# TABLE OF CONTENTS

1. Nepal – scaling up cash transfer programming (CTP) after a rapid onset disaster  
2. Turkey – Working with host governments to deliver cash-based assistance during the refugee crisis  
4. Democratic Republic of Congo (DRC) – Taking cash transfers to scale in challenging environments  
5. Nigeria – Piloting tools and approaches for multi-sectoral cash responses  
6. Liberia – Implementing cash at scale in response to an epidemic  
7. Somalia – Rapid scale-up of cash transfer programming in response to drought  
8. Lebanon – Designing and implementing operational models for cash at scale  

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I 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.

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 2011.1 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

1 According to figures from AFAD website (March 2017).
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 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. 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.

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 TECs3 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

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3 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.

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.
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.*
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 MPs to scale in a collaborative, effective and efficient manner. It intends to support the effective integration of MPs 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 MPs: 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.

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.

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) 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. 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, 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

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* 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

* Data from OCHA monthly ‘Who does What, Where’ (3W) presentations.

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 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 BRC-IS 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 that 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,7 (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,8 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.

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7 Cash and Markets Monthly Dashboards have been produced, providing updates on changes to MEB values, based on market and supply chain data collected by FSMAU, OCHA and WFP, available at www.cashlearning.org/downloads/somcash-and-markets-dashboardjuly-2017.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?9
- 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.


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9 [www.agendaforhumanity.org/initiatives/3861](http://www.agendaforhumanity.org/initiatives/3861)
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. 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 LOUSIE model, with multiple agencies providing payments through a common card, and maintained a split of cash for food and cash for basic needs. 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:

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

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10 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.

11 WFP had offered to switch the food voucher component to unrestricted cash for food.

12 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.
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 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.

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.

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