

THE STATE OF THE WORLD'S CASH REPORT

CASH TRANSFER PROGRAMMING IN HUMANITARIAN AID



FOREWORD

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

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

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

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

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

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

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

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



Jan Egeland
Secretary General
Norwegian Refugee Council

EXECUTIVE SUMMARY

INTRODUCTION

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

Realizing the transformative potential of cash depends on:

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

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

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

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

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

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

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

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

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

⁴ Development Initiatives (2017) Global Humanitarian Assistance Report

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

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

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

⁸ www.agendaforhumanity.org/initiatives/5358

ABOUT THIS REPORT

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

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

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

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

The full report also includes:

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

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

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

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

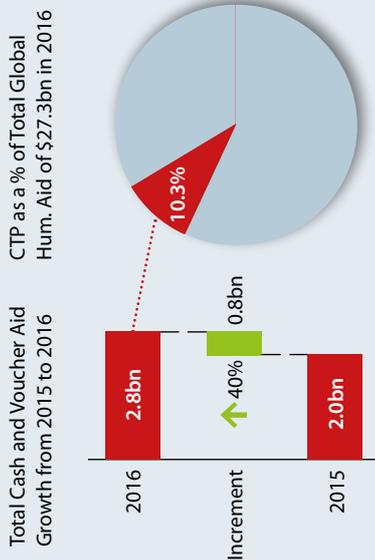
The team worked closely with Development Initiatives to use a comparable methodology for estimating the total volume of CTP during 2016 as they used for 2015, as presented in the publication 'Counting Cash: Tracking humanitarian expenditure on cash-based programming'.¹⁰

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

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

Key Findings

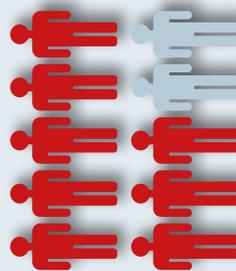
1 Global spend on cash and vouchers increased by 40% to \$2.8bn in 2016



4 The quality of CTP is improving, enhanced by collaboration

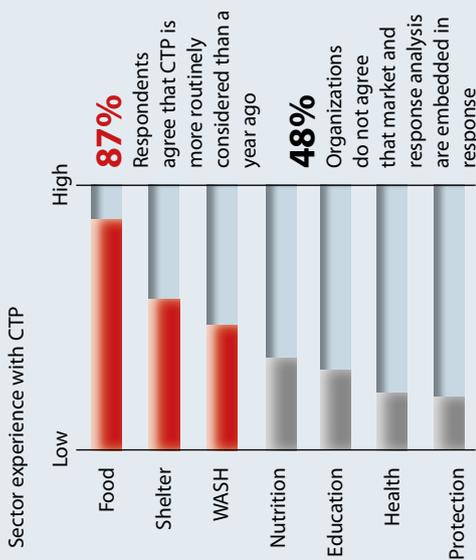
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Practitioners believe their organization



- ▶ Has made progress towards increasing the quality of CTP
- ▶ Has considered evidence of best practices while designing and implementing CTP
- ▶ Is taking steps to embed common standards and guidelines for CTP

2 CTP is being considered more often, but not systematically



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

% Practitioners who believe there has been an improvement in

48% Quality of CTP coordination

41% Predictability of CTP coordination

28%

Practitioners believe that national/ local actors are appropriately involved in the coordination for CTP

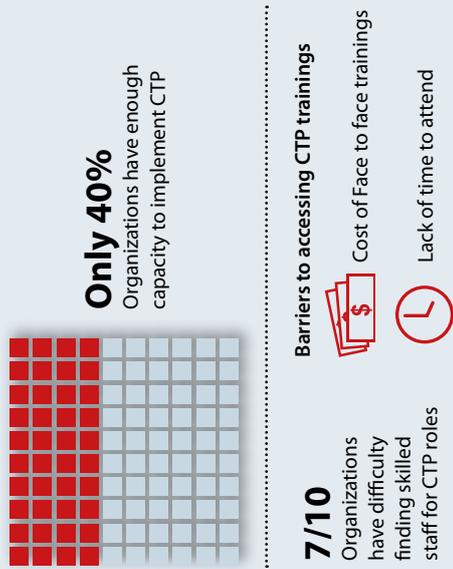
Barriers to effective coordination for CTP



Confusion about where CTP coordination sits in the international system

Limited commitment to use shared operational mechanisms

3 Capacity for CTP is a limiting factor across organizations



6 Innovations and evidence are proliferating, but gaps remain

% Practitioners who believe evidence is available to

80%

53%

100% Agree

Make the case for CTP

Use CTP appropriately across sectors

Inform selection of operational models for CTP

44%

0% Agree



CHAPTER 1 – FUNDING

Global Objective 1:

Ensure Sufficient Funding is Available for Cash Transfer Programming

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

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

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

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



CHAPTER 2 – ROUTINE CONSIDERATION

Global Objective 2:

Ensure Cash is Routinely Considered, Alongside Other Tools

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

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

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

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

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

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

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

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

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

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

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



CHAPTER 3 – CAPACITY BUILDING

Global Objective 3: Build Sufficient Capacity for Cash Transfer Programming

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

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

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

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

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

The Grand Bargain commits international actors to make humanitarian action as local as possible. Currently, there is a major gap in the emphasis and resources being channelled towards building the CTP capacities of local actors – both governmental and non-governmental. The work of the International Federation of Red Cross and Red Crescent Societies (IFRC) to build the capacities of national societies demonstrates the added value of building local cash readiness ahead of a crisis, and highlights the importance of consistent and increased investment in cash preparedness and institutionalization.

**CHAPTER 4 – QUALITY****Global Objective 4:****Ensure the Quality of Cash Transfer Programming**

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

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

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

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

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

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



CHAPTER 5 – COORDINATION

Global Objective 5:

Strengthen Coordination of Cash Transfer Programming

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

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

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

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

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

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



CHAPTER 6 – EVIDENCE AND INNOVATION

Global Objective 6:

Strengthen the Evidence Base and Invest In Innovation

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

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

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

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

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



CHAPTER 7 – PRIORITY ACTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.3 Build individual competencies in CTP. [GFA 3.3]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Key themes and enabling factors

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

The two key themes are:

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

The three enabling factors are:

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

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

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

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

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

ANNEX I: GLOBAL FRAMEWORK FOR ACTION

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

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



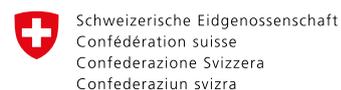
The Cash Learning Partnership

Cash transfer programming (CTP) is widely recognised as one of the most significant areas of innovation in humanitarian assistance, with rapid recent growth and huge potential to meet more needs, better. This report takes stock of global progress on cash transfer programming to date, analyses the successes and obstacles and identifies the essential next steps required to accelerate progress.

The report was commissioned by the Cash Learning Partnership (CaLP) and delivered by a team of CTP experts, CaLP staff and Accenture Development Partnerships. The report was funded by: the Australian Government, the Federal Foreign Office of the Federal Republic of Germany, the Swiss Agency for Development and Cooperation, the British Red Cross, the World Food Programme, as well as CaLP's general funds. The views expressed in this publication are the authors' alone and are not necessarily the views of the donors.

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