Tools should link to shared definitions of quality and include: outcome indicators, standards, guidance and operational tools.
- The process of developing tools should involve a range of actors bringing different perspectives. Tools will need to be systematically updated and promoted.

4.3 Integrate CTP into existing mechanisms for managing the quality of humanitarian action. [GFA 4.2]

- CTP should be integrated into existing and new humanitarian standards, guidance, frameworks and initiatives. This includes areas such as: humanitarian programme cycles, coordination processes and funding decisions. This should be undertaken with due account paid to best practices from across the humanitarian sector, with lessons shared between organizations and countries.

5.1 Integrate CTP into existing mechanisms for coordinating humanitarian action. [GFA 5.1, 5.2, GB 2.2]

- Coordination bodies should integrate CTP into their ongoing work and objectives. This could include updating: strategies, procedures, information systems and planning tools. The lessons from different approaches should be actively shared, to drive continual improvement.
- The Inter-Agency Standing Committee (IASC) should provide clearer guidance on locating responsibilities for cash coordination (at strategic and technical levels) within the humanitarian system, building on existing analysis.

5.2 Support and engage with Cash Working Groups. [GFA 5.4]

- Cash Working Groups (CWGs) should be established and supported to enhance technical coordination. The chair, resourcing and responsibilities of the CWG should be determined locally, on a pragmatic basis, while global responsibilities are clarified. CWGs should work with sub-national groups where necessary.
- High-level coordinating bodies should support CWGs and connect them to wider coordination efforts. All agencies working on CTP should engage with the relevant CWG, which should seek to include all humanitarian actors, including government, local and international actors.
- Donors should resource CWGs, and specialist bodies strengthen the pool of relevantly experienced CWG leaders. CWGs should operate on the basis of good practices from other humanitarian responses.

5.3 Build links between humanitarian programmes and other government/development initiatives. [GFA 5.1 & 5.3]

- Humanitarian actors should routinely consider how their work can be connected to and contribute to other government systems and development initiatives. This includes potentially linking short-term humanitarian aid to approaches such as social protection systems, related programmes and private sector financial infrastructure.
- The evidence base in this area should be strengthened, through testing and monitoring different approaches.

6.1 Strengthen the evidence base. [GFA 6.1, GB 1.6]

- Evidence needs to be strengthened in areas including: using CTP in different contexts and sectors, and for different sub-populations; different operating models; the outcomes achieved by MPGs in different contexts; and linking humanitarian CTP to social protection systems.
- CTP interventions should build in sufficient resources to enable the writing up and dissemination of lessons learned. Actors should expect to innovate, learn and improve CTP within each context, rather than using existing, 'off the shelf' models that may be inappropriate in the given context.

6.2 Strengthen common platforms for building, sharing and using knowledge about CTP. [GFA 6.4 & 6.5]

- All actors working on CTP should make use of and support common platforms to contribute to and benefit from the best available knowledge. Common platforms should promote existing knowledge in easily accessible, practical ways, and help to apply it through best practice tools and guides. Actors should actively share their experiences through common platforms.

6.3 Invest in innovation to achieve more for beneficiaries. [GFA 6.2]

- CTP should be used as a catalyst for innovation, with a focus on better achieving humanitarian objectives and meeting the needs of beneficiaries. New partnerships with the private sector can enable significant scale-up. New technologies can generate efficiencies for beneficiaries and implementing agencies alike.
- New approaches are needed for how humanitarian aid is organized and funded, to drive efficiency and effectiveness. The increased use of CTP should be associated with reforms that bring about a leaner, more holistic and better-connected humanitarian response. New funding models are needed to fund the core capacities required for humanitarian action.

Key themes and enabling factors

Two key themes and three enabling factors have been identified from across the whole report. Together, they summarize the actions needed by all actors involved in humanitarian response to achieve the greatest progress in CTP.

The two key themes are:

- **Integrate CTP into all existing mechanisms of providing humanitarian aid**, including: organizations' policies, strategies, management and reporting systems, funding and programming decisions, capacity-building initiatives, coordination mechanisms, standards, guidance, tools and others.
- **Innovate and strengthen the evidence base**. Trial new ways of working that generate the greatest benefits for people in crisis from the opportunities created by CTP. Develop new partnerships and stronger insights into CTP, share experience and learn together.

The three enabling factors are:

- **Sustain the high-level policy commitments** needed for the effective implementation of CTP.
- **Plan and act collaboratively**. Expect to use common approaches and mechanisms for CTP at operational, national and global levels, which are implemented across organizations and existing technical sectors.
- **Support a limited amount of CTP-specific infrastructure**, including platforms for collective action on CTP.

Many of the priority actions identified in this report focus on integrating cash into existing humanitarian architecture. CTP is moving from a standalone activity to become an established component of mainstream humanitarian action. As a result, the nature and pace of reforms are changing. Changes are happening at a deeper level, affecting whole organizations and involving more actors. This takes time, requiring structured approaches with consistent leadership and resourcing, often over several years.

At the same time, wide and varied ambitions remain to innovate and use the disruptive nature of CTP to achieve broader reforms. At the least, CTP enables greater collaboration among implementing agencies, for instance, through the sharing of analysis or delivery mechanisms. More fundamentally, CTP challenges established operating models, funding models and coordinating structures. It opens the door to new partnerships and new ways of doing business that have potential to generate substantial benefits for donors and beneficiaries alike.

Work on CTP over the coming years must span both these components: integrating cash into existing architecture, and innovating to reform and improve that architecture. The speed and distance travelled will depend on the political will invested by many different actors, and the way that cash is aligned to related reforms. Just as cash is finding its place at an operational level, so the reform potential of cash is finding its place among the panoply of humanitarian reforms.

Making the most of cash at every level will continue to require collective action among the many different actors involved. The humanitarian ecosystem remains characterized by interdependent organizations, each working with overlapping aims and objectives. Perhaps the greatest driver of progress will be the extent to which organizations consider the potential of cash independently or collectively. Organizations working independently will recreate the limitations of the current humanitarian architecture. But collectively, they can use CTP to drive a step change in the potential for limited humanitarian funding to meet the needs of people in desperate crisis around the world.

GLOSSARY OF TERMS

Terms and definitions used in this report are consistent with CaLP's Glossary, which can be accessed in full at: www.cashlearning.org/resources/glossary. Selected terms used in this report are listed below.

Assistance Modality: 'Assistance modality' refers to the form of assistance – e.g. cash transfer, vouchers, in-kind, service delivery, or a combination. This can include both direct transfers to household level, and assistance provided at a more general or community level e.g. health services, WaSH infrastructure.

Basic Needs: The items that people need to survive. This can include safe access to essential goods and services such as food, water, shelter, clothing, healthcare, sanitation and education.

Cash for Work (CFW): Cash payments provided on the condition of undertaking designated work. This is generally paid according to time worked (e.g. number of days, daily rate), but may also be quantified in terms of outputs (e.g. number of items produced, cubic metres dug). CFW interventions are usually in public or community work programmes, but can also include home-based and other forms of work.

Cash Modality: 'Cash modality' refers to the different types of cash or voucher transfer – e.g. conditional (cash for work, etc.), unconditional, restricted, unrestricted, multipurpose, etc. A single transfer can generally be categorized in terms of several of these variables e.g. a conditional, unrestricted transfer.

Cash Plus: This term refers to complementary programming in which CTP is combined with other modalities or activities. Complementary interventions may be implemented by the same agency/agencies providing CTP, or potentially by other agencies working in collaboration. Examples might include provision of training and/or livelihood inputs, or behavioural change communication programmes.

Cash Transfer: The provision of assistance in the form of money (either physical currency/cash or e-cash) to beneficiaries (individuals, households or communities). Cash transfers as a modality are distinct from both vouchers and in-kind assistance.

Cash Transfer Programming (CTP): CTP refers to all programs where cash (or vouchers for goods or services) are directly provided to beneficiaries. In the context of humanitarian assistance, the term is used to refer to the provision of cash or vouchers given to individuals, household or community recipients; not to governments or other state actors. CTP covers all modalities of cash-based assistance, including vouchers. This excludes remittances and microfinance in humanitarian interventions (although microfinance and money transfer institutions may be used for the actual delivery of cash). The term can be used interchangeably with Cash Based Interventions, Cash Based Assistance, and Cash and Voucher Programming

Conditionality: Conditionality refers to prerequisite or qualifying conditions that a beneficiary must fulfil to receive a cash transfer or voucher, i.e., activities or obligations that must be fulfilled before receiving assistance. It is distinct from restriction, which pertains only to how transfers are used. Conditionality can in principle be used with any kind of cash, voucher or other type of assistance, depending on its objectives and design.

Cost-Effectiveness: Cost-effectiveness is the extent to which the programme has achieved or is expected to achieve its results (outcomes/impacts) at a lower cost compared with alternatives. (Source: World Bank)

Delivery Mechanism: Means of delivering a cash or voucher transfer (e.g. smart card, mobile money transfers, cash in envelopes, etc.).

E-Transfer: A digital transfer of money or vouchers from the implementing agency to a programme participant. E-transfers provide access to cash, goods and/or services through mobile devices, electronic vouchers, or cards (e.g., prepaid, ATM, credit or debit cards). E-transfer is an umbrella term for e-cash and e-vouchers.

Effectiveness: Effectiveness relates to how well outputs are converted to outcomes and impacts (e.g. reduction in poverty gap and inequality, improved nutrition, reduction in school dropout rates, increased use of health services, asset accumulation by the poor, increased smallholder productivity, social cohesion).

Efficiency: Efficiency refers to the ability of a programme to achieve its intended objectives at the least cost possible in terms of use of inputs (i.e. capital, labour and other inputs).

Financial Inclusion: Financial inclusion means that a full suite of financial services is provided, with quality, to all who can use them, by a range of providers, to financially capable clients.

Financial Service Provider (FSP): An entity that provides financial services, which may include e-transfer services. Depending upon context, financial service providers may include e-voucher companies, financial institutions (such as banks and microfinance institutions) or mobile network operators (MNOs). FSPs include many entities (such as investment funds, insurance companies, accountancy firms) beyond those that offer humanitarian cash transfers or voucher services, hence, within CTP literature, FSP generally refers to those providing transfer services.

Know Your Customer (KYC): This usually refers to the information that the local regulator requires banks to collect about any potential new customer in order to discourage financial products being used for money laundering or other crimes. Some countries allow banks greater flexibility than others regarding the source of this information, and some countries allow lower levels of information for accounts that they deem to be 'low risk'.

Market: The term 'market' refers to a system of exchange between two or more actors or players. The exchange can be for goods or services, or for money, and can take place in a physical space or through virtual media such as the internet. Markets are sometimes defined by forces of supply and demand, rather than geographical location e.g. 'imported cereals make up 40% of the market'.

Market Analysis: Analysis of market information to understand how a market functions, or how it has been impacted by an event or crisis.

Market-based programming: Market-based programming or market-based interventions are understood to be projects that work through or support local markets. The terms cover all types of engagement with market systems, ranging from actions that deliver immediate relief to those that proactively strengthen and catalyse local market systems or market hubs.

Minimum Expenditure Basket (MEB): Defined as what a household needs – on a regular or seasonal basis – and its average cost over time. The MEB can be a critical component in the design of interventions including Multipurpose Cash Grants/Assistance (MPG/MCA), with transfer amounts calculated to contribute to meeting the MEB.

Mobile Money: Mobile money uses the mobile phone to access financial services such as payments, transfers, insurance, savings and credit. It is a paperless version of a national currency that can be used to provide humanitarian e-cash payments.

Modality: See Assistance Modality and Cash Modality.

Multiplier Effect: Indirect effects of cash transfers whereby increased expenditure by recipients contributes to income growth for non-recipients, expansion of markets for local goods or increased demands for services. The 'economic multiplier' is the estimated number by which a change in some other component of aggregate demand is multiplied to give the total amount by which the national income is increased as a result of direct and indirect benefits from that change in demand.

Multipurpose Cash Grant (MPG)/ Multipurpose Cash Assistance (MCA): MPGs or MCAs are defined as a transfer (either regular or one-off) corresponding to the amount of money a household needs to cover, fully or partially, a set of basic and/or recovery needs. They are, by definition, unrestricted cash transfers. The MPG/MCA can contribute to meeting a Minimum Expenditure Basket (MEB) or other calculation of the amount required to cover basic needs, but can also include other one-off or recovery needs.

Private Sector: The private sector includes any actors which generate surplus income/profit through their business operations. This includes small individual traders and micro-enterprises, small firms employing temporary labour, cooperatives with numerous 'members' or shareholders, through to multinational companies. The absolute criteria for what is/isn't the private sector is blurred, as many private firms are owned by governments, and some enterprises – for instance, 'social enterprises' – have business plans that generate a profit which is invested back in to society.

Response Analysis (RA) or Response Analysis Framework (RAF): The link between situational analysis (broadly speaking, needs assessment and other contextual information) and programme design. It involves the selection of programme response options, modalities and target groups; and should be informed by considerations of appropriateness and feasibility, and should simultaneously address needs while analysing and minimizing potential harmful side effects.

Restriction: Restriction refers to limits on the use of a transfer, after it has been received by a beneficiary. Restrictions may describe either the range of goods and services that a transfer can be used to purchase, or the places where a transfer can be used, or both. The degree of restriction may vary – from the requirement to buy specific items, to buying from a general category of goods or services, or to achieve an agreed output (e.g. to repair a shelter, or start up a livelihood activity). Restriction is distinct from conditionality, which applies only to prerequisite conditions that a beneficiary must fulfil before receiving a transfer.

Safety Nets (SN) or Social Safety Nets: Safety nets target the poor or vulnerable and consist of non-contributory transfers, such as in-kind food, cash or vouchers; they can be provided conditionally or unconditionally. They are a sub-set of broader social protection systems.

Sector-Specific Intervention: This refers to a CTP intervention designed to achieve sector-specific objectives. Sector-specific cash transfers can be restricted or unrestricted, and conditional or unconditional.

Social Protection: Actions carried out by the state or privately, to address risk, vulnerability and chronic poverty. Social protection refers to comprehensive systems including safety nets, social assistance, labour market policies, social insurance options (e.g. contributory pensions, health insurance), and basic social services (e.g. in education, health and nutrition).

Unconditional Transfer: Unconditional transfers are provided to beneficiaries without the recipient having to do anything in return in order to receive the assistance.

Unrestricted Transfer: Unrestricted transfers can be used entirely as the recipient chooses, i.e., there are no direct limitations imposed by the implementing agency on how the transfer is spent. Cash transfers are by default unrestricted, unless they require beneficiaries to spend their cash on particular goods or services in order to receive subsequent transfers.

Value for Money: VfM refers to the optimal use of resources to achieve the best outcomes for people affected by crisis and disaster.

Voucher: A paper, token or e-voucher that can be exchanged for a set quantity or value of goods, denominated either as a cash value (e.g. \$15) or predetermined commodities or services (e.g. 5kg maize; milling of 5kg of maize), or a combination of value and commodities. They are redeemable with preselected vendors or in 'fairs' created by the agency. Vouchers are used to provide access to a range of goods or services, at recognized retail outlets or service centres. Vouchers are by default a restricted form of transfer, although there are wide variations in the degree of restriction/flexibility that different voucher-based programmes may provide. The terms vouchers, stamps and coupons are often used interchangeably.

NOTE ON THE USE OF 'CASH', 'CASH TRANSFERS' AND 'CASH TRANSFER PROGRAMMING' IN THIS REPORT

CaLP uses the term 'cash transfer programming' (CTP) in its publications to refer to cash and voucher programming collectively (see definition above). There are equivalent terms such as 'cash-based assistance' and 'cash-based interventions' which may also occasionally be used in this report. Where these terms are used, readers can assume reference is to cash *and* voucher programming.

Where 'cash' has been used in relation to programming, it is generally referring to cash transfers only, as opposed to cash and voucher programming collectively. However, sometimes a shorthand of 'cash actors' or 'cash experts' or similar might be used, which is referring to cash and voucher programming collectively. Otherwise, the authors have used 'cash transfers' or 'cash' when referring to cash transfers specifically.

ABBREVIATIONS

ACAPS	Assessment Capacities Project	IFRC	International Federation of Red Cross and Red Crescent Societies
ADP	Accenture Development Partnerships	IHA	International Humanitarian Assistance
BCC	Behaviour Change Communication	INGO	International Non-Government Organization
BRC	British Red Cross	IPC	Integrated Food Security Phase Classification
BNA	Basic Needs Approach	IRC	International Rescue Committee
BRCiS	Building Resilient Communities in Somalia	M&E	Monitoring and Evaluation
CaLP	The Cash Learning Partnership	MBP	Market-Based Programming
CARE	Cooperative for Assistance and Relief Everywhere	MNO	Mobile Network Operator
CBA	Cash-based Assistance	MPG	Multipurpose Grants
CCG	Cash Coordination Group	NGO	Non-Government Organization
CCT	Conditional Cash Transfer	NRC	Norwegian Refugee Council
CGAP	Consultative Group to Assist the Poor	OCHA	Office for the Coordination of Humanitarian Affairs
CGI	Corrugated Galvanized Iron	OCRT	Organizational Cash Readiness Tool
CRS	Catholic Relief Services	ODA	Official Development Assistance
CSI	Coping Strategies Index	ODI	Overseas Development Institute
CTP	Cash Transfer Programming	OECD	Organisation for Economic Co-operation and Development
CWG	Cash Working Group	PDM	Post Distribution Monitoring
DAC	Development Assistance Committee	PHAP	Professionals in Humanitarian Assistance and Profession
DFID	United Kingdom Department for International Development	PQT	Programme Quality Toolbox
DI	Development Initiatives	RI	Relief International
DRC	Democratic Republic of Congo	SCT	Social Cash Transfer
DRM	Disaster Risk Management	SCUK	Save the Children UK
ECHO	European Civil Protection and Humanitarian Aid Operations	SDGs	Sustainable Development Goals
ELAN	Electronic Cash Transfer Learning Action Network	TORs	Terms of Reference
ESSN	Emergency Social Safety Net	UCT	Unconditional Cash Transfer
FFP	Food for Peace	UN	United Nations
FGD	Focus Group Discussion	UNHCR	United Nations High Commissioner for Refugees
FSL	Food Security and Livelihoods	UNICEF	United Nations Children's Fund
FSP	Financial Service Providers	USAID	The United States Agency for International Development
FTS	Financial Tracking System	VfM	Value for Money
GB	The Grand Bargain	WaSH	Water, Sanitation and Hygiene
GHA	Global Humanitarian Assistance	WFP	World Food Programme
GHD	Good Humanitarian Donorship	WHS	World Humanitarian Summit
GPPI	Global Public Policy Institute	WVI	World Vision International
HC	Humanitarian Coordinators	3RP	Regional Response and Resilience Plan
HCT	Humanitarian Country Team	3W	Who does What, Where
HRP	Humanitarian Response Plan		
HXL	Humanitarian Exchange Language		
IASC	Inter-Agency Standing Committee		
IATI	International Aid Transparency Initiative		
ICRC	International Committee of the Red Cross		

INTRODUCTION

In recent years, cash transfer programming (CTP) has emerged as one of the most significant reforms in international humanitarian assistance (IHA). More humanitarian aid is being delivered today as cash and vouchers than ever before. It is being used to assist people suffering the effects of terrible crises around the world from Syria and Yemen to Greece, Afghanistan, Iraq, Liberia, Nigeria, Somalia, Uganda, Ecuador, Brazil, Fiji, the Philippines, India, Myanmar and many other countries.

The humanitarian system is today stretched more thinly across major operational responses than it has ever been. The global humanitarian funding gap is currently estimated at over 40%,²² and is expected to widen. It is more important than ever to deliver humanitarian aid as effectively and efficiently as possible. Cash transfer programming is proving to be an essential part of the solution, but it requires changes to established ways of working, alongside other major reforms. Across the humanitarian sector and beyond, there is widespread excitement about and investment in realizing the transformative potential of cash.

Realizing the transformative potential of cash

refers to efforts to improve humanitarian aid by making the most effective use of cash transfer programming. It is characterized by:

- **Integrating** cash transfer programming into humanitarian responses, systems and organizations; and
- **Innovating** to benefit from the new and disruptive opportunities created by cash transfer programming.

Both are analysed in depth in this report.

This new State of the World's Cash Report has two objectives. Firstly, it provides an authoritative analysis of progress made to date in using cash and vouchers as tools for humanitarian aid. This includes assessing how major commitments are being realized, and analysing fast-moving successes and obstacles. Secondly, it charts the way forward and identifies the essential next steps required to accelerate progress in the coming years.

The substantial benefits associated with using cash and vouchers as tools for humanitarian aid are widely recognized and increasingly well evidenced. They include: driving efficiencies and innovation in the delivery of aid, increasing the effective use of limited

aid dollars in achieving outcomes, enhancing the dignity and choice of beneficiaries, improving the traceability of how aid funds are used and stimulating crisis-struck economies from the bottom up. These represent very significant benefits for beneficiaries, host governments, taxpayers, donors and implementing agencies.

COMMITMENTS TO CTP

The concept of providing assistance in the form of cash or vouchers is not new, and there are powerful examples of agencies providing effective humanitarian assistance this way over many years. However, CTP has only recently become a mainstream priority. Major commitments to increase the use of CTP were made in 2015 and 2016, particularly through the Grand Bargain, adopted at the World Humanitarian Summit (WHS) in May 2016. As of today, 53 of the most significant donors and implementing agencies have made formal commitments to the Grand Bargain.²³ Many organizations have also made their own public commitments to increase the use of CTP; further details of this are provided in the following pages.

These commitments built upon analysis developed throughout 2015 and 2016. In 2015, the Council of the European Union adopted '10 Common Principles for Multi-Purpose Cash-Based Assistance to Respond to Humanitarian Needs',²⁴ and the High Level Panel on Humanitarian Cash Transfers published their report 'Doing cash differently: How cash transfers can transform humanitarian aid'.²⁵ In 2016, the Principals of the United Nation's Inter-Agency Standing Committee (IASC) commissioned the World Bank to write a 'Strategic note on Cash Transfers in Humanitarian Contexts'.²⁶ Since then, a great deal of further analysis and case studies have been published, much of which is summarized in this report.

²² Development Initiatives (2017) Global Humanitarian Assistance Report.

²³ List of signatories and text of Grand Bargain available at www.agendaforhumanity.org/initiatives/3861

²⁴ http://ec.europa.eu/echo/files/policies/sectoral/concept_paper_common_top_line_principles_en.pdf

²⁵ www.odi.org/publications/9876-cash-transfers-humanitarian-vouchers-aid-emergencies

²⁶ www.cashlearning.org/downloads/humanitarian-cash-transfers-final-copy-edited.pdf

This analysis has recognized the potential for CTP to improve humanitarian aid, and also the risks and obstacles faced in realizing that potential. Experience to date has shown that, in order to increase the reach and quality of CTP yet further, significant changes are required to aspects of how donors, implementing agencies and coordinating bodies work. In turn, this requires ongoing investment within institutions and collectively to evolve the common architecture that the humanitarian system depends on.

Donors and implementing agencies are having to invest in updating their skills, systems, procedures and partnerships across international operations. This requires years of consistent effort, backed by appropriate resourcing and championing from a senior level, in order to 're-tool' existing organizational machinery to deliver different products.

The increasing scale of CTP is also raising strategic questions for organizations about their role and function. Due to its impact on operating models, it forces agencies to ask whether they require a full range of general response capabilities, or whether they should focus on a sub-set of capabilities that add specialist value within the wider humanitarian ecosystem. It also raises significant new risks to be managed. The scale and volume of CTP is already measured in billions of dollars and is growing substantially. The stakes are high in terms of institutional concerns as well as humanitarian results.

At the same time, the common architecture is being adapted to enable new forms of collaboration in relation to CTP, some of which cut across established interests and approaches. At the moment, much of this is taking place in an ad hoc and country-specific manner. For instance, the place of CTP within coordination mechanisms and humanitarian response plans (HRPs) is currently the subject of vigorous debate and a wide variety of practice.

RELATED REFORMS

The potential to align CTP with related reforms and objectives has been identified at every level, from achieving the Sustainable Development Goals (SDGs) to strengthening social protection systems and realizing the UN's New Way of Working.²⁷ CTP is seen as a way of bridging the humanitarian–development divide and has been actively linked to other reforms such as: financial inclusion, the digital revolution, evolving coordination mechanisms, strengthening local ownership and leadership of aid, enhancing the dignity of and accountability towards affected populations, and improving monitoring and reporting of results.

For example, in the 2030 Agenda for Sustainable Development,²⁸ UN Member States reaffirmed the dignity of the individual as fundamental to all development efforts, which should endeavour to reach first those who are furthest behind. CTP resonates across all seventeen of the SDGs. CTP's benefits have been shown to cut across multiple sectors and address women's empowerment,²⁹ food security,³⁰ emissions reduction, education³¹ and healthcare.³² It can help enable financial inclusion³³ by stimulating innovation in digital payments. As a consequence of this intrinsic capacity to span multiple sectors, cash transfers can also be used to bring together different actors and promote SDG 17, 'Partnership for the Goals'.

These wide-ranging humanitarian reforms and objectives are influenced by significant underlying factors, such as public and political expectations in host and donor countries, the mandates of major implementing actors, and the emergence of new donors and actors in humanitarian aid. There are natural tensions between them and competing agendas at play. It is not surprising that there has been a great deal of policy debate about CTP. Different actors have overlapping goals and a range of ambitions for the speed, depth and approaches to driving change. Some see CTP as a tool to drive wider reforms; some see it as an integral component of a set of related reforms; others see it as a straightforward good on its own terms.

²⁷ <https://sustainabledevelopment.un.org/?menu=1300> and www.agendaforhumanity.org/initiatives/5358

²⁸ <https://sustainabledevelopment.un.org/post2015/transformingourworld>

²⁹ <https://views-voices.oxfam.org.uk/aid/2016/09/womens-economic-empowerment-and-cash-transfer-programming>

³⁰ www.gsdr.org/wp-content/uploads/2017/09/077-Humanitarian-Indicators-v2.pdf

³¹ www.un.org/esa/desa/papers/2015/wp146_2015.pdf

³² www.undp.org/content/dam/undp/library/SDGs/English/Transitioning%20from%20the%20MDGs%20to%20the%20SDGs.pdf

³³ www.cgap.org/sites/default/files/Working-Paper-Achieving-Sustainable-Development-Goals-Apr-2016.pdf

ABOUT THIS REPORT

This report provides a wide-ranging, objective review of these and other issues surrounding CTP. It critically analyses and showcases the state of CTP today, in order to provide shared insights that can accelerate progress in realizing the huge potential of CTP.

The report was commissioned by the Cash Learning Partnership (CaLP) and delivered by a team of CTP experts, CaLP staff and Accenture Development Partnerships. The report presents an analysis based on primary and secondary research, covering CaLP's member organizations and other major humanitarian actors (see below, and Annex 1, for details of the methodology and limitations).

Global Framework for Action: The core of the report is structured according to the six Global Objectives set out in CaLP's Global Framework for Action.³⁴ The Global Framework for Action is a consolidated summary of the major commitments and recommendations made to improve cash transfer programming (including the Grand Bargain). It enables a consistent approach to implementing commitments and monitoring progress. As such, it provides a collective road map for increasing the scale and quality of CTP. The Framework is presented in summary here:

³⁴ www.cashlearning.org/downloads/calp-framework-web.pdf

This framework consolidates all major commitments to improve CTP from 2015/16. It provides a collective road map for action. The full version is available at www.cashlearning.org/downloads/calp-framework-web.pdf.

Global Objective	Supporting Actions
Global Objective 1 Ensure sufficient funding is available for cash transfer programming (Grand Bargain #1 & #6)	1.1 Increase the use of cash programming, where appropriate. 1.2 Develop and employ common markers and definitions for organizations to track and report CTP. 1.3 Strengthen support for CTP among all levels of government, senior decision makers and the general public. 1.4 Track and report the funding allocated to CTP, using common markers and definitions.
Global Objective 2 Ensure cash is routinely considered, alongside other tools (Grand Bargain #1)	2.1 Ensure that decision makers consider CTP as an option at all stages of humanitarian response, throughout programme and funding cycles. 2.2 Embed CTP, market analysis and response analysis within humanitarian response procedures and funding mechanisms. 2.3 Make best practice tools and support available to decision makers, to help them consider the appropriate use of CTP. 2.4 Identify and address barriers to increasing the use of CTPs.
Global Objective 3 Build sufficient capacity for cash transfer programming (Grand Bargain #5)	3.1 Ensure that appropriate delivery and monitoring and evaluation mechanisms are in place for CTP, using common approaches where possible. 3.2 Undertake structured approaches to strengthen capacity for CTP at strategic and operational levels, including adapting support functions and operational preparedness. 3.3 Increase the number of competent staff available for strategic, technical and operational functions required for CTP. 3.4 Make best practice training materials and programmes on CTP widely accessible and tailor them to a range of audiences. 3.5 Invest in supporting national and local organizations to build leadership and capacity for CTP.
Global Objective 4 Ensure the quality of cash transfer programming (Grand Bargain #4 & #5)	4.1 Develop common standards and guidelines for CTP, including outcome indicators. 4.2 Make existing knowledge and evidence on CTP easily accessible to all significant actors. 4.3 Design and implement CTPs (including response modalities and operating models) on the basis of the best available evidence, beneficiary preferences and considerations of efficiency and effectiveness. 4.4 Design and implement CTP delivery mechanisms to facilitate financial inclusion, localization and build on local systems and infrastructure where possible.
Global Objective 5 Strengthen coordination of cash transfer programming (Grand Bargain #5)	5.1 Host governments play a leading role in strategic coordination of CTP throughout a response, where possible and consistent with humanitarian principles. 5.2 Develop a predictable approach to strategic coordination by international actors, and implement it where necessary. 5.3 Link humanitarian CTPs to existing social protection systems, legislation and infrastructure to the greatest extent possible. 5.4 All significant local and international actors actively participate in strategic and operational coordination mechanisms, share information, use common approaches and collaborate with each other as much as possible.
Global Objective 6 Strengthen the evidence base and invest in innovation (Grand Bargain #2 & #3)	6.1 Strengthen the evidence base about the costs, benefits, impacts and risks of CTP in different contexts and sectors. 6.2 Invest in developing new delivery models and innovations which can be used to increase the quality and scale of CTP. This includes new partnerships with the private sector and other actors. 6.3 Develop and employ common markers to track and assess delivery models. 6.4 Proactively share information about experiences of CTP. 6.5 Maintain a comprehensive overview of the evidence base and gaps on CTP, across all sectors, and promote new evidence across all relevant organizations.

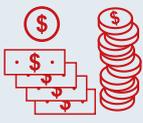
The contents of the six Global Objectives on which the report's chapters are based are closely interlinked. The Framework was designed to connect policy commitments with operational management. As a result, some compromises had to be made about which issues were located within each chapter. All six chapters should be read in conjunction with each other. For instance, innovations described in Chapter 6 have a bearing on the capacities that agencies are building in Chapter 3 and the coordination mechanisms discussed in Chapter 5.

Priority Actions: Each chapter closes with three 'priority actions' that highlight the next steps required to drive progress most effectively. These are cross-referenced with existing recommendations from the Global Framework for Action and the Grand Bargain, in order to focus on implementation. They are summarized further into two key themes and three enabling factors that have been identified from the analysis in order to drive the most effective use of CTP in the coming months and years.

Critical Debates: The report highlights six current critical debates. These summarize the different views of various actors, without attempting to reconcile them. They are presented in order to assist wider understanding and provide greater insight on points of convergence and divergence.



Multi-purpose Grants
How should we use MPGs appropriately, while ensuring necessary sectoral outcomes?



Measuring CTP
Should cash and vouchers be measured separately or together?



Operational Models
How do we ensure that both efficiency and effectiveness are given due weight in the selection of operational models?

CRITICAL DEBATES



Social Protection
How and when can humanitarian CTP align best with social protection systems?



Financial Inclusion
What are the most appropriate ways to combine humanitarian CTP with longer term financial inclusion?



Capacity Building
What do new ways of implementing CTP mean for capacity building?

Case Studies: In addition, the report presents eight case studies of CTP in practice (see Annex 2). These vividly bring the issues to life, offering recent examples of the many ways in which the humanitarian community is rapidly learning how to make the best use of CTP. They include a balanced description of successes achieved and obstacles faced in each context. The case studies are referred to throughout the text. They were selected on the basis of providing significant insights into recent practice, progress and challenges, based on available documentation, and spanning a range of contexts.

This report is predicated on the understanding that CTP has appropriately come to be seen as a tool to enhance humanitarian response, rather than a silver bullet or panacea. However, there is enormous potential to make better use of CTP in most humanitarian settings in ways that can have a transformative effect for those in greatest need, while also achieving more from limited aid dollars.

This State of the World's Cash Report aims to provide a common platform to enhance evidence-based decision making across humanitarian actors, in order to realize the potential of CTP. Its ambition is to make a significant contribution to converting the high-level policy commitments to CTP into the most effective, practical actions that will drive the greatest change over the next two years.

METHODOLOGY

Primary research included interviewing over 40 key informants, and surveying over 200 practitioners and 35 organizations, covering humanitarian actors from donors, NGOs, UN agencies, the Red Cross movement, host governments and the private sector. Secondary research included collating and reviewing a significant volume of relevant reports, studies, reviews, data analysis, and articles (see References).

Data collection tools include key informant interviews, focus group discussions (FGDs), and two surveys, referred to throughout the report as the 'practitioner survey' and the 'organization survey'. The report includes the perspectives of practitioners across multiple geographies and varied roles (ranging from technical advisors and senior management to programme managers and operations). In line with the localization agenda, we aimed to include national actors, within the limitations of time and budget. This is reflected in the different instruments used – for example, the regional FGDs, and reaching out to the wider CaLP membership, including national organizations, for the organization survey. However, it is recognized that the majority of the respondents to this research work for international organizations.

The practitioner survey was designed to reach a broad audience, with 239 completed responses received. The relatively small sample size, and variations in the rate of response across different stakeholder groups, should be noted when reviewing the results. For example, a total of 77% of respondents work for INGOs, the UN, or the Red Cross/Red Crescent; donors and national NGOs comprise 5% each, and the private sector, 2%. In terms of geographical spread, 49% are based in Africa, 13% in Western Europe, 10% in the Middle East, 9% in North America, and 7% in South Asia.

Survey results were clarified and triangulated with the stakeholder interviews, FGDs and secondary data. Unless otherwise stated, the findings included in the report are reflective of common trends and perceptions from across the different data sources. The use of quotes follows best practice in qualitative research – they have been selected to illustrate findings based on their representativeness of the broader perspectives expressed, and as such should be read as more than just isolated, subjective responses.

As noted above, eight in-depth case studies have also been developed, to illustrate the progress, trends, challenges and issues which are highlighted and analysed within the main narrative.

The research focus of this report is on the community of practice involved in funding, designing, implementing, supporting and analysing humanitarian assistance. Within the time and resources available, it was not feasible to capture beneficiary perspectives in the primary research and analysis.

The team worked closely with Development Initiatives to ensure a comparable methodology for estimating the total volume of CTP during 2016 (Chapter 1) as they used for 2015, as presented in the publication 'Counting Cash: Tracking Humanitarian Expenditure on Cash-Based Programming'.³⁵

Please see Annex 1 for full details of the research methodology.

³⁵ <http://devinit.org/post/counting-cash-tracking-humanitarian-expenditure-on-cash-based-programming/>

CHAPTER I: FUNDING

GLOBAL OBJECTIVE I: ENSURE SUFFICIENT FUNDING IS AVAILABLE FOR CASH TRANSFER PROGRAMMING

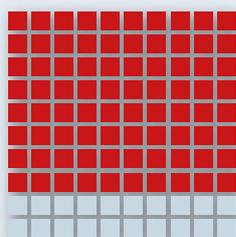
Support for CTP by strategic decision makers has significantly increased in the last two years. This has led to a range of policy and strategy commitments to scale up CTP by donors and implementing agencies, and an (albeit modest) increase in the scale of CTP as a proportion of humanitarian assistance over the last two years. To achieve greater scale necessitates policy commitments to be translated into practice, requiring systemic organizational change.

Global Objective 1	Supporting Actions
Ensure sufficient funding is available for cash transfer programming (Grand Bargain #1 & #6)	1.1 Increase the use of cash programming, where appropriate. 1.2 Develop and employ common markers and definitions for organizations to track and report CTP. 1.3 Strengthen support for CTP among all levels of government, senior decision makers and the general public. 1.4 Track and report the funding allocated to CTP, using common markers and definitions.

There is increased high-level support for CTP within donor and implementing organizations, translating into policy and strategy commitments

There is increased support for cash transfer programming (CTP) among donor governments and senior decision makers in humanitarian organizations. Following a gradual growth in interest in CTP from 2004/5, it has accelerated since 2015. Landmark publications, including the High Level Panel report (2015),³⁶ which outlined recommendations to increase the scale, efficiency and quality of cash transfers, and the Grand Bargain³⁷ commitments (2016), have helped express and galvanize this support. This is reflected in the practitioner survey, whose respondents perceive a marked shift in the level of support for CTP among strategic decision makers in donors and implementing organizations (see Box 1.1). This support is evident from the policy and strategy commitments being made by both donors and implementers.

BOX 1.1 INCREASING SUPPORT FOR CTP



>80%

Practitioners agree that there has been strengthening of support for CTP among donor governments and senior decision makers.

Many actors are making specific commitments to scaling up CTP by setting specific targets. The 53 signatories of the Grand Bargain³⁸ have made formal commitments to increase the use of CTP. They include all the major established donors and implementing agencies involved in international humanitarian response. Some donors and agencies have chosen to set quantitative targets for the use of CTP. For instance, the UK's Department for International Development (DFID) has committed to more than double its use of

cash in crises by 2025³⁹ and the European Civil Protection and Humanitarian Aid Operations (ECHO) aims to deliver 35% of its humanitarian assistance in the form of CTP in 2017.⁴⁰ UNHCR has committed to double its use of CTP by 2020. Some International Non-Government Organizations (INGOs) have made similar public commitments. For example, World Vision International (WVI) has committed to deliver 50% of its programmes through a multi-sectoral and multi-purpose 'cash first approach' by 2020.⁴¹ The International Rescue Committee (IRC) has committed to deliver 25% of their assistance through cash and vouchers by 2020. Of the 32 organizations which completed the organizational survey, 40% reported that they have targeted a percentage of humanitarian assistance to be delivered as cash or vouchers by 2020. Among this group, 38% have a CTP target in excess of

³⁶ ODI (2015) 'Doing Cash Differently: A Report on the High Level Panel for Cash Transfers'. See www.odi.org/publications/9876-cash-transfers-humanitarian-vouchers-aid-emergencies

³⁷ Relief International (2016) Grand Bargain Report. See https://reliefweb.int/sites/reliefweb.int/files/resources/Grand_Bargain_final_22_May_FINAL-2.pdf

³⁸ List of signatories available at www.agendaforhumanity.org/initiatives/3861

³⁹ UK WHS Self Report 2016, available at www.agendaforhumanity.org/annual-report/5161

⁴⁰ EU WHS Self Report, available at www.agendaforhumanity.org/annual-report/5545

⁴¹ World Vision International (2016) 'Cash first, but not always' Blog, available at www.wvi.org/disaster-management/blogpost/cash-first-not-always

40%, 31% are aiming for 20–30%, and 23% have a target at or below 10% of total humanitarian programming. Others have not set targets in terms of volume of CTP (percentage of funding/programming) but have committed to more operational targets – for instance, Catholic Relief Services (CRS) has committed to use cash within 72 hours wherever appropriate.

BOX 1.2 PERCEIVED POLICY SHIFTS CONCERNING CTP



65%

Practitioners believe that in the last year, there have been policy changes in their organization that have driven or will drive an increase in CTP.



68%

Practitioners believe that the policies of donors and humanitarian agencies, and those being developed, will be effective in increasing the scale of cash assistance.

This commitment shown towards CTP is also reflected through the adoption of policies requiring the systematic and equal consideration of all modalities or forms of transfer by several donors and implementing organizations. These policies promote *the active consideration of cash and vouchers as modalities, and their usage (where appropriate)* – sometimes referred to as a ‘cash first’ approach. Australia, for instance, has issued recommendations for the consideration of CTP wherever appropriate.⁴² A number of organizations, including the International Federation of Red Cross and Red Crescent Societies (IFRC), WVI, Relief International (RI) and the IRC have also adopted similar positions. This increased high-level support for CTP is also apparent to practitioners, as reflected in the practitioner survey, where two-thirds of practitioners believe that policies have driven or will drive an increase in CTP (see Box 1.2).

Not all organizations that are supportive of scaling up CTP have committed to specific targets and/or associated policies. Currently, 60% of 32 CaLP member organizations that were surveyed reported that they don’t have organizational targets for CTP as a percentage of humanitarian assistance. These are likely to have been conscious decisions, for example, based on concerns regarding effective response analysis. Some organizations who implement or fund CTP, along with material assistance and support to services, were concerned about the impact of such targets in potentially distorting operational and programmatic decisions. For example, the United States Agency for International Development (USAID)⁴³ has successfully scaled up its CTP portfolio with a ‘modality neutral’ approach, requiring modality justifications on the basis of appropriateness, feasibility, objective and cost.

“Core funding to partners is not earmarked as we strongly believe we should allow partners to be more flexible, but want them to ‘consider’ cash.” SDC

More humanitarian aid is being disbursed as cash and vouchers, but growth is uneven

Evidence suggests that increased levels of commitment is beginning to translate into an increase in the scale of CTP in practice. For example, 75% of respondents in the practitioner survey believe their organization has made progress towards increasing the scale of CTP.

In collaboration with Development Initiatives (DI), our research collected data from 34 organizations and triangulated it against data from the Office for the Coordination of Humanitarian Affairs’ (OCHA) Financial Tracking Service (FTS) to update the 2015 ‘baseline’ of volume of aid delivered as CTP calculated by Development Initiatives in the Counting Cash study (see methodology in Annex 1.5). We estimate that the total aid being disbursed in CTP (both cash and vouchers) increased from US \$2bn⁴⁴ in 2015 to \$2.8bn⁴⁵ in 2016. This indicates a 40%⁴⁶ growth rate in CTP from 2015 to 2016 (see Box 1.3).

⁴² DFAT (2016) Humanitarian Strategy, available at <http://dfat.gov.au/about-us/publications/Documents/dfat-humanitarian-strategy.pdf>

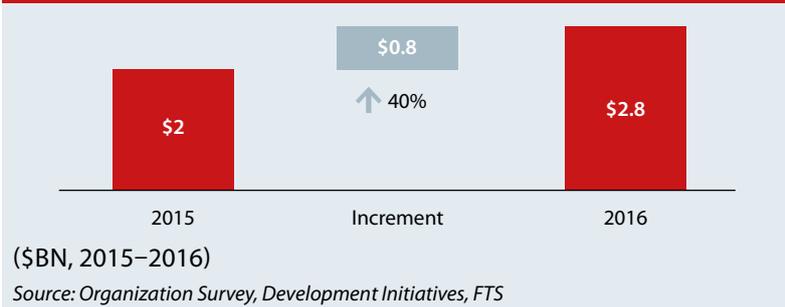
⁴³ Food for Peace (FFP) and Office for Foreign Disaster Assistance (OFDA).

⁴⁴ The \$2 billion figure is drawn from Development Initiatives’ (2017) Global Humanitarian Assistance Report, available at <http://devinit.org/wp-content/uploads/2017/06/GHA-Report-2017-Full-report.pdf>. This figure is an update on the \$1.9 billion reported in Development Initiatives’ (2016) Counting Cash: Tracking Humanitarian Expenditure on Cash-Based Programming.

⁴⁵ Total calculated at \$2.806 billion, rounded to \$2.8 billion. Methodology for calculation of the total CTP figure is detailed in Annex 1.5.

⁴⁶ The 40% increment is the rounded down figure (from 40.1%), calculated using the 2016 \$2.806 billion figure, and \$2.0 billion for 2015.

BOX 1.3 TOTAL GLOBAL CTP (CASH + VOUCHERS) AMOUNT

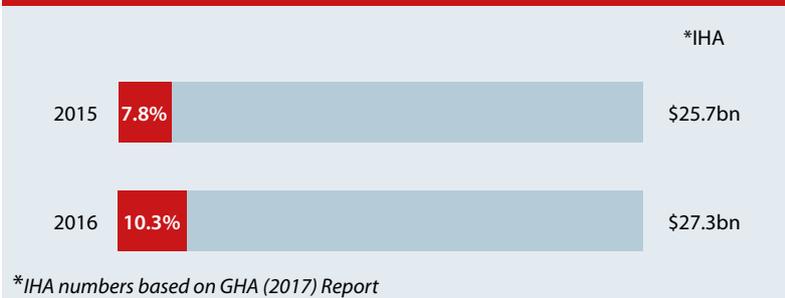


Note that these numbers include both cash and vouchers together, since the data on which these calculations were made was not generally disaggregated between the two. It is also important to be aware that, owing to variations in how different organizations measure and report CTP expenditure, some provided figures only for the value of transfers delivered to beneficiaries,

and others provided an overall figure comprising transfer amounts and associated programming costs. To allow comparability with the 2015 figure calculated by DI, which included overall programming costs for all organisations, a similar methodology was applied to enable an estimated total including both transfer values and programming costs.⁴⁷ There was no geographic breakdown of expenditure provided, but readers can refer to the Global Humanitarian Assistance Report (2017)⁴⁸ for a breakdown of CTP funding reported to FTS. This indicated that Yemen (33%), followed by Syria (12%) were the largest recipients of funding for CTP in 2016.

Box 1.4 illustrates the volume of CTP as a proportion of total international humanitarian assistance (IHA).⁴⁹ CTP's share of total IHA has increased from 7.8% in 2015 to 10.3% in 2016⁵⁰ (see methodology detailed in Annex 1.5). Note that the 7.8% calculation for 2015 has been updated from the 7% included in the Counting Cash⁵¹ report. This is due to the availability of more accurate data from retrospective donor reporting⁵² to calculate total IHA, which resulted in a significant reduction of the 2015 total, from \$28 billion, to \$25.7 billion. As a result of this reduction of total IHA, the percentage of CTP increased, from 7% to 7.8%.

BOX 1.4 YEAR ON YEAR CHANGE IN CTP AS A PROPORTION OF INTERNATIONAL HUMANITARIAN ASSISTANCE (IHA)



This estimate suggests that the progress in terms of leadership buy-in and policy and strategy commitments to CTP is starting to translate into practice, with a 2.5% increase in CTP as a proportion of total IHA from 2015 to 2016. However, there is still significant space for growth of CTP. The Global Public Policy Institute's (GPPI) 2016 study⁵³ used a thought experiment which estimated that, if CTP were the default modality (where

feasible and appropriate) its value as a percentage of total humanitarian funding would be between 37% and 42%. This would have amounted to between \$8.6bn and \$9.8bn, which is significantly higher than the present reality.

⁴⁷ For the transfer value only figures, an estimated programming cost was calculated based on an average percentage of project funds delivered directly to beneficiaries (the 2015 average calculated by DI was used as this was assessed as more reliable based on the data available). Where it wasn't possible to clarify if the figure included programming costs, the source figure provided by the organisations was used to avoid potential over-estimation of the totals by erroneously adding programming costs. However, it is also possible that numbers were underestimated if the data provided by the organisations didn't include programming costs.

⁴⁸ Development Initiatives (2017) Global Humanitarian Assistance Report, p. 83. Available at <http://devinit.org/wp-content/uploads/2017/06/GHA-Report-2017-Full-report.pdf>

⁴⁹ Important caveat on the comparability of the CTP figures and IHA: Since these figures have both been compiled from different sources, they do not allow for easy comparison, so the proportional estimates should be treated with caution.

⁵⁰ Percentages of CTP as a part of total international humanitarian assistance (IHA) are calculated against the IHA figures provided in Development Initiatives' (2017) Global Humanitarian Assistance Report. IHA totals are influenced by the emergency contexts that predominate in any given year, and may be subject to change as more accurate data becomes available.

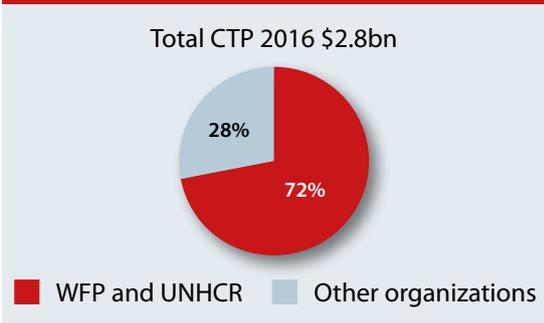
⁵¹ ODI, Development Initiatives (2016) Counting Cash: Tracking Humanitarian Expenditure on Cash-Based Programming.

⁵² Adjustments to provide a consistent price base, and resulting changes in exchange rates (particularly given the strength of the US dollar in 2015) also influenced the reduction in IHA in 2015.

⁵³ GPPI (2016) Drivers and Inhibitors of Change in the Humanitarian System, available at www.gppi.net/publications/humanitarian-action/article/drivers-and-inhibitors-of-change-in-the-humanitarian-system

Moreover, the amount of aid currently disbursed as CTP is not evenly distributed, but is rather, concentrated within a few organizations. Over two-thirds of total aid disbursed as CTP in 2016 came from just two organizations – the World Food Programme (WFP) (\$880 million distributed to beneficiaries), and UNHCR (\$688 million distributed to beneficiaries). This is illustrated in Box 1.5, which shows the percentage split of CTP by organizations that participated in the study (34 organizations, plus additional organizational data from the FTS). It suggests that a few large players are in dominant positions in terms of volumes of CTP disbursed, which may have implications as donors look towards more streamlined models for large-scale cash assistance. This issue is considered further in Chapter 3, on capacity for CTP, and Chapter 6, on operational models. It is also worth noting that although most respondent organizations increased their CTP expenditure between 2015 and 2016, the rate of growth varied significantly, and in a minority of cases CTP expenditure decreased.

BOX 1.5 PERCENTAGE SPLIT OF CTP BY ORGANIZATION (2016)



The variable and unevenly concentrated growth in CTP to date is also illustrative of the investments that are needed to realize policy commitments in practice. These commitments are important in providing the legitimacy and direction for CTP but need to be operationalized if gains are to be made. Box 1.6 on RI and the IRC's experiences highlights how tangible organizational change requires both top-down (leadership vision) and bottom-up (tools, systems and expertise) approaches. These issues are the focus of Chapters 2 and 3.

This evidence does not suggest that implementing agencies are limited in the scale of CTP by donor policies. However, as in other areas, donor priorities and concerns (or perceptions of these) may influence operational and programmatic decisions by implementing agencies, for instance, about the selection of cash or vouchers. A related issue is the extent to which there is the flexibility to adjust or switch assistance modalities during a response. As yet there is no significant body of evidence on this topic, but analysis of enablers to multi-modality programming indicate that this is a matter of preparedness and buy-in for more responsive and agile programming from a range of stakeholders (implementing organizations, donors, local authorities, beneficiaries),⁵⁴ rather than particularly an issue of donor policy. Counter-terrorism legislation from donor governments can also pose an obstacle for programming in certain contexts. These issues are considered further in Chapter 2. Host government buy-in is also essential in efforts to scale up CTP, and as with other areas requiring reform of how humanitarian assistance is delivered, whether host governments support or block changes relating to CTP is likely to depend on country-specific factors and implications.⁵⁵

⁵⁴ CRS/CaLP (2017) Cash or in-kind? Why not both? Response Analysis Lessons from Multimodal Programming.

⁵⁵ GPPI (2016) Drivers and Inhibitors of Change in the Humanitarian System.

BOX 1.6 FROM POLICY COMMITMENT TO RESULTS: EXPERIENCES OF INSTITUTIONALIZING CTP IN IMPLEMENTING AGENCIES

In the last two years, Relief International (RI) and the IRC have been implementing policy and strategy commitments to increase use of CTP. Their experiences show that overcoming challenges in taking cash to scale require both top-down and bottom-up approaches and concerted investments over several years. The change process comprises several steps.

Step 1 – Creating the business case for change:

Greater adoption of CTP first requires the understanding, engagement and buy-in of strategic decision makers within an organization's senior management. This can take time to achieve. RI and the IRC's experience highlighted enabling factors here:

- **Providing evidence:** In RI it was important to demonstrate that cash assistance is effective in achieving agency mandates, meeting the needs of target groups and reducing transaction costs.
- **Demonstrating the links between cash and agency's strategic priorities:** In the IRC, a review of the evidence base highlighted to senior decision makers that CTP was fundamental to achieving a number of the strategic outcomes prioritized in their 2015 Strategic Review.
- **Contextualizing CTP within the bigger picture:** in both agencies, highlighting the trends and opportunities in humanitarian aid – including global cash commitments of other implementing agencies and donors – proved effective in making a case for action, in order to remain relevant and ahead of the curve.

Step 2 – Providing the top line vision for change:

In 2016, RI's senior management endorsed a new humanitarian strategy, stating that the INGO will prioritize market-based programming including the use of CTP, where feasible and appropriate. A revised organizational strategy in 2017 outlines the strategic appropriateness of CTP to achieving organizational objectives, and committing to the institutional change processes required to realize this. The IRC's new organizational policy in January 2017 commits to a 'cash first' approach for food and basic needs programming in place of in-kind assistance, unless shown to be inappropriate for the context. As part of the ongoing country strategy review, country offices are asked to consider how they will be applying the 'cash first' policy within the country strategy – where it adds most value, and the programmatic, operational and management changes that are needed to realize this. These changes have confirmation to staff in all departments and at all levels about the direction that the organization is taking, and that the organization will invest in the support needed to realize this. This is important for shifting mindsets and building confidence, to remove internal barriers to scaling up CTP.

Step 3 – Realizing the top-down vision through bottom up strategies:

Achieving more systematic, large-scale and effective adoption of cash assistance requires that tools, processes, systems and expertise are developed at all levels. Formalizing organizational commitments to CTP, through inclusion in departmental and individual objectives, work plans and budgets, is helping to realize the necessary investments – in time, money and human resources – that are needed to take cash to scale. Targeted and hands-on support strategies at implementation level, intended to increase capacity and confidence, and which celebrate and communicate successes, are also critical to enabling this change.

Source: Interviews with RI and the IRC.

Less than half of respondents in the practitioner survey believe that there has been a strengthening of support for CTP among the public in donor countries. From this research, it was not possible to determine whether limited support among the public in donor countries is a contributing factor to the relatively slow growth of CTP. This is something that merits further research and analysis. However, concerns about negative public opinion have the potential to influence decisions made by donor governments. Donor governments are concerned that public support for CTP is weak, and that the public may perceive greater risks with cash. Even a small scandal around CTP could be used by unsympathetic political groups to fuel campaigns against humanitarian aid as a whole. At the same time, host governments must maintain support for aid assistance to people affected by crisis.

Interviews conducted confirmed that greater efforts need to be made to improve public perception – for aid given as cash, and for humanitarian aid in general – and that this remains a gap to address. As indicated in the report of the Good Humanitarian Donorship (GHD) cash workshop held in June 2017, an appropriate communication strategy is regarded as crucial to address public perceptions, and the public's familiarity with remittance flows may help form positive perceptions of cash programming. Participants at the workshop noted that such change may take time,⁵⁶ One effort to fill this gap is CaLP's development of the 'Power of Financial Aid' website.⁵⁷ This public-facing site makes the case for CTP over in-kind aid through relevant statistics and empirical proof.

The volume of CTP is beginning to be more effectively reported, but challenges to agreeing methodologies and systems remain

The need to improve the measurement and reporting of the value of aid delivered as CTP is widely recognized, with the development and use of common markers and definitions for organizations to track and report different transfer modalities including cash, vouchers, in-kind, and service delivery identified as a key action in the Grand Bargain. 72% of signatories of the Grand Bargain have reported that they are working to publish timely, transparent, harmonized, and open high-quality data on humanitarian funding.⁵⁸ The 2016 working paper 'Counting Cash: Tracking Humanitarian Expenditure on Cash-Based Programming'⁵⁹ sets out recommendations for improving measurement of CTP and systematic reporting on programming by cash, voucher or in-kind assistance. These focus on building upon existing systems, recognizing that CTP must be tracked within wider efforts to improve humanitarian data and reporting. Mechanisms to measure CTP should be built into (a) the global and coordinated interagency systems used for collecting and collating data, and (b) organizations' internal systems.

The vast majority of organizations that participated in this study are actively taking measures to improve the capacity of their internal reporting systems to better track CTP. For example, the WFP, Mercy Corps, Save the Children, and CARE International UK are improving financial tracking to better report on the volume of programming that is cash-based, disaggregated by modality. Oxfam is revising templates⁶⁰ for country level reporting to include more information on CTP. Many donors are also actively engaged in this space. Initiatives to improve CTP tracking in relation to interagency reporting systems and standards are being explored; key examples are outlined in Box 1.7.

⁵⁶ DFID and Ministry of Foreign Affairs, Norway (2017) *Report on the Good Humanitarian Donorship Cash Workstream Workshop*, 15 June 2017.

⁵⁷ <http://power-of-financial-aid.org/>

⁵⁸ GPPI (2017) *Independent Grand Bargain Report*. <https://reliefweb.int/report/world/independent-grand-bargain-report>

⁵⁹ ODI and Development Initiatives (2016) *Counting Cash: Tracking Humanitarian Expenditure on Cash-Based Programming*.

⁶⁰ WFP (2017) *Analytical Paper on WHS Self-Reporting on the Agenda for Humanity*.

BOX 1.7 INITIATIVES TO ADDRESS AND IMPROVE INTERAGENCY REPORTING OF CASH TRANSFER PROGRAMMING

Integrating CTP into FTS, IATI and OECD DAC Reporting: The *Counting Cash* study found that the [International Aid Transparency Initiative \(IATI\) data standard](#) and OCHA's Financial Tracking Service (FTS) provide the best foundations for building global systems to track CTP. In 2017, FTS introduced a marker for reporting if a funding contribution supports CTP. This doesn't distinguish between cash and vouchers as modalities; FTS is considering introducing reporting categories for 'restriction' and 'conditionality' in future. As the bulk of restricted transfers are vouchers, this would enable a level of disaggregation. The Online Project System (OPS), the central repository of response and action plan projects, is also managed by OCHA and linked to the FTS. OPS has introduced a field for CTP, which asks users to indicate if the project includes CTP (aggregated), and also has categories for restriction and conditionality. Establishing the systems and standards may only be one step in resolving this issue. According to reporting on progress towards Grand Bargain commitments, only 36% of signatories were reportedly using the FTS in January 2017.

At the same time, the OECD DAC's system for tracking official development assistance (ODA) is considering proposals to adopt either a 'cash flag' (i.e., the project does or does not have a cash or voucher component), or a 'keyword' (whereby projects with CTP components include 'cash' in the project description). Neither of these proposals would enable disaggregation between cash and vouchers, as there was reportedly limited appetite among OECD DAC members for the more elaborate marker this would require.

In 2017 the IATI standard went through its routine upgrade process. Although CTP wasn't directly included, there was agreement to a) work with the DAC Working Party on Development Finance Statistics (WP-STAT) to have 'cash' (and any other related modalities) added to the DAC Aid Type code-list and, b) to work with CaLP and the Measuring Cash Working Group (see below) to develop other code-lists for CTP as required.

3W (Who does What, Where) Reporting: In future, the FTS would ideally have the functionality to draw data directly from '3W' reporting at field level and compare this with financing data to assess actual expenditure. There have been recent efforts, both at response/national level and overseen globally through the Information Management Working Group, to integrate CTP-specific data types into 3W templates, including disaggregated project modalities. There are some good examples of how this has been done at a country level. Achieving standardization and uptake in this regard is challenging due to a combination of factors, not least the fact that 3W reporting and templates are not standardized globally or across clusters. Separating out budget allocations in multi-modality projects, and effective reporting of multi-purpose and cross-sectoral interventions at the 3W level, are also problematic.

Measuring Cash Working Group: CaLP established this group in the latter part of 2017 as a specialized platform for sector-wide discussion and collective action for CTP tracking and reporting. Membership of the group includes NGOs, UN agencies, donors, and representatives of the interagency reporting systems. This group builds on the earlier work of the [Humanitarian Exchange Language \(HXL\) Cash & Markets Working Group](#), whose focus was on identifying recommended CTP data types for inclusion in reporting (including for 3W templates), and developing associated HXL hashtags.

Source: CaLP (2017) Briefing Note on Measuring Cash Transfer Programming; Measuring Cash Working Group (discussions, minutes, etc.).

Despite this level of activity and interest in improving the measurement of CTP (and other modalities), several technical and policy issues are constraining progress. On a practical level, existing reporting systems have not generally been designed to include CTP, and adaptations to include it may be complicated. For example, the British Red Cross (BRC) noted that their legacy systems are set up for goods, so bringing cash in is not straightforward. While this may be an internal challenge for agencies, in general, resolving the key issues and finding agreement requires coordinated action across a wide range of agencies and systems, which is a challenge in itself. An OCHA representative⁶¹ noted that achieving this level of consistent evolution across the many different information systems involved is likely to take a number of years.

⁶¹ Comment made at the Grand Bargain cash workshop, 1 June 2017.

There is not yet common agreement on the markers and standard categories for reporting CTP: This originates from technical, practical and strategic issues, resulting in a lack of harmonization in the systems and categories being introduced. Key issues here include:

- Disaggregation of cash transfers and vouchers – there are different views on whether to track cash and vouchers separately or together. The critical debate on this issue is explored in Box 1.8.
- What costs should be counted (e.g. transfer values, programming costs, core costs) and how to allocate programming costs to different modalities. This issue extends beyond CTP to other modalities, and is linked to Grand Bargain commitments on requiring greater budget transparency in how costs are reported and allocated.
- What programming data should be tracked (e.g. modality, conditionality, restriction, etc.), including what level of detail and granularity is necessary and useful for different areas of reporting.

BOX 1.8 CRITICAL DEBATE: TERMINOLOGY, DISAGGREGATION AND THE MEASUREMENT OF CASH AND VOUCHERS

The CaLP Glossary has been broadly recommended as the central reference for CTP (comprising both cash and vouchers) terminology. However, there is not yet sufficient consensus on whether cash transfers should be measured and reported together with vouchers, or separately. This is inhibiting progress in developing common markers for use in global reporting systems for measuring and reporting 'cash transfer programming'. Organizational interviews highlighted that there are strongly held, and opposing, views between implementing agencies and between donors on this. Some argue in favour of aggregating cash transfers and vouchers in reporting, reflecting terms which cover both modalities such as [Cash Transfer Programming](#), [Cash Based Assistance](#), or [Cash and Voucher Programming](#). Others argue that cash transfers should be reported as the headline figure, disaggregated from vouchers. The debate has several dimensions.

At the technical level, there are some significant areas of convergence and divergence about how cash transfers versus vouchers are used programmatically. Both make use of local markets to provide aid, increase purchasing power, and create a degree of choice among beneficiaries. Vouchers increase the traceability of funds and control over what beneficiaries spend funds on and where. However, they also limit beneficiaries' options, and potentially distort the flow of money through local markets. Cash is more flexible and empowering, but its inherent fungibility means it is harder to track how it is used, or ensure it is used to achieve specific intended outcomes. Understanding the different risks, benefits and potential value for money offered by cash transfers and vouchers would enable more informed decision making, which requires disaggregated data to be able to evaluate them separately.

At the practical level, it adds complexity to reporting systems to separate cash and vouchers, including delineating and quantifying different operational costs. Many different reporting systems are involved, including global inter-agency systems (such as OCHA's FTS), reports required by donors, and implementing agencies' internal systems. It is possible that pragmatic considerations at this level may significantly influence what data is measured and reported.

At the strategic level, different actors perceive different benefits to reporting cash and vouchers separately or together, for instance, in relation to their goals for the use of CTP and their organizational goals. Some of those with goals to increase multi-purpose, unrestricted cash transfers tend to take one view. Some of those with a greater involvement in both cash and vouchers together take another. This was reflected at a workshop held by the Cash Workstream of the Grand Bargain in May/June 2017. This workshop proposed an action point to facilitate agreement on the issue. Further work will be required at the practical and strategic levels to come to working agreements across a critical mass of actors.

At the individual agency level, this is making some agencies reluctant to commit internally to specific methodologies or markers while global, inter-agency initiatives to standardize CTP measurement are underway. As highlighted above, others are nevertheless moving ahead with updating their internal systems, while keeping track of what is happening at the global level.

Priority Actions

1.1 Sustain high-level policy commitments to CTP. [GFA 1.3, GB 1.3]

- Existing commitments, which are a powerful engine of change and funding for CTP, will need to be continually monitored, sustained and refreshed over three to five years in order to realize the potential of CTP. There are risks that: new issues overshadow CTP on policy agendas; the time taken to achieve the necessary reforms undermines commitments; the reality of developments in CTP do not meet inflated expectations as a driver of wider reforms; the traction of the Grand Bargain/WHS diminishes over time.
- Champions will need to find creative ways to strengthen and sustain support for CTP among policy makers for several years to come, such as through continual lobbying, public accountability mechanisms and strengthening the evidence base. It will be useful to share lessons from experience in different countries.

1.2 Integrate CTP into organizational and inter-agency reporting systems, using common definitions. [GFA 1.4, GB 4]

- CTP should be integrated into the financial and reporting systems within individual institutions, and across key inter-agency systems such as the FTS, IATI data standard, and emerging innovations such as Humanitarian Exchange Language (HXL). This will enable agencies, donors and policy makers to track and report CTP consistently.
- All actors should use the same common definitions, to enable comparison and aggregation. The Grand Bargain and Good Humanitarian Donorship cash workstreams have both recommended using CaLP's Glossary to provide those common definitions, as it has been developed with collective input from across agencies and donors.
- Policy decisions are required concerning whether to report cash and vouchers together or separately in global reporting systems. Further work will be needed to increase transparency around costs for all modalities at the programme level.

1.3 Strengthen support for CTP among the public. [GFA 1.3]

- Since public support is crucial for governments to maintain commitment to CTP, all actors share an obligation to make the case for CTP as a part of humanitarian aid to the public. They will likely be able to achieve more collectively, and reinforce each other's efforts, by using common messaging. This can also help to address the tension between calls for greater accountability about how aid is spent and greater use of flexible CTP.

CHAPTER 2: ROUTINE CONSIDERATION

GLOBAL OBJECTIVE 2: ENSURE CASH IS ROUTINELY CONSIDERED, ALONGSIDE OTHER MODALITY TOOLS

Over the past two years, CTP is being considered much more systematically alongside other modalities. This has been supported by the policy commitments made, and the greater embedding of tools and processes for market analysis and response analysis. There remain barriers to overcome if CTP (particularly unrestricted cash, including multi-purpose grants) is to be used to its full potential in responses. These include overcoming perceptions of risk, and barriers to use within different sectors.

Global Objective 2	Supporting Actions
Ensure cash is routinely considered, alongside other tools (Grand Bargain #1)	2.1 Ensure that decision makers consider CTP as an option at all stages of humanitarian response, throughout programme and funding cycles.
	2.2 Embed CTP, market analysis and response analysis within humanitarian response procedures and funding mechanisms.
	2.3 Make best practice tools and support available to decision makers, to help them consider the appropriate use of CTP.
	2.4 Identify and address barriers to increasing the use of CTPs.

CTP is being considered more systematically by programme decision makers than it was 1–2 years ago

There is a strong perception among humanitarian practitioners, including implementing organizations and donors, that, generally speaking, CTP is being considered more systematically alongside other modalities at the outset of a response than it was a year ago. 87% of respondents in the practitioner survey support this proposition, with consistent perceptions across organizations, across global, national and locally based actors and across regions. This is mirrored in the organization survey, in which 81% of respondents agreed. Organizations interviewed agreed that there has been a significant shift over the last 12–24 months, with an increase in interest to consider cash, and adoption of CTP within operational agencies. These agencies have moved, or are moving, from a stage at which consideration of cash depended on specific cash champions in the organization or prior experience, to a more systematized position of institutional consideration. Cash is generally no longer considered as something ‘new’ or ‘different’.

“We are definitely doing it more, and there’s been a massive increase in the uptake and the interest – we are seeing this across grants, and across countries. We have moved from a position a year ago when cash certainly wasn’t routinely considered, to now being almost always raised as an option – if not strictly considered. Out of every operation that could potentially involve cash, we’ve moved from 30% to 70% consideration”

Relief International

A number of factors are driving this change, which is a gradual evolution rather than a single step

Interviews with implementing agencies, donors and other CTP practitioners consistently highlighted enabling factors that contribute to this outcome – both within their organization and across the wider landscape.

Policy and strategy commitments by senior decision makers

The policy commitments on cash by donors and implementing agencies that were highlighted in Chapter 1 are driving greater investment in and consideration of CTP by implementing organizations. The attitudes of donors towards cash have substantively changed over the years, culminating in the various global commitments. These have been significant in generating the buy-in for cash within senior management of operational agencies. Organizations’ own policies and leadership are also affirming the institutionalization of cash as an appropriate modality to deliver on agency mandates and strategies.

“We are much better than we were two years ago. When I asked this question to the emergency field directors two years ago they said, ‘it totally depends on the individual’. Now, the individual matters much less.” IRC

Nevertheless, a significant proportion (44%) of respondents in the practitioner survey did not agree that the policies in place or under development would be effective in ensuring that cash and vouchers are routinely considered in all humanitarian responses. Interviews highlighted that, whilst this high-level direction is an enabling factor, it is just one component of the changes necessary to increase uptake of CTP. These policy commitments must still be translated into action at the country and local levels, and across sectors, which requires relevant tools, systems and processes, and expertise.

Decision making tools

At the level of the response, decision makers require tools that support effective and systematic consideration of CTP during programme design. Respondents in the majority of organizational interviews highlighted the importance of embedding tools for cash feasibility assessment, analysis and defining the Minimum Expenditure Basket (MEB) within project management processes and programme teams (this is considered further below).

“As part of our internal directives, Country Offices must show that they considered all response options and justify their choice.” WFP

Besides a plethora of agency-specific tools, in recent months there has been greater collaboration to develop common inter-agency approaches and tools. One prominent example of this is the DFID-funded joint UN cash feasibility assessment tool developed by OCHA, UNHCR, UNICEF and WFP, which was piloted in four countries (Niger, Myanmar, Burundi, Afghanistan) in 2016.

Several implementing organizations – such as RI, UNHCR, WFP, CARE UK and IRC – cited the importance of strategic management tools and directives for consistent consideration of CTP. Some donors have made similar investments, to guide country advisers and others responsible for evaluating proposals.

Systems and processes, staff and expertise

The ability to consider cash-based responses increases where country teams are ‘cash ready’. Interview respondents – for example, including UNHCR, WFP, IRC, RI, NRC, IFRC and British Red Cross – explained that this requires concerted investment in organizational processes and systems, as well as in staff expertise and capacities

“As part of every new proposal, we have to go through a Go-No Go decision making process. In 2017 we amended this form to include criteria on whether cash has been considered, and if not why”. CARE International UK

at all levels. Where organizations have invested as part of emergency preparedness, this has been a significant enabler. These issues are the focus of Chapter 3.

Critically, it is both the high-level buy-in and, subsequently, the actions that result from the implementation of these commitments that are needed for agencies to move forward with greater consideration and use of cash.

Tools and processes required for the routine consideration of CTP by programme teams are becoming more firmly embedded, though they still need to be used more systematically and effectively

In any context, an operational decision must be taken about which modality, or modalities, to use to provide humanitarian assistance. This could be cash, vouchers, in-kind assistance, service delivery, technical assistance, or combinations thereof. The decision should be based on a robust analysis of the feasibility and appropriateness of different modalities, based on a sensitive, ideally multi-sectoral, assessment of context and needs. This requires that a situation and response analysis is undertaken to understand needs and preferences, how markets are functioning in the provision of goods and services, enablers and constraints to CTP in the wider operating environment⁶² and which programme response options and modalities to select.

In the practitioner and organization survey, 41% of cash practitioners and 48% of organizations, respectively, did not agree that market analysis and response analysis have become more embedded within humanitarian response in the past year. These findings are consistent with the reflections of all implementing agencies and donors during interviews, as well as the findings of the FGDs.

Interviews highlighted that during this time, progress has been made in terms of the level of awareness of available tools for response analysis and market analysis, the existence of organizational guidance or procedures that highlight the use of such tools within project management processes, and the extent to which market

⁶² For example, whether cash be delivered safely and securely, political and community attitudes to cash, associated risks, etc.

analysis and response analysis are undertaken to inform programme design. The support of donors in promoting these processes as part of funding decisions has contributed to these raised levels of awareness.

Interviews with respondents from implementing organizations, and with donors, consistently noted the same perceived constraints within implementing agencies – particularly in terms of embedding market analysis:

- Where response analysis and market analysis are undertaken, there are inconsistencies – both within and between organizations – in the level of detail, the questions asked, analytical rigour and documentation processes. There remain inconsistencies between sectors in the analysis of markets, and analysis of the extent to which people's needs and vulnerabilities have an economic dimension is still more commonplace in food security and livelihoods programmes than in other sectors. Certain donors also highlighted differences in how market and response analysis tools and processes were promoted by advisers in different sectors during funding decisions. For example, this is reflected in the findings of an evaluation of ECHO's programme portfolio in India and Nepal 2014–17.
- Capacity for market analysis is not yet embedded within implementing agencies at country level, with agencies such as Mercy Corps highlighting a tendency to rely on particular (usually HQ-level) technical specialists, or external consultants, to lead or support these activities. Expertise remains predominantly in the food security and livelihoods (FSL) sector, though it is growing within others – especially in shelter.
- Whilst response analysis is commonplace to inform initial programme design, this is not commonly revisited, or decisions reassessed later in the programme cycle, in order to update decision making to respond to a changing environment.
- The tools that are commonly used for market assessment focus on commodities. They do not cover the service markets, which are of interest in sectors such as shelter (rental markets, construction labour markets), WaSH (water markets) and education. This was substantiated in the FGDs with the global shelter cluster members, and is also a lesson highlighted in the case study on the Nigeria response (see Annex 2.5). Chapter 4 further notes some of these challenges in terms of sector perspectives on CTP.
- Where tools are being used, there still tends to be limited consideration of mixed modalities. Decisions are most often framed in terms of one modality or another.
- A major gap remains in the application of multi-sectoral assessments and analyses within and between organizations (discussed further below).

As with many issues relating to scaling CTP, this situation also underlines more general systemic and organizational challenges. As one interview respondent from the Assessment Capacities Project (ACAPS) observed, few humanitarian organizations have invested in dedicated analysis capacity (e.g. analyst roles or teams). This forms a major barrier to embedding proper analysis in the programme cycle. When institutional capacity is stretched during a crisis, decision makers must frequently make choices without access to complete or optimal analysis.

In terms of moving forward with embedding market analysis, respondents (including from DFID, ECHO, United Nations Children's Fund (UNICEF), DRC, RI, IRC, SCUK and CARE UK) argued the case for adopting – where appropriate – a different, and more 'light touch', approach to market assessments and analyses, to reflect learning on the feasibility of market-based responses in humanitarian contexts. Over the years that the case for CTP was being made, humanitarian actors' understanding of markets was still developing and there were widespread concerns over the feasibility and appropriateness of CTP that needed to be overcome. In-depth market assessments by humanitarian agencies served an important purpose here. Now, the basic rationale for CTP is widely accepted. Evidence from programmes is building awareness among practitioners that markets are often resilient and responsive after a crisis – more so than expected – and demonstrating that market-based responses are still feasible even in remote, insecure or otherwise difficult contexts. The case study of experience from Democratic Republic of Congo (DRC) illustrates this (see Annex 2.4).

"We need to be challenging the caveat of 'cash when appropriate' – actually, we underestimate how dynamic markets and people can be. Cash can be done in more contexts that we presently think."

CARE International UK

"If you can buy cola, you can do cash. Market actors find a way". WVI

“We are actively moving forward with more light touch market analysis. We often don’t need the Emergency Market Assessment and Analysis any more. We need simpler tools that local partners can take on.” Save the Children, UK

Respondents saw a need to simplify market analysis guidance to enable wider adoption by country teams and ensure more rapid decisions regarding the use of cash (and other modalities) in the first phase of a response. Respondents were clear that this needs to be proportionate and that in-depth assessments and analyses would still be needed where markets are complex

or are less understood. However, where it is quite clear that markets can and do work, a lighter touch, common-sense approach may be more relevant. Some also highlighted the potential for speedier – and still effective – decisions if greater use were made of macroeconomic, and other existing government and private sector data sources (and expertise) on the capacity and functioning of markets. Such an approach was used successfully in Zimbabwe, where macroeconomic analysis of the grain market enabled decision makers to move forward with CTP at the household level, complemented by market support measures at the national level (see case study in Annex 2.3). This data can inform the need for and focus of any specific (more micro-level) assessment and analysis by humanitarian agencies.

The recent work of ACAPS in this field (see Box 2.1) also demonstrates the potential of this approach. ACAPS’ work is an example of specialized service provision under the Humanitarian to Humanitarian concept,⁶³ whereby numerous small humanitarian actors provide services to support the effectiveness of the wider humanitarian system, rather than directly to the affected populations. Some respondents argued that activities such as market analysis and monitoring, and the resulting outputs, are in many ways a ‘public good’ in humanitarian work. As such, it doesn’t necessarily make sense to continue to situate them at individual operational agency or consortia level, but in such a way that they can be undertaken by specialized service providers, and thereby reach a wider audience. This has implications for the types of capacities that agencies should be building as part of preparedness. Capacity building is the focus of Chapter 3.

BOX 2.1 ACAPS – MARKET ANALYSIS USING SECONDARY DATA AND INFORMATION GAP IDENTIFICATION

For the Assessment Capacities Project (ACAPS), secondary data analysis across multiple sources is a specialization. Whilst primary data collection post-crisis can be more precise, it is also more expensive and time-consuming to collect. When analysing markets, ACAPS therefore combines secondary analysis with analysis of primary data, where the latter is required to fill information gaps.

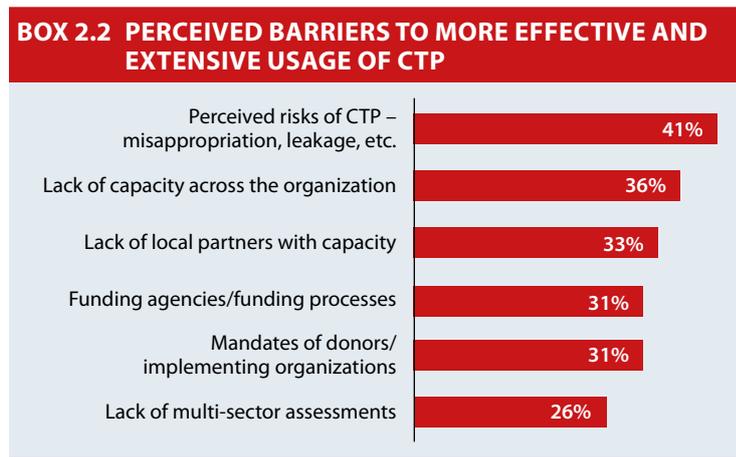
A working group set up by ACAPS has developed a framework for analysing markets based on such data sources, covering problem analysis (how far needs relate to market failure, and constraints to market functioning), response analysis (operational environment), and information gap analysis (identifying and prioritizing gaps). This has been tested in Ukraine, and then piloted in Haiti in the aftermath of Hurricane Matthew. It generated a ‘Multi-Sector Market Environment Analysis’ to determine the extent to which markets could meet the basic needs of the affected population. The analysis was completed within nine days of the hurricane making landfall, and was considered to be timely and useful for informing response by humanitarian actors. Topics covered included demand, supply, prices and trends, lessons learned from past responses, the macro-environment, projections for the next six months, and information landscape, gaps and recommendations.

Source: ACAPS (2016) Multi-Sector Market Environment Analysis Haiti; ACAPS (2016) Market Systems in Crisis: Analysis Framework; interview with ACAPS.

⁶³ ACAPS (2016) Improving Assessments. www.acaps.org

There remain constraints to systematic adoption of CTP, particularly unconditional and unrestricted cash

Whilst cash and vouchers are increasingly being considered, findings in *Chapter 1* showed that to date this has translated into relatively modest increases in terms of the volume of CTP. In other words, consideration does not always equate with action and uptake of CTP. Of course, sometimes, analysis will point to the inappropriateness of a cash-based response and the need for a different programme approach. However, the findings of our research suggest that this discrepancy between consideration and use is more commonly an indication of the existing barriers to the use of CTP to its full potential.



Box 2.2 shows the findings of the practitioner survey, on the most commonly perceived barriers to more effective and extensive usage of cash and vouchers. The survey found that a lack of buy-in for CTP, and a lack of evidence on the efficiency, effectiveness or appropriateness of CTP generally, are not considered to be major barriers.

Today, the biggest barriers are perceived to be: perceived risks of CTP; capacity constraints within implementing agencies and local partners; constraints of sectoral mandates; constraints of

donor funding processes; and lack of multi-sectoral assessments. Responses to this question were consistent between donors and implementers. Only 45% of respondents agreed that, in the next 12 months, these barriers will reduce. Interviews with organizations, as well as the regional FGDs, consistently highlighted the same constraints and provided further evidence as to the nature of these barriers:

Perceived risks of using cash transfers

Concerns about misappropriation or leakage of cash are being amplified by limited budgets for humanitarian assistance and the increased importance of the anti-terrorism/money laundering agenda of Western donors. Respondents noted something of a dilemma here – in that donors may be able to tolerate diversion of a modest proportion of in-kind aid, but can be much more sensitive to diversion of cash. This acts as an inhibitor for greater consideration of CTP, since it is perceived that there is greater risk of harm with cash modalities compared to alternatives. This concern is felt by implementing agencies as well as certain donors.⁶⁴ Experiences in Liberia, DRC and Zimbabwe (Annexes 2.6, 2.4 and 2.3) highlight the important role that donors play in demonstrating an appetite for risk and building confidence among implementing agencies. It is particularly sensitive in conflict environments where the threats posed by armed groups are real and where access and oversight are restricted. Agencies highlighted a need for more evidence on effective safeguards for CTP in such contexts. Recent guidance on remote programming for cash⁶⁵ was identified as a first step in filling this gap. There is also the need for an evidenced-based conversation about the relative risks of cash and in-kind assistance in such contexts.

“A terrorist cannot do much with stolen mattresses, but think what they could do with stolen money.” Global Cash Forum participant

⁶⁴ This issue was also noted by members of the Good Humanitarian Donorship’s cash workstream (DFID/Norwegian Ministry of Foreign Affairs (2017) *Report on the GHD Cash Workstream Workshop*, 15 June 2017).

⁶⁵ NRC (2016) *Cash Transfers in Remote Emergency Programming*, available at <https://cash.nrc.no/remote-cash.html>

Lack of capacity

Organizations interviewed were unanimous that, where national and local programme teams are not ‘cash-ready’ – where staff lack the expertise to critically assess the feasibility of or design CTPs, and where systems and processes for implementation of cash assistance are not developed – this presents a significant challenge to the translation of interest into action. In such cases, respondents said that there can be a tendency for programme teams to revert to modalities that they know, and to delivering what is already prepositioned. For example, such a lack of previous experience in, and preparedness for, humanitarian CTP has reportedly been a barrier to greater adoption of CTP in the recent refugee crisis in Uganda. Lack of experience is also a factor behind the slower adoption of CTP in particular sectors (discussed in (c) below). Building organizational capacity is the focus of Chapter 3, where evidence from recent emergency responses and organizational experience further substantiates these perceptions.

Sectoral barriers to use of cash

All organizations surveyed agree that certain sectors are still more likely than others to consider using CTP. Box 2.3 shows the ranking by practitioners in terms of which sectors are perceived to be most positive about using cash. Implementing agencies and some donors interviewed reported similar trends within their organizations.

BOX 2.3 SECTORS RANKED IN ORDER OF POSITIVITY TOWARD THE USE OF CASH

- 1 Food Security and Livelihoods
- 2 Shelter
- 3 WaSH
- 4 Nutrition
- 5 Education
- 6 Health
- 7 Education

The practitioner survey identifies several underlying reasons for this. The top four perceived barriers are detailed in Box 2.4. These barriers all relate to concerns about ensuring (and demonstrating) effective programming in terms of sector-specific outcomes. Respondents in organizational interviews and in FGDs consistently corroborated the prevalence of these barriers. Whilst the evidence base for CTP ‘in general’ has been growing, there remain significant gaps when it comes to proving the effectiveness of CTP (especially unrestricted cash) in different sectors.

There is inevitably a lag in other sectors since organizational experience – and expertise – in CTP has emerged from the FSL sector. Implementing agencies and donors both highlighted that, based on their own organizational experiences, it requires time to develop these new mindsets. Furthermore, cash and vouchers are

a more obvious and logical choice with regard to humanitarian assistance, with increasing access to particular commodities, and where there is a clear ‘cause and effect’ relationship between economic security and this desired outcome. In sectors in which service delivery predominates and/or where sectoral outcomes are determined by a complex range of supply and demand factors (e.g. health, education, nutrition, parts of WaSH), it is less clear-cut. It requires practitioners to think differently, to identify financial barriers to accessing services

and consider ways that beneficiary-focused assistance can complement other sectoral activities to achieve desired outcomes. Some organizations, such as IRC, are taking steps to map the theory of change for different sectors and to identify possible entry points for where cash modalities can support these desired outcomes. UNHCR is undertaking technical reviews regarding the use of cash in technical sectors and determining linkages and complementarities with multipurpose grants (MPGs) and a ‘Basic Needs Approach’ (BNA). The basic needs assessment produced by the Emergency

BOX 2.4 TOP PERCEIVED BARRIERS TO GREATER CONSIDERATION OF CASH ACROSS SECTORS



Response Capacity (ERC) consortium of NGOs which is being piloted in Nigeria (see case study in Annex 2.5) seeks to investigate the underlying causes for why sectoral needs remain unmet and understand possible pathways to achieve desired final outcomes, including combinations of assistance modalities.

In the shelter and WaSH sectors, CTP is being increasingly implemented to meet sector-specific needs. To date, these sectors have tended to favour the use of conditions and restrictions over unconditional and unrestricted transfers. This reflects concerns about (i) ensuring that funds are used for the purpose intended by the agency and their donors (i.e., to meet particular sectoral needs) and (ii) ensuring that these sector-specific expenditures maintain certain quality standards (i.e., that house repairs are earthquake proof, water is clean, drugs purchased are in date, etc.). Quality issues are discussed further in Chapter 4.

Respondents reflected on the positives here, in that the use of restrictions and conditions, in addressing sectoral concerns, is creating space for these programmes to consider market-based responses and move away from in-kind distributions. However, many were also clear that – especially given the growing evidence about the cost effectiveness of cash over vouchers⁶⁶ – more work was needed to ensure the equal consideration of more flexible, unrestricted modalities during programme design. Interview respondents highlighted that these concerns, for the most part, are perceptions rather than based on evidence, and remain unsubstantiated one way or the other, since unrestricted modalities have not commonly been used.⁶⁷

“People find it easier going from ‘what we know’ to ‘similar to what we know’. For anything that we had to distribute as in-kind items, it is a no-brainer to go to cash. For sectors like nutrition and health, it is harder for people to take this leap, the Theory of Change is not so clear. The evidence base is also still not so strong that it can make a difference in these sectors”.

Danish Church Aid

These sectoral concerns are more pronounced in the case of MPGs that aim to meet a range of essential basic needs through a single transfer. Both the shelter and WaSH sectors (at cluster and individual agency level) have expressed a reticence to adopt MPGs, owing to concerns over the difficult choices beneficiaries must make between many competing needs, which, combined with market limitations, may lead to expenditure decisions that compromise the quality of sectoral outcomes (this is also a concern in the health sector).⁶⁸ At the same time, practitioners also argued for a need to move forward and test MPGs in order to substantiate sectoral concerns and build evidence on the effectiveness and the limitations of this type of assistance.

“We need more evidence on the use of MPGs in shelter, and evidence on ways to ensure quality outcomes without use of restrictions. This is also the key issue in WaSH. But we need to test things to generate the evidence.”

CARE International UK

This is one of several issues which polarized opinions among implementers and donors concerning the ‘appropriate’ consideration of MPGs, which are summarized in Box 2.5. It is important to emphasize that no stakeholder in interviews or FGDs promoted the uncritical adoption of MPGs. There was clear appreciation among advocates of MPGs that they should (i) be based on sound analysis and (ii) be one part of a broader response. This reflects the agreements between stakeholders at the meeting of the Grand Bargain Cash Workstream, that MPGs will not be sufficient to meet all people’s needs.⁶⁹ The fact that some stakeholders still clearly have such strong concerns about whether MPGs will inappropriately supplant other forms of assistance suggests the need for greater dialogue between donors, clusters and other stakeholders to come to agreement on opportunities and challenges.

Funding processes

This barrier was discussed previously in Chapter 1. An additional factor to highlight here, raised in interviews and the FGD with the global shelter cluster, is that the incentive structures within the humanitarian system may present a barrier to greater consideration of unrestricted cash across sectors. A significant percentage of some sectoral budgets is still based on commodities and kits of non-food items (NFI). Cluster members and leads are unsure about the implications of greater donor support for cash assistance (especially MPGs) for levels of sector-specific funding. There are concerns about whether there will be sufficient funding for complementary in-kind, technical assistance and other sector-specific activities, and legitimate concerns about losing their stake, or role in humanitarian assistance. This can limit the more systematic consideration of cash across clusters and reduce support for MPGs.

⁶⁶ Discussed further in Chapter 6.

⁶⁷ This fact is also highlighted in UNHCR’s 2016 review of CTP in the WaSH sector.

⁶⁸ WaSH, Shelter and Health sector position papers on the use of CTP stipulate such concerns. e.g. www.alnap.org/system/files/content/resource/files/main/wash_shelter_cash_advocacy_paper_-_final_version.pdf and https://reliefweb.int/sites/reliefweb.int/files/resources/gsc_position_paper_cash_and_markets_in_the_shelter_sector-1_2.pdf

⁶⁹ WFP/DFID (2017) Report of the first workshop of the Grand Bargain Cash Workstream, 31 May–1 June 2017.

BOX 2.5 CRITICAL DEBATE: THE APPROPRIATE USE OF MPGS

The evidence collected for this report included strong views held by different actors about the appropriate use of multi-purpose cash grants (MPGs). Some argued in favour of MPGs, on the basis of providing the greatest choice for beneficiaries and reducing programming costs. Others argued for a more cautious approach, for reasons including: that MPGs may not align with sector-specific goals and outcomes; that CTP needs to be integrated into wider humanitarian actions and aims, particularly around protection; and that MPGs may not enable sufficient traceability and accountability.

Some practitioners argued that the strong support of particular donors and cash actors for MPGs is perceived to be making it more difficult for some clusters and sector specialists to voice their concerns about the appropriateness of MPGs for achieving sector outcomes. Others indicated that there has been no 'pushing' of this type of assistance where it was not appropriate, and that this approach is challenging to sectors because it raises the question of the relative weight to be afforded to beneficiary preferences (i.e., the objectives of affected people) with regard to the objectives that humanitarian technical specialists consider important.

Some respondents expressed concern about the lack of evidence for the effectiveness of MPGs and a lack of clear theory of change or clarity on the outcomes that can realistically be achieved. However, respondents interviewed also acknowledged the need for experimentation in order to build the evidence base for (or against) the effective use of MPGs.

Some of those interviewed expressed caution that, by focusing humanitarian resources on MPGs, other necessary activities required to support sectoral outcomes, such as technical assistance or sensitization, may suffer. Others countered that consideration of MPGs puts people at the centre of the response, requiring an understanding of the pathways to key outcomes for survival and resilience that take into account people's preferences and priorities. They felt that use of MPGs is encouraging discussion about what aspects of technical sector outcomes can sensibly be met through cash and where complementary activities or other modalities are needed, to overcome market inefficiencies and support particular outcomes.

This debate is expected to continue. It may be most usefully informed by context-specific consideration of the issues outlined above, in relation to any specific humanitarian response. There is also recognition of the need to strengthen the evidence base about the outcomes that can best be achieved through MPGs in different contexts.

Multi-sector assessments

Respondents in this study highlighted a lack of multi-sectoral assessment and analysis, which acts as a barrier to greater consideration of cash as an instrument to meet needs across sectors, potentially including MPGs. This is thought to be due to a combination of factors including (until recently) a lack of tools supporting multi-sectoral response analysis; the barriers to equal consideration of cash across sectors; and difficulties in practical implementation, requiring engagement and coordination across sectors. For many implementing organizations that were interviewed, this represents the 'next step'.

There has been some recent progress in this area, partly driven by investments from particular donors in multi-sectoral assessment and analysis. This includes a multi-sectoral market assessment tool developed by UNHCR,

"We are discussing ways to start looking at things more multi-sectorally – to begin with a multi-purpose grant as an entry point to meet basic needs and then add in the more specific sectoral competencies as required over time, to fill gaps and support outcomes".

NRC

and multi-sectoral needs assessment and response analysis tools and processes for a 'Basic Needs Approach' (BNA) being developed and tested by UNHCR⁷⁰ and other agencies. The case study on piloting the Basic Needs Approach in Nigeria (Annex 2.5) summarizes one such initiative that is currently being implemented by a consortium of agencies,

and the lessons that are emerging. Findings suggest that such multi-sectoral assessment and analysis tools have potential to better inform the effective use of MPGs; they also highlight the limitations of existing tools for understanding markets for services.

⁷⁰ UNHCR (2017) Basic Needs Approach in the Refugee Response – this has been implemented in Chad, Iraq, Lebanon, Egypt, Malaysia and Niger.

Several implementing agencies and donors interviewed in this study suggested that reorienting thinking in this way, around 'basic needs', could be a promising way to support better integration of sectors, presenting MPGs as a common platform and the foundation by which to meet sector-specific needs. Respondents considered the potential of the approach to enable the design of mixed modality programmes, whereby basic cash assistance is complemented by more detailed assessment and analysis, along with other forms of support. For example, the shelter cluster perceived that, under such an approach, an MPG could be complementary to other shelter responses and supplemented by technical support and supervision. There were, however, notes of caution sounded regarding the lack of available evidence as yet to establish 'proof of concept' and the need to monitor outcomes. It is clear from the experiences in Nigeria that adoption requires buy-in and strategic engagement across organizations and sectors. Respondents highlight that this presents a challenge, given the present coordination architecture and the reticence/concerns of certain clusters. Issues in cash coordination are the focus of Chapter 5. Furthermore, some respondents acknowledged that multi-sectoral needs assessments do not collect the level of detail that can be required to design some sector-specific programmes, meaning they must be considered (and resourced) as an additional, complementary, rather than substitute, task.

At the meeting of the Grand Bargain Cash Workstream in June 2017, Global Cluster representatives called for improved joint response analysis across clusters. There is agreement to develop a paper on the links between the BNA, MPGs and complementary programming, with inputs from the Cash Workstream and Needs Assessment Workstream members, which are spread across clusters.⁷¹

⁷¹ WFP/DFID (2017) Report of the First Workshop of the Grand Bargain Cash Workstream, 31 May–1 June 2017.

Priority Actions

2.1 Embed contextual analysis and response analysis⁷² into humanitarian programme cycles and funding decisions. [GFA 2.2]

- In every context, humanitarian agencies should make an active decision about how best to provide aid, including whether to use CTP. This should be consistently based on an assessment of the context, including assessing the feasibility and desirability of CTP. It can be achieved through two steps: (a) ensuring that assessments consider all issues relevant for CTP, and (b) ensuring that programme cycles include the explicit step of response analysis. These steps should be embedded in agencies' internal procedures, as well as in leadership, coordination and funding bodies.
- As in other areas, agencies should actively seek to use common, streamlined tools for these steps, appropriate to each context and operating across sectors. Coordinating bodies should promote common tools.
- Humanitarian actors should forge partnerships with other actors – including researchers, government units and private sector actors – who have a comparative advantage in this space.

2.2 Identify how CTP can achieve the best results in different technical sectors and across sectors. [GFA 2.3, GB 1.6 & 1.7]

- Technical specialists, including clusters, should lead work to identify and promote how CTP can best contribute to outcomes in different technical sectors (such as health, education and protection). This includes complementary programming/'cash plus' approaches, where CTP is provided in conjunction with other types of assistance.
- More evidence is also needed about how CTP contributes to results across the established sectors, for instance, through the Basic Needs Approach. In line with commitments made in the Grand Bargain, this should explore the added value, and limitations, of multi-purpose cash grants in different contexts. These analyses should be actively promoted through relevant national and international networks.

2.3 Donors should work together to ensure appropriate consideration of CTP. [GFA 2.4, GB 1.1]

- Donors should encourage implementing agencies to always consider using CTP, to achieve the best strategic outcomes for all people affected by a crisis. This may involve considering how donors and agencies can work together in order to assist the entire affected population, in the light of all components of a humanitarian response, and balancing needs across different sectors. Context-specific approaches for key aspects of CTP could include: funding coordination bodies, or encouraging common assessments and joint responses.
- Donors may benefit from developing shared principles for high-quality CTP, as a foundation for effective action.
- Donors should also consider how risk can be most effectively managed in different contexts and appropriately shared across actors.

⁷² Response analysis is defined in CaLP's Glossary: www.cashlearning.org/resources/glossary#RA

CHAPTER 3: CAPACITY BUILDING

GLOBAL OBJECTIVE 3: BUILD SUFFICIENT CAPACITY FOR CASH TRANSFER PROGRAMMING

Lack of organizational capacity – both human resources and systems and processes – remains a critical barrier to increasing the scale of quality CTP. There are insufficient investments being made to build capacity of national and local actors, in line with the localization of aid agenda. Trends in the ways in which CTP are being implemented, including the streamlining of processes and segregation of roles, have implications for the types of capacities that implementing agencies should be building.

Global Objective 3	Supporting Actions
Build sufficient capacity for cash transfer programming (Grand Bargain #5)	3.1 Ensure that appropriate delivery and monitoring and evaluation mechanisms are in place for CTP, using common approaches where possible.
	3.2 Undertake structured approaches to strengthen capacity for CTP at strategic and operational levels, including adapting support functions and operational preparedness.
	3.3 Increase the number of competent staff available for strategic, technical and operational functions required for CTP.
	3.4 Make best practice training materials and programmes on CTP widely accessible and tailor them to a range of audiences.
	3.5 Invest in supporting national and local organizations to build leadership and capacity for CTP.

At present, lack of organizational capacity is a critical barrier to effective and extensive usage of CTP

The organization survey and practitioner survey (see Box 3.1) reveal that a lack of organizational capacity is perceived as a critical barrier to scaling up CTP. These survey perceptions are confirmed in the majority of interviews.

BOX 3.1 LIMITED CAPACITY IS A CHALLENGE TO SCALING UP CTP



60%
Organizations report that they do not have the capacities in place needed to implement CTP.



64%
Practitioners agree that their organization's existing policies or the ones being developed will be effective in ensuring organizational capacity and readiness for CTP.

Staff competence and expertise are a critical element of capacity, but there is also growing acknowledgement that human resource capacity must be supported by organizational structures, systems, policies and procedures that enable the design and implementation of CTP.⁷³ Policies are the focus of Chapter 1. This Chapter discusses the other components of capacity building: human resource capacity, systems and procedures.

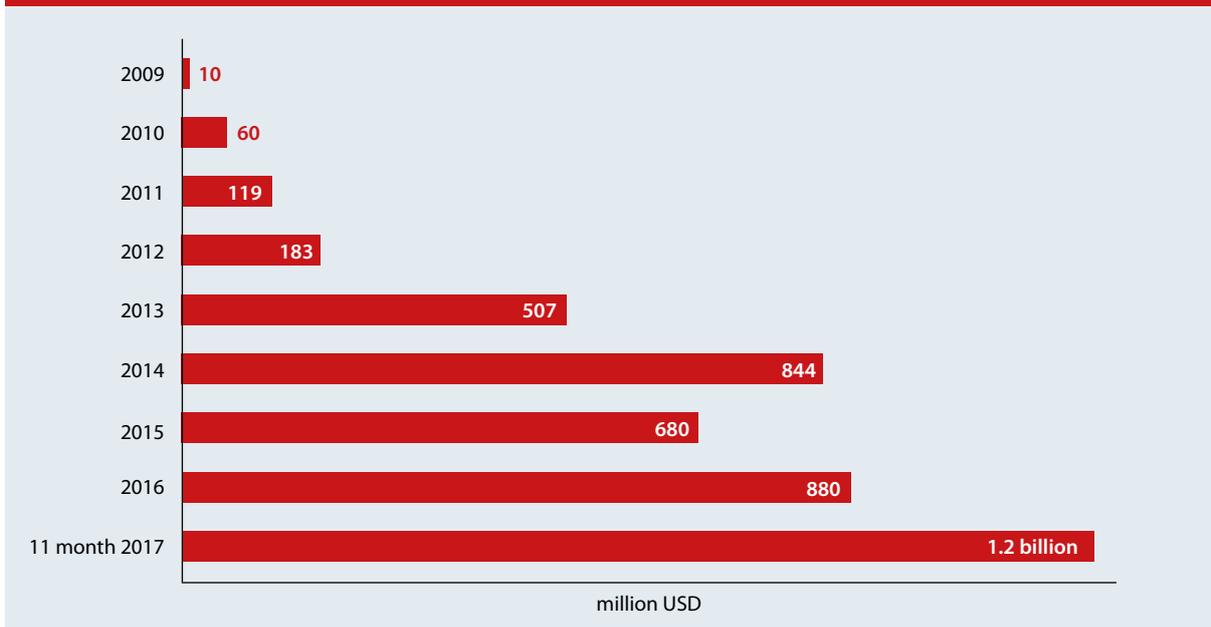
Systematic investments are required to make real progress in building organizational capacity for CTP

The ability to consider cash-based responses increases where country teams are 'cash ready'.

Respondents explained that this requires concerted investment in staff expertise and capacities at all levels, alongside organizational processes and systems. These actions are needed to realize the implementation of policy and strategy commitments to scaling up CTP in practice. These are not insignificant investments to make and, like any process of systemic organizational change, they take time to materialize, and have to compete for management attention and resources among many other priorities.

⁷³ CaLP (2016) *Organizational Cash Readiness Tool*. www.cashlearning.org/strengthening-institutional-capacity/strengthening-institutional-capacity

BOX 3.2 WFP - INCREASED GLOBAL SCALE OF CTP INTERVENTIONS



Those organizations that have made greatest headway in terms of scaling up the volume of aid provided as cash and vouchers – such as WFP and UNHCR – have invested consistently and heavily in structured capacity building approaches over several years. This has gone significantly beyond the establishment of technical ‘cash experts’ – although such positions are still essentials – to include mainstreaming of CTP expertise within sectoral and operational teams. Besides investment in training, there is also great emphasis placed on ‘learning by doing’. The graph illustrates the increases in scale of CTP assistance delivered by WFP since 2009. The volume of funds that WFP channelled towards CTP have increased by approximately 30% – from \$680m in 2015 to \$880m in 2016, and beyond in 2017, while UNHCR’s funds through CTP have more than doubled⁷⁴ during the same time (2015 to 2016).

“We had to change the ‘plumbing’ of the organization to implement these policy decisions [on CTP]. We did an enormous amount of work – requiring a huge investment in money, time and energy – to develop an end-to-end operational business model, for the whole programme cycle. We had to consider every role and function of the organization within this, to define responsibilities for cash. It was an extremely intensive, whole organization effort. This has been a journey, not a step, from country office experimentation, to defining a global strategy and cross-functional business processes, to scale up and roll out. It has led to a classic growth curve in terms of scale of programmes, and countries adopting cash”. WFP

It is worth noting that these UN agencies have had extensive financial resources at their disposal through which to realize these investments. Both have received specific capacity building funds from donors. WFP has made use of core unearmarked funding for capacity building in the area of cash and has invested around \$10 million over three years at corporate level.⁷⁵ In contrast, such systematic investments can be harder for those implementing organizations, such as NGOs, that are highly reliant on project-based donor funding. In the case of the IRC, their model of reserving a percentage of project funds for technical learning has enabled them to invest in cash capacity at a greater level to date than many INGOs.

⁷⁴ Figures provided by WFP and UNHCR to CaLP via the organization survey.

⁷⁵ Key informant – Paul Harvey, Humanitarian Outcomes.

Investments are improving competencies in CTP, but gaps in human resource capacity remain

BOX 3.3 HUMAN RESOURCE CAPACITY FOR CTP IS LIMITED



As shown in Box 3.2, less than half of respondents in the practitioner survey perceive that their organization currently has the required competencies for CTP. Agencies are taking steps to build human resource capacity in CTP through upskilling of existing teams and recruitment of skilled practitioners for dedicated roles.

Upskilling of existing staff: respondents interviewed clearly expressed the importance of moving beyond ‘cash experts’ to embedding cash capacities across all relevant functions, in order to overcome the ‘siloeing’ of cash and support effective mainstreaming of CTP. The practitioner survey identified technical expertise as the area on which organizations are primarily focusing, followed by strategic and operational capacity (see Box 3.3).

Training: An essential element of organizations’ (implementing agencies, donors and also host governments) approaches here has been training. Awareness of CTP training is high among practitioners, with 88% of practitioner survey respondents citing awareness of both face-to-face courses and e-learning, and knowledge of where to access them. Interviews highlighted that the training products of CaLP are by far the most commonly known and used.

BOX 3.4 CAPACITY BUILDING FOR SPECIFIC ROLES



Our research also revealed commonly perceived barriers to accessing trainings. The practitioner survey identifies that the top barriers to attending CTP training courses are their high cost and substantial time commitment, aggravated by

the length of some of the face-to-face courses.⁷⁶ There was also a perceived gap in investment in face-to-face trainings for CTP in the Asia region.⁷⁷ The limited availability of training materials in languages besides English was identified as a barrier to upskilling (especially national) staff.⁷⁸

Whilst interview respondents highlighted that a continuation of basic training is still required for those who are new to CTP, there is also a need for materials tailored to the requirements of specific roles and for more specialized trainings to fill particular gaps. Respondents felt that training materials have tended to be based on evidence and experiences from particular regional contexts and technical sectors. For example, the Pacific Island region is relatively underserved in training examples. Trainings have tended to focus on theory over practice, rather than building understanding based on practical approaches or learning by doing. Interviews and FGDs highlighted clear agreement between agencies that such training investments cannot be considered a ‘one-off’ activity but rather should be an integral part of continual professional development.

In 2015, CaLP undertook a comprehensive review of their training and capacity building efforts, which highlighted similar issues. CaLP is now implementing a new capacity building strategy that responds to these issues, with a series of tailored courses designed to embed CTP capacities across different functions (senior management, programme/technical, and supply chain/finance/ICT functions) and level of expertise. There is increasing development of scenario-based learning materials, to support practical application, and partnerships with other training providers, and an approach to certifying competencies with Professionals in Humanitarian Assistance and Protection (PHAP).⁷⁹ As internet, tablet and smartphone penetration increase, the relevance of e-learning materials will increase and is one way of mitigating the cost of face-to-face training. That said, more hands-

⁷⁶ This is similar to findings from CaLP’s Global Survey on CTP Training Needs 2017, which analysed responses from 300 participants. Here, only 41% of respondents said that their employer had resources to contribute to professional development such as through trainings.

⁷⁷ As per the FGDs.

⁷⁸ CaLP’s Global Survey on CTP Training Needs identified demand for Arabic, French and Spanish training materials, as well as demand created through the growth in CTP in specific disaster and country contexts – for example, Turkish and Urdu.

⁷⁹ <https://phap.org>

on approaches will continue to be needed, and capacity building strategies should include a combination of approaches.⁸⁰ Furthermore, a range of specialized courses complement the more general foundational courses, allowing practitioners to find topics most suited to their needs and interests.

Several implementing organizations have actively invested in their own 'in house' training. Some of the greatest investments have been those of WFP, UNHCR and IFRC, which have developed e-learning courses in recent years. Such investments, and the tailoring of training materials to the needs and requirements of specific agencies, can be important. At the same time, respondents in interviews and FGDs expressed caution that such 'siloed' approaches to capacity building should not undermine efforts to foster more harmonized ways of working across organizations, or reinforce existing ways of working at the expense of new approaches. Respondents felt that it would be helpful if more of such materials were actively shared, to prevent duplication of effort and make more efficient use of resources.⁸¹ CaLP has committed to sharing its face-to-face training materials publicly from the end of 2017, in addition to the e-learning materials available through its new Cash Learning Hub, hosted by the Humanitarian Leadership Academy.

Practice: Whilst training is essential, it is only an entry point; consolidation of this knowledge and further skill development must come from practical experience.⁸² This was recognized as a gap by several respondents interviewed. This is partly because, where agencies' country offices or teams lack the prior experience, there can be a reluctance to move forward with programming. It is also because other capacity building activities, such as secondments and on-the-job support and mentoring are not sufficiently developed and funded. In 2016 and 2017, CaLP and CashCAP⁸³ have been piloting such an approach through the Building Individual Expertise Programme in East and West Africa. More of such initiatives are needed.

"It's not just training, it's the actual practical experience [of designing and implementing CTP] that's important, and this is what is still lacking" Anonymous

Recruiting skilled practitioners: Given the challenges in upskilling existing staff, a key part of the strategy of humanitarian organizations seeking to scale up CTP is the recruitment of cash specialists. These dedicated roles are designed to support the institutionalization of CTP, including the upskilling of existing teams. This can provide a level of guidance and support to practitioners and thus a level of confidence to management to move forward with CTP, which in turn increases the exposure of, and internalizes skills within, existing staff.

Our research highlighted some challenges in this aspect of capacity building, since the pool of actors with the desired knowledge and – critically – practical experience to take on these roles, though growing, remains limited. The practitioner survey revealed that only 29% of practitioners perceive that it is easy to recruit skilled staff for cash-related roles. Agencies reporting on progress towards the Grand Bargain commitments reported that a lack of skills among experienced and senior practitioners to take on strategic and technical leadership of a cash-based response remains a challenge.⁸⁴ There are similar findings from the practitioner survey, which indicates that lower level and field-based positions are perceived to be easier to fill compared to a greater perceived shortage of the skillsets required at a global and country office level (see Box 3.4). Furthermore, such investments – unless explicitly designed to support scale-up of CTP across sectors, can risk perpetuating the siloing of cash expertise and the breadth of responses.

⁸⁰ CaLP's Global Survey on capacity building needs for CTP (2017) showed that 86% of respondents could access e-learning in their country, with 80% indicating that their internet connection was sufficient to access them. It also showed a strong preference for face-to-face learning and demand for a combination of training formats.

⁸¹ All the IFRC e-learning materials are publicly available online.

⁸² For example, Save the Children UK's global learning needs assessment for shelter practitioners highlighted that the priority in terms of learning modalities was practice, not training.

⁸³ CashCAP is an inter-agency project established to help address CTP capacity gaps in emergencies, managed by NORCAP, the Norwegian Refugee Council's Expert Deployment capacity.

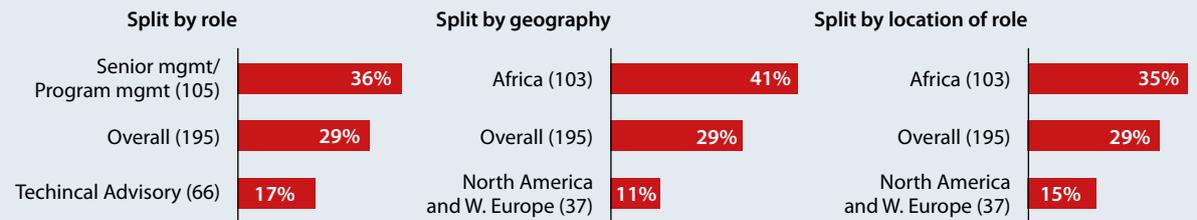
⁸⁴ GPPI (2017) Grand Bargain independent Report.

Some respondents considered that there was a need for discussion about emerging trends in CTP and their implications for building human resource capacity. Expertise for CTP to date is recruited from within the humanitarian sector, whereas respondents suggested a need to increase diversity in this pool of expertise, to draw upon complementary skillsets in other industries in areas such as e-commerce, digital technologies and market analysis.

BOX 3.5 PRACTITIONER VIEWS ON EASE OF RECRUITING CTP EXPERTISE

29%

Practitioners agree that their organization finds it easy to recruit skilled staff for cash related roles. However, this perception varies by various factors:



Building capacity of local actors can generate significant benefits, but is not being undertaken systematically

The Grand Bargain is committed to making humanitarian action as local as possible. In line with this commitment, there is a fundamental need to build the capacity of national and local actors to design and implement CTP. This research highlights this as a major gap, with limited emphasis to date on building capacity of local partners – both governmental and non-governmental.

“There is progress on the international dialogue on cash. But getting this right heavily relies on national systems and local actors. Cash needs to be done bottom up”.

British Red Cross

In the organization survey, less than half of respondents reported that their organization was supporting local non-government actors to implement CTP. One organization that has made considerable investments in the localization of CTP is IFRC. Their experiences in building capacity of National Societies is detailed in Box 3.5.

BOX 3.6 BUILDING CAPACITY OF LOCAL ACTORS TO IMPLEMENT CTP AT SCALE: EXPERIENCES OF IFRC

IFRC began efforts to institutionalize cash within National Societies in 2012, with a cash preparedness pilot project implemented with four National Societies in the Philippines, Vietnam, Senegal and Chile. This ran until 2014 and was intended to build their institutional capacity to design and implement timely and effective CTP at scale through technical and financial support. Tailored action plans focused on five key areas: leadership commitment and enabling systems (SOPs, systems and guidelines); resource capacity development (financial resources and human capacity in leadership, technical and operational positions); contingency planning; operational tools; and communication and coordination.

Evaluations demonstrated the added value of such investments. It developed commitment to and leadership on cash within all the National Societies, and human resource capacity (cash focal points, technical working groups and trained staff and volunteers) in the headquarters, chapters and branches. Both the Vietnam Red Cross Society and the Philippine Red Cross significantly increased the scale and speed of cash-based responses. In Vietnam, only 5% of households targeted by the Vietnam Red Cross for emergency assistance in 2009 were supported with unrestricted cash assistance, whereas by 2013 this increased to 70%. In the Philippines, only 2% of households targeted by the National Society received unrestricted cash before the pilot, whereas in the emergency response to Typhoon Haiyan in 2013, this increased to 50%. The Philippine Red Cross is also leading coordination of the national cash working group.

Capacity building for National Societies to embed cash in preparedness, contingency and response plans is now a core part of IFRC's global strategy to institutionalize and scale up CTP. Based on the pilots, the Federation, with support of key National Societies such as British Red Cross (BRC) and American Red Cross, has developed global guidance on National Society Cash Preparedness, developed the Cash in Emergencies Toolkit and invested in designing and delivering a variety of online and advanced practical training for National Society staff and emergency roster personnel. In 2015, a Cash Peer Group was formed with the Federation, the International Committee of the Red Cross (ICRC) and several National Societies, tasked with improving the capability of the Movement to deliver cash at scale where appropriate. The Federation has developed a roadmap to guide actions for increasing its capabilities in CTP, with activities supported by a Cash Unit within the Secretariat and recognizing the need to have cash coordinators in each regional office.

Several lessons have emerged from IFRC's CTP institutionalization efforts to date. These investments across human resources, systems and tools are showing demonstrable results, allowing National Societies to become proficient in and able to implement CTP independently. Just like international organizations, National Societies have required similar shifts of strategic and operational thinking, only possible with adequate levels of investment and time. Maintaining human resource capacity for CTP in national organizations can be a challenge, since training and expertise can open up career opportunities elsewhere, whilst leadership changes in National Societies can require continued high-level engagement to generate the buy-in required. In 2018, IFRC will conduct a review of these efforts, considering the sustainability of these investments as well as incentives to ensure staff continuity.

Source: Interviews with IFRC, BRC; IFRC (2014) Case study: Preparing to implement relief CTP at scale.

Other organizations are also working with the Red Cross/Red Crescent (RC/RC) Movement at a response level to build capacities of National Societies.⁸⁵ Experiences from WFP and UNICEF's implementation of cash at scale in Turkey, working with the government and Turkish Red Crescent, are detailed in Annex 2.2.

These positive experiences are significant, since in disasters across the globe (and particularly those which are smaller in scale), national organizations including National RC/RC Societies are often first responders. They also demonstrate the added value of building local cash readiness ahead of a crisis. There are similar findings from the 2015 earthquake response in Nepal and the Ebola response in Liberia (see case studies in Annexes 2.1 and 2.6), where a lack of prior knowledge and experience of CTP among local actors proved to be barriers to timely and effective response. In Nepal, where investments in cash preparedness were made by international actors, there were demonstrably higher returns – for both beneficiaries and the wider economy.

⁸⁵ Another example is the Kenyan Red Cross Society disaster management strengthening programme funded by ECHO, DFID and the Red Cross. This went beyond improving technical skills and focused on the ability of the National Society to take decisions and act on Disaster Risk Management (DRM). The Kenyan Red Cross Society has been able to scale up CTP as a result, delivering over 12 programmes to over 230,000 households (data shared by British Red Cross).

IFRC's experience highlights the importance of consistent and increased donor investment in and support for cash preparedness and institutionalization, to realize commitments made in the localization of the aid agenda. In the last two years, the Federation has noticed a contraction of funding opportunities in this area. This lack of resources was similarly cited by respondents in interviews and FGDs, and considered a key factor limiting investments in capacity building of local actors.

Another perceived limiting factor that was mentioned here is limited strategic and long-term vision on the part of international agencies. There remains a tendency to bring in external capacity rather than investing locally. Where investments in training of local partners have been made, FGD respondents consider that these have focused on basic technical and operational skills to enable these organizations to implement cash and voucher projects, and that local actors are rarely involved in response analysis and strategic decision making on response design. Furthermore, such efforts for the most part remain focused on national NGOs, neglecting local civil society and government authorities, although this institutional capacity remains in the area post response. The experiences in Liberia and Turkey (see case studies in Annexes 2.6 and 2.2) highlight the importance of enhancing capacity of host governments, to realize their potential as a strategic partner in CTP at scale.

“Local partners are seen as implementers, never as co-decision makers”.

FGD participant, West Africa

The START Network (an alliance of 42 major aid organizations) supports local organizations through country-level platforms which allow them to collaborate on topics of mutual interest, and link to relevant expertise based on needs. These platforms aren't CTP-specific, but can support capacity building in this regard, where it is identified as a priority by members. For example, pilot funds have been used by a platform in Pakistan to develop training in CTP for surge capacity within local and community-based organizations, with support from the Pakistan Red Crescent.

This research identified a consensus view that this was a gap to be addressed, and several new or planned initiatives that may contribute to this in future. For example, CaLP and IFRC's investments in online learning are partly intended to increase local access to training materials (though language continues to present a barrier). Training providers such as the Humanitarian Leadership Academy and RedR are considering investment in regional learning hubs.

Respondents voiced the concern that national staff with capacity in CTP benefit from greater employment opportunities and are more likely to move onto more senior roles with other organizations. This is a common challenge facing local capacity building in the humanitarian sector; however, CTP is an evolving and expanding area and the continued reliance on individuals with prior experience means this is a particularly pertinent issue with respect to cash expertise. Similar issues were faced by IFRC (Box 3.5). This represents a loss of institutional capacity that must be anticipated and addressed.

Agencies need to invest in upgrading their systems and procedures for CTP, but uncertainty over the direction that CTP implementation could take in future is stalling this

Respondents were unanimous that individual capacity must be supported by organizational systems and procedures that improve readiness to design and implement effective CTP. The lack of appropriate organizational systems for CTP was identified as a major barrier to scale up. CaLP's capacity building survey identified similar challenges. One barrier is that progress in this area requires considerable organizational change – to identify, prioritize and act on adapting existing systems and processes. A second barrier is that development of new systems and digital solutions for improving data management and payment processes – such as those developed by a number of agencies leading the scaling up of CTP – requires time, technical expertise and financial resources.

CaLP's Organizational Cash Readiness Tool (OCRT)⁸⁶ supports implementing agencies to: assess the capacity of existing processes, systems and staff, at technical, operational and management levels; identify gaps; and plan actions to address these. This was formally piloted by CaLP with five agencies in 2016, and the revised tool has been concurrently and successfully employed by several actors to date to guide systemic capacity building for CTP, including UNHCR.⁸⁷

⁸⁶ Available for download: www.cashlearning.org/strengthening-institutional-capacity/strengthening-institutional-capacity

⁸⁷ CaLP (2017) Organizational Cash Readiness Assessment: Project Concern International and Relief International Case Study; interviews with UNHCR and Relief International.

With regard to the second barrier, inter-agency collaboration can reduce the need for such systemic capacity investments at an individual agency level. Agencies are still in the process of understanding the rapidly changing CTP landscape and making strategic choices about how they position themselves in relation to other actors. This has a major impact on which capacities they decide to invest in developing, as discussed in Box 3.6.

For example, in the refugee crisis response in Egypt, Lebanon, Jordan and Turkey, UNICEF collaborated with UNHCR and/or WFP to jointly implement aspects of cash and voucher programming through use of UNHCR and WFP's well-established operational systems. Working through these established systems saved time and money and reduced the need for UNICEF to invest heavily in its own 'in house' operational systems.⁸⁸ More detail is provided in the case studies of the Lebanon and Turkey responses (see Annexes 2.8 and 2.2). *Chapters 5 (on coordination) and 6 (on innovation) document the growing interest in and experiences of operational collaboration and harmonizing systems between agencies, and between agencies, host governments and the private sector.*

BOX 3.7 CRITICAL DEBATE: WHAT DO NEW WAYS OF IMPLEMENTING CTP MEAN FOR CAPACITY BUILDING?

As highlighted in different chapters of this report, global commitments on CTP and the drive to improve the efficiency and effectiveness of CTP implementation are resulting in increased interest in and testing of a range of new approaches for cash delivery. These approaches include various models to harmonize and share common systems between aid agencies; segregation of payment and other auxiliary programming functions; and partnerships with governmental actors and the private sector. This raises the question: do all agencies need to be investing equally in cash delivery?

On the one hand, many of those interviewed in this research perceived that this suggests a trend towards more streamlined cash delivery, through fewer agencies and that, in the future, it will not be necessary (or advisable) for all operational agencies to invest in full operational systems and processes for CTP. On the other, actors pointed out that these models still needed to be tested, that not all donors are aligned behind the same models, and that furthermore not all were likely to be feasible in every context where CTP is required. They therefore saw a continued need for operational capacity in the short to medium term.

All were in agreement that there is a need for implementing organizations to reconsider the functions, or roles, that they should be playing, based on where they can add most value, and for this to inform capacity developments. For example, World Vision advocates for a modularized approach – where organizations stop working 'end-to-end', but rather focus on where they can create most value for the humanitarian sector at large. This modular approach is also reflected in the plans of the Collaborative Cash Delivery (CCD) platform (see Box 6.8 in Chapter 6 for more on this). Oxfam commissioned a review of the trends and opportunities emerging in this space to identify which aspects of CTP they have a comparative advantage in and are presently using this to inform their strategy for capacity building.

⁸⁸ Interview with UNICEF; Smith (2017) Advantages and Challenges of Joint Cash Transfer Programming in the MENA Region: Internal Lessons Learned Case Study for UNICEF, UNICEF MENA Regional Office.

Priority Actions

3.1 Integrate CTP into organizational strategies, systems, processes and staffing. [GFA 3.2]

- Agencies need to ensure that all relevant staff are equipped to use CTP appropriately in every humanitarian response they work on. This can be achieved through structured capacity building programmes that integrate CTP into the organization's plans, management systems, processes, procedures and guidance, and build skills among staff. Experience has shown that this is the single most significant step in driving the uptake of CTP; and that it takes several years, particularly for large international organizations. It requires consistent resourcing and leadership.
- Agencies first need to make strategic decisions about the role they intend to play in relation to CTP, bearing in mind trends in the humanitarian sector and determining whether to work end-to-end in CTP, or focus on developing specialist capabilities.
- There is significant scope for agencies to learn from each others' experiences and benefit from sharing tools and approaches.
- Donors have a key role to play in resourcing these efforts, in order to build and sustain the capacities needed for CTP for the future.

3.2 Fund and support national organizations to build their capacity for CTP. [GFA 3.5]

- National organizations should be supported by international actors to accelerate their efforts to build capacities for CTP. This reflects wider demands from national actors, including government departments, private sector firms, NGOs, Red Cross societies and others, for a greater leadership role in humanitarian assistance and more access to international funds. It is also consistent with substantial commitments made in the Grand Bargain and elsewhere.
- National agencies can also benefit from sharing experience, tools and approaches.

3.3 Build individual competencies in CTP. [GFA 3.3]

- All actors should invest in strengthening the competencies of individual staff and practitioners in CTP. CTP competencies should be integrated into existing job roles, rather than siloed as separate 'CTP experts'.
- In the same way, CTP should be brought into existing initiatives to develop skills and talent in the humanitarian sector, such as academic and training institutions and competency assessment mechanisms.
- All agencies can benefit from common approaches, such as shared materials based on best practice.
- Competencies should also be boosted with experience from outside the humanitarian sector, for instance, from the private sector, digital start-ups, social protection, governments and academia, in order to inject new ideas and drive innovation. Humanitarian innovation hubs and exchange programmes can encourage a diversity of ideas and talent.⁸⁹

⁸⁹ For example, the Humanitarian Innovation Fund: www.elrha.org/hif/home

CHAPTER 4: QUALITY

GLOBAL OBJECTIVE 4: ENSURE THE QUALITY OF CASH TRANSFER PROGRAMMING

The quality of CTP is perceived to be improving. Further collective action is required to develop and implement common standards and guidance for quality CTP, based on best practice. CTP is being increasingly used across and within sectors; more evidence is needed about how it contributes to outcomes, along with the identification and use of common outcome indicators. The potential of humanitarian CTP to enhance financial inclusion depends on a range of context-specific enabling factors.

Global Objective 4	Supporting Actions
Ensure the quality of cash transfer programming (Grand Bargain #4 & #5)	4.1 Develop common standards and guidelines for CTP, including outcome indicators. 4.2 Make existing knowledge and evidence on CTP easily accessible by all significant actors. 4.3 Design and implement CTPs (including response modalities and operating models) on the basis of the best available evidence, beneficiary preferences and considerations of efficiency and effectiveness. 4.4 Design and implement CTP delivery mechanisms to facilitate financial inclusion, localization and build on local systems and infrastructure where possible.

There is a perception that the quality of CTP is improving, but there are no objective measures of quality

The central aim of any humanitarian intervention is to achieve intended outcomes while maintaining quality standards, through aid that is appropriate and meets people's needs quickly, safely and with dignity. 80% of practitioners surveyed believe that their organization has made the required progress towards increasing the quality of CTP (see Box 4.1), and 72% agreed that they are informed about current best practices for effective cash and voucher programming.

These findings were reflected in organizational interviews citing improvements in the quality of CTP delivered in the last 12 months, and the use of best practice and evidence in designing and implementing CTP. For example, the Norwegian Refugee Council (NRC) note that evidence is starting to inform their programmes, and there are plans for in-depth evaluations every year, with funding allocated to priority countries/projects. Chapter 6 explores the evidence base for CTP in more depth, and highlights that while, at a general level, the evidence exists on how to design quality CTP, there are notable gaps. Practitioners also believe that their organizations' policies will continue to improve the quality of CTP in the future (see Box 4.1).

BOX 4.1 PRACTITIONER VIEWS ON PROGRESS IN CTP QUALITY



80%
Practitioners believe that their organization has made the required progress towards increasing the quality of cash and voucher programming.



3/4
Practitioners believe they have the evidence they need to design quality CTP.



2/3
Practitioners believe that their organization's existing policies (or the ones being developed) will be effective in ensuring the quality of CTP.

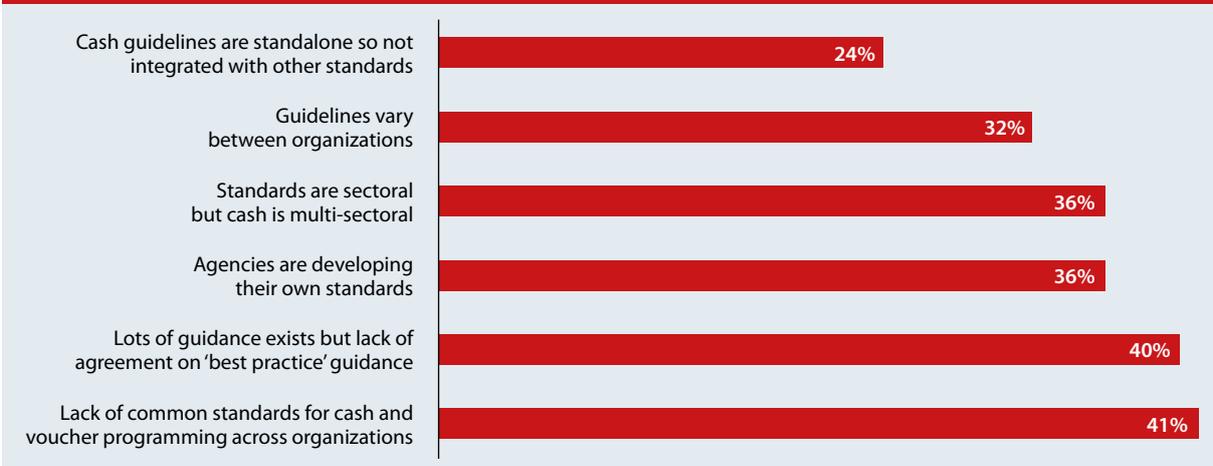
These subjective assessments are a positive indication of increasing quality in CTP. But respondents noted that there is not, as yet, any commonly understood definition of what quality means for CTP. Across over 30 interviews, differing responses were received on the definition of quality, ranging from high-quality staff to clearly defined Standard Operating Procedures (SOPs) and documentation. All these responses may be parameters of quality, but they do not provide a basis for a common and objective means of applying and measuring this.

At the same time, there is ongoing work, led by CaLP, to develop an analytical framework to evaluate operational models for delivering CTP, which has unpacked the issue of quality in a way that might be more broadly applied in evaluating quality in CTP. This identifies three components of quality – efficiency, effectiveness and accountability. Identifying indicators/drivers under each of these components can provide a basis for more objective measurement of quality – see for example *A Review of Interagency Collaboration for CTP Delivery*.⁹⁰ The need to develop more standardized measures of quality, particularly around efficiency and effectiveness, are priority areas in the cash workstreams of both the Grand Bargain ('measuring value for money, efficiency, effectiveness and outcomes'), and the GHD group ('development of common tools: identify shared cost efficiency and cost effectiveness metrics, and outcome indicators'). These issues are further explored in this chapter (see the section on *Effective monitoring of CTP outcomes*), and in *Chapter 6*.

Common tools and standards, based on best practice, are required to drive consistent quality across organizations

The right tools, guidance and standards, based on best practices, can help achieve quality programming. Many operational organizations and donors, along with entities such as CaLP and the Electronic Cash Transfer Learning Action Network (ELAN), have invested in developing guidance and tools for CTP. Without a common understanding of what constitutes quality for CTP, it is inevitable that there is significant variation in the proposals made across these materials.

BOX 4.2 PERCEIVED BARRIERS IN ACCESSING AND APPLYING COMMON STANDARDS AND GUIDELINES RELATED TO CTP



75% of respondents in the organization survey think that decision makers in their organization have sufficient access to tools and information on best practices for CTP, whilst 81% of respondents to the practitioner survey agree that they know the best practice tools for the appropriate use of CTP. Despite this, our research suggests CTP tools and guidance are not being systematically used across organizations, and are not sufficiently harmonized – either with each other, and with other humanitarian guidance. As the practitioner survey shows (see Box 4.2), there are a number of overlapping issues to consider in this regard:

- Harmonizing tools and guidelines is often deprioritized:** Those interviewed noted that where agencies have already invested resources in their own tools and guidance, they are likely to continue using them, not least because they will be aligned with their organization's systems and processes. Also, achieving consistency and reaching consensus to consolidate tools and guidance is seen as a time-consuming process, which could come at the expense of timely delivery if carried out in a response setting.

⁹⁰ CaLP (2017) *A Review of Inter-agency Collaboration for CTP Delivery*, p. 15. Available at www.cashlearning.org/downloads/calp-inter-agency-collaboration-web.pdf

- **Too many guidelines, with insufficient consolidation and curation:** A consistent finding across this and other research is that there is no overall shortage of tools and guidance for CTP. In fact, respondents to CaLP's scoping study on information needs reported that, while practical guidance and tools are a priority requirement, the abundance of existing materials is actually an obstacle to identifying the best examples.⁹¹ Similarly, when CaLP was researching priorities for developing guidance for monitoring CTP, a strong recommendation was to provide 'a guide to the guides', consolidating existing materials and highlighting essential reading and tools. Without effective consolidation, duplications of effort are likely, and navigating what's available to identify the best examples will remain a challenge.
- **Tools and guidelines for CTP are not embedded into wider humanitarian frameworks:** The majority of tools and guidelines that have been developed for CTP are standalone, and are not embedded within other programme implementation guidelines and quality frameworks. This undermines the effective integration of CTP into wider humanitarian programming. Progress is being made, however. For instance, as shown by the Basic Needs Assessment methodology (see case study in Annex 2.5), and CaLP's Monitoring Guidance for CTP in Emergencies,⁹² CTP is only now being mainstreamed into humanitarian standards, for instance, through the revised Sphere standards (see Box 4.4). The forthcoming 2018 edition of the Sphere Handbook will provide guidance on how CTP can be used to meet humanitarian standards, including the Core Humanitarian Standard, and technical standards. The need for multi-sector response analysis is referenced in the overall introduction, and sector-specific market analysis and CTP considerations are referenced in each chapter. CaLP is currently working to address some of these issues through the development of the Cash Based Assistance (CBA) Programme Quality Toolbox, as outlined in Box 4.3.
- **Contextualisation and customization may be required:** Tools and guidance may need to be adapted, both to the context and/or a specific organization's ways of working. Practitioners need the appropriate skills to do this. Respondents to CaLP's knowledge hub consultations recommended that global guidance include context-specific considerations for the successful design, delivery and monitoring of CTP. However, realizing better harmonization also requires a balance between customization and maintaining common elements, for example, those concerning indicators and minimum standards.

BOX 4.3 THE CASH-BASED ASSISTANCE (CBA) PROGRAMME QUALITY TOOLBOX

The programme quality toolbox provides a set of common standards and actions for quality Cash-Based Assistance (CBA).^{*} It has been developed by CaLP and its members based on the best available guidance across organizations, using a systematic selection protocol, rather than developing additional materials. The content of the Toolbox has been identified through a consultative curation process, involving a range of humanitarian actors coordinated through CaLP's Technical Advisory Group (TAG).

The standards and actions define 'what' needs to happen for quality CBA. These are supported by a curated set of guidelines and ready to use tools and templates, i.e., 'how' to achieve quality CBA. The toolbox can therefore be used by managers and donors, as well as by practitioners.

The toolbox is applicable across modality, context and outcomes (both sectoral and multi-sectoral). Where they exist, sector-specific guidelines and tools have been included. It will continue to be updated, to serve as a live resource in the light of emerging experience.

The Toolbox has been designed to accompany the forthcoming revised Sphere handbook (see Box 4.4), and is also a component of CaLP's Knowledge Hub (see Box 6.4), the purpose of which is to generate CTP-related knowledge and make existing CTP knowledge accessible and effectively shared. It will be available to access from both Sphere and CaLP websites, from early 2018.

^{*} Preferred term for cash & vouchers in new Sphere handbook

⁹¹ CaLP (2017) CaLP Knowledge Hub – Consultations and Recommendations (internal document – unpublished).

⁹² CaLP (2017) *Monitoring Guidance for CTP in Emergencies*, available at www.cashlearning.org/downloads/calp-ctp-monitoring-web.pdf

Regardless of the challenges, there is increasing evidence that efforts to harmonize tools and guidance can contribute to increased quality in CTP. In a response led UNICEF in the DRC, for instance, agencies pooled their resources to develop common tools for market assessment and response analysis, adapting them for contextual relevance. A harmonized market analysis was undertaken across all implementing partners. This was considered to contribute to quality programming compared to a prior intervention, where variations in partner experience and understanding led to big differences in the quality of analysis (see case study in Annex 2.5). Another example of harmonized tool development is the Joint Cash Feasibility Assessment developed by UNHCR, UNICEF, OCHA and WFP through DFID funding. In addition, a CaLP-led study on interagency collaboration noted that tools and approaches developed through exchanges of best practice between agencies were of higher quality than any single agency's frameworks because they brought together the strengths of each agency.⁹³

CTP is being integrated into key humanitarian standards, with increasing engagement across sectors

BOX 4.4 MAINSTREAMING CTP/CBA IN THE FORTHCOMING 2018 VERSION OF THE SPHERE STANDARDS

The 2011 version of the *Sphere Handbook: Humanitarian Charter and Minimum Standards for Humanitarian Response* references CTP as an 'emerging issue', and includes a section on the use of cash and vouchers in the food security chapter. In 2016, CaLP's Minimum Standard for Market Analysis (MiSMA) was accepted as a Sphere companion guide, as part of the Humanitarian Standards Partnership.

The Sphere Handbook is currently undergoing a complete revision, for publication in May 2018. CBA is being mainstreamed as a cross-cutting theme, led by a working group, coordinated by CaLP. The revision process is ongoing at the time of writing, but key areas in which CBA is expected to feature include:

- In the introduction chapter, as an overview of CBA and how it can be used to meet multi-sectoral needs;
- In the Core Humanitarian Standard (CHS) chapter, as a means of meeting specific commitments;
- In the introduction and under relevant standards in the technical chapters (water supply, sanitation and hygiene promotion; food security and nutrition; shelter, settlement and non-food items; and health action);
- In a new annex on 'Delivering through Markets'. The annex applies across the handbook and provides guidance on how to deliver humanitarian assistance through markets, whether through a combination of international and local procurement, or through CBA.
- As noted in Box 4.3 above, the **CBA Programme Quality Toolbox** has been developed in parallel with the Sphere revision process, and will be formally linked as an accompanying resource to the Handbook.

Multi-purpose cash grants (MPGs) and the Sphere standards: The revised Handbook will also recognise the inherent multi-sectoral nature of MPGs, and the opportunity they provide to 'put people at the centre'. For MPGs to adequately meet multi-sector needs, in accordance with Sphere standards, the following is required:

- Sufficient justification for MPGs, including the identification of which humanitarian needs to address, as well as understanding contextual dynamics, market functionality, and the feasibility of cash;
- An evidence base that helps determine the transfer value, frequency and duration of distribution to meet needs;
- Adequate monitoring and evaluation systems to determine what needs are met, and how well they are met, by MPGs;
- and
- Sufficient quality control.

⁹³ CaLP (2017) *Review of Interagency Collaboration for CTP Delivery*. www.cashlearning.org/downloads/calp-inter-agency-collaboration-web.pdf

As shown in the survey results above (Box 4.2), standards for technical quality tend to be linked to sectors, whereas cash is multi-sectoral in nature. This will in part be addressed in the ongoing Sphere revision, which will mainstream CTP as a cross-cutting approach (see Box 4.4).

At the same time, as noted in *Chapter 2*, concerns about achieving quality sectoral outcomes and existing standards are prominent in debates on increasing the scale of CTP. These concerns are reflected in interviews and focus groups undertaken for this study, as well as in ongoing discussions and various sector position papers that have been produced on the topic of CTP. Equally, none of the respondents to this study claimed that cash alone is sufficient to achieve sectoral outcomes in their entirety.

'All sectors are not equal when it comes to CTP/market-based programming (MBP) and the technical specificities of each sector may present constraints or opportunities towards a greatly scaled usage of CTP/MBP, and especially of unconditional cash and multi-purpose grants (MPGs):' (Global WaSH and Shelter Cluster Joint Advocacy Paper⁹⁴)

These positions and debates contain a great deal of nuance and complexity and vary from sector to sector. However, common elements emerge, including:

- **Distinctions between unrestricted CTP and restricted or conditional CTP.** Unrestricted and unconditional programming types, including MPGs, pose greater challenges in terms of associating assistance with sector-specific outcomes. These issues are explored below;
- **The way that CTP is linked with other forms of programming,** including market based approaches (MBP) and complementary activities, when achieving sectoral outcomes. This reflects observations from respondents that CTP is one tool among many, and the need to focus on achieving quality outcomes, rather than on a specific modality; and
- **The complex role of markets in generating public goods,** for sectors such as shelter and health, and a concomitant lack of experience, capacity and tools to assess and analyse them from a humanitarian perspective.

The following summarizes some of the main issues of concern for the Shelter, WaSH and Health sectors:

- **Shelter:** A critical concern for achieving quality outcomes in this sector is the need to build safe, durable shelters, through ensuring access to suitable materials, complemented as required with awareness raising, community engagement, technical support, and/or facilitation to overcome regulatory issues. Shelter specialists highlight the complexity of related markets (e.g., urban rental and construction labour markets) and the weakness of current understandings of them, which undermines their ability to make robust decisions on the viability of MPGs and unconditional CTP interventions. The potential of well-designed CTP and MBP to contribute to quality shelter outcomes is recognized, however, with a growing body of evidence (see the case study on Haiti in Box 4.5, for an example).
- **Water, Sanitation & Hygiene (WaSH):** WaSH specialists emphasize that no single modality is sufficient for achieving WaSH outcomes related to achieving safe living environments and public health outcomes that benefit whole communities and mitigate the impacts of future disasters. These include outcomes such as the provision of safe water, toilet facilities, waste disposal and drainage. It is argued that a combination of complementary activities will be required in combination with CTP and market-based approaches, to achieve WaSH outcomes.
- **Health:** Determining how CTP can support access to quality health services (generally a public good) is more complex than in sectors which focus more on providing items at the household level (e.g. food security). Health specialists have noted the potential for CTP to reduce barriers to healthcare access, and incentivize use of specific services. Significant concerns remain that MPGs and unconditional transfers in isolation will not achieve health outcomes, particularly where support is insufficient to cover all household needs. They highlight the requirement for CTP to be considered as a part of a package of measures on both demand and supply sides, tailored in accordance with a given context.

⁹⁴ Global WaSH and Shelter Cluster Joint Advocacy Paper for increased sectoral capacity around Cash Transfer & Market Based Programming. www.alnap.org/system/files/content/resource/files/main/wash_shelter_cash_advocacy_paper_-_final_version.pdf

BOX 4.5 CATHOLIC RELIEF SERVICES (CRS) – HAITI SHELTER RESPONSE CASE STUDY 2016

Context: Hurricane Matthew struck Haiti on 4 October 2016, killing 900 people, and leaving 750,000 in the need of humanitarian assistance. The hurricane damaged over 100,000 buildings, with over 170,000 people seeking refuge in temporary shelters as a result.

Market Assessments: Given that Haiti is a hurricane prone area, there is a need for durable housing and shelter. Catholic Relief Services (CRS) conducted an emergency preparedness pilot for shelter response in 2015–16, to evaluate the ability of vendors in urban areas of the country to deliver shelter kits in sufficient quantity, at a competitive price, and in a timely manner. Corrugated galvanized iron (CGI) sheets were identified as the most important material for post-disaster shelter response.

After Hurricane Matthew, CRS conducted an Emergency Market Assessment and Analysis (EMMA) to assess the requirements of a shelter response. The CGI available in the market was found to be of low quality. High-quality CGI would be critical to the success of a shelter intervention to prevent poor quality shelters, vulnerable to future hurricanes, from being rebuilt. At the same time, the Government of Haiti set standards lower than the technical advice offered by the Shelter cluster, by recommending the distribution of lower quality materials.

CTP and Market-Based Shelter Response: CRS determined that a market-based approach would be necessary to ensure a supply of higher quality construction materials to the affected areas. Higher quality CGI that complied with associated Sphere standards was imported to the country. The market-based approach, instead of direct distribution, proved to be appropriate to the context, as the CGI market was functional and structurally competent to deliver the needed material. This approach could support the local economy and was also more cost-effective than direct distribution, since it minimized administrative costs.

In tandem with this, CRS provided assistance for shelter rehabilitation in the form of unrestricted cash transfers and e-vouchers, with beneficiaries receiving transfers valuing approximately \$160 each to address their shelter needs. Consumers and vendors stood to benefit from this arrangement, with cash transfers creating demand for quality construction materials. Simultaneously, it would support local and regional procurement through a network of mid-level wholesalers to reach the target population.

Utilization of the Assistance: CTP (both restricted and unrestricted) was successful in achieving the intended outcomes, as a majority of beneficiaries reported buying construction materials, while only a few said they paid their children's school tuition, or paid for medical assistance. Beneficiaries preferred cash to in-kind goods, as it gave them the flexibility to decide which of their most urgent needs they would address first. In a household survey of 179 beneficiaries by CARE, over 70% reported that they felt safe after the shelter assistance programme. There was significant involvement of the local authorities, financial service partners and local implementing agencies. Local partners were involved in targeting, supervision and monitoring of distribution and follow-up, helping to build their capacities for implementing CTP independently in the process.

Sources: Groupe URD/HERE Geneva (2016) Real Time Evaluation of the Response to Hurricane Matthew Haiti; CRS (2016) Relying on Markets for Shelter Response to Hurricane Matthew in Haiti; interview with CRS.

There is a growing agreement across sectors that CTP can potentially play an important role in achieving quality outcomes, whereby needs are addressed through markets, and programmes are appropriately designed. However, there is some way to go in determining the best ways to achieve this, particularly through unrestricted and unconditional cash transfers.

In addition to the technical standards and approaches, it is also important to consider the role of operational standards and processes in contributing to programme quality. This is particularly relevant in relation to improving collaboration between agencies in delivering CTP in areas such as data sharing and data protection, and using common systems and platforms. For example, UNHCR wants to use learning from the Common Cash Facility (CCF) in Jordan⁹⁵ as a basis for developing related standards on issues such as interoperable data and the use of common processes for cash delivery. The Collaborative Cash Delivery (CCD) Platform, a partnership of 15 INGOs, is also examining ways to improve data interoperability across agencies, and strengthening shared processes at different stages in the programme cycle. The Programme Quality Toolbox includes key actions and resources relating to operational standards, but overall this is an area which requires significant further work.

⁹⁵ H. Gilert and L. Austin (2017) *Review of the Common Cash Facility Approach in Jordan* www.cashlearning.org/downloads/calp-ccf-jordan-web.pdf

Unrestricted CTP can promote choice and quality, but the evidence needs to be strengthened

Multi-sector programming and multi-purpose cash grants (MPGs): Debates about the role of MPGs in achieving quality sectoral outcomes are generally rooted in several interrelated concerns: a) beneficiaries may not prioritize certain sectoral needs, b) markets may not have the right quality of goods or services, or c) beneficiaries may purchase lower quality goods or services, due to a lack of information, or cost.

It is generally recognized that these concerns are valid, and that MPGs on their own cannot address all needs and should be implemented in combination with other programme activities. However, this debate also cuts to the heart of the issue of 'putting people at the centre' in terms of decision making and the role of beneficiaries as rational actors making complicated decisions and trade-offs in times of crisis, rather than more passive recipients. Some respondents noted that CTP demands new ways of thinking, with choice as a component of quality in programming to enable beneficiaries to prioritize their own needs. This also points to the broader issue of participation, and how cash-based assistance can offer different opportunities to include beneficiary perspectives throughout the programme cycle, including response analysis, design and monitoring.

Ultimately, the use of cash to address multiple needs challenges some of established ways of working in humanitarian assistance. This includes how quality is defined in terms of outcomes, and who should be involved in defining what constitutes a successful outcome. Sectoral objectives are not seen as incompatible with the use of multipurpose cash, but there is a clear drive towards considering broader outcomes, for instance, through measures of well-being (e.g., use of coping strategies).

In this context, some respondents argue that there is a need to reposition measures of quality around multi-sectoral objectives and programmes, with cash as a central, but not the only, modality. This is the premise on which the concept of a 'Basic Needs' approach is being explored by a variety of actors, including UNHCR,⁹⁶ multiple NGOs, and ECHO. For instance, a consortium of aid actors is developing a Basic Needs Assessment⁹⁷ methodology – see case study in Annex 2.5. This aims to enable assessment of 'basic needs', as defined by the affected population, disaggregated by context, population group and geography. It was noted that this approach does not fit neatly into the existing sectors and clusters, and could be associated with further reforms (see also the critical debate on MPGs (Box 2.5) in *Chapter 2*).

“CTP and associated debates are a disruptor for a system that needs change. Cash forces better analysis of what is happening in the societies we're working with. It requires greater documenting and understanding of how the aid is used and impacts.” Anonymous

Some respondents noted that there is limited evidence about the effect of CTP on sector-specific outcomes. Both the claims and the concerns about CTP cannot yet be substantiated. However, it was also remarked that the evidence base for some other forms of assistance can be similarly limited or lacking. One interviewee noted that the effectiveness of sensitization messaging in some emergency programmes is unclear.⁹⁸ Work to strengthen the evidence base, including at the sectoral level, is explored in *Chapter 6*.

Building constructive dialogue and collaborating to address requirements within sectors: Making progress on all these issues requires constructive dialogue within and between clusters and other stakeholders with an interest in increasing the scale and quality of CTP on a multi-sectoral basis. Some respondents noted that sector specialists have felt sidelined in the apparent push to increase the scale of cash, or that not all sectors have not been adequately involved in developing Minimum Expenditure Baskets (MEBs) in some contexts. Several global clusters have been identifying how to improve their use of CTP in order to achieve quality outcomes. On this basis they are developing workstreams covering activities such as capacity building, developing indicators to monitor CTP, mapping of evidence and research needs, and developing tools, e.g., for analysis of construction labour markets. These initiatives offer opportunities for wider collaboration.

⁹⁶ UNHCR's work on basic needs can be accessed here: www.unhcr.org/uk/protection/operations/590aefc77/basic-needs-approach-refugee-response.html

⁹⁷ Okular Analytics (2017) Guidance and Toolbox for the Basic Needs Analysis, available at www.cashlearning.org/resources/library/1128-guidance-and-toolbox-for-the-basic-needs-analysis

⁹⁸ The evidence gap in this regard is also cited in UNHCR (2016) Cash Based Interventions for WASH Programmes in Refugee Settings (p. 16). <http://wash.unhcr.org/download/cash-based-interventions-for-wash-programmes-in-refugee-settings>

Effective monitoring of CTP outcomes requires the identification and use of common indicators and processes across agencies

The main challenges in monitoring and evaluation for CTP are at the level of outcome monitoring, primarily for unrestricted transfers, including MPGs:

- Monitoring outcomes in CTP requires data collection from sources outside the usual domain of humanitarian project monitoring – including from finance departments, financial service providers (FSPs), market vendors and other public and private sources of market price monitoring data.
- The fungibility of unrestricted cash demands that monitoring goes beyond output level (receipt of assistance) to demonstrate how funds are used and the changes that result. Ascertaining these results should be best practice whatever the modality; however, practitioners acknowledged that outcome monitoring has remained poorly developed outside of the FSL sector.
- The flexibility of cash, to be spent according to people's needs and priorities, makes it a challenge to determine appropriate outcome indicators. Respondents highlighted – on the one hand – the need to demonstrate attainment of the specific (sectoral) outcomes for which cash was given, whilst – on the other hand – looking beyond these to capture the 'added value' of this more flexible assistance for beneficiaries.
- The growth of MPGs presents a specific challenge here, since it requires monitoring attainment of needs across multiple sectors. At the same time, there are limitations on the accuracy and use of expenditure data due to recall periods, and the fact that cash support will generally form part of wider household income and expenditure. For these reasons, USAID/the Office for Foreign Disaster Assistance (OFDA) noted that they don't require partners to collect expenditure data when reporting on outcome indicators for MPGs.

Respondents were relatively unanimous on the need to agree on and use common indicators for monitoring the outcomes of CTP, and that such indicators were needed across sectors. However, it was also noted that it is important for comparative analyses of efficiency, effectiveness and accountability that common indicators be employed across modalities where possible, i.e., outcomes as a reflection of needs shouldn't be CTP-specific, even if the processes to identify them and requirement for more aggregated analysis differ. Similarly, monitoring of cash-based assistance should be integrated with monitoring of other complementary programming activities. For sectoral programmes, many respondents recognized the need to go beyond sector-specific indicators to (i) capture the diverse utilization of cash by beneficiaries and (ii) build understanding of how expenditure decisions contribute to broader well-being, beyond sector-specific objectives. This was recognized to be essential on programmes using MPGs, as was the use of outcome indicators that align with beneficiaries' self-identified priority needs – since not all sectoral expenditures will be given equal weighting. Donors and implementing agencies commented on the challenges that agencies have faced in developing a 'good enough' and manageable approach to monitoring outcomes for cash.

“Cash is changing the nature of conversations on the aim of M&E. It's no longer about simply checking receipt of items, it's more about checking the uses of the cash. It's moving away from the paternalistic approach [to defining success] of 'we gave assistance to you for X, not Y': It's about considering outcomes for households, and accepting that their perception of needs, or their priorities, may be different to our own” Relief International

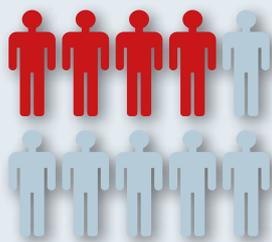
Furthermore, some respondents also highlighted the importance of going beyond these indicators to build understanding of the factors influencing expenditure decisions of households, the extent to which the receipt of cash assistance influences or changes overall spending patterns, and the reasons why particular outcomes are not achieved.

Since 2016, several initiatives have been developed with the aim of building this capacity. Donors such as ECHO and USAID have been developing standard outcome indicators per sector – for use across all modalities. The Norwegian Refugee Council has set up an innovation fund to develop monitoring guidance for those programmes that have the potential for cross-sectoral outcomes. CaLP has published Monitoring Guidance for CTP in Emergencies,⁹⁹ which includes specific guidance on monitoring the outcomes of MPGs, and proposes two approaches that can be used simultaneously: (i) the use of composite indicators (based on collation of multiple sector-specific indicators), and (ii) the use of indices and scales for measuring coping strategies and broader well-

⁹⁹ CaLP (2017) *Monitoring Guidance for CTP in Emergencies*, available at www.cashlearning.org/downloads/calp-ctp-monitoring-web.pdf

being, which are cross-sectoral in nature. ECHO is adopting these approaches within their results framework for MPGs. These monitoring approaches have been piloted in part on a basic needs intervention in Nigeria (see case study in Annex 2.5). Practitioners have highlighted the challenges of using an expanded Coping Strategies Index (CSI) that goes beyond food to capture a complete picture of well-being. This is due to the complexity of the CSI method, which needs to be tailored according to context, and recognition of the difficulties of capturing within an index the range and variation in types of coping strategies and how they are used.

BOX 4.6 PERCEIVED LACK OF CAPACITY IN M&E FOR CTP



4/10

Practitioners believe humanitarian agencies have appropriate M&E mechanisms in place for CTP.

Ensuring that monitoring and evaluation (M&E) mechanisms are put in place for CTP is a commitment under the Grand Bargain. However, in 2017 only 19% of signatories reported relevant progress in building this capacity.¹⁰⁰ Our research reflects this, where only 39% of respondents in the practitioner survey agree that humanitarian agencies have appropriate M&E mechanisms in place for CTP (Box 4.6). Similar concerns were voiced during interviews. However, respondents acknowledged that this reflects limitations in M&E capacity within humanitarian programming generally.¹⁰¹

Further progress to build capacity for CTP outcome monitoring requires greater collaboration among clusters and implementing agencies – to agree on monitoring approaches and indicators that can be accepted across agencies and sectors – and among donors. Currently, different donor mandates and priorities lead

to conflicting requirements for monitoring and reporting. In our study, limited collaboration among agencies emerged as a key barrier to progress here. 56% of respondents in the practitioner survey do not agree that there has been greater collaboration among agencies around the M&E of CTP. Going forward, this is a priority area of work as part of the Grand Bargain and GHD cash workstreams, through which a number of donors are already in discussion regarding harmonizing outcome indicators for CTP.

role of beneficiary preferences in measuring outcomes and determining modality decisions: It was noted above that beneficiary choice has a role to play in defining and measuring quality in outcomes. This requires effective ways to capture beneficiary perspectives and integrate them into outcome measurement. Better understanding of beneficiary perspectives may also support more effective response analysis and selection of programming modalities. Implementing organizations collect data from beneficiaries to monitor and evaluate their own projects, but this may not allow the necessary breadth or neutrality to properly assess preferences and perspectives at the aggregate response level.

“M&E is the first item to be slashed from the budget”. Anonymous

The Cash Barometer (Box 4.7), which is being piloted in 2017, aims to help fill this gap. Findings from the first pilot in Afghanistan revealed that beneficiaries prefer cash compared to other modalities. It also revealed that in some cases, beneficiaries incorrectly thought assistance was delivered by government, which could have political implications.

¹⁰⁰ GPPI (2017) Independent Grand Bargain Report. <https://reliefweb.int/report/world/independent-grand-bargain-report>

¹⁰¹ Similar conclusions are reached in CaLP’s CTP Monitoring Guidance (2017) – include resourcing of and the capacity to undertake monitoring activities.

BOX 4.7 CAPTURING BENEFICIARY PERSPECTIVES THROUGH THE CASH BAROMETER

Whilst the potentially positive effects of CTP have been clearly demonstrated, gaps exist in policy makers' understandings of how CTP – and particularly cash 'at scale' – is perceived by intended beneficiaries. Existing feedback on cash-based assistance is mostly project-specific and focused on what people buy or consume. Through understanding more about how the humanitarian 'cash revolution' is experienced by those intended to benefit from it, and the concerns affected people have, the Cash Barometer aims to inform a more effective roll-out of CTP worldwide. The initiative is currently being piloted by Ground Truth Solutions and CaLP.

The Cash Barometer combines quantitative surveys with qualitative approaches to collect data on users' perspectives. Questions relate to the perceived fairness, quality, relevance and effectiveness of CTP and of cash in combination with other modalities. The Barometer aims to monitor perceptions, expectations and ultimately satisfaction of cash recipients and host communities at an aggregated level.

In 2017 the tool is being piloted in Afghanistan, Turkey and Lebanon. It aims to provide actionable information that can be translated into response-specific programme improvements, as well as informing global policy debates.

For example, in Afghanistan, evidence from 598 respondents has been used to inform programme design and communications strategies. People affected by crisis largely preferred CTP over in-kind aid and they considered cash more relevant than other types of aid. This preference was particularly strong among women. At the same time communities perceived – incorrectly – that assistance was coming from the government of Afghanistan rather than humanitarian agencies. Corruption was considered likely; even more likely than for in-kind aid. See www.cashbarometer.org for details.

In Lebanon and Turkey, the forthcoming pilots are designed to inform national and global debates about the efficiency and effectiveness of more harmonized approaches to CTP – for example, through understanding differences in beneficiary opinions between those who have received assistance from a single agency and those who have received it from more than one. Data will show perceptions around where aid is coming from, the level of trust in local and international cash providers, and to what extent affected people feel that humanitarian cash transfer programmes take their views into account.

The tool is designed for regular use across a response, with the potential for in-depth thematic or geographic application. Ground Truth and CaLP will engage cash coordination structures in response countries, as well as a global approach to include individual humanitarian cash experts, and recipients of transfers to discuss pilot findings and refine the approach in early 2018.

Source: Interview Ground Truth Solutions; data from Afghanistan pilot (accessed July 2017).

The potential of humanitarian CTP to enhance financial inclusion is context specific

Facilitating pathways to financial inclusion when possible and appropriate is one of the Principles for Digital Payments in Humanitarian Response (often called the 'Barcelona Principles').¹⁰² Our research found different views about how humanitarian CTP can be used to strengthen financial inclusion. 64% of respondents in the practitioner survey agree that financial inclusion is a realistic objective for humanitarian cash and voucher programming. Yet interviews and focus groups highlighted the need for careful contextualization of such statements. The potential added value of CTP, and of humanitarian actors, in contributing to financial inclusion, is an area of current debate among practitioners (see Box 4.8).

BOX 4.8 CRITICAL DEBATE: THE ROLE OF CTP AND HUMANITARIAN ACTORS IN FINANCIAL INCLUSION

There is growing interest in the potential of CTP to contribute to financial inclusion. Humanitarian beneficiaries are often 'unbanked' (i.e., new to formal financial services), and there is potential for humanitarian assistance to connect them to financial providers. This has been often cited as an additional benefit of CTP and of using electronic payment systems. For example, the High Level Panel on Humanitarian Cash Transfers recommended that CTPs capitalize on e-payment systems where possible, and in a manner that furthers financial inclusion. It is also cited as an area where the humanitarian-development divide can be bridged, in line with the [New Way of Working](#).

While the majority of interview respondents and FGD participants agreed with the aspiration of contributing to longer term financial inclusion in principle, a significant number expressed doubts about how achievable this would be in practice. They pointed out that the assumed benefits of CTP to improve financial inclusion are neither being resourced nor systematically monitored.

Respondents consider that whether financial inclusion should be an objective for CTP or not depends on the nature of the crisis – its predictability and time horizon. In case of a sudden onset crisis, expectations that the programme could also improve financial inclusion were generally considered to be unrealistic.

The importance of financial services to the success of CTPs is acknowledged, along with the value of activities to increase access to them. However, respondents also questioned the ability of short-term humanitarian CTPs to effectively influence the enabling environment and the expansion of such financial services, since humanitarian CTP is not seen to be a significant factor in the business model of service providers. Some respondents also questioned the relevance of this as a priority area of investment for humanitarian actors and funds, since money spent here is not spent on meeting more immediate needs. They suggested instead that it would be better dealt with by development partners and governments.

There was agreement that financial inclusion objectives – if they are to be included in humanitarian CTP – should be based on an understanding of the context-specific barriers to financial inclusion, supported by concrete activities and resources, and the expected outcomes monitored.

¹⁰² Available at https://static.globalinnovationexchange.org/s3fs-public/asset/document/Digital-Payments-Humanitarian-Principles_0.pdf

Recent research by ELAN (see Box 4.9), suggests that there may be only limited opportunities for humanitarian CTP to contribute to financial inclusion objectives, and only when carefully and explicitly designed for this purpose. This resonates with evidence about the challenges in achieving financial inclusion on longer term development-focused cash transfer programmes.¹⁰³

BOX 4.9 INVESTIGATING LINKAGES BETWEEN FINANCIAL INCLUSION AND CTP USING E-TRANSFERS

The Electronic Cash Transfer Learning Action Network (ELAN) seeks to improve the impact of humanitarian cash transfers through appropriate use of e-payments technology. Between 2015 and 2017, one workstream has been dedicated to understanding the connection between humanitarian CTP and longer-term access to and use of financial services. ELAN commissioned operational research in three emergency contexts (Zimbabwe – medium-term response to drought and food shortage; Ethiopia – drought response as a component of a longer-term development programme; and Bangladesh – rapid response to flooding), to understand the barriers and enabling factors influencing uptake and use of newly introduced financial services among e-transfer recipients.

The study revealed that humanitarian cash transfers through mobile money did increase the use of specific financial services for the duration of the programme, but did not automatically lead to adoption of all products and services, or to sustained uptake, by beneficiaries. It was the exception rather than the rule that beneficiaries used their accounts for financial transactions after the CTP finished.

Influencing factors include: access to phone handsets; trust in the company, products and services offered, and the local agents; convenience of services to beneficiaries, for example, due to the distance to local agents, level of adoption of e-payment services by local retailers and service providers, and digital literacy; and the relevance of the products and services to the lives of individuals outside of the CTP – including potential overlap and competition with existing informal mechanisms that people are more accustomed to using.

The research concludes that financial inclusion objectives on humanitarian programmes can be feasible where such preconditions are met or where these can realistically be built. Such objectives were most successfully met in Ethiopia, where the INGO had a pre-existing relationship with the financial service provider and where the activities were supported as part of a longer-term development project. These investments, while important, can take considerable time and are not well-suited to the short horizons of many humanitarian responses.

Source: Bailey (2017) Electronic Transfers in Humanitarian Assistance and Uptake of Financial Services: a Synthesis of ELAN Case Studies, HPG Report for ODI; interview with Mercy Corps.

These findings are corroborated by several recent experiences of using e-payment systems in cash-based responses at scale. In Zimbabwe (see case study in Annex 2.3) there was a considerable increase in the adoption of mobile money services for buying goods and services by CTP beneficiaries, largely due to changes in the enabling environment (the liquidity crisis) which made storing funds and transacting through e-cash more relevant and necessary for beneficiaries. In DRC (see case study in Annex 2.4), the assumption that CTP could influence the expansion of coverage of these financial services in the affected areas has proven unfounded. In Somalia (see case study in Annex 2.7) there is some emerging evidence that the provision of mobile phones and the use of mobile money to delivery cash transfers has helped to expand their use, although this is in a context in which the use of mobile money is already widespread.

The emerging evidence from these experiences suggests that the enabling environment for e-transfers, and for financial inclusion, needs to be developed ahead of an emergency, if such services are to be effectively leveraged for CTP. Similar lessons were learned in the Ebola response in Liberia, where the government is now taking steps to improve coverage of e-transfer services and financial inclusion as part of disaster preparedness (see case study in Annex 2.6). Such investments could have clear added value for emergency preparedness and response, but are increasingly seen as a development policy and regulatory issue that needs long-term discussion and investment, rather than short-term engagement post-emergency. The added value, or role, that humanitarian actors can or should play in this space remains unclear.

¹⁰³ Use of electronic payment systems on long term social protection programmes are often presented as an opportunity to bring financial services to the unbanked. However, evidence shows that most recipients withdraw their cash transfer shortly after it comes available – Smith (2014) Innovations in Social Protection Payment Delivery: Literature Review for DFAT; CGAP (2014) Electronic G2P Payments: Evidence from Four Lower-Income Countries.

Priority Actions

4.1 Design and implement cash-based assistance to contribute as effectively and efficiently as possible to strategic outcomes. [GFA 4.2, 4.3 & 4.4]

- Agencies should systematically ensure that cash-based assistance is designed and implemented on the basis of the best available standards and evidence.
- Programmes should be designed to contribute effectively and efficiently to strategic outcomes for the whole humanitarian response, in line with beneficiaries' preferences. Agencies should assume that this will involve collaborating with other actors, in all areas from assessment to delivery and monitoring, rather than operating independently. This may involve using a variety of modalities, including multi-purpose cash grants.
- Humanitarian programmes should build on existing infrastructure and systems where possible, such as social protection systems, local networks or financial services and communications providers.

4.2 Develop common tools for managing the quality of CTP. [GFA 4.1]

- Agencies, donors and coordinating bodies should improve the common tools available to manage the quality of CTP. They should continue to build on existing initiatives to develop tools at global, national and operational levels. Tools should link to shared definitions of quality and include: outcome indicators, standards, guidance and operational tools (e.g. for assessment, delivery or monitoring).
- The process of developing tools should involve a range of actors bringing different perspectives, to build quality, legitimacy and uptake. Common tools will enable better collaboration, based on best practice, to contribute as much as possible to strategic outcomes.
- Tools will need to be systematically updated and promoted.

4.3 Integrate CTP into existing mechanisms for managing the quality of humanitarian action. [GFA 4.2]

- CTP should be integrated into existing and new procedures and guidance, in areas such as: humanitarian programme cycles, coordination processes and funding decisions. This should be undertaken with due consideration given to best practices from across the humanitarian sector, with lessons shared between organizations and countries. Tools for managing the quality of CTP, such as standards and guidance, will be most influential when they are integrated into overall humanitarian standards, guidance, frameworks and initiatives. This reflects CTP becoming a mainstream part of humanitarian assistance.

CHAPTER 5: COORDINATION

GLOBAL OBJECTIVE 5: STRENGTHEN COORDINATION OF CTP

Coordination of CTP remains ad hoc and contested. As a result, the efficiency and effectiveness of CTP is undermined. It is not clear which organization(s) should be responsible for CTP coordination, or the extent to which the planning and coordination of MPGs should transcend sectors, and this limits progress. More evidence is needed about when and how humanitarian CTP should best link with social protection systems.

Global Objective 5	Supporting Actions
Strengthen coordination of cash transfer programming (Grand Bargain #5)	5.1 Host governments play a leading role in strategic coordination of CTP throughout a response, where possible and consistent with humanitarian principles. 5.2 Develop a predictable approach to strategic coordination by international actors, and implement it where necessary. 5.3 Link humanitarian CTPs to existing social protection systems, legislation and infrastructure to the greatest extent possible. 5.4 All significant local and international actors actively participate in strategic and operational coordination mechanisms, share information, use common approaches and collaborate with each other as much as possible.

The problem of poor coordination of CTP and its impacts are well documented

The limitations of cash coordination are now well understood. Since 2015, several studies¹⁰⁴ shed light on and reached consensus on the key issues – specifically the ad hoc and fragmented approach to cash coordination, which is not formally or consistently embedded within the humanitarian coordination architecture. This poses challenges that limit the efficiency and effectiveness of the scaling up of CTP. These challenges and their impacts are summarized in Box 5.1. Experiences in Nepal in the 2015 earthquake response, documented as a case study (see Annex 2.1), illustrate several of these challenges.

¹⁰⁴ World Bank (2016) Strategic Note on Cash Transfers in Humanitarian Contexts, a report for the Inter-Agency Standing Committee <http://documents.worldbank.org/curated/en/697681467995447727/Strategic-note-cash-transfers-in-humanitarian-contexts>; GPPI (2017) White Paper on Cash Coordination [www.cashlearning.org/downloads/gppi-\(2017\)-policy-paper-on-cash-coordination.pdf](http://www.cashlearning.org/downloads/gppi-(2017)-policy-paper-on-cash-coordination.pdf); CaLP (2015) Cash Coordination in the Philippines: A Review of Lessons Learned www.cashlearning.org/downloads/cash-coordination-philippines-web-2.pdf; ODI (2017) Challenging the System: Humanitarian Cash Transfers in Iraq; ODI (2017) The Politics of Cash: a Case Study on Humanitarian Cash Transfers in Ukraine www.odi.org/publications/10764-time-change-harnessing-potential-humanitarian-cash-transfers.

BOX 5.1 CHALLENGES CAUSED BY THE AD HOC APPROACH TO CASH COORDINATION

Challenges created	Impacts
<ul style="list-style-type: none"> • Delays in setting up cash coordination mechanisms such as Cash Working Groups (CWGs). • Limited engagement of strategic decision makers early in the response (cluster leads; Inter Cluster Coordinators; Humanitarian Country Teams (HCT); governments). • No clear mandate or role in the formal coordination architecture (especially the ICC and HCT) for CWGs mean they are useful for technical/operational aspects but lack ability to fulfil strategic coordination functions – especially where CWGs lack links to or representation in clusters. • No clear locus for the planning and coordination of MPGs. • Limited mobilization of resources needed for effective cash coordination. • No designated leadership between aid agencies. • Reliance on implementing agencies for coordination meaning particular sectors and expertise tend to dominate coordination decisions – which should be collective, neutral, and not linked to the needs of a single programme or actor. • Lack of adequate links to national social protection systems or inclusion of host governments and local civil society in decisions. 	<ul style="list-style-type: none"> • Lack of harmonized approaches to assessment and design, creating confusion among beneficiaries. • Duplication of efforts among agencies, reducing cost efficiency of the response. • Inter-agency tensions, extensive negotiations and disagreements between agencies. • Reduced ownership and buy-in for CTP from sectors. • Constraints to development of quality cash responses for all needs, and of multi-sectoral approaches that integrate MPGs and other complementary assistance. • Reduced legitimacy or status of CWG decisions, in particular around intersectoral coordination and MPGs. • Lack of resources for institutionalizing cash coordination mechanisms outside of active responses, limiting preparedness planning. • Lack of strategic, joint analysis and decision making on cash, the use of MPGs, or where these sit within multi-sectoral responses programming, especially where CWGs are not connected to the cluster system. • Delays/mixed messages as government are not on board with or not up to speed with CTP.

Source: Authors, based on content from GPPI (2017) White Paper on Cash Coordination [www.cashlearning.org/downloads/gppi-\(2017\)-policy-paper-on-cash-coordination.pdf](http://www.cashlearning.org/downloads/gppi-(2017)-policy-paper-on-cash-coordination.pdf)

It is recognized that these challenges are most acutely felt in the coordination of MPGs, which do not fit into the current sectoral divisions of the humanitarian coordination system. This in turn constrains adoption of multi-sectoral programming in its fullest sense and limits the potential of MPGs as a programming tool.

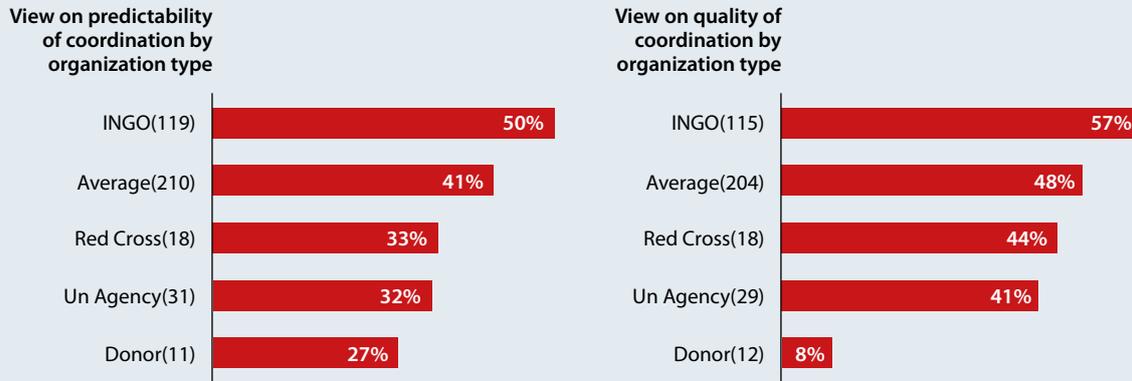
Studies highlight widespread agreement across humanitarian actors, including senior decision makers, on the need to formalize cash coordination, particularly at country/response-level, while retaining the flexibility to adapt coordination mechanisms based on context. The Inter-Agency Standing Committee (IASC) Principals have endorsed the World Bank's Strategic Note on Cash Transfers in Humanitarian Contexts calls for such formalization measures to be taken (although it does not make explicit recommendations on how this should be done).

The barriers to improving cash coordination are not being adequately addressed

Despite this agreement, over the past two years, little progress is perceived to have been made in this area. Respectively, only 41% and 48% of respondents in the practitioner survey agree that the predictability and quality of cash coordination has increased in the past year. As seen in Box 5.2, both national actors and donors are more critical here than implementing agencies.

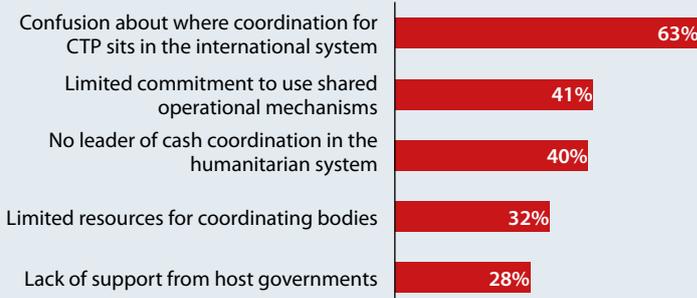
BOX 5.2 PRACTITIONER VIEWS ON PREDICTABILITY AND QUALITY OF CTP COORDINATION

Only a few practitioners believe that predictability and quality of CTP coordination has increased in the past year.



*Number in brackets indicates the total respondents, excluding no basis responses

BOX 5.3 TOP FIVE PERCEIVED BARRIERS TO EFFECTIVE COORDINATION OF CTP IN A HUMANITARIAN RESPONSE



The main perceived barriers to effective coordination of CTP in a humanitarian response are detailed in Box 5.3. Lack of support from clusters, implementers, donors or host governments are not seen as critical barriers. The main barriers include: no defined place for cash coordination within the international humanitarian system; lack of leadership for cash coordination; and limited resources for coordinating bodies. In addition, the limited commitment of agencies to use shared operational mechanisms

was considered significant. These issues are discussed further below. Organizations interviewed highlighted that this ongoing coordination challenge is a critical barrier to achieving global commitments on improving the scale, efficiency and effectiveness of cash assistance.

Lack of progress in formalizing cash coordination in the humanitarian system

This lack of progress in formalizing cash coordination means barriers to effective cash coordination persist, at strategic and operational levels. Those interviewed cited: a lack of clarity about where cash should sit within the formal coordination system to enable multi-sectoral coordination, which limits the positioning of cash – especially MPGs – within Humanitarian Response Plans (HRPs); lack of agreed leadership for cash coordination; lack of a formal and consistent structure for cash coordination; and no formal endorsement of, mandate for or embedding of CWGs within the aid architecture.

“This is a huge gap. At the root of it, cash coordination is not having a clearly defined place in the humanitarian coordination system. This is a real reason inhibiting the scale up of cash.”
Anonymous

Efforts of donors and others to partially address this, such as by funding coordination positions through CashCAP and bilateral funding in emergency responses, have not been successful on a sustainable basis, since the coordination structure is not formalized, positions are only temporary, and are not institutionalized. CashCAP report high demand for coordination roles, and that there are capacity gaps in this regard.¹⁰⁵ They intend in future to focus primarily on technical coordination deployments. They also note that the lack of global clarity on the position of cash coordination poses a challenge, as those deployed are working with a range of coordination arrangements – and without a clear model for how their work should be undertaken.

¹⁰⁵ For example, in Nigeria a request for a technical coordination post was unable to be filled after 8 months.

Other efforts to address this by coordination entities include the ongoing capacity building of coordination staff within OCHA,¹⁰⁶ the integration of fully funded strategic cash coordination positions in countries such as Pakistan, Somalia, Nigeria, and DRC, and inclusion of cash coordination as explicit activities in OCHA coordinator's terms of reference (TORs) and workplans. However, the lack of formal arrangements is perpetuating the same coordination challenges and limitations in recent responses, as documented in case studies for Nigeria, where OCHA stepped in to provide coordination functions and support (see Annex 2.5), and Somalia (Annex 2.7) where the lack of institutionalization of the CWG between emergencies reduced effective preparedness and harmonization.

The main reason for this lack of progress is because of a deadlock, since early 2016, on how to take forward the recommendations from the World Bank/IASC Strategic Note. Stakeholders consulted for the GPPI report, and for this research highlight three reasons for this:

- A lack of practical guidance on ways to take forward the recommendations of the report, leading to different interpretations by organizations on how the commitments should be operationalized, and different underlying visions of what a cash coordination function will be responsible for.
- The debate about the appropriate model(s) for cash coordination has become politicized. Cash coordination is seen by some as going hand in hand with control of common cash delivery mechanisms for large-scale CTPs; leading response analysis decisions and determining the allocation of resources for CTPs; and controlling growing budgets for MPGs at the expense of individual sectors. These links have not been formally made – in the IASC report or by donors. This debate also reflects ongoing tensions between the coordinating roles of different entities (linked to their mandates) in different contexts.
- Lack of leadership from the IASC on what should be done, to navigate this impasse.

“This [lack of coordination] makes it difficult from a donor perspective, to say ‘let’s scale up cash’, when programs are not harmonized, and when there is no single point of contact for cash in the response. For cash to be effective it needs to be intricately linked to sectoral and inter-sector coordination to ensure interventions are meeting needs.” USAID

There is consensus that this must be resolved to take cash to scale. It was noted by an interviewee that this isn't solely about CTP, and can also be framed in terms of the improvements needed for better coordination overall, to overcome the fragmentations and silos in the current system. Whilst the model or models are still to be determined, the views of those practitioners interviewed mirror the conclusions of the GPPI report:

- Little support for creating a new, separate cluster for cash or for mainstreaming cash coordination into existing sectoral clusters.
- Strong support for a solution that would involve an overall reform of the coordination architecture, to include a 'Basic Needs Approach' alongside further sector-specific assistance. However, most stakeholders see this as a medium- to long-term (five years plus) change.
- In the short- to medium-term, there was broad agreement among those interviewed that cash coordination should be situated at the inter-cluster or inter-sector level (as suggested by the IASC Strategic Note), to better ensure strategic consideration of cash across sectors, consideration of MPGs in the design of HRPs and a multi-sectoral approach to assessment, planning, implementation and coordination of humanitarian assistance. The chair or co-chair of any CWG should be a member of this inter-sector coordination mechanism to link strategic decisions to technical design and implementation. There is however, not yet a consensus on whether HRPs should include a separate chapter for multi-sectoral assistance within which MPGs could be coordinated and funded.
- Broad agreement that the coordination leadership role should not extend to leading response decision making, delivering cash or vouchers, or allocating resources and that it should ideally be segregated from implementation aspects of programming.

“At global coordination meetings, there is a turf war going on between the three UN agencies on who should ‘own’ cash – this is not helpful.” Anonymous

¹⁰⁶ Over 50 OCHA staff trained as of September 2017

At the meeting of the Cash workstream of the Grand Bargain in May–June 2017, the group recognized the need for the IASC to provide guidance on cash coordination (processes, leadership and institutions) globally, to include MPGs for basic needs in HRP, ¹⁰⁷ and to include cash coordination in Humanitarian Coordinator and Humanitarian Country Team (HCT) TORs. They also acknowledged that the Humanitarian Coordinator should be accountable for timely activation of CWGs and agreement to undertake joint advocacy to the IASC on these issues. The group will be requesting the IASC to clarify their position and take action on these issues.¹⁰⁸

At the meeting of the GHD committee in June 2017, there was collective agreement on the need for IASC to provide leadership and guidance for formalizing cash coordination structures and functions and agreement to engage with the IASC on these issues.¹⁰⁹ Subsequent to these discussions, there was also an agreement to build cash into Inter-Cluster TORs.

Since January 2017, OCHA has convened a CTP Task Team for the Global Cluster Coordinators (GCC) Group. The Task Team identified a range of areas of work, including: a functional mapping of CWGs and inter-relations with clusters; capacity building; clarity and guidelines on information management, specifically the reporting of CTP; and building on the work carried out for the global Food Security Cluster for cluster level cash coordination guidance,¹¹⁰ to develop something with more multi-sectoral applicability. Whilst there have been some initial challenges in achieving agreement and buy-in across the clusters, activities are progressing and the GCC has agreed that cash should be coordinated at the inter-sector level, with both strategic and technical level components. OCHA has commissioned an independent study to compare models of cash coordination, develop standard CWG TORs and recommendations on linking cluster coordination to CWGs.

“If we don’t get coordination right, we won’t get CTP right. With the current set-up we’re missing opportunities in terms of how to best address needs.”
Anonymous

OCHA plans to build the capacity of Humanitarian Coordinators (HCs), Inter-Cluster Coordinators, Information Management Officers and Humanitarian Financing staff in CTP, and ensure that cash assistance is discussed in all strategic forums from the beginning of a response, across sectors. OCHA is also working to incorporate cash coordination into the TORs for HCs/HCTs and the ICC Group.

Similarly, in parallel, UNHCR has been working to integrate their Basic Needs Approach (BNA), providing MPGs alongside other sector-specific support, into the Refugee Coordination Model.¹¹¹ The BNA is seen as an integral part of the multi-sectoral approach that the Refugee Coordination Model is based on and is central to the Common Refugee Response Framework. The BNA is being coordinated at an inter-sectoral level, through multi-sectoral working groups (CWGs and basic needs assistance working groups).¹¹²

There is a lack of commonly agreed processes for technical coordination – though Cash Working Groups are highly regarded and are filling a critical gap

Only 28% of survey respondents agree that humanitarian agencies currently make the best use of common mechanisms for assessment, delivery or monitoring on CTPs. Here, donors are more sceptical of progress, whereas implementing agencies rated this more highly. This could be because implementing agencies’ perspectives relate to specific examples of progress on the ground (in specific contexts), whereas donors have a more global perspective at a scale at which the impact of these case-by-case interventions is yet to be felt.

Respondents reported some good progress on adopting more harmonized approaches to assessments, targeting and calculating transfer values/amounts. Indeed, those interviewed highlighted how humanitarian actors have often made efforts to coordinate between themselves, in the absence of strategic guidance and direction. Stakeholders perceived these collaborative working methods to have added value by reducing duplication of effort and facilitating the consideration of responses that meet the needs of affected populations across sectors. Criticisms were voiced, however, particularly in relation to the unnecessary complexity and time

¹⁰⁷ This point was also made in the Global Cash Forum, held in June 2017. See CaLP (2017) Global Cash Forum Report available at www.cashlearning.org/downloads/gcf-final-report-august-2017-1.pdf

¹⁰⁸ WFP/DFID (2017) Report of the First Workshop of the Grand Bargain Cash Workstream, 31 May–1 June 2017

¹⁰⁹ DFID/Norwegian Ministry of Foreign Affairs (2017) Report on the GHD Cash Workstream Workshop, 15 June 2017.

¹¹⁰ gFSC (2017) Food Security Cluster Coordinator Cash Transfers Briefing Package: <https://reliefweb.int/report/world/food-security-cluster-coordinator-cash-transfers-briefing-package>

¹¹¹ Framework for delivering all assistance and protection in refugee contexts.

¹¹² UNHCR (2017) Basic Needs Approach in the Refugee Response.

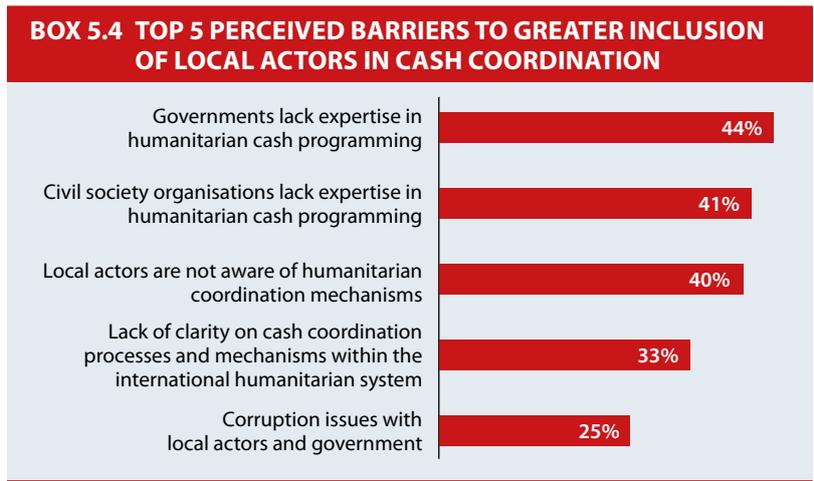
consuming nature of certain processes, which limits their added value. The prior planning and institutionalization of approaches to particular issues ahead of an emergency remains inadequate. The DRC, Lebanon and Somalia case studies (Annexes 2.4, 2.8 and 2.7) highlight both positive experiences and challenges faced with operational coordination.

These experiences – and those in Liberia (Annex 2.6) – demonstrate the importance of a well-functioning CWG with strong leadership and technical capacity, for improving this coordination between agencies with regard to the design and implementation of CTP. In most emergency contexts, such groups have been established,¹¹³ or Basic Needs Working Groups have been set up to support multi-sectoral coordination, including that of CTP. These have tended to focus on addressing specific technical and operational issues, such as developing common MEBs, setting common transfer values, and coordinating geographical coverage and assessment activities between agencies. CWGs are currently organized and chaired by a variety of different actors, including host governments, OCHA, other UN agencies and NGOs. They are still set up in a largely ad hoc way, by operational actors to meet immediate priorities on the ground, and as such, they tend to lack stable resourcing (either in terms of funds or staff) and relationships with strategic oversight bodies.¹¹⁴ The lack of formal and consistent linkages into existing humanitarian architecture, including the lack of formal information management for CTP, limits the ability of CWGs to assume some of the critical strategic coordination functions. Based on data from a mapping undertaken by OCHA, as of December 2017, there are 30 active CWGs globally.

“If governmental vision for CTP is limited, efficiency and effectiveness of cash coordination, and coordination of cash with the wider response, will be hampered and will largely depend on individuals.”
Anonymous

Roles for local actors in cash coordination need to be improved, and this could be linked to investment in their capacities

This study highlights the limited progress made to date on commitments to improve the engagement of governments and other local actors in coordination of CTP. It found little evidence of concrete efforts to effectively involve local actors – such as local authorities, technical services and civil society organizations – in cash coordination. This is in line with findings of Chapter 3 concerning issues with capacity building of local actors, which highlighted that these stakeholders are considered as implementers rather than decision makers. This was identified by stakeholders during interviews as a significant gap to address, as part of a broader approach to local capacity building in line with the localization agenda for CTP.



Only 44% of survey respondents perceive that the involvement of host governments in the coordination of humanitarian cash and voucher programming has increased in the last year. There were large regional disparities in opinion, with greater progress perceived in Asia compared to Africa. This is perhaps reflective of the relatively strong interest and leadership role of national governments in disaster response within Asia, as well as the types of emergency

(i.e. in more complex crises, government involvement and leadership can become more difficult to reconcile with humanitarian principles). Findings are substantiated by the organization survey, where only 57% of respondents consider that their organization works with governments to implement CTP.

¹¹³ For example, see the lists of CWGs, contact points and meeting minutes available on CaLP’s website at www.cashlearning.org

¹¹⁴ Though it should be noted that arrangements vary considerably from context to context; a handful of CWGs have been formally integrated into the coordination architecture (e.g., in Iraq, Ukraine, and South Sudan these groups are sub-groups of the ICC Group) and some others (e.g. in Afghanistan and Yemen) have significant influence at the ICCG and HCT.

Box 5.4 illustrates the main perceived barriers to greater inclusion of local actors in cash coordination. Interviews and FGDs highlight less ideological opposition among humanitarian actors to the idea of government involvement on the grounds of upholding humanitarian principles,¹¹⁵ and more openness from host governments to collaborate on CTP. The lack of expertise and awareness of CTP by local actors are perceived to pose the most significant barriers. Continued lack of clarity on formal cash coordination processes within the international humanitarian system is also thought to limit their consistent engagement.

There are positive examples emerging wherein host governments have effectively contributed to the coordination of cash responses. Lessons from Turkey (see Annex 2.2) and Liberia (see Annex 2.6), as well as documented experiences of cash coordination in the Philippines¹¹⁶ suggest that the following are enabling factors:

- Engaging host governments as members or co-leads of national CWGs.
- The government establishing a single line ministry or focal point responsible for engaging on CTP.
- Embedding CTP within strategic discussions on the HRP, alongside other modalities, with an emphasis on the achievement of needs rather than particular modalities.
- Investments in capacity building as part of preparedness.
- Donor support for engagement of host governments.
- Existence of cash-based social transfer and safety net schemes in country (*note: the opportunities and challenges for linking humanitarian CTP to these national systems are analysed further below*).

Meanwhile, emerging experiences from Nigeria (see case study in Annex 2.5) suggest that the process by which humanitarian actors engage governments must take into account the available time and resources and be transparent, in order to encourage collaboration.

However, host government actors are still at times seen as being conservative in their attitudes to humanitarian cash assistance, which may limit acceptance of cash modalities (especially unrestricted transfers and MPGs) in the response phase, and take valuable time to build awareness and acceptance. This is illustrated by experiences in Nepal (Annex 2.1). It can present a quandary for humanitarian actors regarding the extent or quality of engagement with governments in contexts in which there is reluctance on the part of government to support CTP, or particular cash modalities.¹¹⁷ The gaps in technical support for governments that were highlighted in Chapter 3 therefore hinder effective coordination of CTP.

Only 28% of respondents considered that national and local organizations are appropriately involved in CTP coordination mechanisms. Respondents based in global offices of organizations have very low opinions, whereas the perceptions of national and sub-national staff are substantially more positive.

¹¹⁵ Exception was made for contexts in which government is contributing to the humanitarian crisis or would not be impartial.

¹¹⁶ G. Smith (2015) *Cash Coordination in the Philippines: A Review of Lessons Learned*, available at www.cashlearning.org/resources/library/639-cash-coordination-in-the-philippines-a-review-of-lessons-learned-during-the-response-to-super-typhoon-haiyan

¹¹⁷ For example, this was an issue in Haiti in the hurricane Matthew response – some government actors, based on negative experiences after the 2011 earthquake, were reluctant to move to large-scale unconditional CTP as they perceived that this undermined traditional communal labour practices in clean-up efforts. However humanitarian actors were concerned about the appropriateness of cash for work in the majority of the worst-hit areas, and moved ahead with unconditional cash (Source: UN OCHA Key Informant).

The case for linking humanitarian CTP with national social protection systems is becoming clearer but requires long-term technical and strategic support

This study has highlighted the growing interest and experience among humanitarian actors in linking humanitarian CTP with national social protection systems. The potential is recognized to leverage national social protection programmes and their underlying systems to support humanitarian response, and thereby support the development of emerging social protection systems to become more 'shock responsive'.¹¹⁸ 50% of survey respondents¹¹⁹ report that their organization has worked with governments, on some level, to use national social protection systems for delivery of cash assistance. Respondents based in Southern Asia reported most positively, perhaps reflecting recent developments in this regard in the region. Similarly, 32 of the organizations that are signatories of the Grand Bargain report that they have made increased investments in social protection programmes and in strengthening national and local systems to build resilience in fragile contexts.¹²⁰ Three of the responses that feature as case studies in this report (Nepal, Liberia and Turkey – see Annexes 2.1, 2.6 and 2.2) have linked or coordinated with national safety nets – in different ways, and to varying degrees. In Turkey, these initiatives reach significant scale with the EUR 348 million Emergency Social Safety Net (ESSN) programme for Syrian refugees in Turkey, implemented by the Turkish government, Turkish Red Crescent and WFP, which aims to support one million refugees to meet their basic needs. There are also ongoing investments by donors and UN agencies to advance this agenda through research, synthesis of emerging good practices and development of guidance for policy makers and practitioners. Some ongoing initiatives are shown in Box 5.5.

¹¹⁸ There are several different ways in which humanitarian cash assistance can link with national social protection systems. Growing literature on this topic highlights consensus on some common ways in which social protection (particularly social transfer programmes) can bridge the development and humanitarian divide. The DFID-funded research into shock-responsive social protection (see Box 5.5) has developed a useful typology that summarizes these approaches: i) Vertical expansion: temporarily increasing the benefit value or duration of the benefit provided on an existing social protection programme, for all or some of the existing beneficiaries. This can be achieved via an adjustment of transfer amounts, or through the introduction of extraordinary payments or transfers. The extra support is provided as an integral part of the existing intervention. ii) Horizontal expansion: temporary inclusion of new, disaster affected, beneficiaries into a social protection programme. This could be done via the extension of the programme's geographical coverage to underserved areas, an extraordinary enrolment campaign to rapidly enroll those who fit programme criteria and who have been affected, or modification/relaxation of eligibility criteria to allow more people to benefit. iii) Piggybacking: using a social protection programme's administrative framework or systems to deliver assistance, but running the response programme separately. This could be use of a specific programme's beneficiary list, national registries or databases of households underpinning social protection programmes, a particular payment mechanism, or social protection staff. iv) Alignment: an emergency response is deliberately designed to align with another (actual or emerging/potential future) programme or system. This could be greater alignment of humanitarian interventions into something more predictable and 'systemic' or alignment of a response programme with an existing or future social protection programme, to facilitate potential integration and national ownership in the future.

¹¹⁹ Note: here n = only 187 respondents.

¹²⁰ GPPI (2017) Independent Grand Bargain Report. <https://reliefweb.int/report/world/independent-grand-bargain-report>

BOX 5.5 LINKING HUMANITARIAN CTP TO NATIONAL SOCIAL PROTECTION SYSTEMS: EXAMPLES OF ONGOING INITIATIVES

Research into Shock-Responsive Social Protection (DFID 2015–17)¹

A multi-country research study to better understand whether, and how, long-term social protection systems can foster resilience to and respond to crises. It examines: (i) social protection and its potential role in shock response; and (ii) the opportunities for coordination/integration of humanitarian interventions, disaster risk management and social protection for effective responses to shocks. The project has been implemented by Oxford Policy Management (OPM) in the Philippines, Pakistan, Lesotho, Mozambique, Mali and the Sahel region. A range of outputs including country case studies, a synthesis of findings, an extensive literature review, and a toolkit are to be published by early 2018 to guide practitioners in this emerging field.

Providing Social Protection across the Humanitarian–Development Nexus (DEVCO/ECHO 2016–18)

This aims to develop a flexible guidance package to raise awareness and support practical recommendations on how, on the one hand, the European Commission (EC) can encourage and support, whenever feasible and appropriate, the use of social protection mechanisms to mitigate, respond to and recover from crises, and how, on the other hand, humanitarian interventions can contribute to the progressive building of sustainable national social protection systems. The primary audience is staff in EC Headquarters, European Union Delegations and ECHO field offices, with some resources made publicly available through a web platform. The guidance focuses on the realities and constraints of working in fragile and conflict affected areas and contexts of cross-border migration.

Conference on Social Protection in Contexts of Fragility and Forced Displacement (UNICEF Sept 2017)

This conference brought together lessons from research and concrete policy responses, in order to develop evidence-based social protection solutions in contexts of crisis. An outcome document was endorsed by participants and provides consensus on some of the key considerations for operationalizing this approach across humanitarian and development spheres, the gaps and the research and policy actions needed to address them.²

Mapping of social protection system readiness (UNICEF 2017–18; UNHCR 2017–18)

Both UNICEF and UNHCR are aiming to explore how to use existing or nascent social protection systems – especially cash transfers – to channel humanitarian assistance during emergencies and protracted crises.

- UNHCR is aiming to gain a better understanding of existing cash-based social transfers and safety nets in 15–20 UNHCR countries of operation through a light-touch mapping exercise to scope out the possible entry points for supporting displaced populations, for further detailed analysis in 2018.
- UNICEF piloted a light-touch survey tool to assess the ‘readiness’ of national social protection systems to support shock response. This has formed the basis of a more detailed tool which assesses the social protection system, the humanitarian system and capacities of implementing agencies – currently being piloted in the Central Asia region (Tajikistan and Armenia).

¹ Visit the project [web page](#) for the research outputs.

² UNICEF (2017) Conference on Social Protection in Contexts of Fragility and Forced Displacement: Outcome Document.

Experiences from research and practice are generating valuable lessons to inform policy debates on the feasibility and appropriateness of using, and/or building national social protection systems as part of humanitarian cash assistance. Box 5.6 summarizes the key lessons emerging from research and experiences to date.

BOX 5.6 CRITICAL DEBATE – LINKING HUMANITARIAN CTP TO NATIONAL SOCIAL PROTECTION SYSTEMS

There is a great deal of interest in the potential to link humanitarian CTP to national social protection systems. Respondents identified a range of perspectives, reflected in the following lessons from research and practice.

Proof of concept is emerging, but more evidence is needed: Experience suggests that, in the *appropriate context*, linking to national systems has the potential to improve the efficiency and effectiveness of humanitarian response – reducing the time and resources needed to establish new systems and processes and improving cooperation between humanitarian agencies and government departments on broader aspects of the response. However more evidence is needed. There is little evidence yet to substantiate the contribution that humanitarian programmes can make to strengthening the underlying social protection system.

Determining whether the context is ‘appropriate’ depends on careful assessment and analysis: making a link will not be the best way of working everywhere, and requires an informed decision to be taken based on the humanitarian objectives, careful assessment and analysis of the underlying social protection system, and the wider context. Critical factors to consider are:

- Maturity and coverage of social transfer programmes: programmes that are well established, and with robust operational processes and staff capacities, offer more opportunity.
- The targeting approach on social transfer programmes: there may be extensive or only limited overlap between households targeted for social protection and those that are worst affected by a disaster.
- Political will and regulations: without prior engagement and support of government departments involved in social protection, designing and implementing a linked programme is not possible.
- The humanitarian context and needs to be met: social transfer programmes are geared towards the regular and predictable distribution of cash to beneficiaries. A linked programme is more suited to meet needs that are addressed through regular repeated support.

Social protection programmes can be linked to in different ways: national programmes and their underlying operational systems and processes can be used in ways that leverage their strengths whilst accounting for and mitigating their limitations. If elements of the operational system present bottlenecks, or if design features are not well suited for humanitarian assistance, these could potentially be bypassed, or adapted.

Coordination of linked programmes can be challenging in practice: linking humanitarian assistance to social protection systems requires the involvement of a range of actors with different mandates, concerns and priorities. It may need to bring together social protection and humanitarian response thematic areas within governments, donors and international organizations that more commonly operate as separate departments, with different mandates, sources of funding, and lines of reporting. It may also involve government departments responsible for managing any underlying databases/registries and setting programme regulations. Establishing ways of working and securing buy-in of these various stakeholders, ex-post, is not conducive to a timely response. It also raises the question of how to integrate such activities with the agenda for developing common systems for cash delivery, since one focuses on using, building or strengthening nationally owned systems whilst the other prioritizes the development of a separate, parallel system.

While there are potential advantages to linking with national social protection systems to deliver humanitarian assistance, this way of working will also present challenges, just as with any other programme. Social protection and humanitarian response have different objectives, and tools or designs to support one will not always be the best way of achieving the other. Political motivations can influence design features such as targeting, or setting of the transfer value, and the ‘politically acceptable’ approach may not necessarily be the most effective from a humanitarian perspective. Engagement with and capacity building of national governments, whilst desirable, is not always a smooth process – particularly if departments are unfamiliar with the requirements or principles of humanitarian response. There can be difficulties faced in including refugees – such as challenges in recognition of refugee status, legal and regulatory barriers to accessing state services, among others (lack of information, language barriers, discrimination, etc.).

Source: Authors, synthesizing findings from the global research and guidance initiatives mentioned in Box 5.5.

BOX 5.7 TOP FIVE PERCEIVED CHALLENGES IN LINKING CTP TO NATIONAL SOCIAL PROTECTION SYSTEMS


The case studies demonstrate that there are consistent findings emerging in both Nepal and Turkey (see Annexes 2.1 and 2.2). This approach has clear potential, but also brings significant challenges, which have to be addressed within the operational context of any country response.

Our research generated findings consistent with those from the above mentioned global experiences, with strong agree-

ment from practitioner survey respondents on the main challenges in linking humanitarian cash assistance to national social protection systems. These are shown in Box 5.7. The most significant perceived barriers are all a consequence of the siloed nature of humanitarian and development programming and the difficulty of bringing these fields together. These present a challenge to the effective use of existing national programmes and systems for shock response. As demonstrated by experiences in Lebanon (Annex 2.8), in contexts where social protection is still emerging, the fragmented design and implementation of humanitarian cash transfers as well as competing visions for the place of CTP in the humanitarian system also makes it difficult to build responses that share the characteristics of social protection (as a single cohesive programme) and that can, over time, evolve into national safety nets.

Experiences from emerging research and practice, and the opinions of stakeholders interviewed, highlight several gaps to be addressed in order to move forward with global commitments to link humanitarian CTP to national social protection systems – to achieve ‘proof of concept’ and to foster strategic engagement. There is a need for:

- Definitive evidence on the efficiency and especially the effectiveness of these linked approaches in comparison with the traditional business model of a parallel humanitarian response, including identifying issues related to humanitarian principles around data protection and needs-based targeting.
- Evidence on the added value of this approach for strengthening or informing the development of the national social protection system, or on what must be done to ensure this.
- Guidance for policy makers and practitioners regarding which contexts should be prioritized and how best to design and implement programmes – including how CTP differs to the ‘usual’ approach of standalone humanitarian programming.
- Discussion on which actors (development and humanitarian, donor and host government, and implementing agencies) should be involved in taking this approach forward, their added value in this space, specific roles and responsibilities, and on where and how coordination between diverse sets of actors should most effectively take place.

“The discussion on linking with social protection systems is logical and attractive conceptually but much more complex in practice. It really isn’t that easy; there will be places where it is not feasible. That said, there are elements of these systems, like the databases, that are very useful and could add real value [to humanitarian response] – assuming the right level of political commitment and funding to make it happen.”

IRC

Forthcoming outputs from the research efforts mentioned in Box 5.5 should fulfil some of the requirements for guidance and tools in this emerging space, though there is a need for flexibility and for continuous updating of these based on further experience. However, the last point (on who should be involved) is emerging as a more difficult issue to tackle because of the vested interests at stake.

Priority Actions

5.1 Integrate CTP into existing mechanisms for coordinating humanitarian action. [GFA 5.1, 5.2, GB 2.2]

- Coordination bodies should integrate CTP into their work and objectives. This should be undertaken by relevant government bodies, national entities and international humanitarian actors, on the basis of the best available evidence, at a level that spans technical sectors. It could include updating areas like: strategies, procedures, information systems and planning tools.
- The lessons from different approaches to coordination should be actively shared, in order to drive continual improvement.
- The IASC should provide clearer guidance on locating responsibilities for cash coordination (at strategic and technical levels) within the humanitarian system, building on existing analysis.

5.2 Support and engage with Cash working groups. [GFA 5.4]

- Cash working groups (CWGs) should be established and supported to enhance coordination at the technical level. The chair, resourcing and responsibilities of the CWG should be determined locally, on a pragmatic basis, while global responsibilities are clarified. Cash working groups should work with sub-national groups where necessary, taking care to avoid duplication of activities.
- High-level coordinating bodies should support CWGs and link them to wider coordination efforts. All agencies working on CTP should engage with the relevant CWG. Cash working groups should seek to include all humanitarian actors, including government, local actors and international actors.
- Donors should resource CWGs, and specialist bodies strengthen the pool of relevantly experienced CWG leaders.
- CWGs should work on the basis of good practices from other humanitarian responses, and should seek to share and promote their experiences.

5.3 Build links between humanitarian programmes and other government/development initiatives. [GFA 5.1 & 5.3]

- Humanitarian actors should routinely consider how their work can be connected to and contribute to other government systems and long-term development initiatives. This can help to bridge the humanitarian–development divide and contribute to achieving the Sustainable Development Goals. It includes potentially linking short-term humanitarian aid to longer term approaches, such as social protection systems and related programmes and infrastructure, as set out, for example, in the New Way of Working and the Comprehensive Refugee Response Framework.¹²¹
- The evidence base in this area should be strengthened, through testing and monitoring different approaches.

¹²¹ See www.unhcr.org/uk/comprehensive-refugee-response-framework-crrf.html

CHAPTER 6: EVIDENCE AND INNOVATION

GLOBAL OBJECTIVE 6: STRENGTHEN THE EVIDENCE BASE AND INVEST IN INNOVATION

The case for CTP as an assistance modality that can be used at scale has been made, but the evidence base for the efficiency and effectiveness of different operating models, and types of CTP in different contexts needs to be developed. Agencies are examining how to build evidence for the achievement of sectoral outcomes through CTP. Many organizations are open to and share CTP knowledge, but the policies and platforms to facilitate this at a systemic level need to improve. CTP can act as a catalyst for further innovation, but will benefit from more strategic collaboration, both between humanitarian agencies themselves, and with the private sector.

Global Objective 6	Supporting Actions
Strengthen the evidence base and invest in innovation (Grand Bargain #2 & #3)	6.1 Strengthen the evidence base about the costs, benefits, impacts and risks of CTP in different contexts and sectors. 6.2 Invest in developing new delivery models and innovations which can be used to increase the quality and scale of CTP. This includes new partnerships with the private sector and other actors. 6.3 Develop and employ common markers to track and assess delivery models. 6.4 Proactively share information about experiences of CTP. 6.5 Maintain a comprehensive overview of the evidence base and gaps on CTP, across all sectors, and promote new evidence across all relevant organizations.

The fundamental case for CTP as an assistance modality that can effectively be used at scale has been made

It has been established that there is a solid and growing evidence base for CTP, and that it is among the best researched humanitarian tools.¹²² There have been notable efforts to review and distil the state of CTP evidence; the main findings from some of the key studies are outlined in Box 6.2 (below). As seen in Box 6.1, 80% of the practitioner survey respondents agreed (and just 11% actively disagreed) that the evidence to support a significant increase in CTP now exists. Similarly, the very low percentage of organizations surveyed that consider the lack of evidence to be a significant internal barrier to increasing CTP indicates that the fundamental case for CTP has been made.

BOX 6.1 SUFFICIENT EVIDENCE IS AVAILABLE ON THE 'PROOF OF CONCEPT' FOR CTP



80%
Practitioners agree that sufficient evidence is available to make the case for a significant increase in the use of CTP.



6%
Organizations saw a lack of evidence on the efficiency, effectiveness and appropriateness of cash as a significant barrier to effective and extensive usage of CTP within their organization and their readiness for CTP.

¹²² ODI (2015) *Report of the High Level Panel on Cash Transfers* www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9828.pdf

Evidence quality and utilization

Some key informants noted the limitations of the CTP evidence base, particularly in terms of empirical rigour and cross-contextual applicability. However, it is regularly highlighted that generating high-quality humanitarian evidence is challenging, regardless of modality, owing to the nature of the environment and the programming itself. For example, a series of systematic reviews commissioned by DFID in 2016–17 demonstrated the limited availability of evidence that meets scientific standards across the humanitarian sector. Most CTP evidence to date is operational (i.e., specific to a programme and/or context), with a relative minority of studies using control groups or equivalent standards. Overall, the highest quality evidence around the comparative performance of assistance modalities and the effectiveness of cash transfers is from non-emergency contexts,¹²³ with a paucity of rigorous evidence about how best to address the needs of crisis-affected populations.¹²⁴ It has also been noted that there is no consensus on what constitutes evidence for CTP, and how this should be used, which was corroborated by CaLP's recent scoping study on evidence needs for CTP.¹²⁵

BOX 6.2 SUMMARY OF KEY FINDINGS FROM STUDIES AND REVIEWS OF EXISTING CTP EVIDENCE

The points below are drawn from systematic reviews and literature reviews of CTP studies. While the lessons can be applied to wider contexts to an extent, the evidence reflects the fact that there have been more studies generated in some contexts than others, so it should not be assumed that these findings hold true in all contexts under all circumstances.

- **'Proof of concept' – CTP is an effective and appropriate means of providing humanitarian assistance.** Cash can be effective at meeting the needs of people dealing with the impacts of crisis and disaster. Long-term global trends in demographics, economic activity and technology are increasingly conducive to the delivery of cash as an appropriate humanitarian response at scale. The rigorous evaluation of cash-based social assistance programmes in Latin America demonstrate that cash transfers can form an effective and appropriate part of social protection strategies to alleviate poverty.
- **The appropriateness of CTP, and other modalities, is context-specific and needs to be determined through response analysis.** CTP is not appropriate at all times and in all places. Different factors need to be considered, e.g., markets need to be functioning or able to quickly recover, and there needs to be secure ways to make transfers.
- **Cash and vouchers pose different risks to in-kind aid, but are not inherently higher risk.** Risks associated with different modalities need to be evaluated on a case-by-case basis. Experience shows that ways can be found to deliver cash safely and securely even in conflict-affected places. There is no evidence of cash being more or less prone to diversion than other modalities. E-transfers can reduce related risks through more transparent tracking.
- **People spend cash transfers on the goods and services that they most need, which varies among individuals and contexts.** There is very little evidence of anti-social expenditure. This is consistent with findings from social protection cash transfer programmes.
- **People affected by disaster often prefer cash to other forms of aid, but not universally.** Preferences can be influenced by the perceived value of the assistance, market volatility and familiarity with particular modalities.
- **Studies of the comparative effectiveness of cash, vouchers and in-kind aid (primarily for food security), show it depends on context, needs and specific objectives.** Effectiveness is similar on average across modalities. For example, in-kind food transfers were more successful than cash in increasing per capita caloric intake, whereas cash and vouchers led to greater improvements in dietary diversity and quality.
- **Cash transfers are generally more cost-efficient to deliver than in-kind or vouchers.** Cash transfers have a lower cost per head than vouchers and in-kind aid, and vouchers have a lower cost than in-kind. More consistent and robust approaches to cost analysis are required to cover relevant dimensions including scale, context, procurement practices and hidden costs.

¹²³ World Bank (2016) IASC Strategic Note.

¹²⁴ 3ie (2016) Cash-based approaches in humanitarian emergencies: A systematic review.

¹²⁵ CaLP (2017) *Knowledge Hub: Report on Consultations and Recommendations*. Despite representing the views of a range of donors, practitioners and academics, this was only a small sample of 32 interviewees, which should be taken into account when using these findings.

- **How cash is used can be influenced by the number and size of the instalments and the duration of the programme.** When cash is received in multiple instalments, how it is used may change over time. There is emerging evidence that larger or lump sum transfers can support longer-term investments.
- **There is little evidence that cash transfers either disadvantage or empower women in terms of household decision making.** The most consistent finding is that providing money can reduce arguments between husbands and wives related to difficulties meeting household needs.
- **CTP can have positive indirect market impacts (multiplier effects) when implemented at scale.** Vouchers generated up to \$1.50 of indirect market benefits and cash transfers generated more than \$2 of indirect market benefits for each \$1 provided to beneficiaries.
- **Cash injections have not generally caused inflation, with exceptions in cases when markets were not well connected and demand outstripped supply.**
- **There is large variance in the availability of comparative evidence across sectors.** There is a substantial amount of evidence in the food security sector, but a limited evidence base for nutrition. For other sectors, and for multi-purpose cash, there is very little or no existing evidence of the effectiveness and efficiency of CTP as compared to, or in combination with, other modalities.

Sources: Adapted primarily from: 3ie (2016) *Cash-based approaches in humanitarian emergencies: A systematic review*; ODI (2015) *State of evidence on humanitarian cash transfers: Background Note for the High Level Panel on Humanitarian Cash Transfers*; World Bank (2016) *The Other Side of the Coin: The comparative evidence of cash and in-kind transfers in humanitarian situations*.

BOX 6.3 SHARING CTP LEARNING AND EVIDENCE



59%

Practitioners believe that their organization proactively documents and shares knowledge on cash and voucher programming with others.



69%

Organizations report that they systematically share knowledge on cash and voucher programming with other organizations.

1/2

Practitioners believe that the policies that exist (or are under development) will be effective in improving the sharing of information, learning and evidence related to CTP.

A majority of organizations are open to and share CTP knowledge and learning, but the policies and platforms to facilitate this at a systemic level need to improve

As highlighted in Box 6.3, survey results confirm that a significant majority of organizations share their CTP evidence and experiences with others. There is less confidence at a more system-wide level that the policies exist, or are planned, to improve the sharing of CTP information and evidence.

The practitioner survey asks about the main barriers to the systematic sharing of information, evidence and learning on

CTP. The most significant barrier, cited by 40% of respondents, is a lack of awareness of common platforms for information sharing. At the same time, 31% cite a lack of common platforms as a main barrier, and 29% a resistance to using common platforms. Organizational interviews revealed similar findings, while CaLP's knowledge and evidence scoping study found that different types of audience (e.g., practitioners, donors, etc.) have differing key needs in terms of CTP materials and evidence. These results indicate that there are a variety of issues to be addressed before progress can be made, including raising awareness of existing platforms, and ensuring these are fit for purpose. Furthermore, it is imperative that dissemination is translated into actual uptake and use, critically, in project design and decision making, which has implications for how common platforms engage users. The WHS self-reporting analysis included a recommendation for more support to be provided to communities of practice to foster partnership and support learning, knowledge sharing, networking and coordination. CaLP's planned Knowledge Hub (see Box 6.4) is being developed with the aim of addressing key issues with sharing CTP evidence and learning.

"The evidence base is almost all very positive. We need to have more about the challenges. 90% of the evidence is positive, but that might be because the negatives are not shared. Donors need to encourage and support the sharing of failure and learning to improve humanitarian action."

NRC

Evidence and transparency: Information sharing platforms need to find ways to effectively tap in to and encourage further sharing between organizations. Several of those interviewed highlighted that failures and bad experiences tend not to be shared, which may skew the evidence base. This is not specific to CTP, but relates to the incentives and value placed on transparency of evidence. Donors have a significant role to play here, including ensuring funding decisions are supported by existing evidence, and encouraging impartial and open processes for generating and sharing evidence (see the Lebanon case study in Annex 2.8). It was also observed during one FGD that a lot of the data that is collected is underexploited or unused.

BOX 6.4 CALP'S KNOWLEDGE HUB

Recognizing both the importance of and the issues relating to sharing and using CTP information, CaLP is developing a Knowledge Hub that aims to: a) create an integrated space enabling access to all relevant CTP knowledge; b) support more effective CTP research, based on priority gaps; and c) encourage transparency and collaboration in evidence generation.

The Hub will include an Evidence Centre which will draw on and consolidate work being done to provide mapping of evidence, and help synthesize this to identify priorities and to document emerging research. The aim is that this will also serve as a platform for collaboration, to enable the formation of collective research agendas, and build partnerships to include both operational agencies and academia at global and national/local levels.

Other key components of the Hub will include: (i) an improved online Resource Library; (ii) CTP Standards, including the Programme Quality Toolbox (see GO4), and Glossary; (iii) Thematic Pages, providing guidance and resources on key topics; (iv) Making the Case for Cash, including advocacy materials; (v) CaLP D-Group (email discussion group); and (vi) the Learning Hub, CaLP's online capacity building platform.

Strengthening the evidence base for CTP will rely in part on being able to identify and address priority gaps (evidence gaps are explored in the next sections), which requires a collective effort. Various initiatives to map and collate CTP evidence are already in progress, some at the sector level (see below), and some agency-led, for example, IRC's Outcomes and Evidence Framework¹²⁶ (although this isn't CTP-specific). See Box 6.4 for more on how CaLP aims to build on these initiatives to support better CTP research.

Critical gaps in the evidence base for CTP remain, which act as constraints for further change

As has been noted earlier in this report, CTP evidence gaps remain. These are in relation to the comparative **efficiency and effectiveness of different operating models**, and **different types of CTP (and other assistance modalities)** in different **contexts**, including in terms of achieving **sectoral outcomes**, the **use of MPGs**, and **complementary and multi-modality programming**. There is also a need to strengthen the evidence on CTP and gender equality, and in relation to specific sub-populations of concern, which may also help to bridge gaps in protection evidence.

The following sections will examine these gaps in greater detail, as well as the challenges they present, and progress towards addressing them. A common theme is that a lack of evidence contributes to inertia and reluctance to engage with CTP, yet, conversely, determining how to best achieve given objectives in a specific context requires that new approaches are tested in practice.

"This is the big question mark for progress for cash going forward – it's no longer whether it's appropriate, this is confirmed. It's how best to deliver it to meet a range of needs, and what agency needs to do what." Independent Consultant

There is a need for a more rigorous evidence base at the impact level across modalities, which would allow for cross-comparison and analysis of different types of programming. Several of those interviewed, including some donors, highlighted the importance of improvements to and harmonize in outcome monitoring, to allow for better evaluation both at a response level, and cross-contextually. Both the GB and GHD cash workstreams identified the development of common indicators as a point of action. More routine and harmonized data collection and analysis could play a significant role in building the evidence base. See Chapter 4 for further exploration of issues and opportunities with regards to monitoring CTP.

¹²⁶ See http://oef.rescue.org/#/?_k=74c4u7

Agencies have recognized the need to build the evidence base on achieving sectoral outcomes through CTP in multiple sectors, and are acting on this

BOX 6.5 PERSPECTIVES ON EVIDENCE FOR USE OF CTP IN SECTORS

1/2

Practitioners agree that sufficient evidence is available about how to use cash and vouchers appropriately in different sectors.

Research for this report (surveys, interviews and FGDs) revealed that, overall, respondents note a lack of sufficient evidence for the appropriate use of cash and vouchers in some sectors. Similarly, existing systematic studies and syntheses, as well as sector-wide reviews,¹²⁷ point to very limited evidence in some sectors, including health, nutrition, WaSH, shelter and protection.

There is a need to build credible evidence about sector outcomes.

This is both in terms of the effectiveness of different types of CTP, and more broadly regarding the use of a range of aid modalities. Various sectors are beginning to gather and review existing evidence, and develop research agendas, probably stimulated in part by policy developments. The work of the Global Health Cluster is a good example of progress (see Box 6.6). Other global clusters, e.g., WaSH and education, are also studying this issue, and there are multiple examples of collective and agency-level initiatives to identify sectoral evidence gaps, and begin to address them through research and learning.¹²⁸

BOX 6.6 RESEARCH AGENDA-SETTING ON CTP FOR HEALTH AND NUTRITION

Recognizing the limited evidence base for CTP for health and nutrition in humanitarian assistance, the World Health Organization (WHO) and the Global Health Cluster commissioned a study to identify research priorities. A total of 189 suggested research questions were collected through an online survey and a face-to-face group session. These questions were then reviewed by an advisory group based on four criteria (answerability/feasibility, fills important knowledge gap, maximum potential for improving health or nutrition outcomes, effect on equity) using a five-point scale. Content analysis was used to identify and rank research categories.

The top three categories in terms of the number of questions (NB. a single question could fall into more than one category) were:

- Modalities (i.e., different types of CTP and comparison with each other and with direct support to access services and goods)
- Outcomes & Impact (e.g., health and nutrition outcomes and systems, links to development, etc.)
- Intermediate Outcomes (e.g., access to and utilization of care and goods, behaviour change, etc.)

The study leads noted that the findings are illustrative rather than exhaustive, due to limitations in the process, and the complexity and relative novelty of the topic. Nevertheless, the results serve as valuable guidance for researchers, policy makers, implementers and funders.

Source: Global Health Cluster (2017) Research agenda-setting on cash programming for health and nutrition in humanitarian settings.

As noted in *Chapter 2*, sectoral concerns often focus on MPGs with respect to achieving and measuring outcomes. MPGs as a form of cash transfer explicitly designed to address a range of basic needs are quite new, hence, there is currently little evidence concerning how they contribute to achieving different sectoral outcomes. There is also little evidence of how and which activities implemented in tandem with MPGs (often referred to as 'complementary programming', or 'cash plus') are effective in contributing to reaching intended sectoral outcomes and/or increasing overall well-being. It was also noted by a respondent that, ideally, we should also test the comparative effectiveness of a given complementary activity in relation to the provision of more cash per beneficiary, although this may be challenging in practice. Studies in the pipeline will help to answer these complex, and often very context-specific questions. For example, the Basic Needs Assessment (BNA) methodology being developed by the ERC consortium (see Annex 2.5 for the Nigeria case study) has the use of MPGs alongside other complementary activities at its foundation, and outputs from the pilots in Nigeria and Ethiopia will contribute to understanding in this space. Another example is UNHCR's study (due to be completed in early 2018), comprising a desk review and two case studies, with the objective of providing evidence on the effectiveness of MPGs and complementary programming in reaching sectoral outcomes. A further study on the related topic of 'multimodal'

¹²⁷ e.g. IASC Strategic Note and Doocy et al., and UNHCR review of Cash Based Interventions in WASH programmes

¹²⁸ Includes literature and programming reviews - e.g. Protection Outcomes in Cash Based Interventions A Literature Review – Berg and Seferis (2015), UNHCR sectoral CTP evidence reviews for WASH and health – and research e.g. IRC's planned research relating to health and protection outcomes

programming¹²⁹ (using more than one modality simultaneously, or switching from one modality to another) analysed a range of case studies and found that there may be multiple 'right' responses in a given context. It was also found that *'the general information categories needed for response analysis are quite similar across sectors suggesting that a harmonized approach to response analysis would be appropriate.'*¹³⁰

As highlighted by several of those interviewed, however, the issue of evidence and the sectoral use of CTP (including in relation to MPGs and complementary programming) currently forms a cyclical argument: there are concerns about risks and outcomes, with a lack of evidence cited as a key barrier, but in the absence of relevant programming, there is no means to generate evidence. Regardless of the relative efficacy or otherwise of CTP for food security and livelihoods outcomes, a principal reason that there is a more substantial evidence base in these sectors is the volume of relevant CTP to research in the first place. Some agencies such as the IRC and Save the Children highlighted their analysis of sectoral Theories of Change (TOC) to identify which parts of these pathways that CTP might be able to support, which can be used as a basis for testing in practice. There are also examples emerging of efforts to identify opportunities and constraints for using CTP to achieve sectoral objectives.¹³¹ While these efforts don't immediately constitute evidence in themselves, this trying and testing of interventions, based on appropriate response analysis, is an imperative step towards generating evidence. These initiatives at present remain ad hoc and driven by individuals, rather than being systematically adopted.

"Let's look at the outcomes of cash and complementary programming ('cash plus'). For example, we might need cash plus BCC (behaviour change communication) to have an impact on child nutrition. These are complex outcomes and to achieve them we need to be addressing all the causal pathways. It's a complicated area of evidence to build". ECHO

Collaboration in implementing CTP is increasing, but we don't yet know which operational models¹³² are the most efficient and effective in a given context

BOX 6.7 PERSPECTIVES ON EVIDENCE FOR OPERATING MODELS

44%

Practitioners agree that sufficient evidence is available to inform the selection of operating models for CTP.

Drivers and opportunities for change: Over the last decade, individual agencies have tended to run their own CTP, from funding application through to delivery, resulting in multiple agencies delivering CTP, sometimes to the same beneficiaries, using different platforms. Recent policy debates and developments on the ground have prompted greater focus on the potential benefits of collaboration and different operational

models for CTP (e.g. consortia, common cash delivery platforms, single agency delivery, etc.), and the types of data and evidence required to evaluate what works best, how and where. These debates are being driven in large part by the imperative of improving the efficiency and effectiveness of humanitarian assistance. Scaling up CTP offers opportunities to transform how humanitarian aid is delivered, potentially involving a consolidation or rationalization of functions, and/or a more prominent role for 'non-traditional' players in the humanitarian sphere.

Key areas of current and potential change include:

- **The role of the private sector (FSPs) in providing a core operational function** – the actual delivery of aid. This also implies separating the delivery of assistance from other programming functions, which was recommended in the High Level Panel report, and reflected in ECHO's draft 2017 guidance (see Box 6.8);
- **Advances in technology, involving the digitization of a range of programming functions.** This provides opportunities for greater harmonization and the use of shared systems and data platforms, as well as the need to work with relevant service providers;
- **Recognition of the advantages of undertaking joint assessment and analysis** (see *Chapter 2*), which encourages agencies to work together and multi-sectorally;

¹²⁹ CRS/CaLP (2017) Cash or in-kind? Why not both? Response Analysis Lessons from Multimodal Programming.

¹³⁰ Ibid., p. 7.

¹³¹ For example, Libya Cash and Markets WG – AIDE-MEMOIRE Final Cash assistance to support health objectives, July 2017; ACAPS leading an assessment of education services in North East Nigeria to inform the potential for CTP (October 2017).

¹³² 'The overall structure through which agencies work jointly (either through a partnership, consortium or other form of collaboration) to deliver a CTP. Specifically, in the situation response and analysis, program design and implementation' (working definition of operational model).

- **The use of a single modality of assistance (cash), delivered through the same mechanism, to address multiple needs within a household, i.e., multipurpose cash.** A 2015 DFID-funded study¹³³ into the value for money (VfM) of cash transfers in emergencies concluded that the flexibility of cash means that it is uniquely placed to enable VfM gains in the humanitarian system. The range of goods and services that households can access with cash transfers would be difficult or impossible to replicate via in-kind assistance.
- **Many host governments are investing in cash-based social protection systems,** with the support of actors such as the World Bank. These can provide new foundations for humanitarian response, and challenge humanitarian agencies to define their role and added value more clearly, as discussed in *Chapter 5*.

These issues can have major ramifications in terms of how agencies work together and separately, funding provision, partnerships with FSPs and technology providers, and how (and which) needs are addressed through CTP.

Many operational models have and are being tested in practice, while others have been proposed but not yet been properly applied on the ground. Box 6.8 summarizes a range of models which have evolved in recent years. This does not purport to be comprehensive of all current and potential models, but seeks to outline some key approaches. They are not all necessarily mutually exclusive.

A primary rationale has been to minimize duplication of effort, on the assumption that this will generate efficiency gains from streamlining systems and processes. From an accountability perspective, the value of simplifying arrangements for beneficiaries in terms of how they access and use assistance is critical. Effectiveness gains have also been central to the arguments driving change. For example, in Lebanon (see Annex 2.8) a key argument for shifting from food vouchers to cash was based on a study which concluded that cash provided approximately 20% increases in purchasing power as compared to vouchers. See the critical debate in Box 6.10 which explores some of the issues arising from tensions between efficiency and effectiveness in determining operational models.

It is important to note that the models summarized in Box 6.8 broadly cover humanitarian agencies (UN and NGO) working together and with the private sector, but do not explicitly account for the growing role of governments in delivering cash-based humanitarian assistance, primarily through social protection systems. How these types of operational models develop in future are likely in many contexts to be increasingly intertwined with how governmental social assistance and cash distribution systems are developing. This will inevitably require an examination of the role(s) and added value of humanitarian agencies in circumstances where significant elements of cash delivery and other programming components are managed by the government. As noted above, the topic of the linkages between humanitarian CTP and social protection has been explored in *Chapter 5*, which notes the need to further build the evidence base in this regard.

¹³³ Cabot-Venton et al. (2015) Value for Money of Cash Transfers in Emergencies (DFID).

BOX 6.8 TYPES OF OPERATIONAL MODEL – CONCEPTS AND PRACTICE

Consortia and Alliances: Consortium models are based on formal contractual and funding relationships between members, usually with funding channelled through a lead agency and dispersed to other members as sub-grantees. These are distinct from alliance models, which are generally based on semi-formal relationships between members and separate funding flows from donor(s) to member agencies. Working in consortia or alliances is not a CTP-specific model, and there are multiple examples of consortia that have employed a mix of modalities, including cash and vouchers, simultaneously. The Review of Interagency Collaboration for CTP Delivery (2016) found that shared costs within consortia can increase efficiency over time, while standardizing processes (e.g., monitoring, referrals, etc.) between members supports overall effectiveness.

The case study (see Annex 2.8) reviewing the history of the Lebanon Cash Consortium (LCC) – which consisted of six INGOs and served 18,000 households – highlights that consortia models for implementing cash assistance must be based on defined operational processes and strong, clear governance systems. This experience also suggested that it is important to be pragmatic about the most critical things to harmonize and to be clear on the limits of collaboration within a given consortium structure. Establishing consortia pre-emergency, as was the case in Somalia (see Annex 2.7), can enable a faster response, as donors are able to contract a single grant more quickly than multiple separate ones.

Shared Cash Delivery Mechanisms: These types of models entail collaboration in the financial delivery of cash transfers, but not necessarily in other areas of programming, although linking to shared registration systems may feature. There are, broadly, two types of shared delivery mechanism:

- A single contract exists between one agency and the FSP, and other agencies make use of this platform through sub-accounts, generally making a service payment to the contracted agency for making the relationship with the FSP and card issuance. The One Card, managed by WFP, in Lebanon (see Annex 2.8) is an example of this. Evaluations of the One Card showed it reduced costs by reducing time for pre-negotiated agreements, reducing aggregate card numbers and sharing operating costs between agencies. The collaboration between WFP and UNICEF in Turkey (see Annex 2.2) is another example.
- Each participating agency has a direct relationship with the FSP, which acts as the platform manager. The Common Cash Facility (CCF) in Jordan is an example. Facilitated by UNHCR, it is used by ten organizations. All agencies participating in the CCF benefit from the same terms and conditions. The CCF offers economies of scale and cost advantages: the more beneficiaries reached (which is linked to the number of agencies that join), the lower the bank fees. A recent review of the CCF in Jordan found that it has resulted in improved efficiency and accountability of cash assistance activities by CCF members. Bank transfer fees and human resource requirements have reduced. Although it has improved collaboration for cash delivery, including minimizing duplications, it is not necessarily (nor was it set up to be) a mechanism that contributes to coordination more broadly.¹³⁴

Some respondents noted the need to retain the flexibility for contracting multiple service providers in contexts in which variations in quality and access to different service providers depends on the location, and capacity to cover the last mile might be challenging. Currently, the use of a single service provider to deliver assistance may only be appropriate in some contexts, although technological improvements that increase coverage for related infrastructure and penetration of FSPs means that this is likely to change in future (see case studies for DRC and Liberia – Annexes 2.4 and 2.8).

Broader Integration of Systems: These types of model are evolving to develop harmonized systems for all CTP project cycle management processes, building on the comparative advantages of stakeholders. The Lebanon One Unified Inter-Organization System for E-Cards (LOUISE) – see Annex 2.8 – is an example. It aims to provide a common platform for payments, linking to joint information management systems, and incorporating common approaches to vulnerability analysis and targeting. There are also efforts to develop a common complaints response mechanism and common monitoring system. This collaboration enables 'joint programming' in terms of the operational use of common systems – not joint programming in terms of a single common objective or design.

¹³⁴ CaLP/UNHCR (2017) Review of the Common Cash Facility Approach in Jordan.

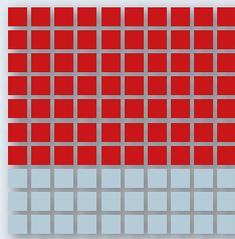
The Greece Cash Alliance, funded by ECHO and led by UNHCR with six INGO members, is another example of a broader harmonization and integration of systems and processes. With the donor and implementing agencies recognizing the need for streamlining, members of the Alliance are required by ECHO to establish one database, one contract, one FSP and one card for delivering cash payments. Bank cards are loaded by UNHCR, which has the contract with the FSP, following partners' certification and validation. The members also use standardized eligibility criteria and cash transfer values, a common M&E framework, a centralized feedback mechanism, and joint communications materials.

Single Agency Cash Delivery (with segregation of functions): This approach was proposed in ECHO's draft guidance for large-scale cash transfers, published in 2017 (note that ECHO will be updating this guidance in 2018). It stipulates a single delivery system for CTP, unless justified by operational concerns. CTP is separated into two components: (a) all humanitarian programming elements of the intervention (assessment, monitoring, targeting, etc.), including a contract for programme coordination, and (b) the financial delivery of the cash transfers. Efficiency ratios of 90:10 for the financial delivery, and 85:15 overall are expected, i.e., 85% of the overall contract(s) value to be provided to beneficiaries as cash transfers. In this model, funding from one or multiple donors (e.g., pooled funding) could be channelled through the same agencies.

To date, this model has not been fully implemented, although as of the end of 2017, the closest example is the WFP-implemented programme of unrestricted cash assistance for refugees in Lebanon, which has independent monitoring, evaluation, accountability and learning (MEAL), and uses existing harmonized processes under LOUISE such as the One Card and joint targeting (see case study in Annex 2.8). However, in its response to the draft guidance, the CCD (see below) highlighted three main concerns: (i) ensuring practical linkages and ways of working between those implementing components A and B; (ii) ensuring cost-efficiency concerns are weighed against a needs-driven approach (see the critical debate in Box 6.10); and (iii) ensuring cash components are effectively integrated into wider humanitarian programming. These concerns were also reflected in interviews for this study.

Collaborative Cash Delivery Platform (CCD): The CCD is an initiative being developed by a group of 15 NGOs with the overall objective of working together in preparedness and response to ensure quality CTP at scale. The CCD is still at a prototype stage. It does not denote a specific operational structure but would be expected to vary from one country platform to the next. The CCD is based on a modular approach – a module groups together different activities and competencies in the CTP cycle, e.g., assessment, delivery, monitoring. This approach recognizes that collaboration is not a binary on/off for the whole project cycle; such appreciation of the challenges and opportunities in different 'modules' of CTP allows a more nuanced, localized approach to emerge. Pilots are planned in Somalia, Uganda, Nigeria and Oman.

Operational Models, Collaboration and Segregation: Most operational models for collaboration have emerged as a result of specific contextual factors. Different operational models require different types of collaboration – between humanitarian agencies, and between humanitarian agencies and the private sector. Different models may also involve varying segregations of functions relating to different stages in the programme cycle, including in terms of the financial delivery of CTP, and other programming components. On a general level, collaboration between organizations in implementing CTP is increasingly common practice, as confirmed by the results of the organizational survey (see Box 6.9). However, it is not always encouraged in a system in which agencies compete for resources in order to remain financially viable.

BOX 6.9

70%

Organizations report that they implement CTP in collaboration with other humanitarian actors, rather than operating independently.

A 2016 study¹³⁵ reviewed examples of several types of inter-agency collaboration for CTP between NGOs (consortia, alliances and collaboration via CWGs) in order to test the commonly held assumption that greater collaboration results in greater efficiency or effectiveness. UN-led delivery models, and models in which functions are segregated on a technical basis between agencies, and/or where a single agency leads financial delivery, were not included, owing to the lack of examples that had been operating for a sufficient period to enable analysis at that time. Based

on the available examples, which largely involved a geographical rather than functional split in responsibilities, the study found that that higher degrees of collaboration and formalization do not necessarily correlate with improved efficiency and effectiveness. Collaboration can lead to effectiveness gains by enhancing the coverage and quality of design, but collaboration can bring associated costs which can affect efficiency, particularly in the short-term. The study also highlighted the importance of country- or context-specific approaches to defining optimal collaboration frameworks.

Building an evidence base for different operational models through transparent, comparative analysis: A key feature in current debates on operational models has been the release of ECHO's Draft Guidance (*Guidance to partners funded by ECHO to deliver large-scale cash transfers in the framework of 2017 Humanitarian Implementations Plans and Emergency Support Operational Priorities*). ECHO has clarified that it applies principally to cases of large-scale funding (>€10m) in protracted crises that allow necessary planning, with sufficient stability in terms of beneficiary numbers. This draft guidance is currently under review. Nevertheless, in tandem with the launch in 2016 of large, competitive tenders for CTP (e.g., ECHO and DFID in Lebanon – see case study in Annex 2.8), it has proven to be a catalyst for far-ranging and intense debates on programming models.

Those interviewed for this report were often appreciative of the fact that these developments have opened up debates, and the lens this has required the humanitarian sector to apply to their ways of working. However, a key observation, which was reflected across multiple organizational interviews (including donors, NGOs and UN agencies), is that we don't yet have the evidence for which operational models work best, how and where. Respondents feel that this needs to be systematically addressed by the testing of alternative models in different contexts and ensuring rigorous comparative analysis of the process and impact.

CaLP is working to build evidence around operational models for large-scale CTP, particularly those implementing MPGs, using a *CTP Operational Models Analytical Framework*. This is a simple toolset to identify features that influence quality (efficiency, effectiveness and accountability), and draw out the role that contextual factors play in the formation and evolution of operational models and on supporting or hindering positive outcomes. CaLP's intent is to use this aggregated evidence base to develop guidance on the suitability of different operational models, by context.

¹³⁵ CaLP (2016) A Review of Interagency Collaboration for CTP Delivery.

BOX 6.10 CRITICAL DEBATE: HOW DO WE ENSURE THAT BOTH EFFICIENCY AND EFFECTIVENESS ARE GIVEN DUE WEIGHT IN THE DESIGN AND DECISION-MAKING FOR THE SELECTION OF OPERATIONAL MODELS?

Concerns cited regarding different operational models, both in interviews and other sources, frequently reflect a tension between efficiency (particularly cost-efficiency) and effectiveness, and the comparative weight of each in decision making and design.

Some feel that there is an imbalance in the attention paid to cash delivery functions and associated efficiency gains, compared to the broader spectrum of essential programming functions required to implement CTP effectively. Many of these broader functions (e.g., assessment, registration, monitoring, etc.) tend to be performed by NGOs, often involved in the last mile of providing humanitarian assistance, whereas large-scale cash delivery favours larger agencies and potentially the private sector.

Implementing agencies often fund their core overhead costs by charging a fixed percentage for them on project budgets. As the Lebanon case study highlights (see Annex 2.8), the consolidation of functions can reduce the operational budgets for agencies that are not involved in delivering payments. The implications of this for funding core overheads needs further discussion, including how to ensure technical actors can still 'afford to engage'. Respondents note the need for transparent analysis, involving donors and implementing agencies, of the real costs of delivering cash, and the real costs of other essential technical programming activities. This would help to enable a discussion about how to ensure sufficient operational capacity and technical expertise is maintained and developed.

Ideally, these debates would be informed by a full analysis based on comparative data, which requires the right tools to be in place, and applied. There is common agreement, reflected, for example, in the actions from the GHD cash workstream (June 2017), on the importance of identifying and routinely applying shared cost-efficiency and cost-effectiveness metrics across organizations. However, this a complex process, and the sector may be some way from realizing it in practice.

Evidence to date demonstrates that different operational models have different strengths and weaknesses for the delivery of efficient and effective CTP. These strengths and weaknesses often relate to contextual factors and programme design features which are not necessarily inherent to an operational model itself. It is widely recognized that no single operational model will be appropriate in all places at all times, and so decisions should always be based on a mixture of accumulated evidence and informed contextual analysis.

Implications of evolving operational models for the humanitarian system: Models that drive more harmonized cash delivery can challenge the established interests and roles of actors within the humanitarian system. The push to separate cash delivery from other programming components, and projections that, in future, cash delivery may be increasingly contracted directly to the private sector, have led some organizations (particularly NGOs) to question further investment in cash delivery capacities (see Chapter 3 for more on this). Instead, they are considering where they might add more value in terms of specialist and technical skills, and local engagement. The development of the Collaborative Cash Delivery Platform (CCD) – see Box 6.8 – is in many ways reflective of these concerns.

As noted in *Chapter 3*, the Grand Bargain is committed to making humanitarian action as local as possible. Respondents remarked that this approach is in tension with operational models that increase the scale of CTP through more streamlined models that involve fewer agencies. How this tension plays out in practice will depend both on how the overall localization agenda and related commitments progress, along with efforts to ensure that national and local organizations are engaged in evolving operational models.

As highlighted in the case studies for Somalia and Lebanon (see Annexes 2.7 and 2.8), there is a need for greater donor coordination on approaches for more collaborative cash delivery. Donors are often not seen to be taking steps to pool their funding for CTP, or sharing the same approach for operational models for cash delivery, and have different criteria for reporting. This creates confusion among agencies, can contribute to duplications or differential treatment of people with similar vulnerabilities, and undermines the potential of more collaborative approaches. Greater harmonization and coordination among donors is likely to drive better and more expansive collaboration between those implementing CTP.

CTP can act as a catalyst for further innovation, but will benefit from more strategic collaboration, both between humanitarian agencies themselves, and with the private sector

Although the nature of humanitarian programming has not tended to incentivize innovation,¹³⁶ it is embedded in the drive to increase efficiency and effectiveness through new models, private sector engagement and new technology. CTP can act as a catalyst for further innovation where it offers opportunities for new ways of working. Innovation in the development of CTP can apply in multiple ways, for example, to evolving operational models, programme design, delivery mechanisms, and funding structures. The use of CTP can also act as a catalyst for considering broader MBP, including market support. It was noted by respondents that all innovation requires an appetite for risk and failure, both from implementing agencies and, critically, from donors. Care International's experience of partnering with DFID in Zimbabwe is a good example of the importance of strong donor buy-in when it comes to innovating and taking programming risks (see case study in Annex 2.3).

The innovations in programming that are driving the evolution of different operating models are often happening hand in hand with technological innovations, which in themselves are facilitating new approaches to CTP. The growth of mobile money is an example of the potential impact of a technology which plays a key role in CTP in many places. Mobile phones were first used as a platform for financial services in 2001. By 2017, there were over 174 million active accounts in 92 countries, with increasing evidence that these services can help to alleviate poverty. For example, a recent report estimates that M-Pesa helped to bring 194,000 households in Kenya out of extreme poverty in its first six years.¹³⁷ The Somalia case study (Annex 2.7) illustrates the rapid uptake of mobile money in areas where there is very little penetration of regular banking services. At the same time, experiences such as the Liberia Ebola response (see Annex 2.6) highlight the need to be conscious of the limits of the applications of new technology in some contexts.

"To innovate we need space to take risks". CARE International UK

Work to integrate technological advances has been a central part of the growth of cash transfers, both in development and emergency contexts. For example, many cash-based social assistance systems now use biometrics (e.g., fingerprints, iris scans) in registration and payment, which has been shown to reduce costs and leakage, and improve transparency and convenience.¹³⁸ Biometrics are also being used increasingly in humanitarian CTP – one example is WFP's SCOPE (see the Somalia case study in Annex 2.7), a cloud-based digital beneficiary and transfer management platform which uses biometric signatures. Iris scan technology is also used by beneficiaries accessing payments from the bank under the Common Cash Facility (CCF) in Jordan (see Box 6.8).

Over the last couple of years there has been increasing interest in the potential uses of blockchain technology for CTP, which is explored in Box 6.11. Blockchain, like many tech-based applications, can be linked to digital identities.

¹³⁶ e.g. OCHA (2014) Humanitarian Innovation: The State of the Art – notes that the consequences of failure in humanitarian programming are high, and the financial structures do not incentivise innovation – it encourages a form of evaluation driven by demands of accountability for public spending, which rarely feed into future planning. www.unocha.org/sites/unocha/files/Humanitarian%20Innovation%20The%20State%20of%20the%20Art_0.pdf

¹³⁷ Center for Global Development (2017) *Policy Paper 107: Blockchain and Economic Development: Hype vs. Reality*, citing T. Suri and W. Jack (Konner 2017).

¹³⁸ Center for Global Development (2011) *Cash at Your Fingertips: Biometric Technology for Transfers in Developing and Resource-Rich Countries – Working Paper 253*, available at www.cgdev.org/publication/cash-your-fingertips-biometric-technology-transfers-developing-and-resource-rich

BOX 6.11 PILOTING BLOCKCHAIN TECHNOLOGY FOR CASH-BASED TRANSFERS

What is Blockchain?: Blockchain is a data structure in which every modification of data is agreed to by participants on a network, providing a complete record of all the data modifications that have ever taken place in that chain. Encoding is used to prevent tampering, and that no new modifications can be made without detection. Participants can trust data held on a blockchain without having to know or trust one another and without having to rely on a central authority like a bank, credit card company or government. (Adapted from Center for Global Development (2017) Policy Paper 107: Blockchain and Economic Development: Hype vs. Reality, p. 1.)

Blockchain and humanitarian aid: Blockchain has the potential to speed up the distribution of aid funding and trace every pound spent – from original donor to each individual assisted. This also removes intermediaries, lowering the chance of fraud and the cost of transactions. For example, WFP expects that using a blockchain ledger can reduce their overhead costs from 3.5% to around 1% (see below). Blockchain also has the potential to speed aid to remote or disaster-struck areas, where ATMs or banks do not exist or are not functioning normally.

The largest pilot of blockchain in humanitarian aid has been that of WFP in Jordan, providing assistance to refugees in Azraq camp in Jordan using Ethereum-based blockchain ledger technology. Ultimately, they plan to scale up to cover their entire caseload of 500,000 people. Beneficiaries can purchase food using iris scans; this is essentially a voucher-based intervention in that purchases are restricted to participating supermarkets, with no cash withdrawal option. WFP runs the blockchain itself – there are no other entities involved at this stage – with the fact that they are now operating their own payment network, rather than needing to go through other service providers, accounting for the cost savings. The programme's costs are front loaded, with heavy fixed costs (IT, staff, cost of beneficiary registration, etc.), and the payback period is expected to be one to two years. This is driven by lower overall delivery costs, which were 1–3% lower as a result of a reduction in bank fees.

Another example is the partnership between START network (an alliance of 42 aid organizations), and the Blockchain startup Disberse to speed up fund distribution, reduce transfer costs and ensure accountability. Having completed an initial pilot, which resulted in zero leakage and reduced costs, Disberse intends to work with a START member to directly transfer funding from the UK to a crisis-hit country, and subsequently, to use the platform for direct transfers from multiple organizations, demonstrating scalability of the model.

World Vision International too, has helped develop a blockchain ledger-based digital asset transfer platform in Nepal called Sikka (www.sikka.me). Sikka allows transfer of digital tokens directly to a beneficiary's phone (including simple feature phones), which can be exchanged at local cooperatives.

Despite the promise of the technology, it's application is still very restricted. There are several interesting areas, including integration with digital money platforms, and digital identity management. A fintech start-up BanQu (www.banquapp.com/about) has demonstrated the use of blockchain in digital identity creation and management. It allows the unbanked to set up a personal identification profile while connecting to their banked network. Bitcoin ledger allows them to accumulate a transaction history and develop a traceable, vetted financial and personal history. Blockchain offers economies of scale, which can be leveraged by interoperability of data and sharing of common platforms. Some players like WFP have open sourced their platform with no licensing fee, which can be used by other organizations instead of duplicating and fragmenting the blockchain. Hence, there is a case for organizations to collaborate to take the technology forward and optimize the benefits of the technology.

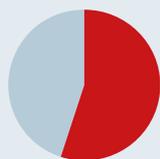
Sources: Interviews with WFP and Disberse; CaLP D-Group discussions; Center for Global Development (2017) Policy Paper 107: Blockchain and Economic Development: Hype vs. Reality; <https://davidgerard.co.uk/blockchain/2017/11/26/the-world-food-programmes-much-publicised-blockchain-has-one-participant-i-e-its-a-database/>

Digital identity and data protection: Digital identity systems can provide better access to services for the over 1.5 billion people who lack formal identification records. For example, in India, digital identity (Aadhar) is used to open bank accounts, monitor attendance and provide government assistance. There are, however, important data privacy and security concerns over the use of digital identities and beneficiary data. These relate to ownership and sharing of these records, and the potential for misappropriation. It is important that data and security standards and best practices are established to ensure that sensitive data is handled properly by all agencies involved. Initiatives such as the collective development of *Principles for Digital Payments in Humanitarian Response*¹³⁹ and the *Principles on Public-Private Cooperation in Humanitarian Payments*¹⁴⁰ (launched at the 2017 World Economic Forum), provide an important foundation in relation to cash delivery. This work was further developed during 2017 with the drafting of the *Action Agenda for Digital Payments in Humanitarian Response*, identifying the highest priority barriers and actionable solutions to overcome them, including linking to long-term resilience and financial inclusion.

While technology has been embraced in CTP, it has been underutilized overall, with a primary reason being a proliferation of tools and products which address specific areas of programming, rather than taking a more holistic approach to the programming process.¹⁴¹ Different platforms need to be interoperable with each other, which is a challenge in view of the fact that agencies and companies often developing products independently. It is generally agreed that better collaboration between agencies and the private sector should in principle increase the efficiency and effectiveness of efforts to develop tech-based solutions for programming. Collaboration can also help to share the risks that can hinder innovation, reducing duplications and allowing access to different capacities without each agency having to develop it themselves. In order to foster this, however, different approaches to funding innovation and related incentives are necessary, which tend to be competitive.¹⁴²

These challenges are increasingly recognized. For example, the CCD is looking at how agencies can work collectively with interested private sector operators to generate global solutions to tackle the issue of interoperability between existing data management systems. Another example is World Vision's *BeCashReady*¹⁴³ an inter-agency project management tool for cash design that integrates with a range of third party ID, payment and data collection solutions. It provides an easy to use process to design projects, undertake market assessments and calculate transfer sizes. *BeCashReady* was developed with *Social Offshore* – a branch of a private sector digital agency which offers services to NGOs using a not-for-profit model.

BOX 6.12 WORKING WITH THE PRIVATE SECTOR



55%

Practitioners agree that humanitarian agencies and the private sector are developing and implementing effective new ways of working together on cash and voucher programmes.

Just over half of the respondents to the practitioner survey agreed that humanitarian agencies and the private sector are developing effective new ways of working together for CTP (see Box 6.12). One inherent challenge is the very different working methods employed by risk-averse humanitarian agencies with accountability for spending public funds, and the private sector,

where the potential failure of new innovations is built into the business model. Respondents noted in relation to blockchain that collaborative partnership with the tech community was needed to address concerns about data security, governance and operational resiliency before wider adoption is likely.¹⁴⁴ It was also argued in the same study that, as with humanitarian programming in general, metrics are required to be able to measure and evaluate the relative effectiveness of different technologies.

Recent discussions on the use of blockchain on CaLP's D-Group highlighted the point that tech-based solutions need to be focused on the objectives of the humanitarian programme, rather than the technology itself, and that good uses of technology will be custom-designed to meet the needs of their target users. It is the role of the humanitarian agencies to define the requirements, and identify the service providers and partnerships that might

¹³⁹ https://static.globalinnovationexchange.org/s3fs-public/asset/document/Digital-Payments-Humanitarian-Principles_0.pdf?BvMH5s_7H6psd5btsC7ZIS3v8KBx4Xdj

¹⁴⁰ www3.weforum.org/docs/IP/2016/FS/WEF_FL_Principles_Humanitarian_Payments.pdf

¹⁴¹ www.ictworks.org/60-million-displaced-people-need-new-technology-for-cash-transfers/#.WhWs6kqnE2w

¹⁴² OCHA (2014) *Humanitarian Innovation: The State of the Art*.

¹⁴³ www.offshorly.com/worldvision

¹⁴⁴ Center for Global Development (2017) *Policy Paper 107: Blockchain and Economic Development: Hype vs. Reality*.

be able to address these. In this regard, the recent emergence of a number of 'innovation labs' may help provide the space to develop productive ways of working with the private sector. Examples here include the World Bank's [Blockchain Lab](#),¹⁴⁵ the WFP's [Innovation Accelerator](#) in Munich,¹⁴⁶ and UNHCR's Geneva-based lab. However, to achieve their objectives, it's essential that these labs remain connected to field operations and affected people. The humanitarian service providers in the Humanitarian to Humanitarian community can also have a role to play here.¹⁴⁷

Priority Actions

6.1 Strengthen the evidence base. [GFA 6.1, GB 1.6]

- In order to achieve the ambitions for CTP, there is an urgent need to strengthen evidence in areas including: the costs, benefits, results and risks of CTP in different contexts and sectors and for different sub-populations; the costs, benefits, results and risks of different operating models; the outcomes achieved by MPGs, including in combination with other activities, in different contexts; and how humanitarian CTP can best link to social protection systems.
- CTP interventions should build in sufficient resources to enable the writing up and dissemination of lessons learned.
- Limitations in global knowledge should not be a brake to scaling up CTP. Actors should expect to innovate, learn and improve CTP within each context, rather than using existing, 'off the shelf' models that may be inappropriate in the given context.

6.2 Strengthen common platforms for building, sharing and using knowledge about CTP. [GFA 6.4 & 6.5]

- All actors working on CTP should make use of and support common platforms to contribute to and benefit from the best available knowledge. Common platforms should promote existing knowledge in easily accessible, practical ways, and help to apply it through best practice tools and guides. They should help actors to coordinate research activities by maintaining an overview of the existing evidence base.
- Governments, agencies, donors and others should actively share their experiences of CTP through common platforms, including lessons drawn from positive and negative experiences.

6.3 Invest in innovation to achieve more for beneficiaries. [GFA 6.2]

- CTP should be used as a catalyst for innovation, with a focus on better achieving humanitarian objectives and meeting the needs of beneficiaries. New partnerships with the private sector can enable significant scale-up. New technologies can generate efficiencies for beneficiaries and implementing agencies alike, creating new solutions to old problems.
- There is a need to innovate in how humanitarian aid is organized and funded. New approaches are needed to drive efficiency and effectiveness across established ways of doing business. The increased use of CTP should be associated with reforms that bring about a leaner, more holistic and better-connected humanitarian response. New funding models are needed to fund the core capacities required for humanitarian action.

¹⁴⁵ See www.coindesk.com/end-poverty-restore-trust-world-bank-dives-into-blockchain-with-lab-launch

¹⁴⁶ See www.wfp.org/news/news-release/world-food-programme-launches-innovation-accelerator-test-drive-hunger-solutions

¹⁴⁷ N. van Praag (2017) 'Can innovation labs deliver better humanitarian aid?', Ground Truth Solutions: <http://groundtruthsolutions.org/2017/09/27/can-innovation-labs-deliver-better-humanitarian-aid>

PRIORITY ACTIONS

The analysis presented in this report enables a small number of priority actions to be identified, to accelerate the scale and quality of cash transfer programming in humanitarian response. Taken together, these actions will enable humanitarian actors to take the next steps on the collective journey of achieving the potential of CTP to improve humanitarian aid.

This report does not propose new recommendations. Respondents recognized that this would be unnecessary and potentially confusing. Instead, specific actions have been identified in order to achieve existing commitments and recommendations, as summarized in the Global Framework for Action (GFA). The GFA includes the formal commitments made in the Grand Bargain that many humanitarian donors and implementing agencies have signed up to.

Three priority actions are identified at the end of each of the six core chapters. Unless otherwise stated, the actions apply to implementing agencies, donors and coordinating bodies. These span government entities, UN agencies, NGOs, the Red Cross Movement and the private sector. The priority actions are cross-referenced to the GFA and the draft action plan developed at the May/June workshop of the Grand Bargain Cash Workstream (GB).¹⁴⁸

These actions fit into wider reforms and priorities. The Sustainable Development Goals provide a broad frame of reference, along with the UN's New Way of Working.¹⁴⁹ Building support for CTP among donors is a subset of strengthening support for humanitarian aid in general. The Grand Bargain comprises many related reforms, such as improving joint needs assessments and supporting local and national responders. Sometimes reforms may be best served by putting CTP centre stage, and sometimes not.

Key themes and enabling factors

Two key themes and three enabling factors emerge across the complete set of 18 priority actions. Together, they summarize the actions needed over the coming months and years by all actors involved in humanitarian response to achieve the greatest progress in CTP.

The two key themes are:

- **Integrate CTP into all existing mechanisms of providing humanitarian aid**, including: organizations' policies, strategies, management and reporting systems, funding and programming decisions, capacity-building initiatives, coordination mechanisms, standards, guidance, tools and others.
- **Innovate and strengthen the evidence base.** Trial new ways of working that generate the greatest benefits for people in crisis from the opportunities created by CTP. Develop new partnerships and stronger insights into CTP, share experience and learn together.

The three enabling factors are:

- **Sustain the high-level policy commitments** required for the effective implementation of CTP in the longer-term.
- **Plan and act collaboratively.** Expect to use common approaches and mechanisms for CTP at operational, national and global levels, which are implemented across organizations and existing technical sectors.
- **Support a limited amount of CTP-specific infrastructure**, including platforms for collective action on CTP.

Many of the priority actions identified in this report focus on integrating cash into existing humanitarian architecture. This has emerged as a central aspect of the current state of realizing the potential of CTP. Cash transfer programming is moving from a standalone activity to become an established component of mainstream humanitarian action. As a result, the nature and pace of reforms are changing. Changes are happening at a deeper level, affecting whole organizations and involving more actors. This takes time, requiring structured approaches with consistent leadership and resourcing, often over several years.

¹⁴⁸ https://interagencystandingcommittee.org/system/files/gb_cash_workstream_workshop_report_may-jun_2017.pdf This action plan identified areas where the Grand Bargain could add value to other processes. It was not intended to provide a comprehensive roadmap for achieving the cash reform.

¹⁴⁹ See p. 6 of The New Way of Working, available at www.unocha.org/sites/unocha/files/NWOW%20Booklet%20low%20res.002_0.pdf: 'working over multiple years, based on the comparative advantage of a diverse range of actors, including those outside the UN system, towards collective outcomes. Wherever possible, efforts should reinforce and strengthen the capacities that already exist at national and local levels'.

At the same time, wide and varied ambitions remain to innovate and use the disruptive nature of CTP to achieve broader reforms. At the least, CTP enables greater collaboration among implementing agencies, for instance through the sharing of analysis or delivery mechanisms. More fundamentally, cash transfer programming challenges established operating models, funding models and coordinating structures. It opens the door to new partnerships and new ways of doing business, that have the potential to generate substantial benefits for donors and beneficiaries alike.

Work on CTP over the coming years must span both these components: integrating cash into existing architecture, and innovating to reform and improve that architecture. The speed and distance travelled will depend on the political will invested by many different actors, and the way that cash is aligned to related reforms. Just as cash is finding its place at an operational level, so the reform potential of cash is finding its place among the panoply of humanitarian reforms.

Making the most of cash at every level will continue to require collective action among the many different actors involved. The humanitarian ecosystem remains characterized by interdependent organizations, each working with overlapping aims and objectives. Perhaps the greatest driver of progress will be the extent to which organizations consider the potential of cash independently or collectively. Organizations working independently will recreate the limitations of the current humanitarian architecture. But collectively, they can use CTP to drive a step change in the potential for limited humanitarian funding to meet the needs of people in desperate crisis around the world.

Priority Actions

1.1 Sustain high-level policy commitments to CTP. [GFA 1.3, GB 1.3]

- Existing commitments, which are a powerful engine of change and funding for CTP, will need to be continually monitored, sustained and refreshed over three to five years in order to realize the potential of CTP. There are risks that: new issues overshadow CTP on policy agendas; the time taken to achieve the necessary reforms undermines commitments; the reality of developments in CTP do not meet inflated expectations as a driver of wider reforms; the traction of the Grand Bargain/WHS diminishes over time.
- Champions will need to find creative ways to strengthen and sustain support for CTP among policy makers for several years to come, such as through continual lobbying, public accountability mechanisms and strengthening the evidence base. It will be useful to share lessons from experience in different countries.

1.2 Integrate CTP into organizational and inter-agency reporting systems, using common definitions. [GFA 1.4, GB 4]

- CTP should be integrated into the financial and reporting systems within individual institutions, and across key inter-agency systems such as the FTS, IATI data standard, and emerging innovations such as Humanitarian Exchange Language (HXL). This will enable agencies, donors and policy makers to track and report CTP consistently.
- All actors should use the same common definitions, to enable comparison and aggregation. The Grand Bargain and Good Humanitarian Donorship cash workstreams have both recommended using CaLP's Glossary to provide those common definitions, as it has been developed with collective input from across agencies and donors.
- Policy decisions are required concerning whether to report cash and vouchers together or separately in global reporting systems. Further work will be needed to increase transparency around costs for all modalities at the programme level.

1.3 Strengthen support for CTP among the public. [GFA 1.3]

- Since public support is crucial for governments to maintain commitment to CTP, all actors share an obligation to make the case for CTP as a part of humanitarian aid to the public. They will likely be able to achieve more collectively, and reinforce each other's efforts, by using common messaging. This can also help to address the tension between calls for greater accountability about how aid is spent and greater use of flexible CTP.

2.1 Embed contextual analysis and response analysis¹⁵⁰ into humanitarian programme cycles and funding decisions. [GFA 2.2]

- In every context, humanitarian agencies should make an active decision about how best to provide aid, including whether to use CTP. This should be consistently based on an assessment of the context, including assessing the feasibility and desirability of CTP. It can be achieved through two steps: (a) ensuring that assessments consider all issues relevant for CTP, and (b) ensuring that programme cycles include the explicit step of response analysis. These steps should be embedded in agencies' internal procedures, as well as in leadership, coordination and funding bodies.
- As in other areas, agencies should actively seek to use common, streamlined tools for these steps, appropriate to each context and operating across sectors. Coordinating bodies should promote common tools.
- Humanitarian actors should forge partnerships with other actors – including researchers, government units and private sector actors – who have a comparative advantage in this space.

2.2 Identify how CTP can achieve the best results in different technical sectors and across sectors. [GFA 2.3, GB 1.6 & 1.7]

- Technical specialists, including clusters, should lead work to identify and promote how CTP can best contribute to outcomes in different technical sectors (such as health, education and protection). This includes complementary programming/'cash plus' approaches, where CTP is provided in conjunction with other types of assistance.
- More evidence is also needed about how CTP contributes to results across the established sectors, for instance, through the Basic Needs Approach. In line with commitments made in the Grand Bargain, this should explore the added value, and limitations, of multi-purpose cash grants in different contexts. These analyses should be actively promoted through relevant national and international networks.

2.3 Donors should work together to ensure appropriate consideration of CTP. [GFA 2.4, GB 1.1]

- Donors should encourage implementing agencies to always consider using CTP, to achieve the best strategic outcomes for all people affected by a crisis. This may involve considering how donors and agencies can work together in order to assist the entire affected population, in the light of all components of a humanitarian response, and balancing needs across different sectors. Context-specific approaches for key aspects of CTP could include: funding coordination bodies, or encouraging common assessments and joint responses.
- Donors may benefit from developing shared principles for high-quality CTP, as a foundation for effective action.
- Donors should also consider how risk can be most effectively managed in different contexts and appropriately shared across actors.
- Donors should also consider how risk can be most effectively managed in different contexts and appropriately shared across actors.

3.1 Integrate CTP into organizational strategies, systems, processes and staffing. [GFA 3.2]

- Agencies need to ensure that all relevant staff are equipped to use CTP appropriately in every humanitarian response they work on. This can be achieved through structured capacity building programmes that integrate CTP into the organization's plans, management systems, processes, procedures and guidance, and build skills among staff. Experience has shown that this is the single most significant step in driving the uptake of CTP; and that it takes several years, particularly for large international organizations. It requires consistent resourcing and leadership.
- Agencies first need to make strategic decisions about the role they intend to play in relation to CTP, bearing in mind trends in the humanitarian sector and determining whether to work end-to-end in CTP, or focus on developing specialist capabilities.
- There is significant scope for agencies to learn from each others' experiences and benefit from sharing tools and approaches.
- Donors have a key role to play in resourcing these efforts, in order to build and sustain the capacities needed for CTP for the future.

¹⁵⁰ Response analysis is defined in CaLP's Glossary: www.cashlearning.org/resources/glossary#RA

3.2 Fund and support national organizations to build their capacity for CTP. [GFA 3.5]

- National organizations should be supported by international actors to accelerate their efforts to build capacities for CTP. This reflects wider demands from national actors, including government departments, private sector firms, NGOs, Red Cross societies and others, for a greater leadership role in humanitarian assistance and more access to international funds. It is also consistent with substantial commitments made in the Grand Bargain and elsewhere.
- National agencies can also benefit from sharing experience, tools and approaches.

3.3 Build individual competencies in CTP. [GFA 3.3]

- All actors should invest in strengthening the competencies of individual staff and practitioners in CTP. CTP competencies should be integrated into existing job roles, rather than siloed as separate 'CTP experts'.
- In the same way, CTP should be brought into existing initiatives to develop skills and talent in the humanitarian sector, such as academic and training institutions and competency assessment mechanisms.
- All agencies can benefit from common approaches, such as shared materials based on best practice.
- Competencies should also be boosted with experience from outside the humanitarian sector, for instance, from the private sector, digital start-ups, social protection, governments and academia, in order to inject new ideas and drive innovation. Humanitarian innovation hubs and exchange programmes can encourage a diversity of ideas and talent.¹⁵¹

4.1 Design and implement cash-based assistance to contribute as effectively and efficiently as possible to strategic outcomes. [GFA 4.2, 4.3 & 4.4]

- Agencies should systematically ensure that cash-based assistance is designed and implemented on the basis of the best available standards and evidence.
- Programmes should be designed to contribute effectively and efficiently to strategic outcomes for the whole humanitarian response, in line with beneficiaries' preferences. Agencies should assume that this will involve collaborating with other actors, in all areas from assessment to delivery and monitoring, rather than operating independently. This may involve using a variety of modalities, including multi-purpose cash grants.
- Humanitarian programmes should build on existing infrastructure and systems where possible, such as social protection systems, local networks or financial services and communications providers.

4.2 Develop common tools for managing the quality of CTP. [GFA 4.1]

- Agencies, donors and coordinating bodies should improve the common tools available to manage the quality of CTP. They should continue to build on existing initiatives to develop tools at global, national and operational levels. Tools should link to shared definitions of quality and include: outcome indicators, standards, guidance and operational tools (e.g. for assessment, delivery or monitoring).
- The process of developing tools should involve a range of actors bringing different perspectives, to build quality, legitimacy and uptake. Common tools will enable better collaboration, based on best practice, to contribute as much as possible to strategic outcomes.
- Tools will need to be systematically updated and promoted.

4.3 Integrate CTP into existing mechanisms for managing the quality of humanitarian action. [GFA 4.2]

- CTP should be integrated into existing and new procedures and guidance, in areas such as: humanitarian programme cycles, coordination processes and funding decisions. This should be undertaken with due consideration given to best practices from across the humanitarian sector, with lessons shared between organizations and countries. Tools for managing the quality of CTP, such as standards and guidance, will be most influential when they are integrated into overall humanitarian standards, guidance, frameworks and initiatives. This reflects CTP becoming a mainstream part of humanitarian assistance.

¹⁵¹ For example, the Humanitarian Innovation Fund: www.elrha.org/hif/home

5.1 Integrate CTP into existing mechanisms for coordinating humanitarian action. [GFA 5.1, 5.2, GB 2.2]

- Coordination bodies should integrate CTP into their work and objectives. This should be undertaken by relevant government bodies, national entities and international humanitarian actors, on the basis of the best available evidence, at a level that spans technical sectors. It could include updating areas like: strategies, procedures, information systems and planning tools.
- The lessons from different approaches to coordination should be actively shared, in order to drive continual improvement.
- The IASC should provide clearer guidance on locating responsibilities for cash coordination (at strategic and technical levels) within the humanitarian system, building on existing analysis.

5.2 Support and engage with Cash working groups. [GFA 5.4]

- Cash working groups (CWGs) should be established and supported to enhance coordination at the technical level. The chair, resourcing and responsibilities of the CWG should be determined locally, on a pragmatic basis, while global responsibilities are clarified. Cash working groups should work with sub-national groups where necessary, taking care to avoid duplication of activities.
- High-level coordinating bodies should support CWGs and link them to wider coordination efforts. All agencies working on CTP should engage with the relevant CWG. Cash working groups should seek to include all humanitarian actors, including government, local actors and international actors.
- Donors should resource CWGs, and specialist bodies strengthen the pool of relevantly experienced CWG leaders.
- CWGs should work on the basis of good practices from other humanitarian responses, and should seek to share and promote their experiences.

5.3 Build links between humanitarian programmes and other government/development initiatives. [GFA 5.1 & 5.3]

- Humanitarian actors should routinely consider how their work can be connected to and contribute to other government systems and long-term development initiatives. This can help to bridge the humanitarian–development divide and contribute to achieving the Sustainable Development Goals. It includes potentially linking short-term humanitarian aid to longer term approaches, such as social protection systems and related programmes and infrastructure, as set out, for example, in the New Way of Working and the Comprehensive Refugee Response Framework.¹⁵²
- The evidence base in this area should be strengthened, through testing and monitoring different approaches.

6.1 Strengthen the evidence base. [GFA 6.1, GB 1.6]

- In order to achieve the ambitions for CTP, there is an urgent need to strengthen evidence in areas including: the costs, benefits, results and risks of CTP in different contexts and sectors and for different sub-populations; the costs, benefits, results and risks of different operating models; the outcomes achieved by MPGs, including in combination with other activities, in different contexts; and how humanitarian CTP can best link to social protection systems.
- CTP interventions should build in sufficient resources to enable the writing up and dissemination of lessons learned.
- Limitations in global knowledge should not be a brake to scaling up CTP. Actors should expect to innovate, learn and improve CTP within each context, rather than using existing, 'off the shelf' models that may be inappropriate in the given context.

¹⁵² See www.unhcr.org/uk/comprehensive-refugee-response-framework-crrf.html

6.2 Strengthen common platforms for building, sharing and using knowledge about CTP. [GFA 6.4 & 6.5]

- All actors working on CTP should make use of and support common platforms to contribute to and benefit from the best available knowledge. Common platforms should promote existing knowledge in easily accessible, practical ways, and help to apply it through best practice tools and guides. They should help actors to coordinate research activities by maintaining an overview of the existing evidence base.
- Governments, agencies, donors and others should actively share their experiences of CTP through common platforms, including lessons drawn from positive and negative experiences.

6.3 Invest in innovation to achieve more for beneficiaries. [GFA 6.2]

- CTP should be used as a catalyst for innovation, with a focus on better achieving humanitarian objectives and meeting the needs of beneficiaries. New partnerships with the private sector can enable significant scale-up. New technologies can generate efficiencies for beneficiaries and implementing agencies alike, creating new solutions to old problems.
- There is a need to innovate in how humanitarian aid is organized and funded. New approaches are needed to drive efficiency and effectiveness across established ways of doing business. The increased use of CTP should be associated with reforms that bring about a leaner, more holistic and better-connected humanitarian response. New funding models are needed to fund the core capacities required for humanitarian action.

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ANNEX I: METHODOLOGY

This report has been developed through a mixture of primary and secondary research. Primary research included interviewing over 40 key informants, and surveying over 200 practitioners and 35 organizations, covering humanitarian actors from donors, non-governmental organizations (NGOs), United Nations agencies, the Red Cross movement, host governments and the private sector. Secondary research included collating and reviewing a significant volume of relevant reports, studies, reviews, data analysis, and articles (see References).

Data collection tools include key informant interviews, focus group discussions (FGDs), and two surveys, referred to throughout the report as the 'practitioner survey' and the 'organization survey'. The report includes the perspectives of practitioners across multiple geographies and varied roles (ranging from technical advisors and senior management to programme managers and operations). In line with the localization agenda we aimed to include national actors, within the limitations of time and budget. This is reflected in the different instruments used – for example, the regional FGDs, and reaching out to the wider Cash Learning Partnership (CaLP) membership, including national organizations, for the organization survey. However, it is recognized that the majority of the respondents to this research work for international organizations.

Survey results were clarified and triangulated with the stakeholder interviews, FGDs and secondary data. Unless otherwise stated, the findings included in the report are reflective of common trends and perceptions from across the different data sources. The use of quotes follows best practice in qualitative research – they have been selected to illustrate findings based on their representativeness of broader perspectives expressed, and as such should be read as more than just isolated, subjective responses.

The research focus of this report is on the community of practice involved in funding, designing, implementing, supporting and analysing humanitarian assistance. With the time and resources available it was not feasible to capture beneficiary perspectives in the primary research and analysis.

I.1 PRACTITIONER SURVEY

Design: The practitioner survey was designed to gauge the opinions of various practitioners in the field of cash transfer programming (CTP) and to assess their perspectives on the current state of humanitarian cash and voucher programming, evidence of progress towards global commitments, results achieved, challenges and gaps to address, and future trends.

The survey was structured around the six global objectives of CaLP's Framework for Action. It comprised seven sections, including a section on respondent profile, and one section each for the six chapters. There were four types of question:

- **Likert Scale:** Practitioners were asked to rate their responses on a five-point scale from 'Strongly Agree' to 'Strongly Disagree'; or to select 'No Basis' if they felt unable to respond to the question.
- **Top three reasons/barriers:** Practitioners were asked to select up to three reasons, or barriers from a long list of reasons, that they considered to be the most important causes for a certain issue. This section also gave a 'No basis' choice to the respondent.
- **Ranking the sectors:** Practitioners were asked to rank the various sectors in ascending or descending order depending on the statement.
- **Qualitative response questions:** The survey also encouraged respondents to provide qualitative inputs at the end of each section. This was non-compulsory for the respondent to answer.

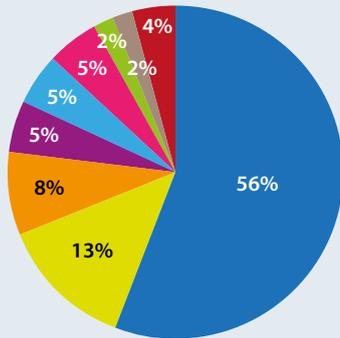
Survey data collection: The survey was open from 25 July 2017 until 31 August 2017. It was distributed to practitioners working in the field of humanitarian CTP via the CaLP D-Group, regional mailing lists and periodic newsletters. We received a total of 239 complete responses to the survey. The relatively small sample size, and variations in the rate of response across different stakeholder groups, should be noted when reviewing the results.

Responses were analysed in aggregate, and also broken down by characteristics of the respondent's profile as follows:

- Respondent's organization
- Respondent's role in the organization
- Respondent's geographical location
- Location of respondent's role within the organization

PRACTITIONER SURVEY – ANALYSIS OF RESPONDENTS

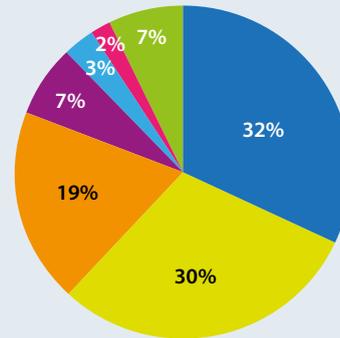
Respondent Profile by Organization
n= 105 respondents



- International NGO
- UN Agency
- Red Cross Movement
- Donor
- Independent
- National NGO
- Private Sector
- Host Government
- Other

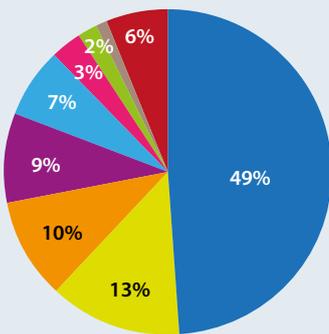
Note – Low response rate for Host Governments

Respondent Profile by Role



- Technical Advisor
- Programme Management
- Senior Management
- Consultant/researcher
- Operations
- Policy Advisor
- Other

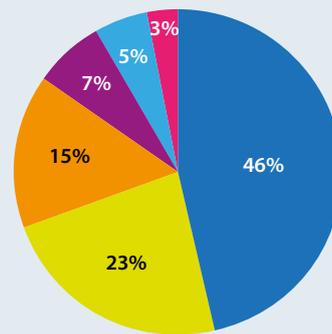
Geographical Location of Respondents
n= 239 respondents



- Africa
- Western Europe
- Middle East
- North America
- Southern Asia
- Central & Eastern Europe
- Australia & Pacific
- South America
- Other

Note – High response rate for Africa

Location of Respondent's Role in Organization



- National level/country programme
- Global HQ
- Regional HQ
- Sub-national level/Field base
- Independent
- Other

Note – High response rate at National Level

Analysis of results

Survey results were analysed as follows:

Likert Scale questions. Responses were collected on a five-point scale: 'Strongly agree', 'Agree', 'Neutral', 'Disagree', 'Strongly Disagree'. Respondents could also indicate 'No basis' where they felt that they were not in a position to answer a question. For the purpose of analysis, 'No basis' responses were removed from the calculation. After removing 'No basis' responses, the sample size generally remained at 200+ respondents (in the report we have highlighted the exceptional cases in which a data point is based on a sample size of under 200).

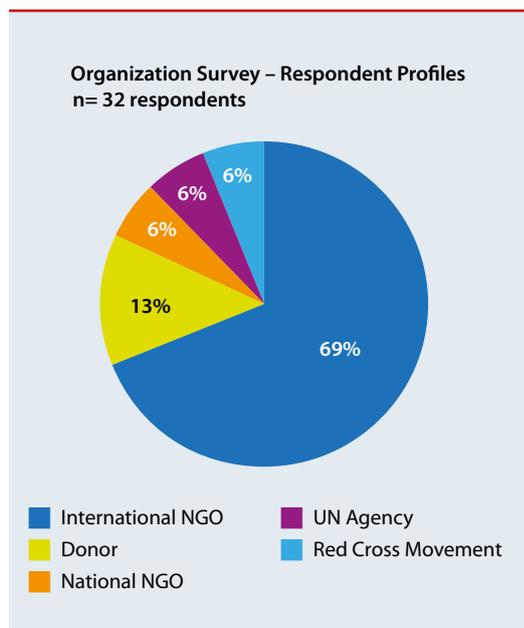
- **'Practitioners agree' statements:** These statements combine the number of respondents that 'Agree' and 'Strongly Agree'.
- **'Practitioners disagree' statements:** These statements combine the number of respondents that 'Agree' and 'Strongly Agree'.
- **'Practitioners do not agree' statement:** These statements combine the number of respondents that 'Strongly Disagree', 'Disagree' and were 'Neutral'.
- **'Practitioners do not disagree' statement:** These statements combine number of respondents that 'Strongly Agree', 'Agree' and were 'Neutral'.

Selecting top three reasons/barriers. Questions were used to represent top reasons/barriers for an issue in an aggregate manner after excluding 'No basis' responses.

Ranking the sectors. Questions were used to provide ranking of various humanitarian sectors by aggregating survey responses.

All the survey responses were either presented in an overall aggregated manner or were split by one/many of the respondent profile categories ('Organization type', 'Role', 'Geographic location' and 'Location of the role'). Responses are not attributable to any specific individual.

1.2 ORGANIZATION SURVEY



Design: The organization survey was designed to measure specific inputs from implementing agencies and donors working in CTP. The survey aimed to elicit information on cash transfer programming from agencies as well as perceptions on the current state of humanitarian cash and voucher programming, evidence of progress towards global commitments, results achieved, gaps to address and future trends within their organization. This survey was mostly used in conjunction with the organizational interviews (see Annex 1.4) to be able to quantify sentiment.

The survey had two sections. The first section requested key data points – related to volume of CTP and growth of CTP within the organization. This was used to feed into our 2016 CTP expenditure calculation (see Annex 1.5). The second section was structured around the six global objectives of the CaLP framework and aimed to gauge the perceptions of employees of organizations with respect to CTP within their organization. Four types of questions as with the practitioner survey were used.

Survey data collection: The survey was open from 30 July 2017 until 8 September 2017. It was distributed to over 40 of the major implementing and donor organizations working in the field of humanitarian CTP. It was generally distributed to organizations after completion of the organization interview (described in Annex 1.4). In addition, the survey was also circulated separately via email to organizations registered as CaLP members, which were not interviewed in detail. We received a total of 32 responses to the survey.

Analysis of results: Survey results were analysed following the same method as for the practitioner survey (see Annex 1.1). Responses were aggregated, and are not attributable to any specific organization.

I.3 FOCUS GROUP DISCUSSIONS

Objective: Focus group discussions were conducted to gather local and sectoral perspectives of practitioners working at field level in regions of humanitarian operations. The objective was to provide further qualitative insights to build on the results of the practitioner survey, and organizational interviews, which in many cases were with staff members in global advisory and managerial roles.

Design: Focus group discussion activity was designed to be between 60 and 90 minutes in duration. Key guiding questions were designed to be used by the moderator to initiate discussion, and then every member in the group was given a chance to contribute their opinions or specific facts to the discussion. The guiding questions were kept as qualitative and open-ended as possible, to promote discussion within the group. Feedback was duly recorded in writing, along with key messages emerging. Identities of individual responders were kept confidential and responses were anonymized.

Distribution: Two of the FGDs were organized at a regional level through the regional cash working groups (CWGs). The activity targeted local practitioners in the region that were working in the field of CTP. Efforts were made to ensure that the participants are representative of a range of organizations, functions, sectors, level and years of experience. The FGDs typically involved around eight to ten participants per discussion. Regional FGDs were as follows:

- Asia FGD – facilitated by World Food Programme (WFP) (chair of the regional CWG) with members of the Asia regional CWG at WFP Regional Bureau Office, Bangkok, Thailand
- West Africa FGD – facilitated by CaLP Regional Representative during the Regional Cash Working Group Meeting, Dakar, Senegal
- A further FGD was held with members of the Global Shelter Cluster during their meeting in Geneva, Switzerland, which focused on the role of CTP within the shelter sector.

Analysis of data from focus group discussions: Data and insights from the FGD were used in combination with other findings to support the discussions and arguments presented in the report.

I.4 ORGANIZATIONAL INTERVIEWS

CTP specialists and key decision makers in a number of UN agencies, INGOs, donors, host governments and clusters were involved in in-depth qualitative interviews. They contributed both organizational and wider-reaching perspectives on progress towards global commitments, results achieved, gaps to address and future trends within their respective organizations and externally:

Name	Organization
Alex Gray	Relief International (RI)
Alexa Swift	Mercy Corps
Alice Golay and Jacqueline Birrer	Swiss Development Cooperation (SDC)
Annika Sjoberg, and Hanna Mattinen	UN High Commissioner for Refugees (UNHCR)
Calum Maclean	European Civil Protection and Humanitarian Aid Operations (ECHO)
Ciara O'Malley	CARE International UK
Claire Mariani and Nupur Kukrety	UN Children's Fund (UNICEF) [Also on the Steering Committee]
David Peppiatt and Emma Delo	British Red Cross [Also on the Steering Committee]
Dora Piscoi	Tear Fund
Emily Henderson	UK Department for International Development (DFID) [Also on the Steering Committee]
Erik Johnson	Danish Church Aid (DCA)
Francesca Battistin and Jessica Saulle	Save the Children UK (SCUK)
Gabriel Fernandez	Government of Liberia [Also on the Steering Committee]
Geraldine Brick and William Martin	Catholic Relief Services (CRS)
Gregory Matthews	The International Rescue Committee (IRC)
Jake Zarins	Habitat for Humanity and Global Shelter Cluster Lead
Joanna Burton	International Committee of the Red Cross (ICRC)
Kalinda Glenn-Haley, and Ruco Van Der Merwe	USAID – Office of US Disaster Assistance (OFDA) and Food for Peace (FFP) [Also on the Steering Committee]
Kenn Crossley and Tahir Nour	World Food Programme (WFP) [Also on the Steering Committee]
Louisa Seferis	Danish Refugee Council (DRC) [Also on the Steering Committee]
Marga Ledo	International Federation of Red Cross and Red Crescent Societies (IFRC)
Mark Henderson	Norwegian Refugee Council (NRC)
Marta Valdes Garcia	Oxfam GB
Paul Harvey	Humanitarian Outcomes [Also on the Steering Committee]
Paula Gil Baizan	World Vision International [Also on the Steering Committee]
Ricardo Jorge Dos Santos Lobo	Action Contre le Faim

In addition, the following key informants participated in in-depth interviews to develop the detailed response case studies (Annex 2) and boxes in the report that showcase specific issues:

Name	Organization
Alan Grundy	Catholic Relief Services
Dalia Sbeih,	Solidarites Lebanon
Dina Morad and Jonathan Campbell,	WFP Turkey
Elias Sagmeister,	Ground Truth Solutions
Gabriele Erba	ex-UNICEF Democratic Republic of Congo (DRC)
Hannah Reichardt	SCUK
Iraz Oyku Soylap and Qimti Paienjton,	UNICEF Turkey
Jasmine Jahromi and Jenny Weatherall	Lebanon Cash Consortium
Juliet Lang	UN Office for the Coordination of Humanitarian Affairs
Wendy Rogers	International Aid Transparency Initiative (IATI) Data Standard/Development Initiatives (DI)
Karen Peachey	CaLP East Africa regional focal point
Lars Peter Nissen	Assessment Capacities Project (ACAPS)
Mamta Basnet	CashCAP (NRC)
Martin Pittman, Steph Roberson and Isabelle Pelly	CaLP
Sara Murray	Mercy Corps
Dustin Caniglia	Concern Worldwide (Somalia)
Nynne Warring	WFP/Somalia CWG Co-Chair
Sophie Pongracz and Tom Russell,	DFID Lebanon
Dalia Sbeih	Solidarites Lebanon
Dina Morad and Jonathan Campbell	WFP Turkey
Sophie Tholstrup	UN OCHA Somalia

I.5 METHODOLOGY FOR TOTAL CTP EXPENDITURE CALCULATION (2016)

Methodology Overview: This research sets out to update the baseline 2015 global CTP calculation estimated by Development Initiatives (DI) in the Counting Cash Study¹⁵³ in December 2016. It represents the 2016 global cash and voucher programming expenditure figure estimated by CaLP and Accenture, in collaboration with Development Initiatives. As with DI's 2015 calculation, the total figure comprises an estimate of both transfer values to beneficiaries and associated programming costs.

Data Sources: Three major data sources were used to estimate the global CTP figure for 2016:

1 CaLP's organization survey

The methodology for this survey is detailed above. The organization survey, apart from gathering inputs on perceptions of current state of humanitarian CTP, also requested financial data related to CTP. The following fields captured that data:

- Organization name and type: Organizations were asked to fill out the name and type of their organization (donor, NGO/INGO, UN agency, etc.). This data was used while aggregating the CTP figure and to eliminate instances of double counting. However, please note that CTP numbers are represented in aggregate, and are not attributable to any particular organization.
- Total CTP figure disbursed by the organization (2015 and 2016 data): Organizations were required to enter data for their 2016 CTP (cash and vouchers) number along with currency. Due to variations in how organizations measure and report CTP expenditure, some provided total programme costs and some only the value of transfers to beneficiaries. To allow comparability with the 2015 figure calculated by DI, which included overall programming costs for all organisations, a similar methodology was applied to enable an estimated total including both transfer values and programming costs.¹⁵⁴
- We also asked for the 2015 data, to enable comparisons with the DI Counting Cash study (2016).¹⁵⁵ The 2015 number was also used to estimate percentage growth in CTP figure over the two years. Organizations were given an option to either provide the 2015 data or grant permission to access the data from Development Initiatives, who had previously collected data from some of these organizations to arrive at the 2015 baseline figure.
- Growth in CTP from 2015 to 2016: In cases where absolute data was unavailable, organizations were requested to estimate the growth in CTP from 2015 to 2016, and were requested to select from the following ranges: 0–20%, 20–40%, 40–60%, 60–80% and 80%+
- Percentage share of CTP in total aid: Organizations were also requested to estimate this by selecting from the following ranges: 0–5%, 5–10%, 10–15%, 20–30%, 30–40% and 40%+

2 Development Initiatives' 2015 CTP estimate

In order to complement the 2015 global cash and voucher programming baseline estimate, and with the permission of implementing partners, Development Initiatives provided CTP data for some of the organizations surveyed in this study. Where contact with those organizations was not possible, Development Initiatives shared an anonymized and aggregated figure for eight organizations, using 2015 data collected for the previous exercise. An estimated percentage growth figure for 2016 was then applied.

¹⁵³ ODI and Development Initiatives (2016) *Counting Cash: Tracking Humanitarian Expenditure on Cash-Based Programming*.

¹⁵⁴ Organisations were asked to clarify if the figure provided comprised transfer values only, or if it included associated programming costs. For the transfer value only figures, an estimated programming cost was calculated based on an average percentage of project funds delivered directly to beneficiaries (the 2015 average calculated by DI was used as this was assessed as more reliable based on the data available). Where it wasn't possible to clarify if the figure included programming costs or not, the source figure provided by the organisations was used to avoid potential over-estimation of the totals by erroneously adding programming costs. However, it is also possible that these numbers were underestimated if the data provided by the organisations didn't include programming costs.

¹⁵⁵ ODI and Development Initiatives (2016) *Counting Cash: Tracking Humanitarian Expenditure on Cash-Based Programming*.

3 Office for the Coordination of Humanitarian Affairs' (OCHA) Financial Tracking Service (FTS)

To fill gaps and avoid double counting, the data procured from the above sources was then triangulated against 2016 data from OCHA's FTS to arrive at a baseline figure. The data from the FTS required a forensic keyword search to highlight cash and voucher programmes from the project description field. This data was provided by Development Initiatives, to ensure consistency with the 2015 figures.

Combining the data sources: Once the data was collected, it was aggregated to provide an overall CTP figure for 2016. CaLP and Accenture recognize that the data collected from the survey is only a representation of the overall cash programming in the humanitarian sector. As explained previously, data extracted from the FTS by Development Initiatives was used to fill this gap to some extent, but even then, there are gaps in the data, and the actual CTP figure may be higher. On the combined dataset, the following adjustments were performed:

3.1 Organizations covered in 2016

The organization survey was distributed to a wide range of organizations. Thirty-four organizations responded, which included major donor organizations, NGOs, INGOs, the Red Cross Movement and UN agencies.

- Development Initiatives' 2015 CTP figure comprised data taken directly from 21 organizations.
 - Of the 21 organizations covered last year, we procured direct data from 13 organizations for 2016 using the organization survey.
 - For the remaining eight organizations, which had relatively low volumes of CTP, we extrapolated the anonymized and aggregated 2015 data collected by Development Initiatives to 2016, using an aggregate growth figure.
- Financial data was also directly collected from an additional 13 organizations working in the field of humanitarian cash and voucher programming (through the organization survey).

3.2 FTS data for 2016

For the organizations not covered in the 34 organizations above, in conjunction with Development Initiatives, we triangulated their CTP value for 2016 from the FTS.

- The data from the FTS required a forensic keyword search to highlight cash and voucher programmes from the project description field.
- Only projects coded as 'full' cash projects have been included in our analysis. Projects coded as 'partial' were not included, as they have a partial cash element and we cannot determine how much of the funding in these projects is attributed to CTP.
- The values from FTS were then aggregated with the figures provided by individual agencies to arrive at total humanitarian CTP figure.

3.3 Exchange rate calculation

Bloomberg data was used as a source for annual exchange rates. Average exchange rates for 2016 were used. All the data currencies other than US dollars, such as EUR, GBP, CHF, etc., was converted to USD using these exchange rates.

3.4 Removal of double counting

After all adjustments, data was summed to arrive at the total value for cash programming. We have removed donors' CTP numbers from the data to adjust for double counting. For large UN agencies like the WFP and UNHCR that subcontract a proportion of their work, we have calculated a reduction based on their own figures regarding the amount of funding provided to subcontractors. We have triangulated this data with data from major recipient NGOs about the proportion of funding they received from these UN agencies, and removed this from the total CTP figure in order to avoid double counting.

Calculation of CTP as a percentage of total humanitarian aid: We used the total CTP figure calculated above (2016) and the CTP 2015 figure from the Global Humanitarian Assistance (GHA) Report 2017, and divided it by the total international humanitarian assistance number for 2015 and 2016 published in the GHA Report 2017¹⁵⁶ to calculate CTP as a proportion of total humanitarian assistance.

We advise the reader to exercise caution when using the 2016 CTP figure as a proportion of the total IHA, as the numerator and denominator rely on differing data sources and may not be readily comparable. To estimate IHA, the GHA Report uses data from the following organizations – Organisation for Economic Co-operation and Development (OECD), Development Assistance Committee (DAC), UN OCHA FTS, UN Central Emergency Response Fund (CERF) and Development Initiative's unique dataset of private voluntary contributions.

Other caveats: Many organizations reporting directly to us shared concerns about the potential to underestimate their cash-based programming due to internal difficulties in tracking cash expenditure. Many organizations had to manually gather data in order to contribute to this research. This customized, manual approach, combined with different internal systems, means that data is not reported in a standardized way across organizations and, as such, the same level of data is not available for each organization.

Conversely, there is also scope for overestimation in some cases. The largest risk for overestimation comes in the form of double counting (i.e., counting funding both when it is received by a large international organization and again when it is transferred onward to a partner organization for implementation). Where possible in compiling the CTP dataset, we identified and factored in funds that were channelled through other agencies before being implemented. For example, we highlighted and removed instances in which large UN organizations' CTP data was also being reported by its implementing partners. Where this was unknown, an overestimate is likely.

¹⁵⁶ Development Initiatives (2017) *Global Humanitarian Assistance Report 2017*: <http://devinit.org/post/global-humanitarian-assistance-2017/>

I.6 GOVERNANCE AND REVIEW PROCESS

Steering Committee: The development of the report was overseen by a Steering Committee. Members (see table below) were selected based on their experience and expertise on the topic of CTP, and to provide a representative cross-section of stakeholders including NGOs, donors, UN agencies, and host governments.

Name	Organization
Louisa Seferis	Danish Refugee Council
Paula Gil Baizan	formerly World Vision International
Paul Harvey	Independent consultant
David Peppiatt	British Red Cross
Emily Henderson	UK Department for International Development
Kenn Crossley	World Food Programme
Gabriel Fernandez	Government of Liberia
Kalinda Glenn-Haley	USAID/OFDA
Ruco van der Merwe	USAID/FFP
Isabelle Pelly	CaLP
Claire Mariani	UNICEF

The Steering Committee provided inputs at four strategic stages in the development process. These included: at the inception stage to guide the overall structure, objectives and content; to review the initial findings and direction during the data collection phase; to review a first draft of the report; and to review an updated draft narrative prior to final revisions. Feedback from the Steering Committee was collected via four meetings (face-to-face and remote), and in writing.

Review process: In addition to the review provided by Steering Committee members, the updated draft narrative was also shared with a wider group for review prior to finalization, comprising CaLP Technical Advisory Group (TAG) members, CaLP staff members, CaLP Board members, CaLP donors, and Development Initiatives. Comments and suggestions from reviewers were consolidated and used to inform final revisions of the report narrative.

ANNEX 2: CASE STUDIES

2.1 NEPAL – SCALING UP CASH TRANSFER PROGRAMMING (CTP) AFTER A RAPID ONSET DISASTER

A devastating earthquake measuring 7.8 on the Richter scale hit Nepal in April 2015, causing great damage to, and loss of, life and property, especially in rural and suburban regions. More than a million families and households were affected, with nearly 9,000 people killed and a further 18,000 suffering injuries.

Although emergency cash programming had only been introduced fairly recently during the floods in 2014, the earthquake response marked a major shift towards cash transfer programming (CTP). Cash (including multi-purpose grants (MPGs)) was recognized as a modality in the Strategic Objectives of the Flash Appeal towards recovery and resilience. An estimated 10% of the international response in the first six months was provided through CTP, with \$24.5 million delivered by humanitarian agencies and around \$70 million by government (emergency response support and standard social assistance programming). A variety of modalities were used, including unconditional cash grants, vouchers and cash for work, with assistance provided by government, humanitarian actors and through the country's existing social protection programmes. Actions and experiences during the earthquake response and since have been well documented. These highlight that humanitarian CTP were a highly appropriate part of the response, given the challenges of delivering in-kind aid in regions and the fact that markets were, in general, functioning well. They generate several lessons of relevance for the State of the World's Cash report.

CTP was considered to varying degrees, and tools for decision making were not systematically embedded:

Independent evaluation of the European Civil Protection and Humanitarian Aid Operations' (ECHO) assistance during the earthquake response highlight that the processes of market analysis and response analysis were variably embedded in the procedures of international implementing partners. The use of market analysis in particular has been ad hoc. Whilst most response and recovery programmes in 2015–16 were multi-sectoral and combined cash and in-kind modalities, the cash modalities generally remained sector-specific, and use of MPGs was much more limited. In some projects, multiple sector-specific cash modalities were used in the same project (e.g., vouchers for winter; conditional cash transfers (CCTs) for shelter; unconditional cash transfers (UCTs) for food, etc.), to reach the same household. This reflects a siloed, sectoral approach to project analysis and design and a lack of consideration of more holistic and potentially efficient and effective responses through the use of MPGs despite these having been promoted in the Flash Appeal of 2015. Lessons learned studies show that the particular response often depended on what modality various agencies were most familiar with, or for which they had existing systems, or reflected donor preferences. Cash transfers were predominantly used for food, basic needs, livelihoods recovery and costs of labour for shelter reconstruction, whereas demand for shelter and hygiene materials were primarily met with in-kind assistance.

Lack of capacity and preparedness for cash assistance constrains efficient and effective response:

Neither partner agencies nor government were sufficiently prepared to exploit humanitarian cash responses to their maximum potential. National staff of international non-governmental organizations (INGOs) lacked technical capacity in CTP, as did government. This, along with a lack of policy coherence on CTP in emergencies, also created reluctance to implement cash transfers on the part of some local authorities, which in turn led to concerns and reluctance among implementing partners. Preparedness to rapidly scale up the use of cash transfers was also weak, with inadequate embedding of cash in contingency planning processes and mapping of pre-agreements with financial providers. The fact that cash was able to be used at the scale it was is testimony to the capacity and expertise that were 'surged in' by international agencies. Nevertheless, this lack of technical knowledge, experience, systems and processes on the ground led to confusion and some significant delays. The first international cash responses took place within two weeks of the earthquake but took two to three months to reach significant scale. This meant that large numbers of cash-based programmes for reconstruction provided the assistance after it was needed. Many people had already undertaken repairs due to the approaching monsoon, incurring debts in the process.

Save the Children UK (SCUK) analysed the impact of these delays on the effectiveness of their cash for shelter response, comparing outcomes for those who received transfers in June, September and December. They found that providing transfers earlier allowed households to return to their homes and hence their work much sooner, reduced borrowing for consumption and resort to other negative coping mechanisms, and increased household earnings in the period following the disaster by 22–51% compared to those who were affected by the delays. Save the Children analysed the Value for Money (VfM) of this early response assessment through modelling of various scenarios for disaster occurrence, and concluded that, even under a conservative estimate, every incremental £1 spent on preparedness for timely response would realize a £6–8 return in the economy. This was a result of the cash transfers to households, multiplier effects of spending cash in the economy, increased earnings through an earlier return to work, impact on health and nutrition, impacts on productivity due to improved nutrition, and returns to education and long-term earnings from increased investments in agriculture.

Evaluation of ECHO's assistance highlights a missed opportunity on the part of donors, both in the strategic coordination of, and advocacy with, partners and government to promote the use of cash or MPGs, which may have helped to reduce the confusion and delays. The evaluation and other lessons learned studies also point to the lack of investment by donors in cash preparedness activities (technical assistance and policy/institution-related) as part of Disaster Risk Reduction, which could have reduced some of these barriers. While there has been some progress towards being able to mount better, more efficient and large-scale cash responses in the future, cash preparedness reportedly remains too low a priority in Nepal.

A technical gap on understanding cash programming within government and humanitarian actors also persists. A key challenge remains the lack of preparedness for cash-based responses to emergencies. There has been an increase in cash awareness within the Nepali government but no strategic shift towards cash, and government decision making and institutional arrangements remain ad hoc, politically driven and inconsistent. This is evident in the 2017 flood response, where cash was more systematically considered, but the lack of capacity and clear policy positions remain a challenge.

Challenges with cash coordination limited effectiveness of CTP: After the earthquake, a Cash Coordination Group was set up under OCHA but faced several challenges during the initial stages. There had been no such coordination structure prior to the earthquake and roles and mandate were not sufficiently clarified. The group therefore struggled to engage with the Humanitarian Country Team (HCT) and cash was not a strategic issue on the agenda of the HCT and heads of agencies. The CCG did not have a complete overview of cash-based responses, and there was no standard template for data. This contributed to the confusion, as people with similar needs and programmes with similar objectives delivered different modalities and values of assistance, whilst also contributing to duplications or exclusions. The lack of formalization of the Cash Coordination Group (CCG) and the lack of coordination and leadership on Disaster Risk Management (DRM) within the Nepalese government both contributed to limit the engagement of the Government in discussions on scaling up CTP. A review for the CCG after the response recommended that the role and positioning of the CCG be reviewed, that the CCG should formally link with the HCT coordination structure, and that the Government of Nepal be engaged in the development of common guidelines and procedures for use of cash in future emergencies.

Development actors should strengthen national social protection systems to ensure rapid scale-up is possible in the event of a humanitarian crisis: The Ministry of Federal Affairs and Local Development (MoFALD) in Nepal manages an extensive social assistance system that provides cash transfers to vulnerable families – including an old-age pension, a single women and widows allowance, cash grants to people with disabilities, and a child grant to children under five years of age belonging to Dalit households. Cash is delivered by the Village Development Committee (VDC) in rural areas and through bank transfer in municipalities. In the earthquake response, the UN Children's Fund (UNICEF) partnered with MoFALD and used the existing social assistance mechanism to provide cash grants for relief and recovery to vulnerable households. The programme was independently evaluated and generated important lessons learned:

- **Linking with well-functioning national systems can add value to humanitarian response:** Leveraging existing programmes and systems for money transfer was chosen as it allowed UNICEF to reach out to a large population, with pre-existing vulnerabilities, in a short timeframe. The design of the top-up was very simple and did not require that a new programme structure be set up, or that existing procedures and processes of MoFALD be amended. The intervention reached approximately 434,000 people in 19 districts with an emergency cash transfer of NRs.3,000 (equivalent to approximately two months of consumption for an individual at the poverty line) as a supplement to their existing social assistance payment. Other humanitarian actors working independently also delivered cash support within a similar timeframe but not at such a significant scale.
- **Pre-existing relationship with the government helps:** UNICEF had an existing working relationship with MoFALD before the crisis. This meant that the usual checks required for transferring resources to government had already been carried out, while UNICEF were also aware of the systems and procedures to be followed on the social assistance programme. This enabled a speedy response, with cash assistance delivered within one to four months of government approval.
- **Working with governments can bring benefits and challenges due to differing priorities:** UNICEF were able to seek an approval for the project within one week of submitting the proposal to the Government of Nepal. It was initially planned to work in 11 districts of the country, however, the Government felt that the need was such as to warrant the expansion of the programme to 19 districts affected by the earthquake. This created a bottleneck and took close to one month to resolve.
- **Importance of broader coordination for an effective response:** The coverage of UNICEF's approach was not comprehensive, since some vulnerable and disaster-affected households in need of aid were not included in these social assistance programmes. These people needed to be supported through other means. An early engagement with the cash coordination group could have helped to effectively fill these gaps in coverage.

Sources: Merttens et al. (2017) 'Evaluation of the Nepal Emergency Cash Transfer Programme through Social Assistance: Final Report', an OPM report for UNICEF; Willitts King and Bryant (2016) 'Scaling up humanitarian cash transfers in Nepal', ODI working paper; Ferrie and Gautam (2017) 'Cash Preparedness in Nepal: lessons from the 2015 earthquake', a report for the Cash Coordination Group Nepal; Grünewald and Burlat (2016) 'Nepal earthquake: a rapid review of the response and a few lessons learned', URD Group; Wylde (2017) 'Investing in Disaster Preparedness for Cash Transfer Programming in Emergencies: a Value for Money Assessment for Save the Children', draft report for SCUUK; Baker et al. (forthcoming) 'Evaluation of the European Commission's Humanitarian Interventions in India and Nepal, 2013–2017', a report for ECHO by Analysis for Economic Decisions (ADE).

2.2 TURKEY – WORKING WITH HOST GOVERNMENTS TO DELIVER CASH-BASED ASSISTANCE DURING THE REFUGEE CRISIS

Turkey currently hosts more refugees than any other country in the world. There are 3.3 million registered refugees in Turkey, of which approximately 3.2 million are Syrians. Just under half of Syrian refugees (approximately 46%) are children. Refugees are dispersed across all provinces, although the vast majority (81%) of the refugees are concentrated in three provinces in the South East and Istanbul. Over 90% of refugees reside outside of camps.

The Government of Turkey has played a central role in supporting the refugee crisis, contributing over \$25 billion since 2011.¹⁵⁷ International funding for the response has also increased year on year from \$80 million in 2012 to \$795 million in 2017. Since 2013, the response strategy of the humanitarian community has been consolidated through the annual Regional Response and Resilience Plans (3RP), coordinating support from United Nations (UN) and non-governmental organization (NGO) partners to the Government of Turkey in the sectors of food security, education, protection, basic needs, livelihoods and health. Cash transfer programming (CTP) has been a part of the response since 2012 through the Turkish Red Crescent (TRC), with international actors beginning voucher responses in 2013 and cash assistance (through TRC) beginning in 2015.

According to a Pre-Assessment Baseline survey, in February–May 2017, 64.2% of refugees were living below the Turkish poverty line and households struggled to meet a range of essential needs due to a chronic lack of income. As of January 2016, formally registered Syrian refugees can apply for work permits to access formal employment within their province of residence – however, according to the World Food Programme (WFP), as of September 2017, only approximately 26,000 had been issued – to less than 4% of the population. As of the start of the 2016/17 school year, 588,562 Syrian refugee children were enrolled, but nearly 390,000 Syrian refugee school-aged children remained out of school. This is a greater problem for those in secondary school. Barriers to enrolment and attendance include: economic hardship (linked with child labour); distance from schools and transportation costs; limited knowledge of the Turkish language; lack of catch-up and support programmes; and a lack of information about education rights and services.

As the refugee situation became increasingly protracted, 3RP actors transitioned to providing increased support to national and local systems, to enable a nationally led response whilst continuing to directly provide services and humanitarian assistance. In 2016, negotiations between the Government of Turkey and the European Commission resulted in allocation under the European Union Humanitarian Implementation Plan (HIP) of €348 million to establish an Emergency Social Safety Net (ESSN). The ESSN supports all registered Syrian and non-Syrian refugees living outside camps in Turkey, with the objective to stabilize or improve living standards of the most vulnerable of the camp refugee households. The programme aims to provide monthly basic needs assistance to over 1 million refugees through multipurpose grants (MPGs) – which were initially set at 100 Turkish Lira (TL) (approximately \$27) per person, per month and subsequently increased to 120 TL. It builds on existing systems that underpin the government of Turkey's social protection system for citizens. It was designed in conjunction with the government and is implemented through a partnership of WFP, the Turkish Red Crescent (TRC), the Ministry of Family and Social Policies (MoFSP), the Directorate General for Migration Management (DGMM), the Directorate General of Citizenship and Population Affairs (DGCPA), and the Disaster and Emergency Management Presidency (AFAD).

In complement to the ESSN, an additional programme in support of the education of refugee children has been put in place, the Conditional Cash Transfer for Education Programme. The programme aims to provide cash assistance to an initial 230,000 vulnerable refugee children attending Turkish public schools or Temporary Education Centres (TECs) by February 2018. The objective is to maintain school attendance and prevent drop out of vulnerable refugee children and improve school enrolment for out-of-school children. The programme is being implemented through a partnership of UNICEF, MoFSP, Ministry of National Education (MoNE) and the TRC and funded by the European Civil Protection and Humanitarian Aid Operations (ECHO), the Bureau of Population, Refugees and Migration (BPRM) of the US State Department, and the government of Norway. It effectively extends the national conditional cash transfer for education (CCTE) programme for Turkish families to refugee families, providing cash support to vulnerable children who meet the condition of 80% school attendance. Cash assistance is delivered every two months for the ten months of the school year. The value varies according to

¹⁵⁷ According to figures from AFAD website (March 2017).

the gender and age of the child, in line with the system used for Turkish beneficiary families. To cover the school supplies and other related expenses, the programme includes a 100 TL additional payment twice a year per child (at the beginning of each semester).

The first country-wide payment for the ESSN began in December 2016, whilst the first payments on the CCTE were made in May 2017. Experiences to date yield valuable lessons to inform future operational models for CTP and the linking of humanitarian CTP to national systems.

The policy and regulatory environment of donor and host governments must enable cash responses at scale, in coordination with national systems: In the context of the Turkey response, changes in the policy and regulatory environment of the government and donors were necessary precursors to establishment of the ESSN and CCTE.

- A crucial aspect of the government's involvement in the response has been in reforming the regulatory environment to increase refugees' access to services and open opportunities for more durable solutions. In 2013, Turkey's first asylum law, the Law on Foreigners and International Protection, was established to manage international protection and migration-related matters. It established a new agency, the Directorate General of Migration Management (DGMM) under the Ministry of Interior, responsible for the registration of Syrian refugees under Temporary Protection (TP), other nationalities under International Protection, and other nationals. Under Article 91 of the Law, a regulation was issued on TP for Syrian nationals, refugees and stateless persons from Syria seeking international protection in Turkey. Under this, those that register for TP are issued with a TP identification document which grants the right to stay in Turkey and to access public services including health, education and social assistance.
- At the onset of the response, cash assistance to refugees by humanitarian actors was limited to the use of vouchers, due to the risk aversion of financial service providers (FSPs) to providing financial services to refugees and uncertainty among humanitarian agencies about the legality of their position with regard to provision of financial assistance.¹⁵⁸ This required further clarification and endorsement from the government, and some regulatory changes to overcome programming constraints. For example, as in many host countries, the opening of accounts by non-Turkish nationals usually requires registration in Turkey. The TP regulation introduced the formal identification card for refugees which is recognized by the banks.
- In 2015, support for a durable solution in Turkey was in the interests of political leaders in Western Europe, given the increasing popular concern about the influx of migrants and refugees into Europe. Negotiations led to the adoption of the EU–Turkish Joint Action Plan (JAP) at the European Council, activated on 29 November 2015, part of a comprehensive cooperation agenda to increase support for Syrian refugees under TP and their host communities in Turkey and to prevent irregular migration flows to the EU. It opened the possibility of a source of more long-term, predictable financing for the crisis, and for provision of national budget support. Under the JAP, the Facility for the Refugees in Turkey (FRiT) was established, designed to ensure that the humanitarian and longer-term development needs of refugees and host communities are addressed in a comprehensive manner. The European Commission and Member States committed to provide €3 billion in 2016 and 2017; €1.4 billion is allocated for humanitarian needs and €1.6 billion for longer term structural assistance. It should be noted that, at the present time, ECHO funds must still pass to an intermediary, and neither the ESSN or CCTE funds are managed directly by the national government.

Feasibility of linking to national systems must be carefully assessed: Donors and international organizations had to be convinced that linking to the Turkish national system was feasible. Factors considered included the political will for such collaboration, the regulations of governments and of donors, the strength, coverage and areas of focus of the national social protection system, programme design features, targeting criteria and processes, cash delivery processes, possible risks of linking and mitigation measures, and institutional capacity of the national social protection system. This took some time to complete. Clear enabling factors in Turkey were the presence of a strong and willing government, the presence of partners with knowledge of the Turkish social protection system, a well-established social protection system, and robust operating systems and processes.

¹⁵⁸ C. Ward (2015) *Overview: Cash and Voucher Assistance to Refugees in Turkey*, Diakonie Katastrophenhilfe (DKH).

Programme design and implementation should build on what works but acknowledge and overcome any known bottlenecks in the national system: Whilst the ESSN and CCTE build on existing administrative processes, systems and institutions that are used to deliver the social assistance programmes to Turkish citizens, these are adapted and supported where necessary for the requirements of delivering assistance at scale:

- In Turkey, selection of beneficiaries for regular social assistance programmes is through application to the Turkish Social Assistance and Solidarity Foundations (SASFs). Application and enrolment on the ESSN and CCTE is also through the MoFSP's Social Assistance and Solidarity Foundation (SASF) offices, who lead on the eligibility assessment and verification process. Eighteen Service Centres staffed by the TRC are supporting SASF to manage this in highly populated areas.

Assessing the eligibility of Turkish citizens for social assistance is a two-stage process involving screening households' income and assets in MoFSP's Integrated Social Assistance Information System (ISAIS), which links to data held in various government databases, and then a household visit that verifies living conditions and expenditures and generates a score through a proxy means-test formula. For the ESSN, prerequisites to the programme are confirmed through the DGMM and the Directorate General of Citizenship and Population Affairs (Nufus) who provide the TP (or IP for non-Syrians) identification number and registration of the household's residential address. Given the lack of verifiable socio-economic data on refugees and the need for rapid scale-up, eligibility for enrolment to the ESSN is based on six demographic vulnerability criteria, used as proxy measures of welfare, rather than socio-economic indicators. Targeting of the CCTE for Refugees is aligned with the national CCTE criteria (including, lack of social security, lack of valuable assets or regular income, and presence of at least one school-going child within the family).

The two programmes are mutually reinforcing, with 80% of the current CCTE beneficiaries also benefiting from ESSN. It should also be noted that the targeting of CCTE is wider and includes families that do not receive ESSN, which is important particularly for those school-age children whose families may be excluded from ESSN due to family size (dependency ratio). All beneficiary households are to receive a household verification visit by SASF officers – but within one year of enrolment rather than as a pre-requisite for enrolment.

- Cash payments to citizens on the national social assistance programmes are through a partnership with PTT Bank, however, payments on the ESSN and CCTE are by automated teller machine (ATM) card called KızılayKart, through a separate agreement with Halk Bank, contracted by the TRC.
- CCTE payments for citizens are conditional upon 80% school attendance, which is monitored through a partnership between MoFSP and MoNE using the Integrated Social Assistance Information Management System (ISAIS). Attendance data is recorded by schools in MoNE's public education management information system, E-OKUL, which now includes data for refugees enrolled in public schools. The TECs¹⁵⁹ use a separate management information system called YOBIS. UNICEF has actively supported integration of the YOBIS database into MoFSP's ISAIS database for social assistance, to enable the eligibility of TEC students to be verified.
- Outreach and communication processes are being prioritized, with information about the programmes being made available through a range of media outlets appropriate and accessible to the refugee caseload. This includes printed materials in appropriate languages distributed through SASF, DGMM and TRC offices; an ESSN website and social media pages; and WhatsApp groups.
- A call centre has been set up, staffed by the TRC, that provides a free of charge helpline for beneficiaries on the ESSN and CCTE. It provides information in six different languages, and receives and resolves queries and complaints.

Data from the complaints mechanism and the independent programme monitoring processes is also informing programme design for the ESSN. For example, it was found that the initial demographic targeting criteria were important to allow the programme to quickly reach the target population but were not inclusive enough and excluded some vulnerable cases. The criteria for disabled members and dependence ratio were therefore relaxed in June 2017 to become more inclusive, with the aim of including 50% of the refugee population, increasing the

¹⁵⁹ TECs are MoNE-supervised formal education centres where Syrian children are taught a modified version of the Syrian curriculum (in Arabic) by Syrian volunteer teachers. Contracted Turkish teachers deliver Turkish language classes. TECs are managed by a Turkish MoNE coordinator. Learning achievements in these centres are certified by MoNE.

overall target for the ESSN. It was also noted that larger families receive a higher overall amount of assistance per month, allowing them to cover many needs, i.e., rent, which smaller families were unable to cover. Quarterly top-up transfers were therefore added to the ESSN in August 2017, to offset this shortfall in the service of basic needs. All families receive a supplement, with smaller families receiving a higher amount.

Collaboration with national governments and linking with national systems presents both opportunities and challenges for the efficiency and effectiveness of cash assistance at scale: The government's leadership in the response from the beginning and willingness to engage in partnerships with international organizations has been a critical factor in enabling the provision of cash at scale in Turkey. Building on these existing national systems and processes is expected to contribute to demonstrable time and cost savings as well as the development of more appropriate, effective, durable solutions to the protracted crisis.

Whilst there are potential advantages to linking with national social protection systems to deliver humanitarian assistance, this way of working will also present challenges. Issues that have been faced in the context of Turkey include:

- Programme monitoring showed that backlogs in DGMM's registration of refugees and complexities of determining the physical address for each household stand in the way of some applications to the ESSN, whilst language and literacy make it difficult for some applicants to receive their ATM cards. These barriers are being addressed through advocacy with government partners on the programme and through complementary 'handholding' support activities from other humanitarian actors funded by ECHO and other donors. This means that it has taken longer than was initially expected to register, enrol and begin disbursing payments to the targeted number of beneficiaries.
- According to standard practice in the design of cash-based interventions, the cash transfer amount was determined based on the gap analysis and consultation with key stakeholders. Through the consultation process, the government expressed concern that the ESSN transfer value should not exceed the benefits provided to poor Turkish citizens through the national social assistance system. Therefore, the initial ESSN transfer was set based on the calculation of needs, as well as broader concerns around sustainability and social cohesion. Ongoing Post Distribution Monitoring (PDM) and economic analysis demonstrated that inflation rates are relatively high in Turkey, and the amount was insufficient to meet the ESSN objective to serve basic needs. In June 2017, this evidence was used by the WFP and TRC to negotiate an increase to the transfer value (from 100 to 120 TL per person) with MoFSP as well as the larger quarterly top-ups for smaller households. Since the CCTE was an extension of an existing programme, the same values that are used on the CCTE for Turkish citizens were used. However, knowing that the transfer value may remain insufficient to respond to specific vulnerabilities of refugee children, UNICEF has closely aligned the CCTE with the ESSN. For refugee families that are beneficiaries of the ESSN, the CCTE therefore effectively acts as a top-up grant for education, with the ESSN covering other basic needs.
- Whereas the design of the ESSN is not aligned with any existing social assistance programme, the CCTE is seen by MoFSP as an extension of a particular Turkish social assistance programme to refugee families, and they wanted to make use of the same design features, rules and regulations. Certain design features of the regular programme – such as the enforcement of the school attendance condition (80%), the transfer value mentioned above, and focus on children enrolled in formal education (i.e., exclusion of those enrolled in non-formal education) – are designed for Turkish citizens and may not be the optimum design by which to meet the needs of refugee children. UNICEF is monitoring these aspects with a view to generate lessons for future scaling up of such programmes and to inform design of the CCTE with potential improvements for both Turkish and refugee children. Alongside and complementing the CCTE for refugees, UNICEF is also investing in strengthening the national education systems to provide the support needed for those that have been out of school for a long period (for example, non-formal education centres and catch-up classes).
- Given the particular vulnerability profile of refugee children and the need to strengthen links between social assistance and supportive social services in the national CCTE programme, UNICEF is also supporting a child protection component to follow up with families of refugee children whose attendance drops below the minimum threshold for receiving CCTE payments. Household visits are conducted by TRC outreach teams to carry out child protection risk assessment and identification, as well as referral and follow-up. Analysis to integrate this kind of a child protection component into the national programme is ongoing.

- There are strict data protection regulations in Turkey, and data relating to refugees is also managed by the government, with access by non-government actors heavily protected. WFP and UNICEF are reliant on a data-sharing agreement between the government and TRC, established for the ESSN, and cannot access data that personally identifies beneficiaries. This can pose challenges in ensuring accurate targeting and verification, as well as independent monitoring and evaluation (M&E), though both WFP and UNICEF are working hand in hand with TRC to ensure accuracy.
- The CCTE and ESSN are both engaging with the national social protection system, but in different ways. The payment schedule of the CCTE mirrors that of the CCTE for Turkish citizens and is different to the schedule on the ESSN. Both payments are delivered through the same ATM card, through separate wallets. This has created some challenges for the harmonization of the two programmes in practice, requiring careful communication between programmes and with beneficiaries.

Linking humanitarian CTP to national systems has the potential to strengthen national social protection systems, but to achieve this requires explicit and careful design: A key perceived benefit of linking to national systems is the contribution these programmes can make to strengthening the national social protection system – by building the capacity of national systems to respond to and manage humanitarian needs, and by informing and improving the design and implementation of existing social assistance. Realizing such objectives requires that barriers are addressed and that improvements in capacities be sustained and institutionalized within the national systems, as well as the political will of these institutions to continue in this role.

There is anecdotal evidence to date that the ESSN and CCTE are strengthening certain aspects of the national system. For example, MoFSP's social assistance management information system (ISAIS) is being adapted to effectively include refugee data, and to integrate attendance data from foreign students (YOBIS).

To facilitate coordination and capacity building of national actors, TRC and WFP are working through a Joint Management Cell (JMC) (programme team) located in a shared office. TRC and WFP have dedicated staff for all workstreams and capacity is being built in aspects such as the national guidelines for information management. TRC are the national non-governmental partner, and enhancing their capacity to take over the ESSN is crucial. WFP have seconded programme staff selected by MoFSP into the Ministry to provide support there, as the start of a more formal process of working together. Nufus is also now engaging in discussions on what capacity enhancing support the project can provide, so as to improve the refugee registration process. TRC's experiences supporting implementation and PDM are also generating evidence on points for improvement in national processes and capacities, for discussion during programme management meetings.

Sources: Smith (2016) Developing Strategic Options for Building Social Assistance for Syrian Refugees in Turkey: Findings and Policy Options, report for UNICEF Turkey; Smith (2017) Linking Humanitarian Cash Transfers with National Social Protection Systems in the MENA Region, an internal lessons learned case study for UNICEF Middle East and North Africa Regional Office; WFP (2016) Emergency Social Safety Net Programme: Frequently Asked Questions; ECHO (2016) Humanitarian Implementation Plan (HIP) for Turkey; United Nations (2017) Regional Refugee & Resilience Plan (3RP) Turkey 2017–2018; European Commission (2016) Managing the Refugee Crisis: the Facility for Refugees in Turkey, EC Factsheet; interviews with UNICEF Turkey and WFP Turkey.

2.3 ZIMBABWE – LESSONS FROM THE ‘EMERGENCY CASH FIRST RESPONSE’ TO DROUGHT-AFFECTED COMMUNITIES

Two seasons of failed rains in 2015 and 2016 led to an acute food insecurity crisis in Zimbabwe, which reached emergency levels in February 2016. The drought crisis reduced household subsistence production, income and livelihood activities, constrained access to food, and contributed to livestock deaths. From August 2015 to May 2017, CARE Zimbabwe, in partnership with World Vision International (WVI) and the UK Department for International Development (DFID) implemented a monthly unconditional and unrestricted cash transfer intervention to address basic food and nutrition needs, enable households to cope with food shocks and enhance asset retention. In a context where in-kind food aid still dominates most emergency responses, this reached over 400,000 people and is by far the largest humanitarian cash transfer intervention carried out in Zimbabwe.

In June 2016, a national cash liquidity crisis hit Zimbabwe, peaking in October and leading to a shortage of physical currency across the country, limits on withdrawals, and restrictions on transfers outside of Zimbabwe. Despite this, CARE successfully continued providing cash transfers, which were delivered in partnership with two mobile money service providers. This experience provides the following lessons of relevance to the State of the World's Cash report:

Multiple delivery partners were necessary for effective programming: In this context, CARE welcomed flexibility on the part of the donor to establish agreements with different financial service providers to ensure optimum coverage. The vast majority of households were served through the largest mobile network operator, Econet. In areas where Econet network coverage was poor, CARE worked with NetOne.

Adaptations of mobile money providers enabled the continued relevance of CTP during the liquidity crisis: Mobile money proved to be a highly flexible way to deliver cash in the face of the Zimbabwe liquidity crisis. As ‘cashing out’ for beneficiaries (and other mobile money users) became more difficult, demand grew for these e-purchasing services, allowing households to purchase food and other goods electronically with mobile money from their e-wallet without reliance on physical cash. Households still needed some currency, since some services – schools, hospitals, transport, grinding mills and the government’s Grain Marketing Board – were slower to adapt to the crisis and didn’t always accept e-money.

To manage this, mobile money agents (licensed to cash in and cash out) and mobile money merchants (licensed to accept e-money for retail transactions) adapted their services to the liquidity crisis.

- Mobile operators mobilized and registered new agencies and merchants.
- Traders who were not registered to accept e-money for purchases instead accepted transfers to their own personal mobile money accounts and added on their own fees.
- Cash agents who were not registered as merchants started informal small retail businesses, stocking goods that customers could buy and ‘cashing out’ the change rather than the whole transfer.
- Some cash agents charged a higher fee for cashing out than the regulated amount.

Investments to improve the enabling environment for mobile money could improve the effective application of these services during emergencies: CARE chose mobile money as the delivery mechanism, given the extensive mobile network coverage across the country and familiarity with money transfer services of most Zimbabweans. Eighty-five percent of the adult population subscribe to mobile services, and in rural areas, people were mostly familiar with the ‘cash out’ service, having received remittances from relatives. However, this wasn’t a frequent practice and many beneficiaries were not familiar with the full transaction process, so they still required extensive support from the project team in the initial months. This was possible to provide, since CARE’s programme involved repeated cash transfers over many months. The programme invested in community gender and accountability focal points who were trained to trouble shoot simple problems.

Awareness or use of mobile money for buying goods and services through e-wallets was much more limited before the project, as this side of the mobile network operators (MNO) business model was not so well developed. However, by March 2017, 69% of programme beneficiaries were making e-purchases, compared to just 17% at the start of the programme. This change was feasible because of changes in the enabling environment – the cash liquidity crisis – that coincided with the programme and which demanded that service providers in rural

areas adapt their service offerings to survive, and also made storing cash and transacting through e-money more relevant and necessary for beneficiaries. The expansion of e-purchasing services and adoption of cashless transactions relies on MNOs to register and license merchants. In the crisis, this expansion was due to agents and traders taking the initiative to quickly expand the reach of (de facto) services by working flexibly within the bounds of the regulatory framework for mobile money – which could not adapt quickly enough. Econet attempted to approach local authorities to simplify the registration process, but this was not straightforward. CARE/WVI's and Econet's community education campaigns through the Gender and Accountability focal points during this period contributed to this adoption. During this time, other government services also eventually registered to accept mobile money, further reducing the requirement of households for physical cash. It is hoped that this lays the ground for more enabling market conditions, ensuring more widespread adoption of the full scope of e-money services which could facilitate effective immediate use of such services in future emergencies.

The risks of the liquidity crisis could be successfully managed: A strength of the programme was the integrated monitoring and the adaptive and flexible design, which meant the programme could remain operational during the crisis. When the liquidity crisis hit, CARE reviewed its approach to managing risk to ensure it remained relevant to the changing context, and developed additional mitigation measures. Fortnightly liquidity monitoring of MNOs and their agents was introduced, to monitor areas worst affected by the liquidity crisis and identify agent coverage gaps, whilst existing monitoring tools such as market price monitoring also informed information-based decision making. This regular crisis monitoring demonstrated to DFID that the programme continued to be relevant and appropriate to the context. Disbursement schedules were communicated to agents well in advance, and the programme also increased beneficiary education and communication, to ensure recipients could use their e-wallets for purchasing.

Zimbabwe has a well-developed grain trading sector, but restrictions on transferring money outside Zimbabwe significantly affected Zimbabwe's private sector, with concerns that food imports would not be able to offset the national maize deficit, potentially leading to food scarcity and high prices. In a complementary intervention, DFID provided support to the private sector by setting up the Grain Market Facility, which facilitated international payments for maize imports. This macro-level facility allowed the import of 57,462 metric tonnes of white maize, which was intended to meet a third of the estimated import gap and ensure that staple food stock levels were maintained in the 15 operational districts of the cash transfer intervention. The scheme worked within existing market structures to minimize distortion and allowed beneficiaries to continue to access maize meal through existing private sector outlets, at stable prices.

Innovation requires appetite for risk and donor support: DFID proved to be a progressive donor, advocating for CTP as an appropriate modality of delivering aid in Zimbabwe, which had previously been dominated by food aid. CARE consider that DFID was invested in this as an equal partner in the risk, and was instrumental in supporting the changes to programme design that took place in order to reduce the impacts of the liquidity crisis – creating an enabling environment for learning and adapting in this context, rather than shutting it down. It certainly helped that the programme was already as well established as it was when the liquidity crisis hit. If both agencies and the donor had not already been so heavily invested, there would likely have been more reluctance from internal management and the host government to implement a new cash programme in these circumstances.

Programme monitoring demonstrated that, although there were some fluctuations in the price of maize grain, no other significant price fluctuations were reported. The market system was remarkably resilient and integrated, and able to adapt despite the issues with physical cash availability. This programme represents a milestone for the scaling up of CTP, demonstrating the resilience of markets in contexts where CTP may be considered 'off the table', and making the case for 'learning by doing' through sound risk analysis and adaptive and flexible programme design.

Source: Agiss (2017) Managing cash-based programmes in a volatile markets context; interview with CARE International UK.

2.4 DEMOCRATIC REPUBLIC OF CONGO (DRC) – TAKING CASH TRANSFERS TO SCALE IN CHALLENGING ENVIRONMENTS

For more than two decades, eastern Democratic Republic of Congo (DRC) has hosted one of the world's most prolonged humanitarian crises, with scores of active armed groups in operation and multiple waves of violence and population displacements across several provinces. Hundreds of thousands of civilians remain trapped in a cycle of insecurity, displacement and poverty exacerbated by poor infrastructure and limited access to and/or the absence of basic services.

United Nations Children's Fund (UNICEF) and non-governmental organization (NGO) partners have been working together to assist families in eastern DRC affected by the ongoing cycle of conflict, displacement and return and have been exploring cash-based assistance since 2008. Initial pilots were based on voucher fairs for non-food items (NFIs), building on and working with the dynamic private sector in the region. In 2011, the first cycle of the Alternative Responses for Communities in Crisis (ARCC I) programme began, funded by the UK Department for International Development (DFID), to explore the potential and challenges of providing unrestricted and flexible modalities in this context through two small-scale unconditional cash transfer (UCT) pilots reaching just 237 and 1,000 families respectively. The learning from these pilots informed ARCC II. This programme ran from 2013 to 2015 and focused on taking humanitarian cash transfers to scale in DRC, delivering \$2,781,660 to 23,480 households (117,400 people) in North Kivu and Orientale provinces. The programme worked through several implementing partners to test a range of modalities, transfer frequencies and delivery mechanisms, researching and documenting the relative successes and challenges. Learning from ARCC II provided 'proof of concept' for the effectiveness of multipurpose cash grants (MPGs) to foster recovery and resilience in this context and to demonstrate the feasibility of providing cash at scale, despite the challenges of the operating environment. This has informed the implementation of ARCC III, in which over 33,000 households received MPGs in 2016–2017.

The evolution of the programme, from phase II to phase III, has generated valuable experiences and lessons of relevance for the State of the World's Cash report:

Harmonization of tools and approaches adds value, but requires effective coordination: In ARCC II, implementing partners were left to determine their own programming tools for decision making and for selection of the modality. In ARCC III, the processes of assessment and analysis were made more systematically. Agencies pooled common tools for market assessment and response analysis, adapting these where needed to make these relevant to the context. A harmonized market analysis was undertaken across all implementing partners. This was considered by UNICEF to be more accountable and to contribute to higher quality programming than in ARCC II, where partner experience and understanding led to big differences in the quality of analysis. There is a need for broader sharing and harmonization of tools and processes to encourage effective scaling up of CTP by other actors, in a context where awareness of 'best practice' tools for decision making was low. All tools are now being shared broadly with other cash actors through the CWG DRC website, hosted by CaLP.

During ARCC III, ARCC implementing partners and other agencies have collaborated to jointly calculate a Minimum Expenditure Basket (MEB) across sectors, to inform design of both sector-specific programmes and ARCC's MPG. The process was coordinated by the Goma-based cash working group (CWG), and a briefing note shared among members. This exercise has proved to be a useful process, allowing harmonization of MPG values across agencies and also harmonization of this value to take into account sector-specific assistance provided by other agencies. However, it was a lengthy process, taking between six and eight months to finalize. It required the engagement of several clusters, including those that were relatively new to cash transfer programming (CTP) (e.g., Water, Sanitation and Hygiene (WaSH), education, and health) and that required sensitization to the significance of cash-based responses, and an MEB, for their sector. Clusters then needed to prioritize MEB activities alongside other duties. There was little engagement from key players in the national response coordination architecture (such as the Inter-Cluster Coordination (ICC) team) which could have attached greater strategic importance to the exercise and accelerated cluster engagement. The process and the values have also not been validated by clusters or the ICC nationally – although it is being used in all provinces – which is necessary to support institutionalization.

Taking cash to scale in difficult environments is feasible but requires an appetite for risk and learning by doing: ARCC III is designed specifically as a 'cash first' approach, at scale. It represents a significant shift in mindset from ARCC I, made possible through a five-year process of partners trialling, testing and 'learning by doing'. During ARCC II, vouchers were still used 25% of the time because of a concern about the risks of working with cash transfers. By demonstrating

evidence of the feasibility and appropriateness of cash transfers, from the perspective of markets and security, as well as the support from the programme donor, the programme has encouraged a greater appetite for risk within partner agencies. This testing and building of the evidence base has successfully integrated ARCC, and MPGs, into the Rapid Response for Movement of Population (RRMP) – the biggest humanitarian assistance programme in DRC.

During ARCC III, cash transfers have been favoured by partners even in remote, isolated enclaves. These decisions were not based on extensive and complex market assessments but rather on short, flexible market assessments adapted by partners in order to provide 'good enough' information for decision making within one week. These decisions met with some reluctance from the ICC and national coordinators, but markets in these hard to reach places and conflict settings have proved to be resilient and able to respond, providing sufficient stock and supplies, and through innovative and non-traditional ways, when adequately prepared.

Cash at scale in this context still requires multiple local solutions for cash delivery: Financial services have very limited penetration in eastern DRC. ARCC II tried and tested a range of possible delivery channels, to understand the pros and cons of each. In ARCC III, the aim is to go to a greater scale with cash, quickly and effectively. The programme is engaging with a range of private sector actors that have demonstrated their flexibility and willingness to devise solutions to money transfer in this context. The main partnership is through banks, providing temporary mobile cash distribution services to affected areas. Private traders local to the area have also been engaged for the first time in certain locations, and have proved to be capable of advancing funds and providing timely disbursement and reconciliation. Some of these channels have not been particularly cheap (2–5% fees through banks and up to 8% for traders) but are the only secure and reliable option that enable the provision of a flexible and effective cash-based response to these communities.

During ARCC II, much expectation was placed on the potential of the emerging mobile money services to transfer money efficiently and effectively to these remote communities. However, based on experiences from ARCC II, partnerships with mobile money providers were rejected in ARCC III, as services proved unreliable. The growth of humanitarian CTP in eastern DRC has not influenced the development or the adoption of e-payment services and the assumption that CTP could support the increasing coverage of these financial services in affected areas has proved unfounded. Rather, the main lesson from DRC is that this enabling environment for e-payments, and for financial inclusion, needs to be much further developed in order for such services to be effectively leveraged in humanitarian response. This is a development policy and regulatory issue that needs long-term discussion and investment, rather than short-term engagement during humanitarian response, though such investments could have clear added value for emergency preparedness and efficient and effective response.

Early attempts to develop common systems for cash delivery have seen some success, though more work is needed: During ARCC III, for the first time, agencies implementing cash-based responses have collaborated further to develop common approaches to targeting and cash delivery. In one project location, the World Food Programme (WFP) and ARCC agencies identified common variables from their respective approaches to vulnerability targeting and developed a common approach to survey and identify vulnerable households for food and basic needs assistance. WFP had a pre-existing contractual agreement in place with a partner bank, to deliver cash for food assistance. ARCC III agencies are making use of this same agreement through agency-specific amendments, effectively extending the pre-existing contract to provide MPG assistance to 13,000 households. This has reduced the need for ARCC implementing agencies to complete a lengthy tendering process and is harmonizing the cash delivery into single payments for households receiving both types of support. Given the reliance on direct cash distributions and the cost to move liquidity in certain DRC provinces, there has been little opportunity to negotiate savings in the transaction costs.

This has been possible on account of key champions within agencies and has not yet been institutionalized. It has only been feasible in one ARCC project location in which there are overlaps with WFP's programme area and a single cash delivery partner. There is, as yet, no discussion of the implications of this transition to the wider cash community, in terms of moving toward a single MPG for food and basic needs, or models for greater streamlining of cash distributions. In particular, concerns of agency legitimacy and humanitarian influence, along with those of maintaining technical competencies in programme design, are presenting considerable political barriers within and between agencies.

Source: American Institutes for Research (2017) Humanitarian Cash Transfers in the Democratic Republic of the Congo: Evidence from UNICEF's ARCC II Programme; Interview with UNICEF DRC.

2.5 NIGERIA – PILOTING TOOLS AND APPROACHES FOR MULTI-SECTORAL CASH RESPONSES

In 2016, a consortium of international humanitarian agencies led by Save the Children, funded by the European Civil Protection and Humanitarian Aid Operations' (ECHO) Emergency Response Capacity (ERC) budget line, began developing and testing tools and systematic approaches for interagency needs assessments, response analysis and monitoring of multi-purpose grants (MPG) for basic needs. The project aims to operationalize the MPG Operational Guidance & Toolkit produced under another ERC project in 2015 and identify good practice processes for taking MPGs to scale in a collaborative, effective and efficient manner. It intends to support the effective integration of MPGs into humanitarian response plans, in combination with and complementing other modalities and interventions. This is through two pilots in Nigeria (2017) and Ethiopia (2018). Experiences of the process to date in Nigeria have yielded valuable lessons.

Multi-sectoral assessment and analysis tools have the potential to better inform the effective use of MPGs:

The Basic Needs Assessment (BNA) methodology aims to generate a better understanding of changes that have occurred since the beginning of a crisis, the priority needs, capacities and preferences of affected people and constraints faced by people in securing what they need from local service providers and markets, and in the wider operating environment.

Together with analysis of the operational environment (markets, service providers, financial service providers, etc.), the analysis of basic needs is fed into a response options analysis and planning (ROAP) process that involves all relevant clusters/sectors in a humanitarian response. The ROAP output identifies the most appropriate assistance modalities during response analysis, including identifying if and to what extent MPG can address needs and what additional complementary support (cash or otherwise) is required. Ultimately, the process aims to deliver an integrated, inter-sector response package, where MPG is one of the possible solutions, combined as required with other interventions to tackle all underlying factors of unmet needs.

The BNA methodology facilitates assessment of household needs across sectors. Importantly, it recognizes that not all basic needs will be perceived by beneficiaries as equally critical, or contribute in the same way to living standards, and that this may vary by context, population group and geography. The tool seeks to understand the criticality of basic items from the point of view of the population, based on their contribution to three main dimensions: health/survival, dignity and personal development of family members, or a combination of those. In addition, the BNA recognizes that needs remain unmet for multiple reasons; that identification of these 'underlying factors' will inform the most appropriate type(s) of response; and that, when different but concurrent causes come into play, a combination of modalities may be required. When limited purchasing power is the reason that needs remain unmet, the ranking of a household's expenditure priorities will give an idea of the needs that are likely to be most consistently met through an MPG. This places greatest flexibility in the hands of beneficiaries (assuming access to markets and services) whilst also making the case for additional modalities and complementary programming where this is needed to fill gaps.

The pilot highlighted the importance attributed by the study population to food, health commodities, potable water, housing and shelter. The basic needs for which beneficiaries prioritized a cash response were food, health commodities (medicines, etc.) and housing and shelter commodities, and accounted for more than 50% of the Minimum Expenditure Basket (MEB) for all groups in all areas. In-kind support (water distribution) or service provision (new water points) were more commonly requested to access potable water.

The pilot highlighted the importance of allowing respondents to identify the items that they consider essential for their survival and minimum living standards, as well as the reasons why – in the current emergency context – they are unable to secure them for their families. For example, respondents highlighted agricultural inputs, which were not included in the initial list of ten essential items compiled from a meta-review of existing MEBs and living standards.

More work is needed to adequately understand markets for services: The Multi-Sectoral Market Assessment (MSMA) tools developed by the UN High Commissioner for Refugees (UNHCR) were also piloted as part of the study. This was developed as a commodities market assessment tool. The pilot highlighted its limitations in adequately capturing aspects of critical markets for certain sectors, such as rental accommodation and water. The findings have informed suggested improvements to UNHCR's MSMA guidance, which will be further tested in Yemen.

MPGs should not be identified, nor their impact assessed, in isolation from other interventions: Households are rational economic actors and make expenditure decisions on how to allocate household income to address their multiple needs, based on a range of factors. Whilst MPGs offer the flexibility to move resources according to their priorities, a household's expenditure decisions are also ultimately informed by the overall package of assistance they receive, and influenced by factors that enable or constrain a household's knowledge of or access to particular markets. This in turn determines their ability to use MPGs to meet their needs, and which needs can be more easily met. This will influence the extent to which specific sector objectives can be achieved. In light of these observations, MPGs should not be promoted in isolation from other interventions; instead, they should be selected based on an analysis that fully integrates MPGs into broader intervention strategies. Likewise, the impact of MPGs should be evaluated together with that of parallel interventions, with the specific intent to understand pathways to the expected outcomes and measure the combined effect of MPG and other modalities of assistance.

Coordination mechanisms supporting multi-sectoral assessment and response analysis should be developed: The multi-sectoral nature of MPGs poses an inherent challenge to a sector-based system, since there is no set place for MPG coordination within the humanitarian coordination architecture. A challenging aspect of the project has been to create the enabling environment for implementing these multi-sectoral ways of working. The Consortium engaged with the CWG led by OCHA, which works across sectors, and which reports to the Inter-Sector Working Group. However, it became clear as the project evolved that the BNA and ROAP require strong inter-sectoral focus, and as such require stronger engagement of individual sectors, and of the Inter-Sector Working Group as a collective. Overall, the Consortium found that coordination of MPG assessments and response options analysis and the broader enabling environment will need to be adjusted if MPGs are to be taken to scale in an effective way. The Consortium's assessments and response options analysis framework are designed to overcome this challenge.

The capacity of clusters/sectors to design and implement CTP should be strengthened: The Consortium's pilot showed that, in most clusters/sectors, there is limited technical capacity to design and implement quality MPGs. As a result, most of them do not participate at all, or only marginally, in MPG programming, and consequently response plans do not optimally integrate MPGs. Among other things, the development of an inter-sector MEB appears to be a recurrent stumbling block for humanitarian actors. Inter-cluster working group buy-in is a prerequisite for successful assessment validation and response options analysis and will be a key focus of the Consortium's Ethiopia pilot. The Consortium are engaging the Global Coordination Cluster Group at the global level and setting up an Inter-Sector Task Team in Ethiopia.

Outcome indicators for MPGs should be informed by the priorities of affected populations, not sectoral priorities: The M&E framework pilots a process for establishing and measuring outcome indicators. The starting point are the outcome indicators of interest on a sector-specific programme. Data on the most urgent needs and expenditure priorities of households is then used to consider which of these outcomes are most likely to be achieved, and a composite outcome indicator developed based on these sectoral indicators, to focus the outcome analysis on attainment of people's most pressing needs. This process was relatively straightforward to develop, and worked well, with those collecting the data on the ground.

More work is needed to capture evidence on how MPGs contribute to well-being: The monitoring framework incorporates coping strategies as a cross-cutting outcome indicator of overall well-being – beginning with the more commonly known, food-related Coping Strategies Index (CSI) and transforming into an expanded CSI to capture those relating to protection and livelihoods. The pilot highlights the importance of using an expanded CSI (not necessarily as an index) to capture a complete picture of well-being as it relates to economic security, but also the challenges of doing so. The complexity of the indicator and need for beneficiary recall proved a challenge to capture information systematically and consistently across households and enumerators. Alternatively, coping strategies and their evolution across time can be studied individually, as a binary variable.

Humanitarian actors must take account of governmental time, resources and concerns to foster their engagement on cash coordination: The project's approach to creating an enabling environment for uptake of MPGs involves fostering strategic leadership at the country level, including engagement with government actors. The Consortium has encountered some difficulties in engaging national government actors in coordination of these activities. Initial meetings confirmed the Government of Nigeria's interest to take part in the BNA, however the costs of the government's involvement in the assessment (such as their enumerators) could not be covered by the project. This led the government to withdraw their interest in collaboration. Meanwhile, another workstream under the project is seeking to build understanding of the capacity of government institutions and systems to support or lead coordination of a cash-based response. To this end, an in-depth capacity assessment questionnaire was shared with government departments involved in disaster risk management and implementation of the national safety net. At the time of writing this had not met with a positive response from any government department, and the Consortium was rethinking the approach. Experience suggests that such activities must form part of a more detailed and intensive strategy for government engagement and to ensure that concerns about sharing of sensitive information are first addressed.

Sources: SCUUK (2017) Increasing the Uptake of Multi-Purpose Cash Grants in Emergency Responses for a More Efficient and Effective Humanitarian Action: Briefing Note on the ERC Project in Nigeria; Okular Analytics (2017) Basic Needs and Response Analysis Framework Report: Pilot Assessment In and Around Informal IDPs Settlements in Borno State, Nigeria – June 2017, a report for Save the Children UK, WFP and Plan International; Okular Analytics and Save the Children (2017) Guidance and Toolbox for the Basic Needs Analysis, final unedited draft (October 2017) produced for the 'Consortium for the uptake of collaborative, quality MPG in emergency response'; Okular Analytics and Save the Children (2017) Facilitator's Guide for the Basic Needs-based Response Options Analysis and Planning, first unedited draft (October 2017) produced for the 'Consortium for the uptake of collaborative, quality MPG in emergency response'; Interviews with DRC, SCUUK.

2.6 LIBERIA – IMPLEMENTING CASH AT SCALE IN RESPONSE TO AN EPIDEMIC

In 2014, Liberia was one of the poorest and least developed countries in the world, with 83.9% of the population living in poverty. Agriculture is the primary source of income. However, food insecurity is prevalent, particularly in the lean season prior to rice harvests. The Ebola outbreak in West Africa started in December 2013 in Guinea and spread to Liberia in March 2014. Beyond the immediate health impacts, the outbreak contributed to an economic and food security crisis in the country, striking at a critical point during the rice cultivation season, when seasonal food insecurity was already prevalent, and further reducing availability and access to food. Households reliant on subsistence cultivation lost their harvest, as a result of restriction on movement of people as a containment measure for the epidemic. This also impacted on cross-border trade, which further affected functioning of markets. Prices of staple commodities spiked; in September 2014, the prices for cassava and palm oil were up by 30%. Farmers lost crops and seeds, and petty traders lost their stock and had no capital to rebuild.

During the height of the Ebola outbreak, almost no organization was implementing cash transfer programming (CTP). A notable exception was the International Committee of the Red Cross (ICRC) in Liberia, which provided e-transfers to 622 Ebola survivors on discharge from treatment centres. The situation began to normalize slowly in late 2014, and by the end of January 2015, bans were lifted and markets slowly improving. From late 2014, many international agencies began implementing cash assistance programmes to support immediate food needs of vulnerable households and assist the economic recovery of affected communities. By November 2014, 19 organizations were implementing at least one type of CTP. Between 2015 and 2016, the United States Agency for International Development/Food for Peace (USAID/FFP) contributed \$65.48 million to eight emergency projects in Liberia; four of these were cash-based responses and reached 56,667 households (283,335 people).

This case study highlights lessons learned on the factors that drive successful implementation of cash at scale and the challenges faced during the cash-based response; and how these lessons influence the actions of government post-emergency.

Engaging national governments in CTP can have wide-ranging benefits where there is the will and capacity:

One of the key success factors in the cash-based response was the extent of coordination between NGOs and host government. This was partly driven by donors, with USAID making it a requirement of their partners to prove that they were coordinating.

The Ministry of Gender, Children and Social Protection (MoGCSP) was engaged with and led the coordination of CTP from the outset. The MoGCSP is responsible for implementing the government's cash assistance in development programming through the social cash transfer (SCT) scheme and was therefore familiar with the rationale, design and implementation of CTP. They were key to ensuring the broader government support for cash assistance during the response and could actively contribute experience to improve technical and operational coordination of CTP between agencies. They also supported the clear definition and common understanding of terms and concepts in relation to CTP, making the distinction between the cash assistance being provided to households and the financial remuneration provided to health and other frontline workers by the United Nations Development Programme (UNDP) and other actors.

MoGCSP's role in the social cash transfer scheme meant it was possible to foster valuable linkages between national social assistance and humanitarian response. With financial support from the World Bank, the Ministry directly implemented humanitarian cash assistance, providing top up payments of \$25/month to SCT beneficiaries (effectively doubling the value of the transfers received in normal times) and \$50/month to a further 8,000 households. Their leadership of the CWG meant that this level of assistance (\$50 per month for a family of four) could be harmonized with the assistance provided by the programmes of humanitarian actors. Collectively, by December 2016, around 166,000 households were reached.

The SCT also provided a common framework for the targeting of all cash transfers in the face of a crisis. Poverty was a key determinant for beneficiary selection because of Ebola's significant impacts on household economies and the functioning of markets. Moreover, experience from earlier interventions in the response had demonstrated that the exclusive targeting of Ebola survivors could increase stigmatization. This meant that the experiences and methods used to target assistance on the SCT (itself a poverty reduction programme) were directly relevant.

This was especially the community-based targeting (CBT) approach, which was considered more useful than the proxy-means test (PMT) for targeting during a rapid response, since it was simpler and allowed more timely targeting.

However, the SCT is still in relatively early stages of development and only covered 3,800 households in two counties before the crisis. Therefore, despite interest from both government and humanitarian actors to foster linkages, it was not possible for agencies to build further on the systems of the SCT. Following the Ebola response, there is reportedly interest within government to further build coverage and capacities of the social protection system to support crisis response. This includes development of the Liberia Household Social Registry, for use in both social protection programming and disaster response, with support from USAID and the World Bank, and the provision of training in CTP for social workers through the Cash Learning Partnership (CaLP).

Donor support and emphasis on coordination was a critical success factor in taking cash to scale in this context: A lessons learned study on cash-based responses that were funded by USAID highlighted that donor leadership was a key element that contributed to the success of these projects. In 2015, USAID/FFP amended its Annual Programming Statement (APS), which explicitly stated a preference for cash modalities as an appropriate response to support food security and livelihoods recovery. This, and the space provided to partners for flexibility and adaptive management shown during implementation, were key to building confidence and ensuring success in a context where CTP was a new way of working for implementing agencies and financial service providers. The expectation set by USAID that partners engage with and coordinate with the Government of Liberia from the outset was another success factor.

Lack of capacity and preparedness for cash assistance constrains efficient and effective response: Whilst cash for work (CFW) programmes had been commonplace prior to the epidemic, there was almost no previous experience with unconditional cash transfers (UCT) in emergencies, and none of USAID's partner non-governmental organizations (NGOs) had implemented humanitarian CTP in Liberia before. Even though international organizations and international NGOs (INGOs) had extensive global experience, their country offices lacked standard operating procedures and staff with relevant skills. National staff relied heavily on their regional offices or global headquarters to strengthen capacity through deployments and/or remote support. Regional and global offices provided in-country training – though generally only for programme staff. In some cases, finance and operations staff were also supported. This lack of capacity of country teams contributed to delays in project start-up. The time needed for capacity building of staff and coordination was considerably underestimated, and some project applications (assessment, analysis and design) required significant revisions to meet the quality standards of donors, and several months elapsed before they were approved. Beneficiaries were supposed to receive transfers from June 2015, but some were delayed until as late as early 2016. USAID's lessons learned review concluded that such delays may have harmed the achievement of programme objectives, since cash assistance was designed to address lean season hunger gaps and avoid negative coping strategies.

Cash at scale could not rely on e-transfers and required multiple local solutions for cash delivery: Given the nature of the emergency – an epidemic spread by human contact – and implications of this in terms of risks to programme teams and restrictions to activity design, there was high interest among implementing agencies to explore the use of mobile money transfer. There was also engagement and interest on the part of service providers, who were willing to trial application of their services for humanitarian CTP. However, mobile money services are still emerging in Liberia and programmes encountered a range of challenges that ultimately restricted the application of this technology:

- There were structural problems related to the coverage and reliability of basic infrastructure, systems and services. Network coverage and the coverage of mobile money agents was limited in some remote areas;
- Beneficiaries lacked prior familiarity with mobile money services and high levels of illiteracy were a challenge for adoption. Substantial time was needed to help communities learn how to use the phones and transfer systems;
- Mobile money services such as payments for goods and services remain undeveloped, meaning CTPs delivered through mobile money still ultimately required a transfer of physical cash to households. Mobile money agents struggled to manage the liquidity required to provide 'cash out' to beneficiaries, as the quantities required were much higher than they were accustomed to managing.

Problems were highlighted at a CaLP Learning Event funded by USAID/FFP partners and other actors throughout the projects' duration. Partners, donor, governments and service providers came together with adaptability and creativity to address operational challenges and to make the most of available capacities and tools. In the end, partners had to use a variety of delivery mechanisms and rely on direct cash distributions through banking service providers and their own staff. Direct cash distribution represented 87% of transfers provided on USAID/FFP-funded interventions – of which 30% was via banks – compared to just 13% through e-transfers.

Investments to improve the enabling environment for financial inclusion could improve effective application of e-transfer services during emergencies: An outcome of the experiences with mobile money during the Ebola response has been cross-departmental discussions within government of how to improve the enabling environment for electronic payments. A financial inclusion working group has been established, led by the Central Bank of Liberia, with a focus on strengthening public–private partnerships, increasing 'government to person' payments and improving the financial infrastructure for mobile money, including in remote areas. Improving the regulatory environment for, and the accessibility and adoption of, such services is recognized as a necessary precursor to the reliance on such services to deliver payments 'at scale', including during emergencies.

Cash coordination added value to the response and requires formal arrangements to be effective: The Liberia cash working group (CWG) chaired by the government was established in November 2014. All international actors engaging in CTP participated in the group, which was the primary platform for sharing experience, skills and information between agencies. It proved to be a successful mechanism for harmonizing technical aspects, such as targeting, monitoring and transfer rates between partners and across projects. For example, in April 2015, CWG members agreed to standardize the amount of cash transferred on humanitarian CTPs designed to meet day-to-day needs to \$50 per month per household. Another success was negotiating common transfer fees with financial service providers. Through a dedicated sub-working group, agencies harmonized tools for market assessment and post-distribution monitoring and ensured that agencies aligned on a limited number of standard performance and impact indicators. The use of a few key and common indicators by all USAID's partners allowed these NGOs to demonstrate immediate results and to make some comparisons across projects and across Ebola response countries.

Establishing a national Terms of Reference for the CWG provided legitimacy and clarity to the group's role and activities, which was crucial to secure the buy-in of partners and harmonization of activities. Linking cash coordination with broader coordination of the response did present some challenges. There was no recognized place for the CWG within the formal humanitarian coordination system, and the CWG was therefore positioned within the cluster for recovery, because discussions on CTP had originated in the context of remuneration for health and other frontline workers. However, many of the partners who implemented CTP were engaging in the food security cluster, and it was sometimes a challenge to maintain the link with all actors. Government and humanitarian partners in Liberia have realized that there is a need for greater preparedness and formalization of these coordination arrangements ahead of future crises.

Sources: H. Radice (2017) Cash Transfers for Food Security in Epidemics: A review of the USAID Food for Peace Response to the Ebola crisis in Liberia and Sierra Leone, a report for USAID and CaLP; interview with National Social Protection Coordinator, Ministry of Gender, Children and Social Protection, Government of Liberia.

2.7 SOMALIA – RAPID SCALE-UP OF CASH TRANSFER PROGRAMMING IN RESPONSE TO DROUGHT

In January 2017, the Food Security and Nutrition Analysis Unit, Somalia (FSNAU) published its post-Deyr (October–November) assessment, indicating that the number of people in Crisis (Integrated Food Security Phase Classification (IPC) Phase 3) or Emergency (IPC Phase 4)¹⁶⁰ had increased from 1.1 million to nearly 3 million within six months. Some parts of Somalia had been responding to drought from the post-Gu (April–June) period in 2015, with the situation deteriorating significantly by late 2016 following both a poor Gu and a failed Deyr rainy season.

Many agencies had ongoing programmes in Somalia, including cash transfer programming (CTP) – for example, in 2016, 26 agencies reported using CTP in food security programmes, and there was some use of vouchers for water access. The post-Deyr assessment results prompted the release of additional humanitarian funding. The first CTP interventions using this ‘new’ humanitarian funding started in February 2017.

The Somalia response constituted a significant and rapid scale-up of CTP. The number of beneficiaries supported increased from 1.42 million people in March 2017, to a peak of 3.36 million people in May 2017, with an average of \$44m disbursed each month from May to August 2017.¹⁶¹ It is estimated that 60% of the total cash and vouchers was disbursed by United Nations (UN) agencies, primarily the World Food Programme (WFP) and Food and Agriculture Organization. The majority of the assistance provided by non-government organizations (NGOs) was implemented through a number of consortia, most of which were pre-existing. A variety of delivery mechanisms were used as the response scaled up, including direct cash distributions via hawala agents, e-vouchers (including via WFP’s SCOPE platform), and mobile money (used by most NGOs, plus the International Committee of the Red Cross (ICRC), which also used direct cash distributions). While the percentages varied from month to month, in September, for example, 32% of cash was disbursed as cash in hand, 35% through e-vouchers (largely through SCOPE), and 28% through mobile money.

There were lessons to be learned from the 2011 response, and recognition that much has changed to enable a faster scale-up: CTP was first used at scale in Somalia to respond to the drought of 2011–12. Comparative reflections undertaken several months into the 2017 response highlighted notable differences between the two responses. In 2017, the ‘case for CTP’ in Somalia had been made – few disputed the appropriateness of using it, and markets were better understood. This acceptance proved to be an enabling factor for a much faster and larger scale response in 2017, along with better access to affected populations, and improvements in capacities and systems to implement, monitor and manage CTP – including among local NGOs and civil society.

Although the scale-up was much faster than in the past, some argue that it was still not fast enough to be fully cost-effective,¹⁶² which in contexts of drought and potential famine is in large part a matter of preparedness and early response. So, while FSNAU had kept relevant information flowing, drought warning triggers were not responded to early enough at the necessary scale. This is an issue for the overall response rather than a specific feature of CTP, yet it underscores the importance of investing in CTP preparedness. On the other hand, many argue that the 2017 response started earlier and scaled up faster than in previous responses. Some actors started to respond to the drought response in 2016, including some actions involving CTP. These included, for example, the introduction of cash-based safety net payments to the poorest households in target villages in June 2016 through the UK Department for International Development (DFID)-funded Building Resilient Communities in Somalia (BRCiS) Programme. These payments were triggered based on early warning analysis. Transfer values were increased as the situation continued to deteriorate, and the number of households targeted was doubled. This programme, along with many other actors, then scaled up significantly from February 2017 onwards, as emergency funding was released by donors.

The speed of scale-up was aided by the fact that some agencies were willing to take some risks based on funding commitments before contracts were finalized, for example, using internal funds to cover initial spending requirements, and undertaking pre-registrations to speed up implementation. This meant that cash transfers could begin immediately when donor funds were received. For example, Concern Worldwide was able to supply

¹⁶⁰ The Integrated Food Security Phase Classification (IPC) is a set of analytical tools, and processes, to analyse and classify the severity of acute and chronic food insecurity situations according to scientific international standards. The IPC-Acute scale categorizes the severity of acute food insecurity into five phases (from 1 – Minimal, to 5 – Famine). www.ipcinfo.org

¹⁶¹ Data from OCHA monthly ‘Who does What, Where’ (3W) presentations.

¹⁶² Concern Worldwide/BRCiS (February 2017) Added Value of Resilience Programming to the Ongoing 2017 Drought Response.

money to people on the ground within seven days of receiving funding from DFID in March 2017. The WFP had 1.5 million people registered on its SCOPE platform at the beginning of 2017, allowing it to start an immediate response when funds were released, while continuing to register new beneficiaries (a total of over 2.5 million).

The use of existing consortia and their management and reporting structures contributes to a faster response:

In the period following the 2011–12 response, several NGO consortia were established with the objective of strengthening the resilience of Somali communities. Examples include the Somalia Resilience Action Consortium (STREAM) and the BRCiS Programme. The fact that these consortia were already in place helped to enable a faster response, as donors were able to provide a single grant to an existing consortium more quickly than providing multiple separate grants to their respective member agencies. The European Civil Protection and Humanitarian Aid Operations (ECHO) Alliance, a new consortium which was established as part of the response, comprised largely the same members as BRCiS, which meant that they were able to draw on the same management structures and monitoring and reporting systems. Much of the support provided through the different consortia has been for food security, and provided as cash transfers.

Changes to how the various consortia and members were managed and collaborated during the response were driven by operational requirements but weren't necessarily specific to the use of cash transfers. Working through consortia has contributed to better coordination between member agencies. For example, the ECHO Cash Alliance was credited with helping to achieve a more joined-up approach to targeting.

Where the speed of a response might compromise elements of quality initially, there is the need for flexibility and adaptations to response plans:

The early pressures from donors, local governments and communities to 'get money out of the door fast' may have compromised targeting, as it reduced the time available to identify and register new households. Some agencies have since adjusted targeting and response design, helping increase the reach and the use of unconditional cash. The geographic flexibility of some donors has also allowed some re-targeting of beneficiaries. In contrast, some agencies found it difficult to change and did not adjust beneficiary lists. While some weaknesses with data are acknowledged by OCHA and the Cash Working Group (CWG), the available data show that there hasn't always been an ideal correlation between areas with the greatest needs and areas with the largest numbers of cash and voucher recipients. There could be a range of reasons for this, including data weaknesses, access limitations, organizational difficulties in adjusting responses, and time delays between changes in context and response plans. This has been raised at the CWG and analysis is ongoing, in the recognition that coverage of CTP also needs to be considered in tandem with other assistance modalities.

As the response has progressed, there has been further evidence of flexibility and adaptations being made to programming, both from donors and implementing agencies. For example, Food for Peace (FFP) support was originally 80% conditional versus 20% unconditional cash. This pattern changed as the crisis worsened. Some agencies report shifting from conditional to unconditional transfers based on vulnerability; for example, the Food and Agriculture Organization did not provide unconditional support initially, but later started to do so.

The bulk (between 75% and 95% depending on the month) of the CTP in the 2017 response in Somalia was implemented to achieve food security objectives. Water, sanitation and hygiene (WaSH) interventions accounted for up to 20% of the CTP disbursed, with shelter support comprising 11% of total CTP assistance in July 2017 (there was no cash-based shelter support in the preceding two months). Assistance formally reported as multi-purpose cash has played a relatively minimal role (only 4% of the total in July 2017), although both ECHO and DFID have scaled up multipurpose cash assistance over the course of the year, and MPGs are identified as a potentially significant modality of assistance in the 2018 Humanitarian Response Plan.

WFP, which by April 2017 was reaching over 1 million beneficiaries per month with CTP in the form of e-vouchers, delivered through their SCOPE platform, began to increase their use of unrestricted cash in the latter half of 2017. This was influenced by WFP's own long-term planning, work with Standard Chartered Bank regarding agreements for secure transfers and was also influenced by donor pressure (ECHO) to increase the use of unrestricted cash. Some concerns had been raised that the use of e-vouchers adversely affected the ability of beneficiaries to move, as they needed to stay close to where the participating retailers were in order to access the support. Actions taken to help address this included expanding the retailer network (more than 800 across Somalia), and removing limits on the use of SCOPE to areas where the cards were issued, allowing beneficiaries, including returning internally displaced persons, to move without the risk of losing support.

Challenges in institutionalizing CTP coordination, particularly between emergencies, have implications for effective preparedness: While individual organizations have built capacities, there was little or no coordinated cash preparedness in 2016. This was in large part due to challenges in institutionalizing and providing consistent CTP coordination between major emergencies. There had been an active CWG in the past, which had at one stage attempted to transition to a longer term focus on social assistance/safety nets, but there was no functioning CWG in 2016. As the scale of needs started to materialize, and many organizations were planning cash-based responses, the impetus to re-establish the CWG was galvanized, based on the operational challenges that were arising. WFP and the Cash Learning Partnership (CaLP) initiated the formation of a new CWG which met for the first time in mid-February 2017, and has largely focused on operational issues. The CWG was established after initial response decisions, including decisions on CTP, had already been made by agencies and donors, and it has been recognized that the CWG should have been re-established earlier. Had an effective CWG been in place in 2016, it is possible that a number of important decisions about CTP would have been taken differently.

Having identified the priorities of members, a number of sub-groups were established to carry these topics forward. The topics include (a) risk management, (b) monitoring and evaluation (M&E), (c) market monitoring and compilation of monthly markets dashboard,¹⁶³ (d) calculating the Minimum Expenditure Basket (MEB), and (e) working with mobile service providers. Through these sub-groups, the CWG has developed guidance and/or information products relating to MEBs and cash transfer values,¹⁶⁴ markets, risk, and M&E, although members are not obliged to follow this guidance. It has also been able to engage with mobile operators to explore how working methods can be enhanced. On the other hand, the CWG coordinators noted that the intensity of the early response meant that there was limited opportunity to focus on longer term planning and strategic discussions, but this may increase as the response moves towards recovery.

In order to improve CTP coordination, ongoing work is required to strengthen structures and relationships between national and international actors, and between national and sub-national levels: The consensus is that coordination has improved over the course of the response. The national CWG has been particularly active, initially meeting every week and continuing to meet every two to three weeks for the rest of the year. The need to invest in local/sub-national coordination was recognized by the CWG at the outset, which has included the establishment of regional CTP focal points across the intervention areas. Overall this has been beneficial, but it was observed that the level of engagement remains mixed, and that field-level coordination needs to be strengthened. Furthermore, the participation of national actors in cash coordination has been limited: the CWG has not regularly engaged with nationally-led coordination groups, and in some areas, communication between national and international actors has been poor. More work is needed to increase the involvement of national actors, particularly as the development of an accurate overview of coverage requires analysis at district level. Further work is also needed to increase engagement with government actors, since their involvement has been limited and is primarily at the national level.

Coordination with clusters is not always ideal, but can be improved over time: The CWG has made progress in linking with the Drought Operations Coordination Centre (DOCC) in Mogadishu, which includes representatives of all the clusters, and is responsible for daily planning for a multi-sector response. For example, CTP was included in a DOCC mission report and recommendations at the height of the response. However, CWG members note that this relationship could be further strengthened. The CWG has been supported by OCHA, which has worked to mainstream CTP into sectoral Who does What, Where (3W) reporting, strengthen the link between the CWG and the Inter-Cluster Coordination group in Mogadishu, and facilitate discussions with the clusters involved in the response. The Food Security and WaSH clusters have been the most responsive, reflecting their level of involvement in delivering CTP. Not all clusters are engaged, nor on a consistent basis, although engagement has generally improved over time, helped by the integration of CTP into the 3Ws, which has allowed for showcasing of the work of clusters in cash-related information products. CTP coordination also needs to remain aware of and build stronger links with new and evolving structures, including the National Humanitarian Forum, and the Resilience Working Group.

¹⁶³ Cash and Markets Monthly Dashboards have been produced, providing updates on changes to MEB values, based on market and supply chain data collected by FSNAU, OCHA and WFP, available at www.cashlearning.org/downloads/somcash-and-markets-dashboardjuly-2017.pdf

¹⁶⁴ CaLP (2017) Somalia CWG – Transfer Value Recommendations (Nov 2017), available at www.cashlearning.org/downloads/cwg---recommended-transfer-values---24.11.17-final.pdf

Earlier and more consistent engagement with the strategic level of the response is beneficial: Despite building links with the ICCG and efforts to brief humanitarian leadership on the use of CTP, earlier and more consistent engagement with the Humanitarian Country Team (HCT) – including by supporting humanitarian leaders to understand where and for what purposes cash is an appropriate response tool in Somalia – would have resulted in stronger strategic coordination of the CTP response. The HCT asked for evidence to support the use of cash at scale, to show that by relying heavily on markets to deliver assistance, there was no risk of non-delivery should markets fail, but did not engage in a robust response analysis to decide on the most effective assistance modalities, and how to best prioritize the use of scarce resources to meet needs. The inclusion of cash, including multipurpose cash, throughout the 2018 Humanitarian Response Plan, is an effort to ensure that cash is better understood and integrated in both sectoral and multi-sectoral assistance.

There may be strengths and weaknesses in the role that donors play in coordination: Some donors helped foster improved coordination among the implementing agencies they support, for example, benefits were observed in relation to targeting. However, while many agencies felt that operational coordination improved over time, they indicated that coordination among donors was lacking, and this affected, for example, discussions about the MEB and transfer values. Participants in a workshop to consider progress in the Somalia response noted that, to some degree, these issues reflect weaknesses in coordination at a strategic level. This was, for example, an issue in the scale-up of the response, where DFID required its partners to use a fixed transfer value that it determined, on the basis that it would help increase the speed of the roll-out. Some partners were concerned, however, that this would not fairly reflect actual variations in MEBs across regions, whilst protracted work was ongoing simultaneously to cross-sectorally review and update MEB values for different areas. In contrast, other donors supported transfer rates linked to guidance developed by the CWG.

Opportunities to move from coordination as information sharing to collaboration and collective action: Despite the efforts of the CWG, transfer values and working methods were not fully harmonized across agencies. In reflecting on the response, and improving coordination and preparedness, the need for the systematic harmonization of transfer values on a consistent basis, including in non-crisis periods, was noted by those involved. Working towards greater harmonization is part of a larger drive within the CWG to move future coordination from an information-sharing basis to one more related to collective action, especially at local level. Different agencies' use of different registration and beneficiary management systems, leading to the existence of separate, unshared beneficiary lists, makes effective coordination (understanding exactly who has received what and where) challenging, and has led to delays in disbursement in some cases. Some donors have advocated for a single beneficiary list to facilitate a scale-up in CTP, and eventually to link with social protection systems, but efforts to explore this have stalled. Opportunities to explore which were identified by the CWG include considering joint cash delivery and processes, interoperable registration and beneficiary management systems, joint assessments, and collective advocacy.

Challenges and opportunities of using mobile money to deliver assistance: In 2011–12, most cash transfers were delivered through the hawala system. In the intervening years, the penetration of mobile money services throughout Somalia has increased dramatically, opening up another option for cash delivery. According to a World Bank-funded assessment, 73% of the population above the age of 16 use mobile money services, broken down as 83% in urban areas, and 55% in rural areas. By comparison, overall penetration rates of banking services remain very low, at 15.5% for the entire population. The general pattern in Somalia is for one mobile money provider to dominate in a given state. For international transfers, hawala is still used most commonly, though remittance companies are increasingly partnering with mobile network operators to transfer international money directly to the mobile money accounts.

As noted above, most NGOs, and the ICRC, chose to use mobile money service-providers to deliver cash assistance in the 2017 response. There is evidence that the provision of mobile phones and the use of mobile money to deliver assistance has increased financial inclusion in some areas. For example, a recent study of a Save the Children intervention found that 24% of the surveyed project beneficiaries now have mobile phones and mobile money accounts, whereas before the project they did not. Even in areas of poor network, mobile money was found to be the preferred means of payment for community members and shopkeepers. It has increased people's access to markets and has reduced their need to travel for the purchase of goods and services, although electricity remains a challenge for phone charging.

At the same time, as with any delivery mechanism, there are risks associated with the use of mobile money, which were recognized by CWG members. For example, there was the question of whether too much money was being managed by too few providers, and the implications if any of those providers were to fail. This is of concern in Somalia, as there is no effective regulation in relation to mobile operators and mobile money services, which includes a lack of customer protection, and no protection against discriminatory or other anti-competitive practices among providers nor regulations to address risks related to money laundering or the diversion of funds to terrorist organizations. It was in this context that the CWG workstream to work with mobile money operators was developed, which also aimed to look at the potential for collective bargaining with the service providers.

Efforts to understand the outcomes of large-scale delivery of cash are ongoing: A variety of accountability systems were used during the response, with refinements made to processes over time. Systems involved both face-to-face and remote monitoring through call centres, with some agencies implementing their own feedback systems and some using information gathered through third-party monitoring services. Efforts to gather and analyse beneficiaries' feedback from across cash programmes have shown relatively high levels of satisfaction with cash as a response modality, and have found that people are generally able to access what they need in local markets, but have highlighted issues around predictability and lack of communication related to the timing and amount of the transfers.

In 2017, the CWG developed terms of reference for joint evaluation of the cash response. Within the overarching framework of the Development Assistance Committee (DAC) criteria, the evaluation aims to answer the following primary questions:

- How did CTP perform against the stated objectives, Organisation for Economic Co-operation and Development (OECD) DAC Criteria and Grand Bargain Commitments on cash?¹⁶⁵
- How did CTP impact Somali households and markets, as well as meet the recipients' needs?
- To what extent has CTP built systems and capacity for improved resilience in the future, and which are the concrete actions that can improve cash programming in Somalia, particularly with a view to longer term programming and strengthening of linkages between humanitarian, recovery, resilience and social protection interventions?

The evaluation will be completed in 2018 and should result in concrete recommendations applicable both to Somalia and to other large-scale cash responses.

Sources: Save the Children (2017) More Phones, More Transfers? A case study from Save the Children's Emergency Food Security Program using Mobile Money in Bari, Nugaal, & Hiran Regions of Somalia; CaLP (2017) Looking back to move forward: Building on learning from 2011 to strengthen the 2017 drought response in Somalia: Report from an inter-agency reflection workshop; CaLP (2017) Scaling up CTP in Somalia: Reflecting on the 2017 Drought Response; World Bank (2017) Mobile Money in Somalia: Household Survey and Market Analysis; Somalia CWG minutes; interviews with Concern Worldwide, the Somalia CWG Co-Chair and CaLP Regional Representative.

¹⁶⁵ www.agendaforhumanity.org/initiatives/3861

2.8 LEBANON – DESIGNING AND IMPLEMENTING OPERATIONAL MODELS FOR CASH AT SCALE

The international humanitarian response to the Syrian refugee crisis in Lebanon grew from \$43 million in 2011 to \$1.3 billion in 2016. During this time, cash and voucher programming evolved from the relatively small-scale to represent some \$400 to \$500 million (30–8%) of the response by 2016. It began in 2012 with the World Food Programme's (WFP) vouchers for food, with cash being introduced through winterization programmes of various agencies in 2013. Regular multipurpose grants (MPGs) for basic needs were subsequently introduced. MPGs represented the majority of cash assistance by the end of 2016, alongside other transfers targeting particular sectors and needs – notably WFP's food vouchers, the UN High Commissioner for Refugees' (UNHCR) winterization transfers and the United Nations Children's Fund's (UNICEF) cash for child well-being project.

In 2014, 30 organizations were involved in providing cash and vouchers for at least 14 different objectives, resulting in a situation in which many households received different transfers from different organizations. Studies highlighted the lost opportunities for efficiency and effectiveness of assistance caused by this fragmentation. Since then, coordination mechanisms and models for inter-agency collaboration on cash transfer programmes (CTPs) have evolved, in attempts to reduce fragmentation and increase harmonization, efficiency and effectiveness of aid. This has been driven by operational agencies and particularly by donors – the European Civil Protection and Humanitarian Aid Operations (ECHO) and the UK Department for International Development (DFID) – as both saw opportunities for new ways of working in a protracted crisis. This has included setting up the Lebanon Cash Consortium (LCC) of six international NGOs to provide a joint approach to design and implementation of MPGs and establishing common operational systems and processes between agencies. In December 2016, ECHO and DFID launched a joint call for proposals – the 'Joint Approach to Re-frame Multipurpose Cash Assistance for Lebanon's Protracted Refugee Crisis'.

This case study highlights lessons learned from the different harmonization efforts during this evolution. It summarizes the different positions of stakeholders to the ECHO–DFID call for proposals, which has been the topic of relatively heated debate in 2017 and unpacks lessons for collaboration on and coordination over cash at scale.

Early coordination of MPGs faced challenges of inclusivity and leadership: From the beginning of the multipurpose cash responses in Lebanon, there were efforts to coordinate joint approaches to the targeting and setting of the transfer value, through the creation of various interagency task forces and working groups and the development of common tools. This was good for harmonization but not conducive to rapid decision making. Since so many agencies were involved in the response, these early coordination efforts involved 40 or 50 people, and reaching consensus was inevitably time consuming. The lack of senior and cross-sectoral leadership for coordination of the cash response created challenges in decision making and approvals. Difficulties in overcoming sector silos combined with staff rotation meant that the Survival Minimum Expenditure Basket (SMEB) took over one year to develop even though, from the outset, it was an inter-agency effort.

Advantages and challenges in establishing joint systems: Discussions of a common approach to cash delivery across agencies began in December 2013, resulting in the adoption of the One Card – a common electronic payment mechanism managed by WFP. A single contract existed between the partner bank and WFP, and other agencies could make use of this platform through sub-accounts and by making a small (1%) payment to WFP for managing the relationship with the bank and card issuance. This removed the need to issue multiple cards to the same beneficiary households for different forms of cash assistance, and for each organization to hold a separate contract with the bank. Evaluations and lessons learned studies found that the One Card reduced costs by reducing time for pre-negotiated agreements, reducing aggregate card numbers and sharing operating costs between agencies.

The LCC began using the One Card for their winterization programme in 2014 and UNICEF chose this mechanism for their cash assistance from 2016. It took longer for the joint way of working between UNHCR and WFP to be established. This is, in part, due to the complexity of the legal and financial negotiations involved for UNHCR to grant power of attorney to the platform manager WFP, agreement on the platform management fees that UNHCR would pay, and ensuring traceability of funds for financial reporting. It was also complicated by reservations on the part of either agency to relinquish the corporate systems they had each invested in, with different banks. Discussions in-country began in June 2014 and head offices joined the negotiations in September 2014.

An agreement was not finalized until June 2015, after which the joint system was piloted in July and August 2015. During this phase, UNHCR was a 'direct platform user' using its own dedicated account, in part because UNHCR could still not authorize WFP to manage its funds. Evaluation found that this arrangement led to missed opportunities for efficiency gains in communication and implementation, and a lack of clarity about roles and responsibilities. The negotiations for full roll-out of the One Card for use on all cash-based interventions then took until mid-2016 to finalize, with a tender to identify a single financial service provider for UNHCR, WFP, UNICEF and the LCC launched in June, and cards eventually distributed to 185,000 Syrian households and 25,000 Lebanese households in October 2016.

In 2016, this became part of a broader collaborative model for harmonizing CTP operations that was developed by the three UN agencies. The Lebanon One Unified Inter-Organization System for E-Cards (LOUISE) was launched in December 2016 with the aim of developing harmonized systems for all CTP project cycle management processes, building on the comparative advantages of each actor. It incorporates the efforts towards common approaches to vulnerability analysis and targeting that were already underway with CTP actors in Lebanon. It aims to make the payment system a genuinely common platform, not owned by or attributed to any agency. In 2017, agencies were developing a web-based joint information management system that interoperates with and allows flow of data between each UN agency's own corporate system, for management of payments and beneficiary data. There are also efforts to develop a common complaints response mechanism and common monitoring system, allowing for exploration of differential impact of CTP provided for basic needs and other purposes, for greater accountability – though these remained a work in progress by mid-2017. Other cash actors such as the LCC are also able to make use of the system.

This transition to a joint system represents a major shift in how humanitarian CTP actors work together and LOUISE is held up by some as a positive example of collaboration, and of agencies overcoming institutional barriers to work together. Others perceive that progress was slow and that their remains a lack of clarity around what LOUISE includes and the costs involved. This collaboration enables 'joint programming' in terms of the operational aspects of different CTPs being implemented through common systems – not joint programming in terms of a single common objective or design. Some actors see this as a benefit of LOUISE, others as a limitation in this context of protracted crisis. This transition was not easy, involving negotiations between all agencies' respective country offices, regional offices and headquarters, and taking over one year from inception to completion of documents for financial processes and other aspects of systems development. A key bottleneck was the establishment of a governance structure and the legal aspects of the negotiations, which required that concerns about the operational and legal repercussions of working through common systems and data sharing were addressed. There was also a certain – understandable – reluctance on the part of individual agencies to give up control of certain aspects of programming that they had invested heavily in.

Consortia models for implementing cash assistance must be based on defined operational processes and strong, clear, governance systems for successful programming: The LCC came together at the end of 2014 – a consortium of six international NGOs (INGOs) led by Save the Children. It was operational from 2015 to mid-2017 and was one of the first such consortiums globally to deliver cash at scale. At the peak of distributions in 2016, the consortium was providing regular cash assistance to 18,000 households.

Driven by the scale of the need and donor expectations, the LCC strove to begin implementation as soon as possible. At the onset of the programme there were no blueprints or model processes to draw from and the consortium needed to develop systems for governance and operational management, with a certain amount of 'learning by doing'. The LCC was governed by a steering committee made up of the directors and deputies of each member organization. Under this was a core technical team comprising the project leads of each agency, with each member leading on a different aspect of programming design and implementation (vulnerability mapping, cash delivery, monitoring, accountability, etc.) according to their expertise. For the most part, this system and segregation of duties worked well. However, a review highlighted the importance of adequate planning and investment at the outset to ensure such structures, systems and standard operating procedures are in place before operations begin. Another lesson was that, whilst the management structure supported inclusive and consultative processes between members, it was not conducive to rapid decision making on critical strategic issues. This was in part because of a lack of confidence on the part of the lead agency, and a lack of knowledge and understanding of cash programming among strategic decision makers at country office level.

A related lesson is the need to be clear, from the outset, between members and with donors, about the extent and limitations of collaboration between, and autonomy of, members. Some aspects of programming such as targeting, cash delivery and analysis of monitoring data were particularly well harmonized. Other aspects, such as day-to-day follow up with beneficiaries and process monitoring, continued to be led by individual agencies, although with attempts to systematize processes. Experiences suggest that it is important to be pragmatic about the most critical things to harmonize, from an efficiency and effectiveness perspective.

Lessons from DFID/ECHO Joint Approach to Re-frame Multipurpose Cash Assistance for Lebanon's Protracted Refugee Crisis: In December 2016, ECHO and DFID launched a request for proposals (RfP) worth €85m for a 'Joint Approach to Re-frame Multi-Purpose Cash Assistance'. Their aim was to build on success factors and learnings from these operational collaborations on CTP to date, and to transition from funding project-based assistance to a more streamlined design and implementation consistent with a 'single programme' approach. The RfP also included a contract for independent monitoring and evaluation and called for the establishment of a multi-stakeholder governance. It was envisaged by these donors that this could be a more accountable, efficient and cost-effective approach to CTP, whilst mirroring the design of a longer term 'safety net' that other humanitarian and – critically – development donors could collectively fund. This was considered more appropriate in a protracted crisis and in line with commitments made in the Grand Bargain and World Humanitarian Summit.

DFID and ECHO did not prescribe a model, but rather outlined ten principles that should underpin the approach to develop a single, nationwide programme to address basic needs. Key within these was the requirement that beneficiaries receive a single (cash-based) transfer for food and basic needs, based on robust evidence of the benefits of cash over vouchers.¹⁶⁶ Despite the progress made with One Card and LOUSIE, DFID and ECHO highlighted that this still had not removed the fragmentation in the ways that support for essentially the same purpose (food and basic needs) were being provided – as separately conceived projects rather than a single cohesive programme. They perceived that such a 'programme approach' would meet these needs more effectively. They also saw little justification, in such a protracted crisis, to meet these needs through continued funding of several different transfers delivered by different actors. A multi-agency approach to delivering the single transfer would only have been acceptable to DFID and ECHO if a clear added value could be demonstrated by each actor involved. Whilst the focus was on assistance for basic needs, it also acknowledged that some households require additional, targeted support to meet specific needs and the ten principles highlighted that the proposed approach should provide flexibility for cash top-ups for specific humanitarian outcomes, a common referral mechanism to link to broader complementary services, and a common appeals and redress mechanism.

UNHCR, WFP and a streamlined LCC (two members instead of the previous six) made a joint proposal in January 2017, followed by three rounds of amendments and negotiations. The first submission included three individual project proposals, each with a lead agency, and a consolidated budget. Subsequent proposals named UNHCR as the lead agency and had a single budget. They were based on the LOUISE model, with multiple agencies providing payments through a common card, and maintained a split of cash for food and cash for basic needs.¹⁶⁷ DFID and ECHO eventually rejected the proposal in June 2017, as they deemed that it did not meet the ten principles. This also resulted in the suspension of discussions relating to the independent monitoring and evaluation (M&E) contract.

This process sparked intense and heated discussions, due to differences of opinion between those actors directly involved in the process (and other actors in the country and globally) on a number of critical issues:¹⁶⁸

Single versus multiple agency delivery: On the one hand, bidding agencies argued that the focus of the RfP on a single agency transferring funds to beneficiaries via a single payment risked reducing the importance of and support for more specialist, sector-specific programming, whereas their design maintained the appropriate engagement of each agency, which they considered was necessary to maintain the respective sectoral expertise for quality programming. They considered that the donor vision was being driven primarily from an efficiency perspective, at the risk of reducing effectiveness. On the other hand, ECHO and DFID were clear that the RfP principles did not preclude the involvement of multiple agencies and were in fact designed to bring clarity to

¹⁶⁶ Boston Consulting Group (2017) found that more than 90% of refugees preferred cash over vouchers, that cash contributed to greater food security and food consumption outcomes compared to vouchers, and that cash increased purchasing power by 15% to 20%, owing to higher prices in voucher stores.

¹⁶⁷ WFP had offered to switch the food voucher component to unrestricted cash for food.

¹⁶⁸ For more information, see Harvey and Bailey (2017) which impartially documents the process, positions and perspectives of key actors involved in developing and responding to the joint ECHO/DFID cash initiative.

and promote the respective, technical expertise of each actor in the programme – but that there should be demonstrable added value of each actor, with clearly defined roles and responsibilities. From their perspective, the focus on ‘single transfer-single agency’ aimed to find ways to streamline the transfer of money for food and non-food essentials, not to replace or remove support for other humanitarian programming such as specialist sector-specific (cash or other) assistance. Some external actors considered that – whatever the intention – it does appear that the issue of ‘cost’ rather than effectiveness dominated discussions, with inadequate focus paid even to the added value of independent M&E.

The realities of incentive structures: One UN agency pointed out that removal of the payment function would only allow implementing agencies to have a greater focus on their technical specialism if they can still afford to operate. They felt that the model proposed ignored the reality that the size of an agency’s budget confers power and influence in strategic decision making and advocacy with governments and other actors. Some other donors and implementing agencies in country similarly felt that concerns over securing funding and maintaining an agency’s humanitarian space were preventing a broader vision of how to best respond to (holistic) needs, a critical examination of roles and openness to change.

Learning from experience: Implementing agencies expressed frustration that the LOUISE had been heavily invested in – both in terms of financial resources and people’s time and energy – and that its design should be evaluated before any further changes to implementation models. They felt that this was important to ensure evidence-based decision making. Having invested heavily over the years in the different system elements that became LOUISE, DFID and ECHO asserted that they had not intended to change the common transfer mechanism, but for the existing LOUISE mechanisms to be used for the single transfer.

Donor coordination: One UN agency highlighted that there was no common position between humanitarian donors that were funding the Lebanon response regarding modality preference, risk appetite, funding priorities or reporting requirements. Since implementing agencies receive funding from other donors besides DFID and ECHO and have to accommodate these different needs and priorities, they wanted to avoid setting up a parallel programming infrastructure solely for ECHO/DFID funding, when there was still no guarantee that others would be willing or able to put funding through this mechanism.

This process has highlighted several lessons for future global discussions and efforts to drive innovation and scaling up of CTP:

The importance of communication: The call for proposals in Lebanon was often viewed – rightly or wrongly – as two donors’ attempt to influence the direction of CTP globally. This view was probably reinforced by the launch of the ECHO global guidance on cash transfers during this period, which mirrors many aspects of the Lebanon RfP. Broader conversations at global level are needed about the role of cash within the humanitarian architecture and what this means for agency mandates and responsibilities.

The importance of evidence-based decision making: The donors state that the RfP was driven by a desire to achieve gains in efficiency and effectiveness. Some elements of the new approach were already based on strong evidence – for example, the switch from e-vouchers to cash. The aim of the independent M&E contract was to build impartial evidence on the relative benefits (or limitations) of other aspects of the approach. It is clear that evidence gathering is needed on the relative benefits of, and greater transparency about the real costs of the various operational models for CTP that are being proposed, in order to inform constructive debate and objective decision making.

Rethinking of incentive structures: Under present incentive structures, the donors’ request for consolidation of processes and functions in Lebanon implies reductions in operational budgets for agencies that are not involved in delivering cash payments. There is a need for discussion of the implications of these more streamlined approaches for the current overhead funding structures. Transparent analysis of the real costs of delivering cash, and the real costs of other essential technical programming activities is needed, to enable a discussion about which agencies needs to be funded, and how, in order to ensure sufficient operational capacity.

Overcoming constraints and perceptions of risk within donors: Whilst DFID and ECHO’s initiative in Lebanon highlighted interest from other (European) donors about more joined-up approaches, part of the reticence of UN agencies to move forward was as result of concerns that other major donors (potentially including the United

States) would not follow suit. There could have been more consultation with donors (including at headquarters level) to discuss the possible options, evidence and constraints that agencies might face. There is a need for dialogue on cash between all major donors to explore concerns, perceived risks and real constraints to more harmonized approaches to CTP at scale.

What it means for progress towards the Grand Bargain commitments: Experiences in Lebanon demonstrate the difficulties in making progress on some of the global commitments relating to CTP, because of the different ways that these can be interpreted and because of concerns – whether perceived or real – that changes to the established ways of working will create winners and losers.

Current situation: As of the end of 2017, WFP is implementing a multi-donor programme to provide unrestricted cash assistance to cover food and non-food essentials to the most vulnerable Syrian refugee families. The programme includes independent monitoring, evaluation, accountability and learning (MEAL), focused on outcomes and Value for Money (VfM) analysis, and a multi-stakeholder governance structure. All of the existing harmonized processes under LOUISE such as the One Card and joint targeting are being used. Beneficiaries will receive a single, unrestricted cash transfer, rather than separate vouchers and cash, and this is being provided by one rather than the previous two agencies, streamlining the system.

Sources: Cabot Venton et al. (2015) Value for Money of Cash Transfers in Emergencies, a report for DFID; Bailey and Harvey (2017) The DFID/ECHO Approach to Cash Assistance For Refugees in Lebanon: Documenting the Process, ODI; Boston Consulting Group (2017) Food – Restricted Voucher or Unrestricted Cash: How to best support Syrian refugees in Jordan and Lebanon, World Food Programme and Boston Consulting Group; Creti (2015) Evaluation of the One Card Pilot in Lebanon, UNHCR; Sykes (2017) Lebanon Cash Consortium Review, a report for the LCC; interviews with DFID UK, DFID Lebanon, SCI Lebanon, Solidarites and UNICEF.

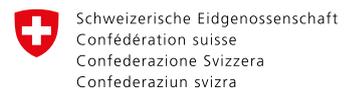


The Cash Learning Partnership

Cash transfer programming (CTP) is widely recognised as one of the most significant areas of innovation in humanitarian assistance, with rapid recent growth and huge potential to meet more needs, better. This report takes stock of global progress on cash transfer programming to date, analyses the successes and obstacles and identifies the essential next steps required to accelerate progress.

The report was commissioned by the Cash Learning Partnership (CaLP) and delivered by a team of CTP experts, CaLP staff and Accenture Development Partnerships. The report was funded by: the Australian Government, the Federal Foreign Office of the Federal Republic of Germany, the Swiss Agency for Development and Cooperation, the British Red Cross, the World Food Programme, as well as CaLP's general funds. The views expressed in this publication are the authors' alone and are not necessarily the views of the donors.

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