Bigger, better, faster: New learning in cash transfer programming

2 July 2012, 11:30-1:30 – Public Event, London

Chair: Wendy Fenton – Coordinator, Humanitarian Practice Network (HPN)

Speakers in London:

- Haley Bowcock – Interim Advocacy Officer, the Cash Learning Partnership
- Tim Waites – Disaster Resilience Adviser, Conflict Humanitarian and Security Department, DFID

Speakers in Nairobi:

- Breanna Ridsdel – co-editor of HE 54, article author and former CaLP Communications and Advocacy Officer
- Degan Ali – Executive Director of Adeso and article author
- Calum Mclean – Food Assistance/ Food Security Technical Adviser, ECHO
- Glenn Hughson – CaLP Focal Point - East Africa

Introduction:

Wendy Fenton introduced the London and Nairobi panels and highlighted the contributions of various speakers to the recent issue of the Humanitarian Exchange Magazine on new learning in cash transfer programming. Breanna Ridsdel (and Sarah Bailey, Humanitarian Policy Group) co-edited the issue, while Degan Ali authored an article on risk aversion in Somalia.

Haley Bowcock began with a brief overview of collaboration between the Cash Learning Project (CaLP) and HPN, of which this issue of the Humanitarian Exchange is the most recent example. In 2011, HPN and CaLP published Good Practice Review 11 on Cash Transfer Programming in Emergencies, which identified a need for continued research and learning on themes such as scaling up. She noted that this issue was raised by Degan Ali in her article about cash programming in Somalia – which argued that risk aversion hampered the scaling up of the response, leading to avoidable deaths.

GPR 11 also identified the need to continue to embed cash in organisational standard operating procedures. In their article, Rosie Jackson, Save the Children UK, and Nupur Kukrety, Oxfam GB share their agencies' experiences of trying to institutionalise cash transfer programming, noting that management buy-in and support for this is crucial to success.

Another issue raised in GPR 11 was the need for humanitarian actors to be able to make better decisions about when cash is appropriate or not. In her article on response analysis, Sara McHattie, ECHO, echoes this, emphasising that doing so will require building the skills and capacity for better market analysis. Breanna Ridsdel also picks up this point in the lead article noting in addition that issues around preparedness and coordination will also need to be addressed to achieve scale in cash transfer programming.

Haley then mentioned a number of recent CaLP publications on preparedness and scaling up cash interventions, market analysis and new technology in cash transfers, as well as a toolkit for urban programming and cash, all available on the [CaLP website](). She then shared CaLP's [2012-2015 strategy](), which addresses issues such as institutionalisation, information analysis and market assessment, coordination and scaling up. CaLP will continue to build capacity, facilitate coordination and knowledge sharing, and conduct research and evidence building, as well as carrying out global advocacy initiatives.

Panel discussion:

Barriers to scaling up

Breanna Ridsdel began by stressing that cash transfer programming has been implemented on a large scale both by NGOs in Somalia, the government in Pakistan in 2010 and in response to Hurricane Katrina in USA. As such, it is possible to use cash transfers at scale, but they are not being systematically implemented as much as in-kind responses.

Breanna noted that the current lack of preparedness results in a lack of experience, confidence, and skills - especially in actors on the ground when the emergency occurs; many do not have the skills to even assess if a large scale cash intervention is feasible let alone implement a programme. Such skills are important for staff at all levels in the organisation, including the technical staff, decision makers, and finance and logistics staff. There is also a need for more buy-in at a management level, which can facilitate the development of coordination mechanisms within and across organisations.

Breanna then moved on to the issue of market analysis, noting that there are many market analysis tools designed for use after the onset of a crisis, but humanitarian agencies are still not able to obtain rapidly and effectively the quality of data that most donors believe is needed to implement large scale cash responses. Any "quick and dirty" tool may suffice for small scale responses and pilot programmes, but not large scale ones.

On the topic of coordination, Breanna emphasised that there is a lack of coordination during the early decision making phase. Many organisations meet later only after decisions have already been made and funds have been committed.

Calum Mclean provided a donor perspective, noting that ECHO is open to and supportive of cash programming. However, this view is not shared across the board as some donors are still resistant to cash. He also called for greater preparedness, noting that from the donors' perspectives knowing whether or not mechanisms are in place to carry out the programme, if cash programmes pose risks to agencies transporting the funds, if money can be stolen or diverted, etc, is vital to decision making processes.

Tim Waites shared DFID's position on cash programming. He admitted that DFID is "struggling to put policy into practice" and is carrying out research to help inform its decisions and to learn more about implementing partners. He stressed that when funding in-kind assistance, DFID is familiar with which agencies to support and what the results will be. However, with cash programming, particularly in large onset emergencies and unfamiliar environments, it is difficult to know which partners to go through and how to establish the programme quickly and effectively.

Risk aversion

Degan Ali emphasised that counter-terrorism legislation and concerns about diversion highlighted in the UN Somalia Monitoring Group's report on diversion of food aid played a large role in hindering the humanitarian response to the 2011 crisis in Somalia. This pervasive risk aversion was surprising given the extensive NGO experience in cash transfer programming in the country and the availability of functioning markets and *hawalas* (money transfer companies). Degan also stressed that there was a lack of understanding from the humanitarian leadership– including cluster leaders, the HCT and OCHA - about the value of cash programming and so did not promote it. As a result, only a few NGOs and ECHO engaged in discussions on cash transfer programming. Additionally, as cash is multi-sectoral, it did not 'live' in any cluster, so lacked allies within the cluster system to push the agenda forward.

Humanitarian leadership

Glenn Hughson stressed that there is a lack of leadership from neutral bodies on cash programming, and he suggested that OCHA could take up this role. There are issues of conflicting interests when organisations with their own cash programmes lead inter-cluster efforts on cash.

Engagement with non-humanitarian actors

Tim Waites recommended looking at learning from social protection and safety net programmes, which can bridge humanitarian and development programming. Although usually located in the development sector these programmes can be designed to have the flexibility to expand or contract when an emergency occurs. This was the case in Sri Lanka following the 2004 tsunami. He also noted that the private sector, banks in particular, are playing an increasingly important role in emergencies, especially in terms of the systems and technology used to effect and manage cash transfers.

Calum Mclean noted that the risk financing element of Ethiopia's Productive Safety Net Programme (PSNP) is another good example of how social protection programmes can expand and contract to take on new caseloads in case of shocks or increased needs. He did caution that social protection programmes are often run by governments or have significant government involvement in the programmes, which some organisations may feel compromises their independence.

Degan Ali responded by noting that while liaising with social protection programmes on cash is a good idea, in fragile contexts such as Somalia or Haiti, this isn't an option as some donors are reluctant to fund such programmes where there isn't a strong functioning government. Degan stressed that this policy needs to change.

Gaps and response analysis

Calum Mclean observed that there is a recurring problem where needs assessments, situation analyses and other increasingly sophisticated assessment tools do not always have an impact on programme design, despite the fact that good response analysis should enable donors and agencies to determine if they're implementing the right programmes, at the right time, and in the right way.

Calum then spoke about the two main market analysis tools – the EMMA (Emergency Market Mapping and Analysis) Toolkit and the Market information and Food Insecurity Response Analysis (MIFIRA), noting that they performed different functions. For example, a programme that sought to use cash at scale would need a fairly robust market analysis, rather than the more rapid EMMA tool. He encouraged organisations such as CaLP to assess these tools and help improve them. Calum also highlighted that assessments should also take into consideration other variables such as community and household dynamics. It is also important to learn about the preferences from households and individuals on whether or not they would like cash, or vouchers, or in-kind assistance.

Degan Ali argued that there is an over reliance on big institutions; for example in Somalia, many were waiting for Food Security and Nutrition Analysis Unit –Somalia (*FSNAU*) and Famine Early Warning Systems Network (*FEWS NET*) in Somalia to determine whether or not cash could be done at scale. There is a need for a simple user-friendly market analysis tool; EMMA and MIFIRA are difficult, time consuming and expensive to use in a country that requires remote access.

Breanna Ridsdel reflected on the debate over market assessments, noting that while some actors are calling for more detailed understanding of markets others argue that large social safety net programmes are being implemented without market analysis - so why are such assessments (particularly very robust and complicated ones) considered necessary for emergency cash transfer programmes?

Breanna also observed that it is very easy to avoid making decisions by calling for more data, evidence and tools, and yet even when it is all available, agencies often still can't proceed with cash programming. Preparedness can help address or refute these fears by investing in local capacity, understanding markets prior to disasters, and building in-house market assessment capacity. Breanna argued that more flexible funding could help. The time and funding needed to carry out a robust market assessment means that the assessments are often used to justify the responses the organisations had planned from the beginning (particularly if funding is already secured). Interim market assessments or using pre-existing market frameworks could be used in the short term.

Institutionalisation

Haley Bowcock highlighted the importance of building capacity across an organisation, not just of specific individuals. For example, Oxfam developed financial standard operating procedures for cash with input from a senior finance manager while Save the Children developed a set of standard operating procedures for cash with input from logistics, operations, finance and food security teams.

Haley emphasised that while there is no set formula for institutionalisation, addressing the following factors can contribute to success:

1. Internal advocates are particularly useful if they're not in the typical sectors (i.e. food and livelihoods).

2. Demonstrate effectiveness of cash programmes, such as in Somalia and Pakistan, to build confidence in such programmes.

3. Knowledge should be shared across teams so that it isn't relegated to one traditional sector.

4. Training at different levels, including senior, mid-level, and junior staff is important. Institutionalisation requires buy-in from senior management as well as skills in different technical sectors to implement programmes.

5. Funding as institutionalisation is expensive.

Innovation

Tim Waites again highlighted the importance of the private sector, particularly in innovation. Examples include the Visa card programme in Pakistan for which many beneficiaries were pre-certified, so there was already data available. In the absence of such information, there is little space for innovation in the middle of large emergencies. He also noted that mobile systems can be useful where there are very weak banking systems.

Tim went on to highlight the importance of information to support innovation. He detailed a recent DFID study entitled "The Economics of Early Response and Disaster Resilience: Lessons from Kenya and Ethiopia" which used economic modelling based on three different storylines in Ethiopia and Kenya:

A) Late response to drought results in humanitarian intervention;
B) Early response is taken to ensure survival as a crisis is becoming evident;
C) Investment is made in building the resilience of communities to cope with drought on their own.

Tim observed that within the findings there was a message about cash: if you can respond quickly, early, and with cash, people can have the freedom to make their own choices.

Calum Mclean cautioned that while innovation can maximise efficiency, we need to be careful of exclusion errors, such as in Pakistan where vulnerable women were excluded because they did not own ID cards. Data protection and confidentiality when working with electronic systems are additional risk factors. Returning to the important of preparedness, Calum cited the Hunger Safety Net Programme (HSNP) in Kenya, which will be registering every household in its area of operation.

Concluding thoughts

Degan Ali concluded by stating that given agencies' ability to carry out cash transfer programming in Somalia, "one of the most insecure environments in the world, there is no reason why we can't do it at scale in other countries". She also emphasised the importance of building confidence in the sector; the humanitarian imperative to respond should outweigh concerns about diversion.

Breanna Ridsdel highlighted the fact that the aid sector is changing, and while cash is one small element, it plays a role in pushing the sector to improve its operations and policies. We need to continue learning and engaging on issues to keep moving the agenda forward.

Tim Waites observed that it is important to ask beneficiaries about their preferences in terms of cash or in-kind interventions, as in some cases a mix of cash and NFIs may be most appropriate.

Calum Mclean reemphasised the potential link with social protection systems, the value of preparedness, and what effect it could have on programming. He also highlighted the need for ECHO to reflect on what these changes could mean for their donor policies.

Q&A:

- An audience member [Karri Goelder Byrne – co-developer of EMMA] stressed that **EMMA is not expensive**. Moreover, the tool is flexible and agencies can choose to use the light or heavy form.
    - **Degan Ali** responded by stating that Adeso's experience of using EMMA in Somalia was very expensive due to training, logistics and security costs. She reiterated the importance of a lighter tool that field staff can implement easily.
    - **Breanna Ridsdel** called for more dialogue between implementing agencies and donors on what is needed to implement cash transfer programming.
    - **Calum Mclean** stressed that strict standards would not be useful as donors' policies should be flexible.

- One question focused on the links between **social protection and emergency cash programming**. Differing target groups can be a problem as well as difficulties working around national systems and financial regulations.
    - **Breanna Ridsdel** highlighted that national regulatory systems can be very complicated, and can sometimes prove to be a barrier. There need to be stronger links between relief and development programming as well as good relationships with the host governments.
    - **Calum Mclean** noted that differences in development-focused social protection targeting and humanitarian targeting can be addressed by building flexibility into the design of social protection safety nets, as is being done in Kenya. Doing this requires greater engagement with the development sector.

- Another question focused on the capacity of NGO finance teams to partner with the private sector, stating that some of these finance teams may not be prepared to negotiate such large scale contracts.
    - **Haley Bowcock** responded that this can be addressed as part of preparedness. Additionally, NGOs can work in a consortium to share skills and capacity.

- One question addressed **market assessments**, arguing that food aid can affect markets, and yet market assessments are not required for many food aid interventions.
    - **Tim Waites** agreed that there was an uneven push for information and **Calum Mclean** said that ECHO would be looking at insisting on good response analysis for all programme proposals, cash, in kind and/or food-related.

- A final question addressed issues of **security and cash**, asking if perhaps NGOs were averse to carrying out cash transfer programming as it could pose security risks for staff transporting the funds.
    - **Tim Waites** responded by noting that there is quite a lot of evidence to suggest that cash transfer programming can be just as secure as in-kind aid, if not more so, as it can be easier to hide money than to hide food. He also noted that there is a UNICEF programme in DRC that is moving from a cash voucher market system to cash transfers.