

CASH-BASED RESPONSE



**WORLD HUMANITARIAN SUMMIT
PUTTING POLICY INTO PRACTICE**

THE COMMITMENTS INTO ACTION SERIES

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Credit: European Commission - Humanitarian Aid and Civil Protection (ECHO)

Finally, our thanks to the German Federal Foreign Office, Das Auswärtige Amt, who provided the funding for this work.

The Commitments into Action series

Humanitarian needs continue to grow, with millions of people affected by conflicts, natural disasters and other crises every year. Simultaneously, these shocks undermine development gains and block the path out of poverty and towards sustainable development. Furthermore, these negative events can destabilise neighbouring countries and have regional or even global repercussions.

And yet, many humanitarian crises remain underfunded or forgotten. Donors and operational agencies make hard decisions about which operations to prioritise, and which to let go. In short, there is insufficient quality money - which does not reach all those in need, to purchase what they need, when they need it. Human suffering continues unabated.

In May 2016, the World Humanitarian Summit reflected on the shifting nature of crises and the need for new ways of funding and delivering humanitarian assistance, so that humanitarian aid can remain a key and effective tool for the critical task of saving lives and preserving livelihoods. The question of how to better finance humanitarian operations – including how to finance some of the emerging good practices and new ways of working in humanitarian crises – was seen as key to delivering a better response.

Under the OECD's mandate to monitor the effectiveness of aid and to promote peer learning, we will continue to support our members to deliver on the commitments they made at the Summit, especially the commitments around better humanitarian financing.

As part of this work, the Commitments into Action series was developed to provide straightforward, practical guidance for OECD Development Assistance Committee members and other humanitarian donors, helping them translate their humanitarian policy commitments into quality results in the field.

This series has been developed to help professionals with limited knowledge in humanitarian donorship to better engage and deliver on the “new way of working” following the World Humanitarian Summit – supporting them to deliver better finance and better engagement with the humanitarian community on the key issues surrounding humanitarian responses in modern crisis situations. This series specifically targets professionals in donor agencies making decisions about humanitarian funding.

All guidelines are available on a dedicated website designed for humanitarian donors:
<http://www.oecd.org/development/humanitarian-donors/>

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1. Introduction

The use of cash in humanitarian response is not new. What is new, notably after the World Humanitarian Summit and the Grand Bargain, is the policy momentum for using cash as a primary option in responding to humanitarian needs. There is a growing body of evidence demonstrating its multiple benefits as a transformative tool in addressing the needs of the most vulnerable. Large scale cash-based response programmes are being mobilised in the Middle East, putting the Grand Bargain commitment into motion. However, “why not cash?” is still not the first question asked when programming humanitarian response.

These guidelines are intended to provide donor staff with an overview of cash-based response; what it is and why donors should consider it, as well as key operational and practical considerations for its feasibility, implementation, coordination and impact. This note does not duplicate or replace existing cash technical tools or guidance, of which there are many.¹ Instead it provides a synopsis of the key issues in current cash good practice; including latest policy and practical guidance of relevance for donors who would like to be funding or working within cash-based response for the first time.

2. Description and definitions

Cash is not a sector, but a modality that can be used for multiple objectives. Cash-based response has been used to date in most sectors, including food security, livelihoods, shelter, water and sanitation, protection, health, nutrition and education. However, it is generally of maximum effectiveness and efficiency when provided as ‘multipurpose cash’ – one grant to address multiple needs across sectors, which promotes beneficiary choice and flexibility (Box 1).

<p>Box 1 - DG-ECHO’s ‘10 Common Principles for Multipurpose Cash-Based Assistance to Respond to Humanitarian Needs’</p> <p>“Considering recent developments in the humanitarian sector and the lessons learned, unconditional multipurpose cash assistance is increasingly becoming a relevant and appropriate response. The opportunities to use cash at scale are growing and the benefits of in-kind transfers are diminishing”</p> <p><i>Source: 10 Common Principles for Multi-Purpose Cash-Based Assistance (ECHO, 2015)</i></p>

Cash-based response is the use of cash or vouchers as a means of enabling households to meet their basic needs for food, non-food items and/or services or to buy assets essential to resume economic activity.

Type of cash-based response	Definition
Unconditional cash	A cash transfer provided without the recipient having to undertake actions to receive the cash, and with no spending restrictions.

Restricted transfers	The implementing agency puts expenditure restrictions on the cash and specifies it can only be used for pre-determined items or services.
Conditional cash	Recipients must do something in order to receive the cash; the cash is conditional on them completing a task (e.g. health visits or education for children, developing a business plan, rebuilding their house, attending a training session, etc.)
Vouchers	Vouchers are a paper, token or electronic card that can be exchanged for either a set quantity or value of pre-defined commodities, or services, at a designated vendor.
Multipurpose cash grant (MPG) Or Multipurpose cash transfer (MPT)	A transfer (either regular or one-off) corresponding to the full or partial amount of money a household needs to cover for a set of basic and/or recovery needs. These transfers are by definition unrestricted cash transfers. The multipurpose cash grant contributes to meeting the minimum expenditure basket for a household, but can also include other recovery needs.
Cash for work	Cash payments are provided on the condition of undertaking designated work. This is generally paid according to time worked (e.g. number of days, daily rate), but may also be quantified in terms of outputs (e.g. number of items produced, cubic metres dug). Such interventions are usually part of public or community work programmes, but can also include home-based and other forms of work.
E-transfer	<p>A digital transfer of money or vouchers from the implementing agency to a programme participant. E-transfers provide access to cash, goods and/or services through mobile devices, electronic vouchers, or cards (e.g., prepaid ATM, credit or debit cards). E-transfer is an umbrella term for e-cash and e-vouchers.</p> <p><i>Card-based systems</i> allow the beneficiary to access cash (or commodities) via ATMs or payment merchants, possibly without the need for a bank account. <i>Mobile transfers</i> are a form of cash transfer occurring over the mobile network.</p>
Social protection	Actions to address risk, vulnerability and chronic poverty that are carried out by the state or privately. Social protection refers to comprehensive systems including safety nets, social assistance, labour market policies, social insurance options (e.g. contributory pensions, health insurance), and basic social services (e.g. in education, health and nutrition).
Social safety nets	Safety nets target the poor or vulnerable and consist of non-contributory transfers, such as in-kind food, cash or vouchers; they can be provided conditionally or unconditionally. They are a sub-set of broader social protection systems.

3. Why is cash-based response important?

Efficiency and effectiveness

When used in the right context, cash-based response can be more efficient and effective than in-kind assistance (i.e. provision of relief commodities such as food and non-food items for example hygiene kits, kitchen sets and tarpaulins). Evidence also shows cash-based transfers are usually cheaper² and support local market recovery.

Cash-based response gives the aid beneficiary more control of their life. It can promote dignity, choice and the ability for recipients to prioritise their own needs. In contrast, when people receive in-kind commodities that may not meet their priorities, they often sell them, which in turn can distort local markets.

Cash-based response, like any other form of humanitarian assistance, should only be done when appropriate and feasible; when markets are functional, when safe and efficient delivery mechanisms are available, and when risks can be mitigated.

Transformative potential for humanitarian assistance

Overall, cash-based response has huge transformative potential in the opportunities it creates for improving humanitarian assistance. Humanitarian cash provides opportunities to link with developmental cash (i.e. safety nets and social protection systems). This can promote locally owned systems and help deliver a more sustainable impact.

Digital payments and technologies, such as mobile transfers and card-based systems can also bring distinct benefits to humanitarian response and usually provide a safer and more efficient way to deliver cash.

Cash-based response can, and should when possible, link relief to recovery and longer-term outcomes – building coherence between humanitarian and development responses. It can link with government social protection systems and safety nets. Building a social safety net that can respond to shocks through cash delivery is a good preparedness measure. (See Commitments into Action: [Multi-year humanitarian Funding](#) (OECD, 2016)

4. Commitments

The call for increased use of cash in humanitarian response is in line with humanitarian policy commitments, and has been most notably directly addressed during the World Humanitarian Summit and in the Grand Bargain – reflecting the new trends in humanitarian response.

World Humanitarian Summit Grand Bargain, Commitment 3	<p>(3.1) “Increase the routine use of cash alongside other tools, including in-kind assistance, service delivery (such as health and nutrition) and vouchers.”</p> <p>(3.6)” Aim to increase the use of cash programming beyond the current low levels, where appropriate. Some organisations and</p>
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	donors may wish to set targets.”
Good Humanitarian Donorship principle N°9	“Provide humanitarian assistance in ways that are supportive of recovery and long-term development, striving to ensure support for the maintenance and return of sustainable livelihoods and transitions from humanitarian relief to recovery and development activities.”
Core Humanitarian Standard (CHS)	Cash-based response is also rooted in the CHS principles of: “appropriateness, effectiveness, strengthening of local actors, participatory, complaints focused, coordinated and complementary, learning and improvement.”
The Cash Learning Partnership (CaLP) Global Framework for Action³	The framework provides a collective, comprehensive and action-oriented roadmap for humanitarian actors to scale up cash programming. The framework is relevant to donors, operational agencies and others working on cash.

5. Prerequisites for cash-based response

Cash is an aid modality or tool, so there are a few formal prerequisites that might prevent donors from considering supporting a cash-based response through their partners, if not in place. The following section gives some basic guidance on when cash is appropriate and feasible, and what donors should look for when assessing partner’s ability to design and co-ordinate effective cash-based response.

Assessing the needs

Donors should have clear and relevant objectives for their cash-based responses, directly related to the needs identified through assessments in crisis situations. For example, if shelter has been identified as the priority need of a community, then providing food vouchers to recipients may not be the best use of resources. Conversely, if a range of multi-sectoral household needs has been identified, multipurpose cash may be most appropriate.

Ensuring appropriateness

Cash-based response is appropriate in a wide range of different contexts, including rapid-onset disasters, slow-onset chronic disasters, protracted crises and also during conflict. It can be used for humanitarian, recovery and development outcomes. However, cash transfers are not appropriate to meet all humanitarian needs. There are certain services where cash is inappropriate, such as immunisation, sanitation, nutritional feeding and protection. In these cases, complementary programming should continue to be supported and promoted.

Assessing partner capacity

Humanitarian cash-based response is triggering a genuine interest amongst humanitarian agencies. However, their expertise varies in managing this aid modality, and donors should make sure the partners they consider funding have the appropriate capacity to deliver cash in a co-ordinated way as part of a wider humanitarian response. Donors should ensure their

partners are addressing basic practical steps to enable a cash response that is fit for purpose, most notably:

- **Contextual analysis:** the partner knows and explains why providing cash is the most appropriate way to respond to needs.
- **Markets and delivery options:** the partner has determined that a cash-based response is operationally feasible and appropriate - if recipients cannot buy what the cash is intended for in local markets or access the relevant services, then cash is not appropriate. The partner's market assessment is regularly repeated - if cash is appropriate to address needs when the programme is designed, it may not be the case later if the market situation deteriorates.
- **Security risks:** the partner has assessed the risks related to delivering cash to recipients and used this information to inform decision on the appropriateness of cash, choice of delivery mechanism and modality, as well as the overall implementation approach. Where risks are high, for example where cash delivery can attract criminality, appropriate mitigation measures are factored into design. In high risk situations, cash may not be appropriate.

Co-ordination

Donors do not need a field presence as a pre-requisite for supporting humanitarian cash-based response. Co-ordination is however one of the most critical elements in the overall success of a cash-based response (Section 8). Donors without field presence should ensure their partners are fully embedded into a co-ordination mechanism at the country level that addresses cash-based response.

6. Tools and programming

This section outlines the main steps and key principles of a standard cash-based programme. Donors should ensure that as many of these as are appropriate are included in their partners' cash-based programmes. The list is not exhaustive, and each principle may bring different challenges in different contexts, but it provides a useful practical overview:

Accountability to beneficiaries

Having accountability mechanisms built into a cash programme ensures that recipients know why they are receiving cash (eligibility), how they can receive it (delivery mechanism, in particular if e-transfers are used), when they will receive it (disbursement frequency) and what to do with questions or complaints. Accountability is more than just the establishment of a complaints line. Good cash programmes should have an accountability strategy, which includes two-way communication as a key component, and with a range of communication techniques relevant to the context and accessible to the most vulnerable groups (Box 2).

Box 2: British Red Cross Approach to Beneficiary Accountability in Urban Haiti

Between 2011 and 2012, the British Red Cross distributed 4,000 unconditional cash grants to households in Port au Prince in post-earthquake urban Haiti. A strong commitment of accountability to beneficiaries was seen as a core component of cash programme delivery, which was essential to ensure the smooth running in a volatile urban

neighbourhood, with high poverty and crime. The approach provided a beneficiary complaints and response hotline, as well as two-way communication activities. The complaints and response mechanism was directly used to improve programme quality and functionality. Beneficiaries were initially told about the cash grant programme through community meetings where the eligibility criteria and dates for disbursement were also explained. Posters were put up in the neighbourhood explaining the process. For the feedback channel, a phone line was decided to be the most appropriate approach given the low levels of literacy and widespread mobile phone ownership in the area. Through the complaints and response mechanism, the quality and efficiency of the programme could be improved and potential cases of fraud and issues could be identified early on. It also enabled community trust to be built. The hotline was not well publicised at the beginning due to field staff's hesitation that it would lead to excessive use of the hotline for complaints not relevant to the programme. However this was not the case and publicity was increased later in the programme.

Source: Urban livelihood recovery , lesson from Port-au-Prince, Haiti (British Red Cross, 2014)

Co-ordination of cash approaches

Co-ordination within the overall humanitarian cash response is essential for avoiding duplication or gaps in assistance, to ensure sharing of information and to harmonise approaches. Co-ordination should also be conducted across all stakeholders, including local and national actors and governments. To ensure coherent **and** co-ordinated cash response, donors should ensure they and their partners are attending or linking up with the relevant cash co-ordination mechanism, such as the Cash Working Group (CWG) or a UN cash co-ordination lead agency (i.e. OCHA, UNHCR or WFP).

Lack of cash co-ordination can lead to significant problems if selection criteria, transfer amounts and delivery mechanisms are not the same for all cash providers (Box 3). Potential issues include recipient complaints, lack of acceptance by local authorities, and in the worst case scenario, potential security issues with staff or recipients on the ground.

Box 3: Co-ordination of cash-based Response in Greece

In Greece, NGOs, the UN and donors are working with the Government of Greece to use cash-based response to address the humanitarian needs for refugees spread across 60 sites. Harmonising approaches has proved difficult as organisations started cash assistance at different times, had different levels of experience, and the cash working group has not received a clear mandate. The evaluation has found that there has been a rush to co-ordinate without using existing learning from previous cash responses, and that contradictions between partners and government' expectations made cash-based responses operationally challenging in a highly politicised environment. The evaluation proposed that competition should be used to determine the best private financial service provider for scaling up cash delivery effectively and efficiently. Finally, high quality cash-based response requires substantial organisational capacity, technical expertise and experience.

Source: scale right - coordinating improved cash assistance in Greece (IRC, 2016)

Efficiency – links to the private sector

Digital payments and technologies, such as mobile transfers and card-based systems, can bring distinct benefits to humanitarian response and usually provide a safe and transparent way to deliver cash. However, their widespread adoption is not yet fully underway. Barriers to using e-cash include low literary rates, high transaction costs and limited accessibility and security in remote settings. Additionally, the regulatory and funding environments between humanitarian and private sector requirements don't always align.

However, partnerships between humanitarian organisations and the private sector can lead to efficient and largescale cash-based responses. Donors can promote such partnerships with the

private sector as long as they ensure humanitarian principles are applied, in particular around data protection. Humanitarian action requires the collection and storage of a large amount of personal data, and this can be sensitive in contexts wherein leaks of such data can result in individuals being targeted due to ethnicity, religion, links with international organisations, etc. (CaLP, 2013). The use of prepaid e-cards may be appropriate where payment infrastructure is relatively well developed, such as in middle income countries. In contexts where there is weak or broken payment infrastructure, yet active mobile networks, mobile transfers are often used.

Box 4: Adapting from Cash to E-transfers in Uganda

Plan International in Uganda was an early adopter of e-payments for humanitarian cash-based response. In 2012, Plan International used physical cash to reimburse transportation costs to each of the 50 to 100 participants who attended its frequent workshops across five districts in Uganda. When Plan switched these payments to a mobile money payment provider, it reduced 77 percent in costs, saved participants time by reducing paperwork and freeing up time for delivery training content, increased transparency and reduced the security risks of cash handling for its staff.

Source: A toolkit for USAID implementing partners and development organisations (NetHope, USAID, 2014)

Links to social protection mechanisms

Although national governments should remain responsible for the design and management of social protection programmes in their countries, humanitarian actors can play a role in strengthening existing policies and supporting the creation of new social protection systems in areas where these programmes do not exist or are underdeveloped.

Humanitarian cash has similarities to social safety nets within social protection systems. Social safety nets comprise payments such as pensions and benefits. There are opportunities for humanitarian cash and social assistance to link up for two key reasons:

- An existing social protection system can potentially help with delivering a cash response at speed and to a large amount of people
- Engaging with social assistance to deliver humanitarian cash can help strengthen the state system.

Humanitarian cash so far has not linked up with social protection systems as much as it could. The challenges span a range of political, technical and strategic factors, that all vary by context. Some examples include: mismatched targeting, lack of technical capacity within governments and risk of political influence on humanitarian cash programmes. The three most common options for linking humanitarian cash with social protection systems are:

- **Vertical expansion:** Increasing the benefit or duration of an existing programme, such as adapting transfer values to meet humanitarian needs. (Example: UNICEF's earthquake response in Nepal⁴).
- **Horizontal expansion:** Adding new beneficiaries to an existing programme. (Example: The Hunger Safety Net Programme in Northern Kenya⁵)
- **Piggybacking:** Using a social protection administrative framework, but responding to the shock with a separate cash programme. (Example: WFP's use of the Philippines 4P programme for Typhoon Haiyan response, Box 5.)

In contexts that are exposed to shocks, donors can initiate steps to assess the national social protection system's ability to respond to shocks, notably its ability to quickly and effectively increase the number of beneficiaries to include those affected by crises. Within the framework of their development activities, donors can engage with the government's social protection system and create linkages with humanitarian cash as a preparedness measure.

Box 5: WFP's Vertical scale up of the Pantawid Pamilyang Pilipino Programme (4Ps) Social Protection System in the Philippines

In 2008, the Government of the Philippines launched its flagship social protection programme called the Pantawid Pamilyang Pilipino Programme (4Ps). This programme provides conditional cash transfers to the extremely poor to improve the health, nutrition and education of children under 18 years of age. The targeting for this programme is done through the National Household Targeting System for Poverty Reduction, which is a database of poor households in the country. It reaches a total of 4,353,597 households across all 17 regions in the Philippines, delivered through the Land Bank of the Philippines in most areas. The programme is managed by the Department of Social Welfare and Development (DSWD). After Typhoon Haiyan, WFP was able to use the existing 4Ps system to deliver unconditional cash assistance to the affected areas. Prior to Haiyan, WFP had already worked with the DSWD on other activities, so it already had some familiarity with the existing system and how it worked.

Source: Cash co-ordination in the Philippines, A review of lessons learned during the response to super typhoon Haiyan, CaLP (2015)

Cash and protection are mainstreamed

There is global acceptance of the need to pay close attention to both the positive and negative impacts of cash transfers on key protection components. Good cash-based responses should both do no harm and minimise risks in terms of protection. For example, the introduction of e-transfer may bring potential shifts in household or community dynamics if not everyone in the community has access to the technology. Those risks should be analysed properly to ensure that the most vulnerable are still able to benefit from the cash-based response.

Preparedness measures enable timely scale-up

Without preparedness, cash programmes can take time to set up, in particular e-transfers. Information gathering, analysis and systems need time to be established. With proper preparedness, a humanitarian cash-based response can be implemented quickly and at scale. However, once running, cash is typically much faster than in-kind assistance.

In countries with chronic or recurring emergencies, there are many preparedness activities that partners can do and donors can support, including but not limited to: pre-disaster baseline assessments (such as markets and economic security assessments), assessment of partner skills and capacity, developing framework agreements with financial service providers and engaging with the government about the capacity of their existing social protection systems, and the potential for these systems to be used in times of crisis or shock (Box 6).

Box 6: OCHA/WFP/UNHCR/UNICEF Cash Feasibility Preparedness Framework

DFID is funding a feasibility preparedness pilot exercise, through OCHA, UNHCR, WFP and UNICEF in Myanmar, Afghanistan, Burundi and Niger. The assessment looks at what populations are likely to be affected by predictable or expected crises; what post-crisis needs could be met by cash-based response; and where joint cash-based response can be feasible. The results are then used to define geographical areas, beneficiaries and sectors, as well as establishing in advance what level of information systems will be 'good enough' to meet the cash goals. Specifically, a feasibility framework has been developed, looking at the following components to facilitate decisions about a cash-based response: relevance of targeted needs vs. agency mandates and funding; market

system functionality; acceptance and safety across all relevant actors; financial service providers and delivery mechanism capacities; implementing partner capacity; risk analysis; cost benefit analysis; response options analysis.

Source: UNICEF/WFP Return on preparedness investment study, (Humanitarian preparedness, 2015)

Opportunities for financial inclusion

One of the potential benefits of e-transfers in humanitarian response is the opportunity for greater financial inclusion for the beneficiaries of the cash-based responses. If financial inclusion occurs, recipients can use the services after the humanitarian action is over, or use complementary products provided by the service provider in addition to the humanitarian cash. Initial studies suggest that existing e-transfer programmes do not necessarily lead to a sustained and widespread uptake of financial services. As a result, donors should not see cash-based response in emergencies as a primary tool for financial inclusion of the most vulnerable populations but as an opportunity to link with the private finance sector.

Capacity and skills of organisation (including local actors) to manage a cash-based programme

Cash is new to many organisations and not all have the capacity to scale-up or convert their response to cash-based without support or capacity building. This can be the case for some local partners. Research is still necessary to improve analysis and cash-based programme design. Donors should be sensitive to this and support capacity building and research where required.

7. Risk management

Risk aversion still prevails with cash. However, there is no evidence to suggest the risks of cash-based response are higher than other forms of humanitarian assistance, such as in-kind assistance. Both can be stolen, diverted, or put staff and recipients at risk. In some contexts, cash is indeed less risky than in-kind aid and can provide advantages. Cash is usually more discrete to deliver (e.g. through mobile phones), which means it is often safer than in-kind aid in insecure environments. It also can be transferred digitally, which increases transparency and minimises fraud.

As with all risk analyses, risks associated with cash should be assessed based on their likelihood and possible consequences. Many risks surrounding cash can be mitigated by putting appropriate controls in place at the design and planning stage. Risks can also be transferred to organisations with expertise in risk management; the use of a financial service providers rather than an agency's own distribution mechanism is one example. Risks should continue to be monitored throughout cash implementation. Donors such as DFID have specific guidelines on managing fiduciary risk. (DFID, 2011).

Risks for cash-based response can be broadly categorised as either contextual (external e.g. political, economic), programmatic (related to programme objectives, staff and recipients) or institutional (organisational, e.g. reputational or fiduciary issues) (IRCRCM, 2015).

The following table shows potential risks associated with cash-based responses, and examples of mitigation measures:

Risk	Examples of mitigation measures
Government resistance, or different priorities	<ul style="list-style-type: none"> • Co-ordinate advocacy from donors and senior UN and NGO management • Explore options to link with national social protection system (if exists)
Fraud and corruption	<ul style="list-style-type: none"> • Support direct electronic cash transfers • Support feedback and complaints mechanism
Improper targeting or modality leaving people behind or duplicating aid	<ul style="list-style-type: none"> • Ensure co-ordination mechanisms are in place and link support with participation in those co-ordination mechanisms • Favour transparent electronic payment over cash delivery when possible and relevant
Market risks	<ul style="list-style-type: none"> • Monitor food prices, check exchange rates • Advance information to vendors • Combine in-kind and cash-based transfers • Conduct market monitoring and use for adapting programmes where required • Set agreements with vendors for prices (relevant to vouchers only)
Unintended use of cash or poor quality goods	<ul style="list-style-type: none"> • Ensure partners undertake constant needs assessment, accurate targeting and providing the right amount of cash to meet the identified needs • Ensure flexibility for partners to adapt aid modality
Insecurity or major context modification	<ul style="list-style-type: none"> • Ensure flexibility for partners to adapt aid modality • Ensure data protection
Protection and gender	<ul style="list-style-type: none"> • Consider risks around specific vulnerable groups and understand gender dynamics, and design to ensure no harm is made
Internal organisational procedures	<ul style="list-style-type: none"> • Ensure use of Standard Operating Procedures (SOPs) for cash-based programmes and engage all relevant staff, operational as well as technical and cash response team

8. Co-ordination and co-operation

Co-ordination is challenging as cash response cuts across sectors and clusters, and can be used for multiple objectives. There is no universal model for cash co-ordination or Inter Agency Standing Committee (IASC) endorsement about where cash response sits in the humanitarian architecture or who should lead it. As a result, co-ordination has so far been pragmatic. Several NGOs can come together to share their operational modalities and come up with a coherent model for cash-based response in a given context, with the technical support of knowledge and coordination platforms such as CaLP (Box 7).

Box 7: The Cash Learning Partnership (CaLP)

The Cash Learning Partnership (CaLP) is the most representative network of stakeholders involved in humanitarian cash-based response. It has 47 members, including UN, local and international NGOs, Red Cross/Red Crescent, governments and the private sector. The primary aim of CaLP is to bring together stakeholders to make the best use of cash as a humanitarian tool. CaLP also offers trainings in cash transfer programming at country and regional level. A wide range of resources are available on <http://www.cashlearning.org/>

Increasingly though cash delivery and co-ordination is becoming concentrated and done at a larger scale by some major actors, such as the UN and major donors (Box 8).

Box 8: ECHO and DFID, the shift to a single delivery model for cash at scale

In 2017, ECHO and DFID announced a decision to release a bid for tender for one single delivery agency for a USD 85 million cash programme in Lebanon. Building on this, ECHO has released new guidance for partners on delivering middle to large-scale multipurpose cash transfers (ECHO, 2017), where cash makes up a significant part of the overall response. The new guidance separates cash delivery from all other implementation functions (such as targeting, beneficiary registration, needs assessment and monitoring) and specifies an indicative efficiency ratio of minimum 90% of cash transfers to directly reach beneficiaries. The model provides a streamlined approach to addressing the number of competing cash actors currently operating in the humanitarian sector as well as improving cost effectiveness. Many agencies involved in cash programming, along with CALP, are engaging with ECHO throughout the first year of this programme to ensure the guidance is realistically implemented.

Source: Guidance to partners funded by ECHO to deliver medium to large-scale cash transfers in the framework of 2017 HIPs and ESOP, (ECHO, 2016)

Due to its cross-sector nature, the use of cash is not only technically complex; it is also shaking the global humanitarian architecture. This architecture is set up around sectors or clusters, yet cash spans and cuts across sectors, thus it challenges the traditional mandate-driven boundaries. As a result, donors should understand the cash co-ordination mechanisms in a given country and support the lead agency to mainstream cash in an organised way. Donors also have a responsibility to support the co-ordination of cash-based response implementation. This can be done in a range of ways:

- Support and accept the existing co-ordination mechanisms where they exist. Such groups are frequently attended by UN, INGOs, NGOs and national/local governments, such as Ministries of Social Protection, Labour and Social Welfare.
- Encourage leadership by Humanitarian Co-ordinators and Humanitarian Country Teams to support strategic cash co-ordination issues at senior management level.
- Endorse the role of the agency that is leading on cash co-ordination in a given context.
- Endorse efforts to include multipurpose cash in Humanitarian Response Plans for coherent funding, harmonised design and monitoring.

9. Impact and monitoring

Monitoring is important to understand how grants for cash-based responses were used and to ensure that the cash-based intervention remains effective. In order to highlight any problems

that can be corrected during implementation, donors should make sure monitoring is done routinely by implementing agencies and not just at the end of a programme cycle.

The basic minimum questions regarding the use of cash could include the following (ECHO, 2013):

- Did recipients get the right amount?
- Were the payments made on time?
- What are people spending the cash transfer on?
- Where and how far did people have to go to buy what they wanted?
- Were the goods available?
- Were people able to collect and use their cash safely?
- Has the intervention had an impact on other sectors?
- Has the cash distribution had an effect on prices?
- Did the cash allow programme objectives to be met?

Following the end of a programme, independent evaluations are also highly recommended for evidence gathering and shared learning, as humanitarian cash response continually seeks to innovate and improve on its effectiveness. Donors could consider covering those costs.

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NOTES

- 1 The Cash Learning Partnership (CaLP) website www.cashlearning.org contains a wide variety of resources. Some of the latest key cash technical tools and documents are also available on the OECD [humanitarian donors' website](#).
- 2 A four-country study comparing cash transfers and food aid found that 18% more people could be assisted at no extra cost if everyone received cash instead of food. (Margolies and Hoddinot, 2014) Donors can therefore find that cash can help make their humanitarian budgets go further.
- 3 The CaLP global framework for action provides a consolidated summary of the major commitments and recommendations made to improve cash transfer programming in humanitarian response during 2015 and 2016. It aggregates the core content of the Grand Bargain, ECHO's 10 Principles, the High Level Panel report on humanitarian financing, the Strategic Note on Cash Transfers and the Agenda for Cash. <http://www.cashlearning.org/downloads/calp-framework-web.pdf>
- 4 Responding to the 2015 Nepal earthquake, An emergency cash benefit of NRs. 3,000 (USD 30) was provided by UNICEF to the beneficiaries of the existing government social assistance programmes in the 19 most earthquake-affected districts as a top-up to the regular payments. <http://unicef.org.np/uploads/files/14290677766449491-16-02-15-cash-transfer-pdm-summary-report.pdf>
- 5 The hunger safety net programme in Kenya implements a scaled up, integrated, effective government-led and financed safety net programme to support some of the most vulnerable and poor households in Northern Kenya., <http://www.hsnp.or.ke/>