Coordination of Cash Transfer Programming

Is Emergency Cash Transfer Programming (CTP) ‘fit for the future’?
Acknowledgements

This report was authored by Sarah Bailey.

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Contents

Introduction ........................................................................................................................................... 4
Context Analysis .................................................................................................................................... 5
Analysis of current obstacles to the coordination of CTP ................................................................. 6
Potential future challenges to the coordination of CTP ................................................................. 10
Potential future opportunities to better coordination for cash transfer programmes ................ 13
Looking forward .................................................................................................................................. 15
Annex 1: References ......................................................................................................................... 18
Annex 2: List of Interviewees ............................................................................................................ 19
Introduction

The Humanitarian Futures Programme (HFP), in conjunction with the Cash Learning Partnership (CaLP), is undertaking research on the future of cash transfer programming (CTP) in 2020-2025. The study examines the implications for the institutionalisation of CTP by humanitarian actors, private sector, donors and governments, and the priority areas for further research and future actions in order for CTP to be ‘fit for the future’. The project’s findings are designed to serve as the basis for the development of a forward looking action agenda that will be conceived under CaLP’s leadership with support from a group of relevant experts formed to advise the project.

The first phase of the research provided an analysis of the transformative factors likely to affect humanitarian action in the future and the potential trends in CTP. This included discussion on the institutionalisation of cash; new actors, relationships, and partnerships; the increasing uptake and role of national governments; and advances in innovation and technology. The second phase examines implications of these trends for the future of CTP. It focuses on four themes, identified as critical topics for the future of CTP through consultation with CTP actors and examination of existing research. These include: the potential links between social protection mechanisms and emergency response; the future of financing CTP and CTP; the use of CTP by governments responding to national shocks; and coordination systems, the subject of this report.

Coordination\(^1\) is a critical issue that has received insufficient attention in research and analysis on CTP. This research piece aims to build on previous work supported by CaLP to examine the particular obstacles and opportunities that cash transfers pose for coordination, including related to the cluster system, strategic coordination, working with governments and the private sector, and the potential of new approaches to coordination. It considers how weaknesses of humanitarian coordination pose obstacles to using CTP, now and in the future. The research is based on a review of the literature and a limited number of interviews with individuals from think tanks, donors and aid agencies. Its purpose is to raise and explore key questions on current and future coordination challenges rather than provide definitive answers on this complex subject. Four questions related to cash transfers and coordination are explored:

1. What coordination challenges and opportunities does CTP pose?
2. What weaknesses of humanitarian coordination pose an obstacle to using cash transfers to the extent to which they are appropriate?
3. How will these challenges and opportunities change in the future?
4. What actions are needed to prepare for future obstacles and take advantage of future opportunities?

\(^1\) ‘Coordination’ is broadly defined as the ways in which actors (e.g. NGOs, UN agencies, governments, private sector actors) work together to achieve common humanitarian aims, for example through communication, collaboration and cooperation. This includes but is not limited to the mechanisms through which humanitarian aid is coordinated.
Context Analysis

Cash transfers\(^2\) cross the boundaries by which aid is organised. They are used to meet needs that span different sectors and humanitarian and development divides. Governments, international non-governmental organisations (NGOs), national NGOs, UN agencies and even non-state actors distribute cash as a form of relief, and CTP has attracted businesses new to humanitarian aid, like mobile phone companies. Because of the flexibility of cash transfers and the growing range of actors providing them, CTP poses unique issues for how aid actors work together and coordinate. Generic weaknesses of humanitarian coordination also pose obstacles to undertaking CTP to the extent to which it is appropriate. For all these reasons coordination is a central question to the future of CTP.

Preparing for the future requires understanding past and current challenges. Initial debate on CTP focused on establishing that cash transfers could be appropriate. Pilot interventions using cash did not pose problems for coordination because they were few in number and small in size. Little thought was given to what future increases in CTP would mean for coordination, until responses in Pakistan, Haiti and Somalia highlighted this issue because more actors were using cash to reach greater numbers of beneficiaries. In 2011, coordination began receiving more attention in research and discussion on CTP.\(^3\) Analysis to date has focused on how programmes using cash transfers can be coordinated more effectively and strategically within existing systems.\(^4\)

Future coordination challenges and opportunities will be influenced by the changing landscape of humanitarian action. In the next decade, the dominant Western focus of the humanitarian sector will be increasingly challenged by non-Western governments, regional organisations and national civil society organisations. Cash transfer responses will increase as their acceptance grows, and even more actors will become involved. To be ‘fit for the future’, actors engaged in CTP need to be ready for future coordination challenges and take advantage of new opportunities.

The first part of this project saw the analysis of changes in the humanitarian landscape that will influence the future of CTP. Of the trends identified, the most relevant for CTP and coordination are:

- Increases in the amount of CTP and scale at which it is undertaken;
- The use of CTP in different sectors and as a cross-sectoral tool;
- Expanding range of actors involved in CTP, including private sector actors;
- Stronger role of national governments in disaster responses and increased use of cash transfers by governments in domestic responses;
- Greater attention to addressing risk, such as through resilience, disaster prevention and social protection.

These trends will influence which actors will be involved in CTP in the future and the ways in which they can work together to use cash transfers appropriately, effectively and efficiency. They will also bring some new challenges and opportunities, which will be discussed later in the paper.

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\(^2\) The terms ‘cash transfers’ and ‘CTP’ often refer to both cash and vouchers. However, this paper only focuses on cash transfers (i.e. money); where vouchers are discussed this is clearly indicated.

\(^3\) Austin and Frize, 2011; CaLP, 2012; Kauffmann and Collins, 2012; Save the Children UK, 2012

\(^4\) Austin and Frize, 2011; CaLP, 2012; Kauffmann and Collins, 2012
Analysis of current obstacles to the coordination of CTP

General weaknesses of coordination in the humanitarian system

Existing weaknesses of humanitarian coordination pose obstacles to undertaking CTP where it is appropriate. The humanitarian system is a group of diverse actors that operate relatively autonomously. In ALNAP’s State of the System reports, which analyse progress and performance of the humanitarian system, coordination was cited as a key challenge.5

Perhaps the most striking obstacle for CTP is the lack of collaboration across sectors and amongst aid agencies with different mandates and missions. The greatest advantage of cash is that it can be used to meet a variety of needs that span different sectors. However, UN aid agencies in particular provide cash transfers independently of one another for separate purposes, when there is obvious potential to increase efficiency by collaborating and providing a single cash transfer for multiple basic needs.

Similarly, sector-based coordination through the cluster system hinders efforts to coordinate cash transfer responses across different sectors. The cluster approach was created as part of humanitarian reform efforts in 2005. While it has improved coordination within sectors, inter-cluster coordination is ineffective.6 Clusters have also fallen short in providing platforms for timely and informed discussions on the appropriateness of taking forward cash transfer responses (see Somalia example below).

Leadership and strategic coordination are necessary to overcome these silos and bring together different humanitarian actors around common types of transfers in the future. Both are weak points in humanitarian response.7 Cash transfers deviate from dominant models of charity and humanitarian assistance, and are perceived to bring greater risks than in-kind assistance, despite the lack of evidence to support this claim. Thus the need for strategic coordination on CTP is great and yet it is largely absent.8 The response to the 2011 food crisis and famine in Somalia epitomised this weakness. Food aid could not be provided in areas controlled by Al Shabaab and market experts cautiously promoted an alternative response through cash and vouchers.9 However, until the famine declaration, the international humanitarian community was paralysed when it came to taking CTP forward:

> With regards to connectedness, coherence and therefore coordination, in 2011 the Humanitarian Country Team failed to provide the strategic leadership required to find a timely solution to the impending crisis. The Somalia cluster approach failed to generate sufficient interest or space for an informed discussion on cash transfers as a modality, until the famine declaration in July 2011 forced the issue, principally because it lacked a cash ‘champion’ within the UN system. Instead separate mechanisms evolved within the NGO community...to promote and eventually implement unconditional cash transfers as a viable response option in Al Shabaab-controlled areas.10

The fact that cash requires ‘champions’ in the first place is problematic for future responses, as this indicates that the appropriateness of CTP can be easily contested, or that evidence alone is insufficient for some major aid agencies to use it at a similar scale as in-kind responses. This challenge is linked to broader gaps in response analysis – the analytical process by which objectivities and modalities of programme response options are

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5 Harvey et al, 2010; Taylor et al., 2012.
6 Steets et al, 2010; Harvey et al., 2010; Stoddard et al, 2007.
7 Taylor et al., 2012; Buchanan-Smith, 2012; Harvey et al., 2010.
9 Hedlund et al., 2013.
10 Ibid. pp 10.
determined.\textsuperscript{11} International humanitarian actors tend to make decisions on how they will respond to a crisis independent of one another, and organisational mandate is perhaps the most influential factor when selecting programming.\textsuperscript{12} The tendency of aid agencies to adopt responses for which they have the most capacity, rather than the responses that are the most appropriate, will hold back CTP in the future as cash remains a relatively new programming tool compared to well-established in-kind modalities.

Donors have and could exert pressure on aid agencies to deliver cash transfers where they are appropriate. While a few individual donors have exerted pressure, donors are not coordinating amongst themselves to leverage their influence. There are limited platforms for donors to come together and develop a harmonised position, and many donors see CTP as a technical rather than strategic issue. Again, while lack of donor coordination is not caused by cash transfers, it will continue to result in missed opportunities for CTP.

International humanitarian coordination systems, including clusters, are not sufficiently respectful of host governments’ primary role in responding to emergencies.\textsuperscript{13} This weakness challenges engagement between aid agencies and governments on CTP, and aid agencies in general are not adequately coordinating with host governments when they undertake cash-based responses. Anecdotal evidence suggests that host governments are less willing to let aid agencies ‘do their own thing’ when it comes to handing out cash compared to other forms of assistance, especially if cash grants are at odds with government approaches to humanitarian assistance and poverty reduction. For example, in Lebanon in 2013, some aid agencies provided cash to Syrian refugees, which was not aligned to the government’s development approach of opting for subsidies rather than cash. As a result of the lack of strategic engagement between aid agencies and the government, certain cash transfer programmes were suspended by the government while a compromise was reached.

International humanitarian coordination mechanisms also tend to leave out national civil society actors; the response to the 2010 earthquake in Haiti was an extreme example of this failing. Learning and advocacy around CTP has followed a similar model of exclusivity, involving large international NGOs, Western donors and UN agencies, with the majority of resources on CTP only available in English. Even resources available in other languages, such as the Humanitarian Practice Network (HPN) Good Practice Review CTP in Emergencies, are based on the experiences and priorities of Western humanitarian actors, and do not have readily available avenues for reaching aid actors not already involved in networks like HPN, ALNAP and CaLP.

**Current challenges to the coordination of CTP**

More and more humanitarian actors are using cash to meet a variety of different objectives, but actions have yet to be taken to integrate CTP within existing humanitarian coordination mechanisms (e.g. clusters, OCHA, Inter-Agency Standing Committee, and Humanitarian Country Teams). This makes it virtually impossible to prepare for the future coordination of programmes using cash transfers ahead of crises. Rather, coordination groups dedicated to CTP have been established by CaLP, clusters and NGOs in an ad hoc manner.\textsuperscript{14} Much progress has been made on technical coordination amongst aid agencies engaged in CTP in contexts like Haiti, Somalia and Niger, but cash coordination groups have been weakly linked to established coordination mechanisms. These groups have encouraged coordination around ‘tools’ (i.e. cash transfers, vouchers) rather than broader humanitarian objectives.\textsuperscript{15} The current coordination challenges posed by CTP are summarised in Table 1.

\begin{itemize}
  \item \textsuperscript{11} Maxwell and Stobaugh, 2012.
  \item \textsuperscript{12} Ibid.
  \item \textsuperscript{13} Steets et al, 2010; Harvey et al, 2010; Harvey, 2009 Stoddard et al, 2007
  \item \textsuperscript{14} CaLP, 2012; Kauffmann and Collins, 2012
  \item \textsuperscript{15} Ibid
\end{itemize}
### Table 1: Cash coordination challenges

<table>
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<tr>
<th>Type of coordination</th>
<th>Sample of coordination tasks</th>
<th>Progress and challenges</th>
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| **Technical coordination** | Harmonising payment rates and transfer values amongst different actors both within clusters and across clusters (inter-cluster)  
Providing cash grant to cover multiple objectives as opposed to multiple, separate grants (one for shelter, one for food, etc.)  
Using common distribution mechanisms  
Joint monitoring | Coordination is ad hoc and cases of duplication (i.e. multiple cash working groups)  
Some cash working / coordination groups established by CaLP, clusters and NGOs have held technical coordination meetings; groups often have weak links to cluster system  
Lack of genuine coordination in particular crises due to competition between agencies (e.g. Somalia) |
| **Strategic coordination and leadership – country level** | Joint assessment of needs, including necessary information to make informed decisions on CTP (e.g. markets)  
Analysis and decision-making on appropriate types of responses (including appropriate types of CTP)  
Having an overall picture of responses using cash transfers and how these relate to other responses  
Deciding who will be the lead agency in taking forward cash-based responses in particular crises  
Ensuring complementarity between cash transfers and other modalities  
Advocacy with host governments | Significant weaknesses and very little country level strategic coordination (Somalia 2011 famine response example of delays in decision-making and lack of leadership)  
Very limited coordination and collaboration of UN agencies using cash for different sectors and purposes |
| **Strategic coordination and leadership – global level** | Global advocacy and analysis on cash transfers  
Deciding who will be the lead agency in taking forward cash-based responses globally, particularly within the UN  
Bringing together aid agencies around common approaches | No decisions, policies or other actions yet taken to determine where CTP fits within system coordination (should it be predominantly in IASC, inter-cluster coordination, food security cluster, etc.) |
<p>| <strong>Coordination tools and services</strong> | Ensuring global and field level tools and coordination services are ‘cash ready’ (e.g. contingency planning guidelines and preparedness policies, information management, needs assessment, CAPs, humanitarian financing, training of RC/HCs) | Currently most coordination tools and services have not been assessed or adjusted to be able to support / accommodate CTP at scale |</p>
<table>
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<tr>
<th>Type of coordination</th>
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<th>Progress and challenges</th>
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</thead>
<tbody>
<tr>
<td>Government</td>
<td>Government involvement in decisions to undertake CTP</td>
<td>Aid agencies not adequately engaging with governments, in some cases leading to governments blocking / suspending CTP</td>
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<tr>
<td></td>
<td>Aligning programming with government policies</td>
<td></td>
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<td></td>
<td>Government leadership in coordinating CTP</td>
<td></td>
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<tr>
<td>Private sector</td>
<td>Engagement between aid agencies and private sector delivery agents (e.g. banks, mobile phone companies, financial service providers)</td>
<td>Increased partnerships / contracts between aid agencies and private sector delivery actors</td>
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<tr>
<td></td>
<td>Utilising existing delivery platforms</td>
<td>Ad-hoc efforts underway to improve humanitarian and private sector engagement through standards and research</td>
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<td></td>
<td>Working with local traders</td>
<td>Lack of private sector involvement in preparedness</td>
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<tr>
<td>Learning</td>
<td>Sharing lessons on interventions using cash transfers, creating guidelines and standards</td>
<td>Research, evidence and evaluations undertaken and disseminated through platforms like CaLP, ALNAP and HPN</td>
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<td></td>
<td></td>
<td>Lack of government and national organisation involvement</td>
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Potential future challenges to the coordination of CTP

In light of the future trends outlined in Section 2, in the next decade it is likely that certain existing obstacles will be resolved, others will remain prominent or compound, and new challenges will also emerge. General progress in CTP, coordination systems and the broader humanitarian system will also affect progress in resolving obstacles.

Technical coordination and integration of CTP within international humanitarian coordination mechanisms

It is only a matter of time before actions are taken to integrate CTP within existing international humanitarian coordination mechanisms. The coordination model might involve an inter-cluster approach, ‘housing’ it in the Food Security Cluster (while encouraging its use in other sectors and as a multi-sector response), a stronger role for OCHA or a combination of these approaches. None of these approaches would negate the potential for forums for learning and technical exchanges, such as working groups and web platforms. While it is perhaps inevitable that progress will be made, major humanitarian coordination actors thus far have failed to take this issue on board. As the amount of CTP and scale at which it is undertaken increase, this gap will become an even more serious challenge. Thus far it has been filled mainly by actors involved in CTP (e.g. CaLP, operational aid agencies) rather than coordination actors like OCHA, the IASC and clusters.

Strategic coordination and leadership

Efforts are underway to improve leadership through support to Resident Coordinators and Humanitarian Coordinators (RC/HCs) through the Transformative Agenda and other initiatives. The importance of including cash amongst response options and bringing together agencies around common tools should be on the agenda. At the same time, it is overly optimistic to assume that RC/HCs will be in a position to challenge any inclinations by aid agencies to favour in-kind assistance or vouchers when cash might be more appropriate. On the contrary, if current tendencies of risk aversion amongst senior humanitarian leaders and managers continue, this too will hamper CTP, particularly at scale. The Transformative Agenda is seeking to improve coordination and leadership but is focused on modifying existing systems rather than radical changes.

Weaknesses in donor coordination will continue given the lack of incentives to coordinate, and there are no obvious solutions. Good Humanitarian Donorship is a potential avenue for addressing cash transfer issues amongst donors, but it is currently focused on determining its future relevance and the list of issues requiring attention and coordination from donors is long.

Coordinating across sectors and using CTP as a multi-sector tool

Obstacles related to multi-sector responses and mandates will persist. CTP predominantly has taken place in the food security sector and increasingly will be used in other sectors. This is positive in that cash transfers will be more consistently considered to meet a wider range of objectives. However, there will be a tendency, amongst UN agencies and clusters in particular, to promote cash-based responses within individual sectors rather than as multi-sector response involving stronger coordination and collaboration. For some aid agencies this will take the form of

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16 In 2011, the IASC launched the Transformative Agenda to improve the way in which the international humanitarian system responds to a crisis. It focuses on improving the timeliness and effectiveness of collective response through better leadership, improved coordination structures, and greater accountability to affected populations. http://www.humanitarianinfo.org/iasc/
opting for vouchers (e.g. for food, non-food items, seeds, shelter) over cash transfers that are more flexible. Where cash transfers are used by multiple agencies, donors will raise questions about why they are funding several aid agencies to provide cash for different purposes. This will result either in more collaboration amongst aid agencies, ‘turf battles’ to attract donor funding for CTP by establishing a comparative advantage, or both.

**Government-led responses and coordination with host governments**

The role of national governments in cash transfer responses will only grow in importance as they increasingly take charge of humanitarian responses and assert their sovereignty in relation to international disaster relief. Numerous governments have already provided cash transfers to respond domestically to disasters, including Pakistan, China, Sri Lanka and the United States. As more governments become familiar with cash transfers through social protection schemes and the experiences of other governments, more will experiment with providing cash transfers in disaster responses. The increased provision of cash transfers through social safety nets, including in fragile and disaster-affected contexts, also presents potential for greater integration of humanitarian response with longer-term safety net programmes (discussed further in the next section). There is little documentation of government-led cash transfer interventions, and it is not clear whether cash transfers raise any unique coordination issues in national disaster responses. The same is true for the regional responses and the involvement of organisations like ASEAN.

Continued and increased provision of cash transfers by governments as part of domestic disaster responses will create opportunities for international donors to fund governments directly to provide cash transfers rather than going through international NGOs and UN agencies. This model was already used to a degree in Pakistan, where the World Bank, USAID, Government of Italy and DFID supported the second phase of the Citizen’s Damage Compensation Program (CDCP) in response to flooding in 2010 and 2011.

Providing CTP through governments circumvents short-comings related to aid agency mandates and inter-sector coordination because governments do not divide their assistance by sector in the same way. However, working through governments raises practical operational considerations and important questions about humanitarian principles, which are not unique to CTP and will not be explored here. Limitations are posed when disasters overwhelm national capacities, such as following the 2010 Haiti earthquake, limiting their ability to undertake humanitarian responses. In addition, donors may be wary of corruption risks posed by working directly through governments and supporting governments in situations of conflict and fragility, which generally receive the bulk of humanitarian assistance. Overall, if cash responses are increasingly led by governments and supported by national civil society organisations, then the limited understanding of their approaches and attitudes to CTP is a noticeable blind spot.

As aid agencies begin undertaking larger-scale cash transfer responses, coordination between governments and aid agencies will become even more critical for cash transfer responses. Governments are going to be vigilant of aid agencies handing out large amounts of cash and may try to leverage such interventions for their own purposes. In Pakistan, some aid agencies explored the possibility of ‘piggy-backing’ on the government’s cash transfer

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17 ALNAP, 2010.
18 Government of Pakistan, 2012
19 Challenges related to principles are explored in the Fit for the Future case study on Ethiopia’s Productive Safety Net Programme and Kenya’s Hunger Safety Net Programme, specifically in relation to using government-led safety net programmes in humanitarian response (Slater and Bhuvanendra, 2013).
intervention, but were told that the government was the only actor that would deliver unconditional cash transfers in the country.  

**Increased involvement of private sector financial service providers in CTP**

CTP has led to new types of working relationships between aid agencies and banks, mobile phone companies, remittance agents and other private sector financial service providers. Aid agencies have always engaged with for-profit enterprises to deliver assistance, such as trucking companies to transport food aid. The engagement of private sector actors in cash transfer activities is different because they are using humanitarian endeavours to expand their services to new markets over the medium- and long-term and develop new products. For example, in response to the 2011 earthquake in Haiti, mobile phone companies like Voila accelerated their development of mobile money platforms and became involved in the humanitarian response because of CTP. Cash transfer programming has become a platform for corporate social responsibility engagement for global actors like Visa, who worked with the Pakistan government to deliver cash transfers in response to disaster.

Two factors will drive the increased involvement of private sector actors in CTP. The first is that aid agencies represent a potential source of profit. Second and independent of developments in CTP, financial service providers and mobile phone companies are seeking to expand their market reach, including to areas where disasters and crisis occur. Despite these developments, efforts to promote strategic engagement between aid agencies and private actors on CTP have been piecemeal. Private sector actors typically have different motivations, principles and ways of working compared to aid agencies, which might challenge the formation of partnerships and clear working relationships. Aid agencies are also concerned that they will be less able to protect the personal data of recipients of cash grants if these are held by a third party private sector organisation; efforts are underway to create operational guidelines and a Code of Conduct on data management. Alongside these challenges are opportunities, which are discussed below.

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20 Based on communication with aid agency staff familiar with CTP in Pakistan. Aid agencies were able to do a certain amount of CTP to people not targeted by the government, but this example underscores the potential sensitivities of aid agency / government engagement on CTP.

21 Mowjee, 2013
Potential future opportunities to better coordination for cash transfer programmes

Coordinating across sectors and using CTP as a multi-sector tool

It is inevitable that CTP will increase as experience and acceptance grows. This growth will encourage new types of working arrangements and partnerships to deliver cash transfers, as donors and others look for ways to provide cash transfers efficiently and across sectors. Rather than humanitarian aid agencies providing cash for food, cash for rent, etc., humanitarian actors could implement large-scale responses providing cash transfers to cover the basic needs of crisis-affected populations. If tracking purchases is a priority for donors and aid agencies, flexible vouchers, which could be used by recipients to purchase such a wide range of goods and services that they are similar to cash, could be provided. Transfers could be complemented with other forms of support that are needed, such as training, advocacy, protection and support to basic services, as humanitarian assistance is about more than giving things. Thus far only governments have provided cash transfers for multiple basic needs at scale for disaster responses. Large cash transfer responses meeting basic needs could be achieved through:

- UN agencies collaborating on a cash-based response to meet needs that span their sectors (i.e. a ‘One UN’ cash transfer or voucher);
- UN agencies more broadly interpreting their mandates so that one agency can support a cash-based intervention designed to meet multiple needs (i.e. accepting that some of the marginal income will be used in ways that fall outside the traditional interpretation of their mandate);
- NGOs forming consortia, which occurred in response to the 2011 Somalia famine;
- Donors funding financial service providers, mobile operators or other private sector actors to deliver transfers;
- Donors providing funding directly to disaster-affected governments and governments providing cash transfers in domestic disaster responses.

If donors choose to provide assistance through governments and private sector actors, there would remain potential roles for national and international humanitarian agencies, including technical support to assessment, response analysis, targeting and monitoring. Providing households with a sizeable cash transfer to meet multiple needs would eliminate many of the specific coordination issues raised about multiple actors providing transfers for different needs (e.g. inter-cluster coordination). Otherwise coordination will always be about linking together smaller interventions in various sectors providing cash for narrow objectives.

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22 Expenditures made as a result of receiving cash transfers can also be tracked. However, with vouchers it is more straightforward to report on what goods and services were bought specifically with the voucher. Such tracking does not show how overall household expenditure patterns change owing to the marginal income received through the voucher, which would be more insightful for understanding impact and effectiveness.

23 A possible exception is CTP in response to the 2011 Somalia famine, though the main objective was to ensure access to food. There are many potential explanations about why CTP has not been used at scale by aid agencies – the limited number of aid agencies that provide assistance at a large-scale (UN agencies), risk tolerance, tendencies to opt for in-kind approaches over CTP, capacity, and the natural pace of change in the humanitarian system. See Austin and Frize, 2011, for more discussion on scaling up CTP.
Joint monitoring of the impact of responses

The trend towards undertaking cash transfer responses at a larger scale will provide opportunities for joint monitoring of multiple objectives and indicators spanning different sectors rather than the current approach of monitoring an individual cash transfer intervention and its efforts towards achieving a single objective. This approach to monitoring, which is in line with the Transformative Agenda, would encourage more holistic analysis on the impact of humanitarian aid and how it supports people’s own strategies as they deal with the negative impacts of crisis and disaster.

Risk, social safety nets and humanitarian response

Donors and other aid actors are paying greater attention to addressing risk, such as through resilience, disaster prevention and social protection. The global increase in social safety nets providing cash transfers, including in contexts vulnerable to disaster, creates possibilities to use safety nets to complement or substitute for more traditional humanitarian responses. Examples include the PSNP and HSNP, respectively in Ethiopia and Kenya. In theory safety nets could increase the amount of cash provided to recipients and bring in new people who have been affected by crisis and risk. Such approaches could help bridge the persistent divide between short-term humanitarian approaches and longer-term actions to reduce poverty and address risk. However, in examining the PSNP and HSNP, Slater and Bhuvanendra conclude that several factors impact the extent to which safety nets might be used to support humanitarian responses – including the type and location of shocks, the coverage of safety nets and differences in the objectives and principles governing humanitarian response as compared to social protection (2013). The attention to risk also underscores the importance of including the potential for cash responses within disaster preparedness plans, including the financial services or other systems that could be used to deliver cash.

Increased involvement of private sector financial service providers

The importance of private sector actors in CTP will increase in the future, offering interesting opportunities to reach populations efficiently and at scale. The potential for more frequent, larger-scale natural disasters will result in an increased humanitarian caseload; bulk payment platforms like mobile money hold enormous potential to reach significant numbers of people with relative ease if aid agencies and private sector actors can establish effective working arrangements. If humanitarian actors demonstrate that they are major market players, they can negotiate with providers to expand services to certain areas and modify their systems to provide relevant data for monitoring and accountability purposes. There is a risk that aid agencies will not take advantage of emerging services, opting to remain in their comfort zones and create their own systems (e.g. electronic payment systems) rather than using existing services that might reach larger numbers of people efficiently and increase the access of populations to communication, mobile money and financial services over the longer term. Benefits will only be realised if aid agencies come together, as multiple agencies with multiple demands are unlikely to influence how private sector providers invest in their services.

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24 See the Fit for the Future case study on the PSNP and HSNP by Slater and Bhuvanendra for more in-depth discussion on the opportunities and limitations of using safety nets in humanitarian response (2013).
25 Mobile money is electronic currency stored in an electronic wallet on a mobile phone (Sossouvi, 2013).
Looking forward

In the short term, it is urgent to sort out the basic question of where interventions using cash transfers fit into existing coordination mechanisms; adjust key coordination tools and services to ensure that they are ‘cash ready’; ensure that those in leadership and coordination positions are sufficiently knowledgeable of CTP to ensure that aid agencies are considering cash transfers, to bring together multiple agencies using cash and to make appropriate linkages with non-cash responses; and support existing efforts to strengthen decision-making through improving leadership, response analysis and strategic coordination. The IASC and OCHA in particular need step up and take actions on these fronts; they have been slow to recognise that CTP poses some important issues for coordination. The repercussions of these challenges will become more significant as cash is increasingly used at scale.

Given existing weaknesses of inter-sector coordination, it is crucial that current strengths around learning and technical coordination are not lost by pushing CTP into compartmentalised coordination systems. If existing systems cannot effectively handle and promote multi-sector responses and bring together multiple actors using the same tool, they should be changed irrespective of CTP, as this poses a serious obstacle to the quality and efficiency of humanitarian responses. The more that CTP is used as a multi-sector tool, the less relevant that sector-based coordination models will be.

CTP offers the potential to reconsider models of humanitarian assistance and coordination. Aid agencies, donors and governments need to experiment with different models for providing cash transfers to meet basic needs, such as through consortia, direct funding to governments and to private sector actors, and UN agency collaboration. Donors need to pressure aid agencies and UN agencies in particular to not provide vouchers solely to control spending within their sector; otherwise the future of CTP will be dominated by vouchers. Efforts to overcome aid agency tendencies towards in-kind assistance and vouchers would benefit from, and indeed might require, independent advice on response analysis from senior experts targeted to humanitarian leaders and donors.

Aid agencies need to be more strategic about using existing financing infrastructure and promoting the development of tailored delivery platforms through collective action. Whether the focus is global players like Visa and Mastercard, or national mobile phone companies, aid agencies should give more attention and analysis to how various delivery platforms can be used to reach beneficiaries quickly at scale, and focus on promoting principled, effective and transparent working relationships. The motivations of mobile money and similar companies to expand their market reach and the corporate social responsibility initiatives of global companies both offer interesting opportunities, but the potential advantages will not be realised if aid agencies fail to leverage their influence and if they opt to create their own financial delivery systems rather than utilising and encouraging the development of local ones.

Learning should be promoted amongst governments and national actors. The gap between the dominant players of international humanitarian action and those leading national and regional responses is significant. There is a need for more dialogue on numerous issues and cash transfers should be included amongst them. Efforts should be made to support ‘government to government’ learning and learning amongst national civil society organisations, rather than western humanitarian actors presenting CTP approaches and guidelines as a fait accompli.

Progress and growing experience in CTP will be important in addressing obstacles to coordination, and analysis on how issues will evolve in the future is an opportunity for humanitarian actors to be more strategic. At the same time, the focus on the future should not be an excuse for not resolving present obstacles, which will persist if dedicated actions are not taken. All of these issues require proactive and forward-looking actions rather than dealing them as they arise. The biggest danger for CTP and coordination in the future is that aid actors might
continue doing what they have always done, and coordinate weakly across silos rather than breaking them down, regardless of the opportunities offered by using CTP to transform how humanitarian actors assist people affected by crisis and disaster.

**Recommended actions**

- Establish where CTP fits within existing humanitarian coordination mechanisms and support its integration within existing systems and tools. The IASC in particular urgently needs to establish its position on this. If existing systems cannot handle and promote multi-sector responses, they should be changed irrespective of CTP. OCHA needs to ensure that its coordination tools and services (related to preparedness, information management, financial tracking, CERF, needs assessments, CAP guidelines, etc.) can appropriately accommodate CTP. (IASC, OCHA)

- Continue efforts to strengthen humanitarian leadership. Trainings and technical support targeted to RC/HCs should include a module on CTP. This should not be limited to basic technical information on when CTP is appropriate. It must also address the political economy aspects of CTP, such as the incentives for UN agencies to opt for vouchers and narrow objectives for CTP, lack of common donor positions, challenges of risk aversion, the need for multi-sector coordination and the potential for CTP to meet needs spanning different sectors. (IASC, OCHA)

- Pilot UN agency joint responses (i.e. combined cash transfers and / or flexible voucher) and cash responses by UN agencies using common platforms. Amongst UN agencies, cases could be made for this to be led by WFP, UNICEF and/or UNHCR, all of which have made important strides in developing their capacity to undertake CTP. Pilot projects should include a commitment to scaling up successful models and be designed to enable future responses at scale (UN agencies, RC/HCs, donors)

- UN agencies should not favour vouchers in order to ensure that transfers are spent within their sector. Donors need to pressure UN agencies to not bias response options towards vouchers. (UN agencies, donors)

- Fund senior independent experts who can provide unbiased advice and support to response analysis to humanitarian leaders and other stakeholders. Whether to use cash or other tools is part of a larger process of response analysis, which should consider the potential for CTP amongst response options. Rather than seek ‘cash experts’, the approach should be to identify individuals who have the analytical capacity and experience to encourage the consideration of CTP amongst other response options. (donors)

- Create opportunities for government-to-government engagement on CTP. This could take the form of meetings, learning events and staff exchanges. One possible avenue is through the annual ECOSOC Humanitarian Affairs Segment. (Governments engaged in CTP)

- Identify and capitalise on existing platforms to promote discussion on CTP amongst national civil society organisations. CaLP should engage with actors involved in bridging international and national disaster response efforts to identify potential ways forward. (CaLP)

- Engage with regional organisations on CTP. CaLP and OCHA should explore whether cash transfers raise any specific coordination or learning issues for regional organisations that can be supported by actors familiar with CTP. (CaLP, OCHA)

- Undertake research on aid agency and private sector engagement in CTP to identify ways to encourage principled, strategic and efficient engagement. One potential model of the research is to have it undertaken by private sector researchers / consultants working jointly with humanitarian researchers / consultants experienced in CTP. (CaLP)

- Think big. The vast potential to use cash transfers as a flexible tool to meet a variety of needs is hampered by aid agencies’ and donors’ limited willingness to experiment with models that go against the grain of
long-standing working arrangements. All actors involved in CTP should experiment with models like UN collaboration, NGO consortia for unconditional cash responses, joint monitoring, and supporting governments to deliver cash transfer responses where appropriate. There are several emerging examples that can be used for the basis of continued learning and progress. (All)
Annex 1: References


Annex 2: List of Interviewees

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<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>Kirsten Gelsdorf</td>
<td>OCHA</td>
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<td>Kerren Hedlund</td>
<td>Independent consultant</td>
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<tr>
<td>Paul Harvey</td>
<td>Humanitarian Outcomes</td>
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<td>Charles-Antoine Hofmann</td>
<td>IFRC</td>
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<td>George Aelion</td>
<td>Food Security Cluster</td>
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<td>Graham Farmer</td>
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<td>Kokoevi Sousevi</td>
<td>Independent consultant</td>
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<td>Irina Mosel</td>
<td>Humanitarian Policy Group, ODI</td>
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<td>Nick Lesher</td>
<td>OpenRevolution / Financial Mobility</td>
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<tr>
<td>Arafat Jamal</td>
<td>IASC Secretariat</td>
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<td>Bjoern Hofmann</td>
<td>IASC Secretariat</td>
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