Making cash work for cities and towns affected by humanitarian crises

Cash transfers can offer value-for-money in humanitarian responses, and cash transfer programming (CTP) has the potential to transform humanitarian architecture. While this type of assistance is established — in 2015 the EU Humanitarian Aid and Civil Protection Department issued ‘10 common principles’ for use of cash — to date it has mostly been used in rural areas. As humanitarian agencies increasingly face emergencies in urban settings, what can CTP contribute and what challenges arise? An IIED literature review indicates that cash transfers have a role in the first phase of urban humanitarian response and could contribute to longer-term development objectives. If humanitarian CTP in urban contexts is to be effective and sustainable it requires cooperation, coordination, capacity and commitment. It needs funding that is distributed across key humanitarian, development and private-sector stakeholders, under the leadership of a strategic and accountable body.

Accurate and context-specific response analysis is crucial to humanitarian programme design. However, evidence suggests that an early assumption can be made even as the facts are gathered: cash transfers can and should be prioritised to support populations hit by urban disasters, whether these are rapid, slow onset, or protracted crises. CTP has the great benefit of being a ‘multi-sectoral’ response: it can ensure beneficiaries are able to satisfy a wide array of ongoing needs, such as education, housing and health, which might be compartmentalised by traditional humanitarian responses. The transferable nature of cash also enables households themselves to prioritise their needs. At the same time, locally-spent cash is contributing to market recovery and helping to re-establish livelihoods (see Box 1).

A recognition of the advantages of cash has led to the creation of ‘multipurpose grants’ (MPGs) in recent urban emergencies, including the Syrian refugee response. MPGs are a critical instrument for effective urban cash assistance, considered appropriate when several humanitarian objectives (such as improved food security, shelter and access to basic hygiene items such as nappies and soap) can be fulfilled through one single transfer. This is often the case in urban settings, where demand is complex and interconnected, and where populations are dynamic in movement, making the traditional single-sector approach both ineffective and impractical. Programmes designed to meet beneficiaries’ diverse economic needs in one single transfer are able to contribute to overall wellbeing and
Effective humanitarian response must be rooted in an understanding of the urban landscape

resilience, rather than producing specific outcomes in a particular sector.

Necessary relationships for effective urban cash programming

The urban-based use of MPGs in the Syria refugee response has drawn attention to the need for coordination across different sectors: relationships between actors must be strong for multi-sector cash programmes to work effectively. Urban programmes in particular require coordination, consultation and reporting to a significant number of government and non-government stakeholders and service providers at various administrative levels. These time-consuming tasks require the skills of senior management. Governance in the specific country in crisis is an important factor in determining the quality and level of coordination and type of leadership, and potentially the effectiveness of humanitarian responses.

The humanitarian cluster system — an established response methodology that deals with single sectors — is not easily adapted to economic programming based on multi-sector needs assessments, which aims to meet multiple needs through single cash transfers. It remains to be seen whether this means the humanitarian sector must revise the cluster system, or adopt a completely new coordination mechanism. This issue is not specific to urban environments but their characteristics can have implications for potential solutions. For example, one proposed alternative is an approach based on geographical area rather than sector.

In addition, humanitarian actors are often unfamiliar with the complex interplay between urban governance and administration systems, service providers and markets. Yet effective humanitarian response programmes must be rooted in an understanding of this landscape, including sectors like housing, land and property. All urban humanitarian programming must engage with civil society, private sector actors and governments (see Box 2) due to the interconnected nature of urban challenges and demands; basic needs provided by public and private service providers; underlying chronic poverty; and a greater government presence than in rural areas.

Towns and cities are home to many different types of private sector operator, from street vendors to established companies. This makes it vital for those working on behalf of urban beneficiaries to understand the linkages and develop strong relationships with the private sector. These connections can provide humanitarian agencies with access to the technology needed to scale-up programmes and improve implementation speed and coverage, especially when there is a security risk or dynamic population movement. Urban areas contain many types of well-developed financial institutions, allowing agencies a variety of options for transferring cash to beneficiaries. For example, urban cash programmes have used public-private partnerships with telecommunications service providers and financial institutions to help implement large-scale cash programmes. Other private sector partners include landlords in shelter solutions and supermarkets for food voucher distribution.

Ways forward

We have identified and recommend a number of activities that could be done, or done better, to improve the effectiveness and sustainability of urban CTP by the humanitarian sector. Many highlight the need for collaborative working and thinking beyond individual sectors.

Box 1. The advantages of cash assistance in urban settings: case studies

Offering the power to choose: in the Mukuru informal settlement, Kenya, experts investigating Oxfam’s programme of providing cash assistance to households experiencing food insecurity revealed several benefits. The cash transfers allowed beneficiaries to prioritise other expenditure, apart from food, according to their own particular circumstances. This included paying off debts and restarting businesses.

Amplifying urban market recovery: a ‘lessons learned’ study of the response to Typhoon Haiyan in the Philippines showed that urban markets generally recovered rapidly, but supply bottlenecks remained in certain areas. It found that markets in rural areas were dependent on cities to recover, because the surrounding population depends on trade and services within the city. The study concluded that supporting rapid market recovery in urban areas (for example, with cash transfers) meant recovery in the wider region will follow.

Supporting enterprise: after the 2010 earthquake hit Haiti, Oxfam implemented a number of cash transfer programmes in urban areas. These combined cash assistance for basic needs with livelihood support for vulnerable beneficiaries. The overall programme enabled 87 per cent of beneficiaries to restart an economic enterprise.

1. Improve coordination. It is critical to improve coordination and connections between humanitarian, development, public and private actors in urban areas. Donors can play a key role in facilitating relationships between governments and other key stakeholders to create an informed, enabling, coordinated environment for humanitarian organisations planning cash responses. Better links between relief, recovery and development funding in high-risk countries (those that experience frequent disasters) could support more durable, integrated and multi-purpose cash-based urban responses. This is especially relevant to improving outcomes around shelter, water, sanitation and health. Clear leadership structures and governance frameworks are essential to providing readiness and response at the urban scale. At the broader international level, the humanitarian sector could set up a high-level strategic platform or working group, seeking to promote collaboration and coordination between key actors in the humanitarian, development and private sectors, and government.

2. Grasp urban context as part of preparedness. An analysis of the urban context will enable the development of more location-appropriate programmes; this could be conducted in preparation for potential future responses. This analysis could include, for example, the characteristics of urban environments, the complexity and dynamism of urban systems, remittance and debt levels, the role of the private sector, potential risks and rural–urban relationships. Raising awareness of CTP is another critical factor that could affect the capacity of government organisations, as well as their future responses.

3. Include all actors. In addition to government and civil society, identifying private actors and exploring their influence and potential opportunities to collaborate is another important aspect of response analysis. Wider collaboration adds value to the response, and allows possible risks to be identified. Financial service providers, training providers, health and water services, commercial actors involved in market recovery, landlords and entrepreneurs are among the private sector actors that should not be overlooked when planning an urban humanitarian response.

4. Look closely at markets. Market assessments are an integral part of urban programme design for all humanitarian sectors. Assessments in urban areas need to consider markets for services as well as commodities. They should consider how changes to the urban market networks affect not only the very poorest but other income groups. This informs the responses that support livelihood protection and promotion rather than survival needs alone. In displacement contexts, it may be particularly important to understand rental and water markets, and to both recognise host community vulnerability and include its needs. It is necessary to consider ways to meet the needs of displaced people without having a negative impact on host populations or their social relationships.

5. Move past sector-specific assessments. Urban households use cash to meet a wide range of needs, so income has a major impact on their vulnerability. A broader approach to needs assessment that focuses on economic vulnerability may therefore be more relevant and revealing in towns and cities than assessments focusing on sector-specific needs. One output of such an assessment could be an analysis of the costs of meeting basic needs in non-emergency scenarios (this would require investment in baseline studies of urban household economies).

6. Invest in linking response with development. There is growing recognition that more time and resources should be invested in links between response, early recovery and reconstruction, and long-term development. More focus should be placed on the link between risk mitigation and resilience,
especially in urban environments, where needs are complex, structural and diverse. By providing the basics and preventing short-term negative coping strategies, CTP can complement longer-term action to address underlying vulnerabilities or chronic poverty. For example, chronic vulnerable caseloads could be transferred from humanitarian CTPs to national social protection programmes. CTPs could help harmonise humanitarian aid for basic needs with government assistance provided to poor host communities. It could bind emergency cash-for-shelter approaches with national housing plans. Establishing appropriate governance and leadership structures will facilitate these benefits.

7. Test, monitor and evaluate. Cash assistance can act as a valuable standalone humanitarian response tool in urban contexts. However, given the complexity of demands, it can also be deployed as part of a mixed modality intervention. While cash is increasingly recognised as an appropriate crisis response mechanism, the conditions needed to support more effective urban CTPs must be clarified. This could be achieved by using CTPs more often to learn through experience, and where resources and governance mechanisms are lacking, a facilitated, coordinated procedure adopted by the different stakeholders and sectors may help stimulate its use.

Gabrielle Smith, Lili Mohiddin and Diane Archer

Gabrielle Smith is a freelance consultant with over ten years’ experience in social and economic development, social protection and humanitarian programming. She is a cash transfer specialist with extensive knowledge of markets-based programming and of cash assistance in urban contexts. Lili Mohiddin has worked in the humanitarian sector for over 15 years on food security and livelihoods. She has technical experience in cash-based programming, urban needs assessments, market analysis and capacity building. Diane Archer is a researcher and team leader of the cities and climate change team in IIED’s Human Settlements Group.

Notes