

November 2023

# The State of the World's Cash 2023

An insightful and authoritative analysis of

humanitarian cash and voucher assistance worldwide



# Acknowledgements

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# Foreword

In the three years since the *State of the World's Cash* report in 2020, we have seen huge changes in the global context, and humanitarian needs have grown.

Massive floods, unprecedented wildfires, and record-breaking heat are becoming more frequent and severe, providing a clear message – if one was needed – about the climate crisis and its impact. With the invasion of Ukraine in 2022, and ensuing regional crises, supply chains of basic food items have been affected in many countries. Alongside this, inflation rates have soared around the world. Protracted crises have continued in many countries, with conflict underpinning or fueling many. All this, alongside a menu of other disasters, small and large. In 2022, we saw a massive increase in humanitarian funding, spiked, in part, by the Ukraine regional response.

In 2023, global humanitarian response requirements stand at US\$55.2 billion<sup>1</sup> to target 230 million people, out of 339 million, requiring assistance. This is a 25% increase compared to the beginning of 2022<sup>2</sup>. However, while needs are continuing to grow, we are seeing increasing pressures on funding, and many donors cutting budgets. While we should always be looking for the most effective and efficient ways of working, the current situation makes that imperative ever more important.

In a system often criticized for being slow to change, the use of cash assistance has been one of the most significant adjustments in humanitarian work in recent years. In 2022, the Cash Coordination Caucus of the Grand Bargain saw agencies from different parts of the eco-system coming together to solve political blockages to cash coordination. This report shows things continue to evolve, with progress on cash coordination, continuing to use new technologies, an increased focus on linkages with social protection, and much more.

At the same time, more change is needed. At first sight, it's impressive to see the growth in volume of CVA since the last report in 2020 from US\$6.6 billion to US\$10 billion in 2022. Yet, much of this growth can be attributed to an overall increase in humanitarian funding: when volumes of CVA are considered as a proportion of international humanitarian assistance, the increase is very small – just 0.3% since 2020 (a rise to 20.6% in 2022 from 20.3% in 2020). This is worrying. The report clearly shows that CVA can and should be a much higher proportion of humanitarian assistance – reaching 30% to 50% of international humanitarian assistance if used when appropriate. So there remains a long way to go.

More change is needed, and it is possible. It should be driven by the fact that most people in most situations say they prefer cash to other forms of assistance, since it allows them to choose how they cater for their own needs. Alongside this, of course, there are other well evidenced arguments around effectiveness and efficiency.

At the start of the last *State of the World's Cash* report, Dr. Jemilah Mahmood reflected that we should also 'push harder to make cash the backbone in the humanitarian sector's struggle to promote the localization of response'. In many ways, cash represents the most local response possible – with choices about needs and priorities made by the person who receives it.

Looking more broadly, linkages with social protection, and associated efforts to strengthen national systems, offer another clear means of localizing response. It's good to see this is garnering greater interest. Encouragingly, this report offers great examples of local and national actors driving forward change, with new operational models based on local networks and collaboration. However, progress is slower than it should be, and barriers remain high. Those holding power and the keys to funding, and those developing the policies that continue to advantage international actors need to break these barriers down. Indeed, everyone reading this report needs to act.

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1 OCHA [Appeals and response plans 2023](#)

2 OCHA [Response plans: Overview for 2023](#)

Overall, this report shows progress on many fronts, but it also shows that more substantial change is needed to achieve more people-centred, locally-led, and efficient cash and voucher assistance. The report identifies key debates and priority actions, offering a clear path for the way forward. It is now incumbent on us all to act. I believe change is possible if we switch from intention to action and if we work together. Collectively we can do better.



**Smruti Patel**  
Founder and Co-director,  
Global Mentoring Initiative

Smruti Patel is a co-lead of the *Global CVA and Locally-Led Response Working Group*. In November 2021 she was elected by local and national NGOs to represent them on the Grand Bargain Cash Coordination Caucus and now has observer status to support local NGO representatives on the Global Cash Advisory Group. In the run up to the World Humanitarian Summit in 2016, she led the engagement of local and national NGOs in Asia, Africa and the Middle East to create a global south network to raise the profile of their role in humanitarian and development work. She is the founder and co-director of *Global Mentoring Initiative* and a member of the International Convening Committee of the *Alliance for Empowering Partnership*.

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# Terminology and acronyms

## Key CVA terminology used in this report

The use of cash and voucher assistance (CVA) terminology reflects the evolution of thinking in the humanitarian sector on this subject. CALP's [Glossary of Terminology for Cash and Voucher Assistance](#), updated in 2023, is the central reference for relevant CVA terms and definitions for readers of this report.

### Acronyms

<b>AAP</b> Accountability to Affected Populations	<b>DLT</b> Distributed Ledger Technology
<b>AI</b> Artificial intelligence	<b>DIGID</b> Dignified Identities in Cash Assistance consortium
<b>AML</b> Anti-money laundering	<b>DRC</b> Democratic Republic of Congo
<b>API</b> Application Programming Interfaces	<b>DRR</b> Disaster Risk Reduction
<b>A4EP</b> Alliance for Empowering Partnership	<b>DRWG</b> Data Responsibility Working Group
<b>ATM</b> Automated Teller Machine	<b>ECHO</b> European Civil Protection and Humanitarian Operations
<b>ASP</b> Adaptative Social Protection	<b>ERC</b> Enhanced Response Capacity
<b>BASIC</b> Better Assistance in Crises programme	<b>ERC</b> Emergency Response Coordinator
<b>BIMS</b> Biometric Identity Management System	<b>EPRP</b> Emergency Preparedness and Response Plan
<b>CAMEALEON</b> Cash Monitoring, Evaluation, Accountability and Learning Organizational Network	<b>ESSN</b> Emergency Social Safety Net programme
<b>CALP</b> The CALP Network	<b>FCAS</b> Fragile and conflict-affected situations
<b>CAG</b> Cash Advisory Group	<b>FGD</b> Focus group discussions
<b>CAR</b> Central African Republic	<b>FSPs</b> Financial service providers
<b>CBT</b> Cash-Based Transfers	<b>FTS</b> Financial Tracking Service
<b>CCD</b> Collaborative Cash Delivery Network	<b>GB</b> Grand Bargain
<b>CDD</b> Customer Due Diligence	<b>GBV</b> Gender-Based Violence
<b>CERF</b> Central Emergency Response Funds	<b>GCCG</b> Global Cluster Coordination Group
<b>CFM</b> Complaints and Feedback Mechanisms	<b>GDPR</b> General Data Protection Regulation
<b>CFW</b> Cash for work schemes	<b>GDT</b> Global Distribution Tool
<b>CGAP</b> Consultative Group to Assist the Poor	<b>GEC</b> Global Education Cluster
<b>COVID-19</b> Coronavirus Disease 2019	<b>GHG</b> Greenhouse gases
<b>CMP</b> Child Money Programme	<b>GHRP</b> Global Humanitarian Response Plan
<b>CRS</b> Catholic Relief Services	<b>GFFO</b> German Federal Foreign Office
<b>CSO</b> Civil Society Organisation	<b>GMI</b> Global Mentoring Initiative
<b>CTF</b> Counter Terrorism Financing	<b>GPPI</b> Global Public Policy Institute
<b>CVA</b> Cash and voucher assistance	<b>GTS</b> Ground Truth Solutions
<b>CWG</b> Cash working group	<b>HC</b> Humanitarian coordinators
<b>DAM</b> Dhaka Ahsania Mission	<b>HCT</b> Humanitarian Country Team
<b>DCF</b> Donor Cash Forum	

<b>HDX</b> Humanitarian Data Exchange	<b>ODA</b> Overseas Development Assistance
<b>HERE</b> Humanitarian Exchange and Research Centre	<b>ODI</b> Overseas Development Institute
<b>HPC</b> Humanitarian Programme Cycle	<b>ODK</b> Open Data Kit
<b>HQ</b> Headquarters	<b>OPM</b> Oxford Policy Management
<b>HRP</b> Humanitarian Response Plan	<b>PDM</b> Post-distribution monitoring
<b>IASC</b> Inter Agency Standing Committee	<b>PQT</b> Programme Quality Toolbox
<b>IATI</b> International Aid Transparency Initiative	<b>PSNP</b> Productive Safety Net Programme
<b>ICCG</b> Inter-Cluster Coordination Group	<b>RAM</b> Rapid Assessment for Markets
<b>ICRC</b> International Committee of the Red Cross	<b>RC</b> Resident Coordinator
<b>IFRC</b> International Federation of Red Cross and Red Crescent Societies	<b>RCRCM</b> Red Cross Red Crescent Movement
<b>IHA</b> International Humanitarian Assistance	<b>RDM</b> Responsible Data Management
<b>IMF</b> International Monetary Fund	<b>SCAN</b> Systematic Cost Analysis
<b>INGO</b> International Non-Governmental Organisation	<b>SCOPE</b> WFP recipient and transfer management platform
<b>ILO</b> International Labour Organization	<b>SDC</b> Swiss Agency for Development and Cooperation
<b>IRC</b> International Rescue Committee	<b>SPACE</b> Social Protection Approaches to COVID-19
<b>ISP</b> Information Sharing Protocol	<b>SOPs</b> Standard Operating Procedures
<b>KYC</b> Know Your Customer	<b>SRSP</b> Shock Responsive Social Protection
<b>LAC</b> Latin America and the Caribbean	<b>TAG</b> CALP Technical Advisory Group
<b>LEO</b> Low Earth Orbit	<b>ToRs</b> Terms of Reference
<b>LMMS</b> Last Mile Mobile Solution	<b>TRC</b> Turkish Red Crescent
<b>LNA</b> Local and national actors	<b>UK</b> United Kingdom
<b>M&amp;E</b> Monitoring and Evaluation	<b>UN</b> United Nations
<b>MBP</b> Market-Based Programming	<b>UNCCS</b> United Nations Common Cash Statement
<b>MEAL</b> Monitoring, Evaluation, Accountability and Learning	<b>UNHCR</b> United Nations High Commissioner for Refugees
<b>MEB</b> Minimum Expenditure Basket	<b>UNICEF</b> United Nations Children's Fund
<b>MENA</b> Middle East and North Africa	<b>USAID</b> The United States Agency for International Development
<b>MiC</b> Markets in Crisis	<b>VfM</b> Value for Money
<b>MIS</b> Management Information System	<b>VSLA</b> Village Savings and Loans Associations
<b>MNO</b> Mobile Network Operator	<b>WaSH</b> Water Sanitation and Hygiene
<b>MPC</b> Multi-purpose Cash	<b>WB</b> World Bank
<b>MPCA</b> Multi-purpose Cash Assistance	<b>WCRS</b> Whole of Cash Response System
<b>MPTF</b> Multi-Partner Trust Fund	<b>WHO</b> World Health Organization
<b>NAPC-VDC</b> National Anti-Poverty Commission – Victims of Disaster and Calamities	<b>WFP</b> World Food Programme
<b>NGO</b> Non-governmental organizations	<b>YFCA</b> Yemen Family Care Association
<b>NRC</b> Norwegian Refugee Council	<b>3PM</b> Third Party Monitoring
<b>OCHA</b> Office for the Coordination of Humanitarian Affairs	<b>3W</b> Who does What, Where

# Methodology

## PRIMARY RESEARCH

99

key informant interviews

21

regional, country level and global focus group discussions

860

respondents to the practitioner survey in 4 languages

## SECONDARY RESEARCH



Review of key documentation published since 2020

Research for the *State of the World's Cash 2023* drew on primary and secondary sources. It involved a wide range of stakeholders working in different operational contexts and with roles at global, regional, country, and local levels. This section provides an overview of the methodology, see Methodology Annex for more details.

Primary research was undertaken between September 2022 and March 2023, with views gathered from people working for local organizations, INGOs, UN agencies, the Red Cross Red Crescent Movement, governments, government donors and the private sector, alongside individual experts.

CALP worked in conjunction with Development Initiatives to conduct a survey of 2022 CVA volume data. This followed an established methodology for calculating CVA volumes and included the extraction of data from OCHA's Financial Tracking Service database.

Quantitative research included a practitioner survey, similar to that used for the first two State of the World's Cash reports with additional questions to capture new trends. The sample size for the practitioner survey is three times larger than for the previous report, with 860 responses. 99 key informant interviews were conducted. To help contextualize the research and ensure a wide range of perspectives, 21 focus group discussions were conducted – 8 with stakeholders with global roles, 10 with regional roles and 3 with country focused roles.

Secondary research included an extensive literature review of documentation and resources published since 2020. This helped frame the research, inform the primary data collection, and support the analysis and triangulation of primary research findings. Given the large number of CVA publications, secondary research was necessarily selective and conducted on a rolling basis throughout the research and drafting period.

An Advisory Group including a range of institutional and technical professionals (see acknowledgements), provided ongoing quality checks, review, and informed the overall framing of the report. CALP Technical Advisory Group (TAG) members and other thematic experts provided an external review of chapter drafts.

## RESEARCH TIMELINE

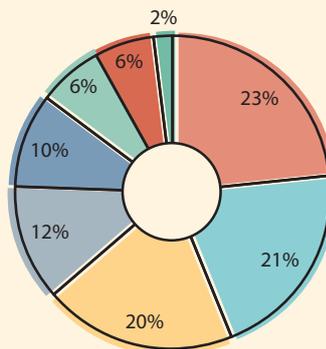


**PRACTITIONER SURVEY RESPONSES**

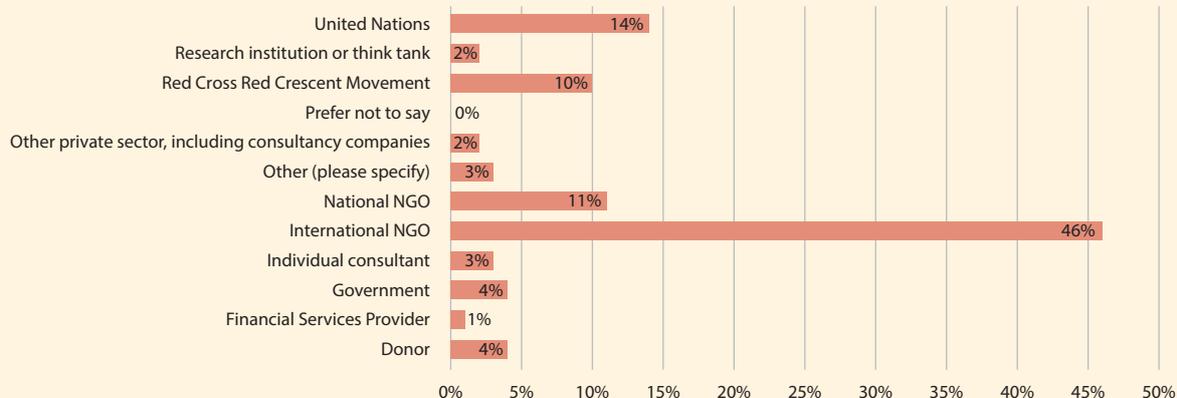
**860** respondents to the practitioner survey in 4 languages

**Geographical location**

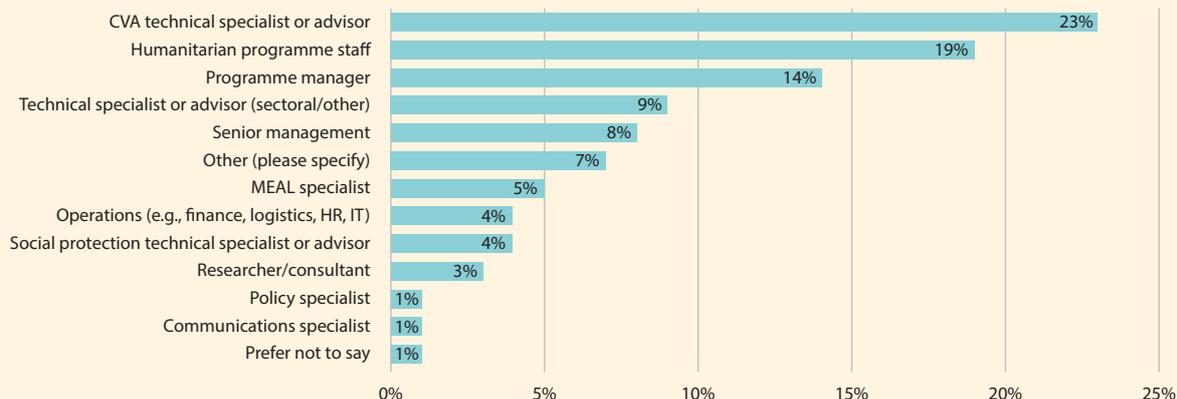
- The Americas - 101 responses
- Asia and Pacific - 53 responses
- East and Southern Africa - 171 responses
- Europe - 15 responses
- Global - 178 responses
- Middle East and North Africa - 84 responses
- Other - 57 responses
- West and Central Africa - 201 responses



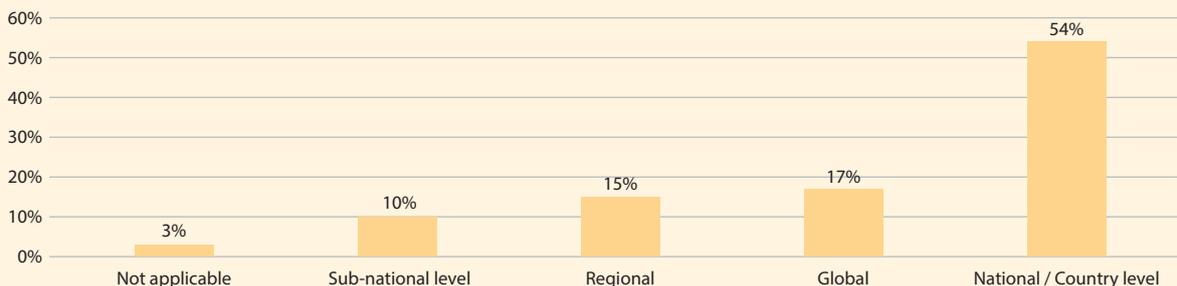
**Organization type (%)**



**Role of respondent (%)**



**Location of role within organization (%)**



# Overview

**Increasing the use of cash and voucher assistance is a people-centred issue – it is the form of assistance people in crisis usually want. It is also about more effective aid. This report details progress and challenges and identifies what needs to happen to achieve better CVA. Fundamentally, this report is about how to design and deliver better aid.**

The *State of the World's Cash report 2023* is packed with analysis and reflections; it pulls together the views of people involved in CVA policy and practice from around the world; synthesises research from the last three years; and cross references findings with what the evidence tells us about the perspectives of people in crisis. The report finds that substantive changes have taken place in some areas, with little or no movement in others.

The journey of CVA has challenged the humanitarian system, especially over the last decade, requiring changes in the way aid is thought about and managed. Every percentage increase in the use of cash has required multiple changes in ways of thinking and working within and between organizations. Systemic change needs to continue.

This report reflects on issues discussed in previous editions, highlights emerging issues, and draws attention to those that are gaining more traction. Much as the CVA ecosystem is large and complex, it is not an island – it exists as part of and within the wider humanitarian system, within financial and political systems, and many others. Understanding the context within which CVA is evolving is important, with some of the key drivers of change being external to the humanitarian system.

With a wealth of information, this neutral and authoritative report is for anyone, and everyone involved in CVA, from policy makers, practitioners, donors, and academics to CVA champions and advocates. It can be used to inform strategic thinking, influence policy, and act as a reference point for those seeking to deepen their understanding of CVA trends. It is a data-rich resource with the key arguments and recommendations needed to inform progress towards more effective and people-centred aid. Each chapter has a one-page overview, with summary recommendations. Looking at the findings overall, three overarching themes emerged.



## More and better CVA: the use of CVA has increased, the quality improved but there's still a long way to go

Most people in crises prefer cash over other forms of assistance, so maximizing the use and the quality of CVA is about responding to people's preferences – it's also about achieving greater aid efficiency and effectiveness. The use of CVA has increased but is still far from what is possible. Quality improvements have been made and there is an increasing commitment to people-centred CVA. With an expanding evidence base of how CVA can be used to achieve a myriad of outcomes, attention needs to focus on the uptake of guidance and engagement of people in crisis to tailor work according to needs, context, and preferences. Unlocking the full potential of quality CVA requires systematic context-based analysis, innovative approaches, collaborative efforts, and constant questioning.

### Digging deeper:

1. **The use of CVA is increasing but progress is slowing.** In terms of volume, there have been year on year increases in the use of CVA since 2015. US\$10 billion of aid was directed to CVA in 2022 and it now accounts for 21% of international humanitarian assistance (IHA). However, it is far from the estimated 30% to 50% of IHA that is possible if CVA is used wherever feasible and appropriate, and progress is slowing.
2. **Large-scale CVA entails inclusion trade-offs** between standard design and tailored approaches to meet differentiated needs. Perspectives on the trade-offs between coverage and transfer values vary, with

crisis-affected people often preferring more people to be assisted with smaller transfers, while humanitarian actors focus on giving more support to the most vulnerable.

3. **The focus on large-scale CVA risks embedding bias into policy** by reinforcing the 'forgotten' status of responses with large funding gaps or crises that go underreported. CVA in these contexts tends to generate less analysis and so learning opportunities are lost, and the experiences of affected people risk being excluded from learning, policy debate and guidance development.
4. **The commitment to people-centred CVA is growing but change is slow.** Quality improvements have been made, but the perspectives of people in crisis still need more attention as does the uptake of evidence-informed guidance. While feedback mechanisms have increased, there is questioning about the degree to which information is being used to inform CVA design. Engaging with crisis-affected people in design processes is crucial to strengthening CVA. Quality CVA requires systematic context-based analysis of differentiated needs and response options. It requires flexible and adequate funding, with a willingness to innovate in ways that are informed by crisis-affected people and humanitarian actors. Pathways to better reaching the 'most vulnerable 20%' in any crisis include developing specialized CVA to address the additional needs of specific groups, and improving linkages to other services. More appropriate and measurable targets are needed for participation, accountability, and inclusion, alongside systematic monitoring of the perspectives of people receiving CVA and a commitment to act on feedback.
5. **Adoption of CVA is happening but progress comes with risks.** Some feel that the use of CVA is now accepted and the 'battle is won'. This is risky. There remains huge potential to increase the volume of CVA and to make it more people-centred. CVA will not reach its potential unless further substantive changes are made to the underlying structures, mindsets, and day-to-day processes of the humanitarian system. This requires ongoing collective effort and commitment from all stakeholders.



## Constant adjustment: Needs are changing and perspectives evolving

The use of CVA has increased and it is seen as a flexible and efficient tool in a rapidly evolving world. Humanitarian needs are changing, with longer-term, complex crises and more people on the move than ever before. Operating contexts are evolving with, for example, economic volatility identified as a greater concern than in previous reports, and the increasing frequency and intensity of the impacts of the climate crisis. As things change, new capacity and preparedness gaps are emerging – including major needs in relation to digitalization and data. As CVA evolves and technical processes are adopted, there is recognition that some processes risk being excessive in comparison to the problems they are seeking to resolve. The coming years require strategic thinking and agile programme design to adapt CVA to anticipate and respond to pressing issues such as economic volatility, the climate crisis, and financial inclusion.

### Digging deeper:

1. **Increasingly CVA offers a means of meeting needs in multiple contexts** and supporting the resilience of crisis-affected people. CVA can be used to respond to needs in a myriad of situations including the needs of the growing number of people on the move, communities facing recurrent climate-based shocks, people in contexts of chronic crisis, and the financially excluded. The COVID-19 pandemic underscored the versatility of CVA, as governments and humanitarian agencies around the world used cash as a central part of their response.
2. **Technical processes can be at odds with people-centred CVA.** It is increasingly recognized that overly technical processes and approaches can lose sight of what affected people want as the central principle, and can be inefficient as a result. Regular sense checking is needed to ensure that processes are fit for purpose and do not have unintended consequences.

3. **The current framing of financial inclusion in CVA is too narrow**, focused exclusively or primarily on formal financial services. This risks not giving due consideration or support to the informal financial mechanisms that many crisis-affected people already use, and/or that may be better suited to their current requirements. Informal mechanisms have the potential to connect with CVA, and link to formal financial services as relevant and requested.
4. **Digital technologies present opportunities and risks for people-centred CVA**, but there are major gaps in the capacities of humanitarian organizations to effectively manage them. Technology needs to be designed and managed to avoid risks linked to exclusion, data and cybersecurity; this requires better collaboration across humanitarian actors, the private sector, and governments. Progress in payment and accountability technologies raises the possibility of increasing recipient choice and supporting financial inclusion, particularly where design is strongly informed by the needs and preferences of crisis-affected people.
5. **The focus on climate and the environment is increasing, with recognition that CVA can play an important role** in anticipatory action, post-shock response and recovery, adaptation, and resilience. To achieve this potential, CVA actors need to collaborate with others beyond their usual partnerships to engage with different government offices, plus agencies involved in development, social protection, and climate sectors.
6. **Preparedness and capacity needs are changing** and critical gaps emerging. Strategic investments are needed in digitalization and effective data management, amongst other areas. New thinking, investments and partnerships are required to address preparedness requirements in relation to anticipatory action, economic volatility, climate and environment, and financial inclusion.



## Structural constraints: Greater systems change needed for CVA to meet its full potential

There is some change at the level of the humanitarian system, with agreement about a new cash coordination model, emerging models of locally-led response, much greater focus on linkages between CVA and social protection and more. Much of that change has been slow and strides are often greater in terms of commitments and policies, than in practice. There is little improvement in terms of the visibility in the reporting of implementing partners. There is need for more progress in terms of working more effectively across different areas of work. Mindsets as well as systems and funding streams need to change to enable faster and more substantive progress towards maximizing the potential of CVA and increasing its effectiveness.

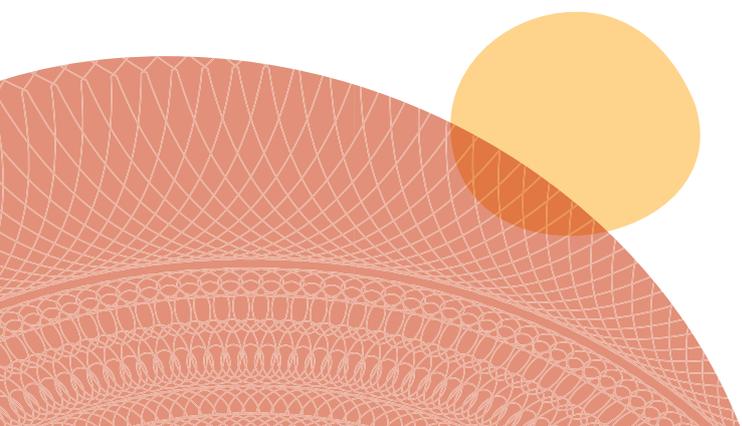
### Digging deeper:

1. **There has been movement on cash coordination** with the new cash coordination model widely considered a success that could facilitate increased and more effective use of CVA. On the other hand, some see this as a missed opportunity to facilitate wider reform to support a more people-centred approach to aid, as well as better realizing the potential of CVA.
2. **Progress towards locally-led CVA continues to be slow.** Faster progress will depend on wider structural and systemic changes to humanitarian funding mechanisms, partnerships, due diligence requirements, and how aid is designed and organized overall. Such change requires a willingness to substantially shift power and resourcing within the system.
3. **Evolving operational models may facilitate an increase in locally-led CVA.** Some equate the capacity to deliver large-scale CVA as requiring a replication of existing operational models, but this starts from an international perspective of how aid is managed and reflects prevailing power dynamics. Large-scale

locally-led CVA is being approached differently in some contexts based on the strengths and potential of local actors. Locally-led CVA offers potential for stronger linkages to social protection systems and context-appropriate approaches to financial inclusion.

4. **The role of implementing partners is still not visible in CVA reporting.** UN agencies and their partners continue to deliver an increasing percentage of CVA, but the roles of hundreds, if not thousands, of implementing partners, many of them local actors, are largely invisible in reporting. This lack of visibility was highlighted in the last report, but little progress has been made to resolve this issue.
5. **Operational, funding, and programmatic structures continue to inhibit progress.** Strong linkages between CVA and other forms of financial assistance, including social protection, offer the potential for greater efficiency and effectiveness. However, the divides between humanitarian and development thinking and practices offer major barriers to change. Issues such as potentially conflicting principles, funding streams, coordination models, skillsets, mindsets, and issues related to responsible data management and interoperable systems need to be addressed.

In summary, there is a clear need for concerted and collective efforts across the system to improve the scale and reach of CVA as part of an overall drive to improve aid effectiveness.



In Sindh's Badin district, a woman practices washing hands with children. After the 2022 floods in Pakistan, the Pakistan Red Crescent and IFRC aided 800,000 people with cash, essentials, shelter, health, water, and hygiene kits. © Irem Karakaya/IFRC. February 2023

# Chapter I: People-centred CVA



Summary: Chapter 1

# People-centred CVA

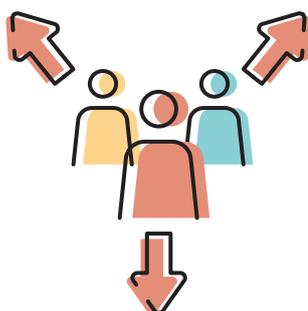


## Key findings

- ✓ There is a growing commitment to putting people at the centre of CVA.
- ✓ Challenges remain with communication, participation, and feedback.
- ✓ Increased attention is being given to inclusion, with more focus on people with disabilities; gender, particularly the needs of women; and displaced populations and people on the move.
- ✓ Organizational capacities; mindsets; donor policies; and digital technology are both enablers and challenges to progress on people-centred CVA.
- ✓ Better assessment, measurement, and monitoring of people-centred CVA is needed.
- ✓ Perspectives differ on how large-scale CVA impacts on people-centred CVA.

Taking into account the diverse needs and constraints of different groups within the target population at all stages of the programme cycle.

Seeking and acting on recipients opinions, preferences, priorities, as well as feedback received during implementation.



Ensuring active engagement and participation of affected populations in design decisions.



## Strategic debates

- ? What needs to be done to make greater progress towards people-centred CVA?
- ? What are the best ways to reach and serve the 'most vulnerable', who are a heterogenous group with different needs and interests?



## Priority actions

- ! **Donors and implementing organizations should** increase investment in well-designed, independently-led consultation and feedback studies to understand how CVA is working from the perspective of recipients. Such investments would amplify CVA recipients' voices and contribute to redefining power dynamics between aid providers and recipients. **Humanitarian actors should** be held accountable to act on findings.
- ! **Humanitarian actors should** agree on structures and processes for ensuring accountability to people affected by crises in CVA.
- ! **Implementing agencies should** put people at the centre of the digital transformation of CVA. They should make best use of digital technology, maximizing potential benefits while minimizing risks.
- ! **All actors should** continue to invest in needs assessments, response and other analyses underpinning CVA, disaggregating data and analysis by gender, age, and disability.

## A growing commitment to put people at the centre of CVA is emerging



People-centred programming and CVA in the Red Cross Red Crescent Movement:

*“Ensuring participation, communication, and feedback with and from communities in all we do is not optional – it directly informs our CVA work. The Community Engagement and Accountability (CEA) tools we have developed link to our Cash in Emergencies Toolkit – there is a specific module on this, helping national societies to understand the links, and how CVA can contribute to strengthen accountability to communities.” (IFRC)*

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In key informant interviews (KIs) and focus group discussions (FGDs), people agreed that there is a growing commitment to people-centred programming, accountability and inclusion which is visible in organizational policies<sup>1</sup>. Mainstreaming this commitment across all types of assistance remains an aspiration and so these policies are not usually CVA-specific, but some organizations<sup>2</sup> have made explicit links or highlighted the issue in their cash-specific policies and guidance.

There is a widely felt, genuine desire to do things better. There is no agreed definition of what ‘people-centred’ programming means in the humanitarian sector, however, key informants and agency policy documents coalesce on key features.

- Ensuring active engagement and participation of affected populations in design decisions.
- Seeking and acting on recipients’ opinions, preferences, priorities, and feedback.



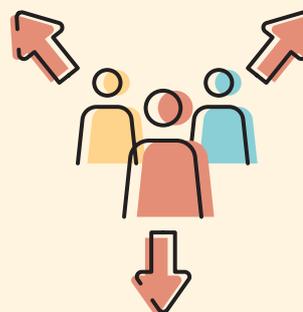
WFP’s latest cash policy (2023) has three guiding principles, the first is:

*“People are at the centre. People receiving money should feel respected and empowered through all their interactions with WFP and its partners. To ensure this, WFP will listen to people’s needs, experiences and aspirations and place them at the centre of its cash operations and its support for government cash programmes.” (ibid. 4)<sup>3</sup>*

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**Taking into account the diverse needs and constraints of different groups within the target population at all stages of the programme cycle.**

**Seeking and acting on recipients’ opinions, preferences, priorities, as well as feedback received during implementation.**



**Ensuring active engagement and participation of affected populations in design decisions.**

Many key informants highlighted that cash (in contrast to vouchers) is naturally conducive to supporting a people-centred inclusive response, providing recipients with greater flexibility and choice than other forms of aid. However, how organizations design and implement CVA programmes determines the extent to which that is realized. Key informants for this report, as in other recent studies<sup>4</sup>, highlighted that practice is still falling short. Chapter 8 includes debates about the CVA design tensions between technical priorities and people’s preferences. Several of the issues in this chapter reflect issues that are broader than CVA but the fact that they are surfacing in the context of CVA (where cash can be inherently ‘people-centred’) highlights the importance and depth of the issue. Achieving a people-centred response cannot be assumed, it requires active consideration and the right investments.

## Challenges remain with communication, participation and feedback

There was consensus across KIs and FGDs that some areas of accountability to affected populations have strengthened, but in general there are weaknesses in practice which constrain meaningful change. Thirty-four percent (34%) of survey respondents identified difficulties in ensuring accountability to affected people as a risk associated with CVA and 19% identified limited investment in accountability as a challenge to ensuring quality CVA. Similar conclusions are reached in other recent research and reports<sup>5</sup>. The views of key informants on progress and challenges for communication, participation, and feedback on CVA programmes resonate strongly with the findings of Ground Truth Solutions' (GTS) studies on this topic since 2020. Several people praised GTS for highlighting aspects of CVA design where humanitarian actors routinely fail to put people at the centre and for setting out what practitioners should aspire to in terms of good practices (Box 1.1 below summarizes key findings).

### Communication with communities



*"We're better at communicating the easy straightforward messages but weak on communication when there is a problem. But this is where communication is even more important. For example, in the cash response in Ukraine, there were widespread delays to payments. This was one of the main issues being reported by Ukrainians through public forums. This should have been a focus of the CWG, to engage on this issue with its members and promote active communication with beneficiaries about the delays. But this was not thought of as a response wide 'priority' action that required the CWG's input."*  
(Independent consultant)

Key informants felt that while communication of high-level programme parameters (what assistance people will receive and how they can access it) is generally working well, there are critical gaps in the information agencies routinely share – again, aligned to findings from GTS research. This includes information on who will receive CVA (targeting criteria) and for how long. As seen from the GTS research (Box 1.1), these information gaps are critical for communities, left unfulfilled they risk undermining programme quality. Lack of proactive communication with communities for troubleshooting problems is another weakness that was raised. All these, arguably basic, issues are indicative of the breadth of change still needed to achieve a truly people-centred approach.

### Participation



*"It's more than just using close-ended multiple-choice questions to get only the feedback that fits neatly into our pre-existing ideas about programme design. More time needs to be devoted to genuine long-term involvement."* (FGD participant)

A key conclusion in the last *State of the World's Cash* report was that humanitarian actors were not doing enough to listen to communities and involve them in programme design. Some key informants perceived that, since then, there has been progress in terms of agencies consulting communities on aspects of design – such as modality preferences. Others, particularly those not affiliated with an operational agency, remained critical. They argued that when participation does take place, it is narrowly defined and limited, and therefore neither meaningful nor contributing to change.

Key informants felt that, in general, communities are still not consulted on their priorities, nor on defining other aspects of CVA programme design such as choice of delivery mechanisms (though, as seen in the Data and digitalization chapter, there are ways to change this). Several criticized that consultation is still generally a one-way flow of information with no transparency – communities provide information but there is no reciprocal sharing from agencies about why certain information was, or was not, considered in the eventual design. According to one key informant, this form of consultation risks "setting people up to be eternally disappointed".

Pursuing the issue of modality choice as an example, key informants drew attention to the continued widespread use of vouchers, despite growing evidence that aid recipients are not satisfied with this as a modality (Box 1.1). They commented that the ways that communities were consulted on preferences (generally through close-ended survey questions), and the interpretation of their responses limited the value of the exercise, with a perception that consultations were sometimes used to justify 'more of the same'. GTS research highlights the need for more critical interpretation of such data. One key informant drew attention to a recent trend they had seen where affected populations had changed their modality preferences from cash back to in-kind, in response to severe food price inflation and related desire for more predictable coverage of needs (see the Preparedness chapter for more on inflation). All this highlights the need for regular interaction with communities, a better appreciation of what informs preferences and both a willingness and ability to adjust plans.

## Feedback



*"Listening is not enough. We're listening but what is it changing? What are we doing?" (Key informant)*

*"Call centres are creating an illusion, a comfort. They are obscuring a focus on the fact that there is still a lack of meaningful accountability." (Independent consultant)*

Key informants generally agreed that there has been progress in terms of feedback, with CVA programmes commonly including some form of complaints and feedback mechanism – particularly through hotlines – as well as post-distribution monitoring surveys. This matches views in the literature<sup>6</sup>. However, many feel there is a lack of responsiveness in terms of feedback informing programming changes. This was also seen in our survey where 26% of respondents highlighted the failure to integrate recipient feedback into programme design and implementation, making it the fourth most frequently cited constraint to quality CVA. As GTS (and other studies) have highlighted, these risk damaging credibility of accountability mechanisms and undermines trust.

### BOX 1.1

#### Listening to CVA recipients: Key findings from GTS research 2020–2023

Since 2019, GTS has collected in-depth data on the perceptions and experiences of CVA recipients. This includes the Cash Barometer longitudinal studies in Nigeria, Somalia and Central African Republic, targeted research on modality preferences in Somalia and Nigeria, studies on user journeys, and multi-country analysis of the perceptions of aid recipients in 10 crises<sup>7</sup>.

Generally, cash programmes are performing better than other assistance modalities, with perception and satisfaction metrics notably more positive for cash recipients than for others. However, the studies also highlight major gaps that need to be addressed to ensure more people-centred CVA:

- People generally feel aid providers respect them, but very few feel that their opinions are considered.
- Communication and participation are key to recipients' understanding of quality assistance – people want to be consulted and where processes are strong, satisfaction is enhanced.
- When people do not know the duration of assistance, they are unable to plan, undermining recovery.
- Lack of understanding of who is eligible and why undermines people's satisfaction with programmes and contributes to community tensions. People often perceive targeting to be totally arbitrary (informed by aid providers' notions of vulnerability rather than communities).
- Feedback mechanisms are often avoided, not just because they are unclear, but because there is little trust that providing feedback will contribute to change.
- People express overwhelming dissatisfaction with vouchers.

- Responses to questions about modality preferences must be treated with caution as various factors can influence this – including limited exposure to alternatives (difficulty of comparing hypothetical alternatives), courtesy bias and inherent power relations between aid provider and recipient (fear of losing assistance).
- Sometimes poor experience of delivery informs people's modality preferences, rather than the modality itself, e.g. much of the dissatisfaction with vouchers relates to perceptions of poor treatment and vendors' abuse of power.
- People having changing needs, which is a main reason driving preferences for cash.
- In protracted settings and complex emergencies, people would prefer to see cash better linked with other services and support, and for programmes to focus beyond basic needs, to help support better self-reliance and resilience.

Source: Compiled from a series of GTS publications<sup>8</sup>.

## There is growing attention and learning on how to enhance inclusion in CVA

There have been advances in understanding, thinking and practice on inclusion in CVA since the last *State of the World's Cash* report. There is greater acknowledgement of the different, and specific, needs and constraints of particular population groups and the need for tailored and sensitive measures to enhance their inclusion. This includes the needs of people living with disabilities, older persons, people of different genders (particularly women), and people on the move.

### Inclusion of people with disabilities

Key informants noted the increasing focus and commitment on disability inclusion in CVA since the last *State of the World's Cash* report, driven by global policy changes which have created impetus for change<sup>9</sup>. At the same time, efforts remain in the early stages; specialist NGOs working in inclusion, and other key informants highlighted that commitments still need to translate into actions and that several key barriers remain for disability inclusive CVA:

- Lack of empowerment, or meaningful inclusion. People living with disabilities represent some 15% of the population globally. While their inclusion in CVA programming is improving in terms of targeting/coverage, this is not leading to changes in programme design to accommodate their specific needs. Key informants reflected that assumptions are often made about people's lack of ability rather than consideration of their abilities and agency, with the focus often on finding ways to circumvent the disability rather than address it in design. For example, programmes often simply channel CVA through an intermediary rather than finding ways to actively include people with disabilities. This often renders them dependent on others to access support and contributes to stereotypical narratives and discrimination.
- Lack of diversification of approaches. The needs and constraints to accessing assistance vary, but the importance of diversified approaches is generally not acknowledged or addressed in CVA.
- Gaps in transfer design. There is evidence that people with disabilities routinely face greater costs to meeting their basic needs due to their health issues (e.g. costs of diet, transportation, hygiene products, assistive devices, and medication)<sup>10</sup>. However, there is little effort to meaningfully accommodate these into the transfer design. These costs are not acknowledged or factored into calculations of minimum expenditure baskets or transfer values<sup>11</sup>.

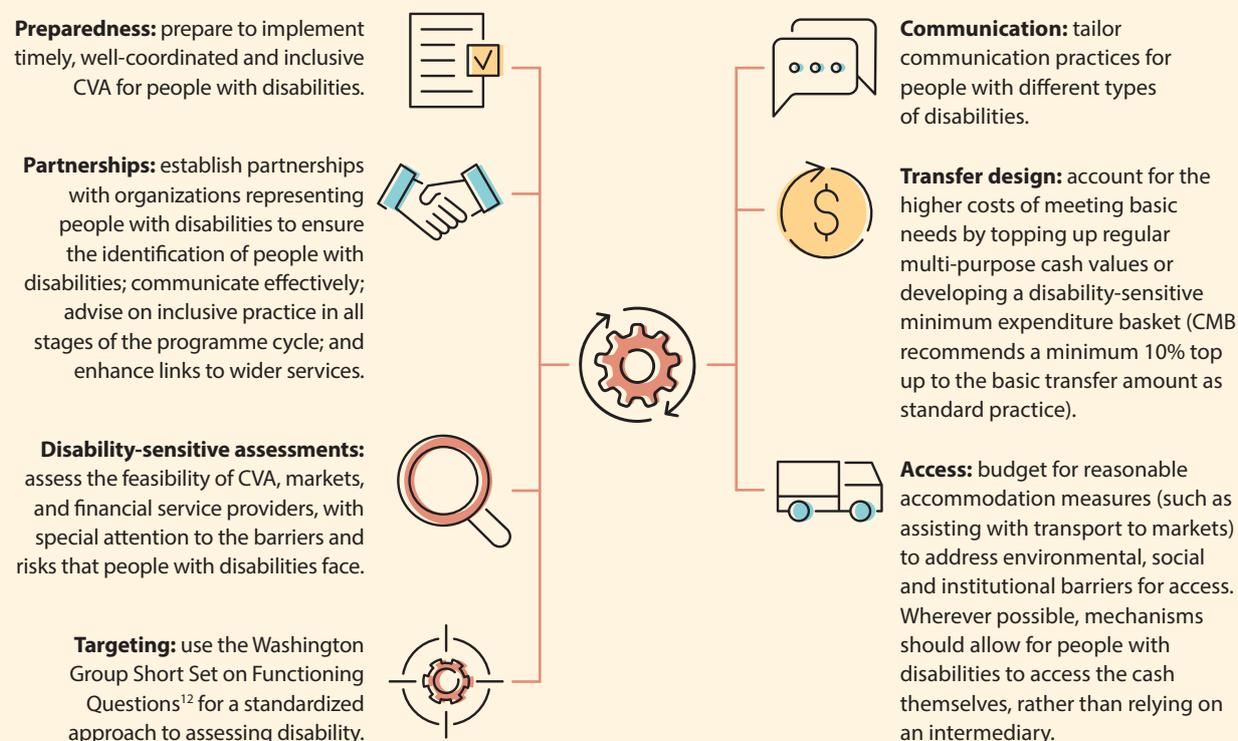
- Gaps in accountability mechanisms. There is little effort to ensure that communication mechanisms are accessible to people with differing needs, or to ensure the active participation of people with disabilities to understand their preferences and choices.

In 2021, CBM Global published a synthesis of learning on good practices, which identifies a range of practical entry points for enhancing disability inclusion in CVA (Graph 1.1). These include some quick wins that could be easily factored into CVA design to make rapid progress.

**GRAPH 1.1**

### Lessons learned on good practices for disability inclusion in CVA

These align with the IASC Guidelines on Inclusion of Persons with Disabilities in Humanitarian Action (2019) 'must do' actions for people with disabilities to be included in humanitarian action (promote meaningful participation; remove barriers; empower people with disabilities; and disaggregate data for monitoring inclusion).



Source: CBM Global. (2021). *Disability Inclusive Cash Assistance: Learnings from Practice in Humanitarian Response*.

### Gender inclusion, with particular focus on the needs of women

Several key informants noted that there is a growing realization for CVA programmes to be sensitive to and address the needs of people with different gender identities. There is also now greater prominence on gender in the policies of several donors<sup>13</sup>. Within this, there has been particular focus on enhancing the inclusion of women.

Specialists working on gender and inclusion commented that gendered needs are now being considered more, and there is a growing evidence base on ways that gender-sensitive CVA designs, that support enhanced inclusion of women, can be achieved<sup>14</sup>. This progress builds on the surge in the production of evidence and guidance on CVA, gender and gender-based violence documented in the last *State of the World's Cash* report. However, key informants perceived that increased visibility is not widely translating to changes in practices regarding programme design<sup>15</sup>.

Key informants highlighted certain organizations, such as WRC and CARE, as good examples of where gender mainstreaming in CVA, which enhances inclusion for women, have been well institutionalized. These organizations have enhanced visibility on gender mainstreaming and gender-sensitive approaches for CVA actors more widely<sup>16</sup>. Since 2020, there has been interest among several organizations to explore how CVA programmes can be entry points to enhance women’s digital financial inclusion<sup>17</sup>. There is also increased awareness among CVA actors that while cash can increase women’s agency, alone it is unlikely to contribute to transformation or empowerment. In general, the focus of efforts in this area is seen to have been on gender sensitive, rather than gender transformative, CVA.

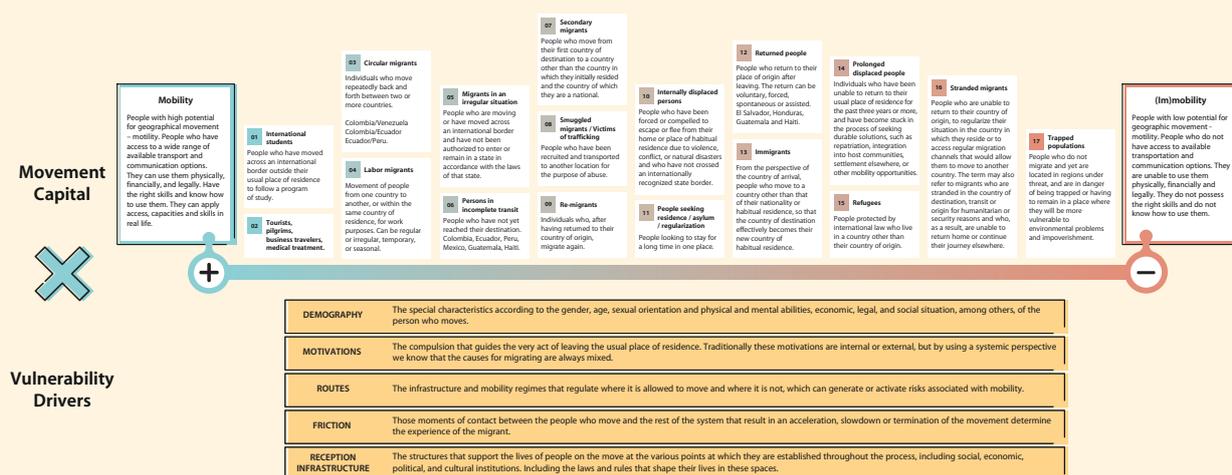
Key informants noted progress on issues of safeguarding and gender-based violence (GBV) risk mitigation. Some cash actors have begun to use CVA in comprehensive case management for GBV survivors, while efforts have been made by others to refer people who self-identify as GBV survivors for multi-purpose cash transfers. Key informants pointed to the increased availability of good practice tools and guidance on GBV risk mitigation in CVA programmes and on how to use CVA in GBV response<sup>18</sup>, and calls to action to use cash in GBV response and prevention<sup>19</sup>. A body of evidence and lessons learned on CVA in GBV response has also been growing recently, which can inform wider uptake going forward<sup>20</sup>. However, gender specialists reflected that there is still a need to build cash actors’ competencies on GBV risk mitigation and use of CVA in GBV risk management, through engagement of GBV and protection specialists.

## Inclusion of displaced populations and people on the move

Since 2020, learning from global displacement crises, including the migration crisis in South America and as a result of the war in Ukraine, has highlighted the potential of CVA as a key tool to support the needs of people on the move in a dignified and discreet way. They also shed light on the need for CVA programme design, where possible, to acknowledge and embrace the realities of human mobility, for people-centred programming<sup>21</sup>. This differs from work that has traditionally focused on supporting people at their destinations.

GRAPH 1.2

### Systemic framework on human mobility and vulnerability<sup>22</sup>



Learning includes:

- In contexts where onward mobility is a reality, CVA programmes should factor this into programme registration, verification and monitoring processes, supporting safe movement rather than demanding that recipients stay in one location.
- Engaging with private sector service providers, central banks and governments can help to find solutions to the ID and know your customer (KYC) constraints facing migrants or refugees.



*“One of the biggest innovations is that the financial service providers have made different products (for different groups of people on the move) which we never thought they would before.”* (Participant in FGD Americas)

- Programmes should include support to vulnerable people in the host community where needed.

Key informants raised political and regulatory barriers as an impediment to more inclusive programming for refugees and people on the move, as well as in conflict settings. Mobility is a politically sensitive topic, and host governments’ and donors’ political motivations, laws and policies influence how assistance is provided. Regulations governing KYC requirements for financial services can also present barriers to inclusion in CVA for people on the move and other marginalized groups. Meanwhile, in conflict settings there can be greater political interference with humanitarian CVA, which may present risks to the inclusion of some vulnerable groups, such as seen in Syria where the government is requesting to view and approve all distribution lists. In such settings, sensitive approaches to data management are important parts of a people-centred approach (see also the Data and Digitalization chapter).



*“For CVA to be people-centred, needs and risk assessments need to be inclusive, meaning they need to consider the specific needs and rights of different at-risk groups such as persons with disabilities or older people and involve their representative organizations in the process.”* (CBM Global)

*“MPC is not a constraining factor to putting people at the centre. But it is not mechanically an enabling factor, it depends on how the MPC programme is designed.”* (UNHCR)

*“We are seeing inclusion done well in the periphery of CVA programming (such as in cash for protection/and GBV). Not in the main pillars.”* (Key informant)



*“Yes, we’re seeing some changes in terms of organizations recruiting specialist positions such as Gender, Disability and Inclusion advisors to address practice gaps in these areas. However, we believe that such positions can make a real difference if they are backed up by addressing inclusion and accountability at the organizational policy and culture level.”* (CBM Global)

- Accommodating multiple nationalities should be factored into the design of outreach, communication and sensitization materials and CVA processes.
- CVA programme design should stay abreast of data on trends in movement and migration, with responsive designs that support evolving needs (whether transit or settlement). Those who are settling may need longer term support, and linkages with livelihoods support or social protection.

There was consensus among key informants that, generally, CVA responses are not adapting to or including the needs, capacities, constraints or preferences of vulnerable groups into their design. Cash assistance from specialist organizations specifically targeting these groups was acknowledged to be tailored to needs, but most people commented that the continued ‘one size fits all’ approach to the design of most programmes (i.e. transfer design and delivery systems) limits inclusion.

## Enablers and constraints for more people-centred CVA

Key informants and focus group discussions agreed on several factors that are perceived to influence a move to more people-centred CVA. Some of these reflect systemic issues in aid and are bigger than CVA. However, cash programming (with the opportunities for choice and agency that it offers) highlights these wider dilemmas.

### Organizational capacities and mindsets

Various key informants commented that a key enabler of people-centred programming is when cash actors have the expertise to understand and act on differentiated needs and constraints. They highlighted that transforming practices requires more firmly embedding expertise in day-to-day work, instead of ad hoc training and guidance<sup>23</sup>.

Numerous organizations have made investments in technical expertise in recent years, recruiting inclusion and accountability specialists to support mainstreaming across CVA (and other) programmes, as well as investing in partnerships with specialist

organizations and related training and guidance. Different agencies are at different stages of internalizing these ways of working in CVA. Embedding in-house technical expertise can be beneficial, but key informants highlighted the need for all organizations – national and international – to understand the fundamentals of people-centred CVA and called for more efforts to make expertise publicly available (perhaps through guidance, capacity exchanges, etc.) so all organizations can make these shifts.

“

*“We are still organization-centric, not people-centric.” (Ground Truth Solutions)*

*“The mainstream humanitarian agencies need to let go of power for us to see real change. In relation to needs assessment that means recognizing how their vested interests shape their understanding of a problem they are trying to solve.” (ACAPS)*

Key informants perceived that investments must go beyond technical know-how and that a change in organizational structures, processes and culture was also needed to effectively put people at the centre of programming. Practitioners recognize that the latter can be difficult as it requires a shift in perspective within implementing agencies – putting what people value, rather than what an organization deems to be important, at the centre of programming decisions and business processes. The fact that there is some acknowledgement of this is a positive step, but key informants outside of implementing organizations were pessimistic about the likelihood of achieving these fundamental shifts in practice. They also referred to the paternalistic approach to aid design entrenched in providers’ mindsets and noted that self-interest motivates – in part – an organization’s design decisions.

## Donor policies

Donor policies are acknowledged to be orienting in favour of more people-centred responses but key informants were not yet seeing commitments following through to systemic changes in the way donors fund CVA. They highlighted several ways in which donor funding can be a barrier to progress on people-centred CVA.

Joyce from Kalokol, Turkana County in Kenya, is weaving a basket with materials she bought with the six, monthly multi-purpose cash transfers of KES 8,552 she received through the CBM Global/KRCS inclusive humanitarian assistance programme. Joyce has a physical disability, which made it challenging to provide for her children during the drought in 2022/2023. With the cash support she has been able to buy food and other essential items for her family, while continuing her livelihood. © Eshuchi/CBM Global. January 2023





*“The focus is more on the cost efficiency than the value for people. There is always 20% of people who struggle.”*  
(Key informant)

*“If we (implementers) are under pressure to do CVA really quick or at scale and donor requirements are pointing to this in their performance targets, it’s inevitable that principles like inclusion will fall off and quality and accountable programming will be affected.”* (CBM Global)

*“A recent donor CVA funding envelope stated that one objective was to put the new IASC guidelines on disability inclusion into practice. But then, the tender documents included no assessment of how potential grantees proposed to use the guidelines.”* (Key informant)

- **Over focus on cost efficiency** – key informants highlighted that while a focus on cost efficiency is important, especially in the context of increasing humanitarian needs and limited resources, too much focus on these metrics has trade-offs in other areas and can undermine people-centred, quality programming. For example, a CVA programme introduced two delivery mechanisms that enhanced recipients’ satisfaction with the programme because it responded to and addressed issues in accessibility, but the donor criticized it as an inefficient and costly duplication. Key informants argued that to advance the agenda on people-centred CVA requires donors to better reflect on effectiveness and equity considerations as well as costs.
- **Limited reflection of AAP/inclusion in funding decisions** – key informants highlighted that the right incentives for change are set when donors have internalized commitments to inclusion into their funding decisions, such as through requirements for partners to present a gender analysis. In contrast, when accountability to affected populations and inclusion aspects are not required, or scored, in funding decisions (which people reflected is generally the case still), this doesn’t incentivize change.

- **Inflexible funding instruments** – a range of key informants, including donors, commented on the lack of flexible funding instruments. Issues raised include: the continued earmarking of assistance; processes that require implementing partners to define elements of proposed programme design before they’re able to consult populations; risks of designing people-centred CVA only for it to not be funded – undermining hard-won relationship building efforts with communities; and a lack of flexibility for adapting design (e.g. between modalities) as the context changes. In our survey, 29% of respondents highlighted the inability of funding mechanisms to respond to such changes, making it the third most cited barrier to quality CVA.

## Digital technology

The increasing use of digital solutions in the CVA delivery chain was highlighted both as a potential enabler and as a constraint for more people-centred and inclusive programming. Key informants were positive about the possible transformative potential of these technologies on CVA programmes. This includes, for example, innovations supporting safe, and remote, registration and delivering payments to people on the move and in hard to reach areas; enhancing access to payments for those with mobility restrictions or without IDs; providing innovative mechanisms for enhancing communication and feedback; providing an entry point for diversifying CVA design (e.g. transfer value) according to need; and the potential for digital platforms to link CVA recipients to wider services (see chapter 7 on Data and Digitalization). However, digital solutions also present risks to inclusive and accountable programming that, as key informants highlighted, need to be better acknowledged and addressed (Box 1.2 highlights the experience in Ukraine). This includes, for example, inclusion barriers due to digital literacy or KYC and the risk of reducing community engagement – and thus accountability from use of technology.

Recent studies on digital inclusion in CVA highlight similar pros and cons, as well as the need for greater appreciation of the concept of ‘digital dignity’ and active engagement of CVA recipients in decisions on the use of their personal data<sup>24</sup>. Key informants also stressed the importance of engaging and consulting target populations to ensure that digital solutions are in line with their own preferences and any constraints or concerns are mitigated.

**BOX 1.2****Factors influencing accountability and inclusion on CVA in the Ukraine response**

For displaced populations and those in hard-to-reach areas of Ukraine, digital solutions played an important role at multiple stages of the CVA delivery chain – from the use of remote online self-registration portals to digital payment solutions using mobile technology, and remote monitoring. This enabled access to assistance, at scale, in a context with robust digital infrastructure and a generally digital literate population. However, technological solutions were followed without sufficient understanding of or efforts to address access barriers for those who are less familiar with digital technology (people with disability and older people) and people in rural areas who lacked access to smart phones and internet. This led to exclusion of the very vulnerable. It had been assumed that others in the community would assist these people, but no specific actions were taken to facilitate this and registration data found few instances of registrations on behalf of a third party.

National chapters of specialist organizations with links to vulnerable and excluded populations, such as HAI and CBM Global, contributed to improving inclusion challenges – such as outreach and sensitization, as well as face-to-face registration exercises to overcome access issues. They also assisted households in navigating the bureaucracy of registration and the documents required. This showed that outreach and efforts to accompany CVA recipients through administrative processes can help to close inclusion gaps, when planned and budgeted for as a purposeful action and through strategic partnerships with specialist organizations (which could include national and local organizations).

Key informants also highlighted that the digital self-registration processes were a source of inefficiencies, as they left space for duplication. They argued that it would not necessarily have cost more to enhance inclusion, as reducing programme leakages could free up resources to enhance access for those who were excluded.

Finally, in the cash working group (CWG) there was a strong push to have a unified approach to setting the transfer values for basic needs assistance. While there were benefits to a coordinated approach across organizations and territories, it also reduced agencies' agility to adjust to the needs of specific groups. To influence these transfer values, CBM Global published evidence that people with disabilities have an income gap due to their increased need for assistive devices, care and medication.

*Source: Based on various published reports<sup>25</sup> as well as KIIs.*

## Assessment, measurement and monitoring

Various key informants commented on the need for better measurement of results. Attempts to measure quality of CVA have been limited and overarching issues need to be addressed. For example:



*"We need to go beyond measuring numbers. We are not asking the right questions."* (World Vision International)

*"One of the biggest problems is that there is no requirement to report on this (inclusion)."* (Key informant)

- There remain gaps in data disaggregation that are a starting point for better monitoring of inclusion.
- Effectiveness of consultation and feedback processes is rarely monitored. Measures of success (outcomes) remain, for the most part, agency-defined.
- The inclusion of people-centred indicators is mainly limited to asking closed questions about satisfaction with assistance.

Key informants criticized these narrow metrics and highlighted that more granular (including qualitative) information was needed to draw accurate conclusions to inform design. Again, they highlighted the need to consider how power relations can influence responses.

Relatedly, key informants working in accountability and inclusion noted that arguments against investing further in accountability or inclusion measures often point to the higher costs of such measures. However, they felt such arguments are often based on assumptions which could be inherently flawed. They further argued that we need to avoid assuming that doing things better will necessarily cost more, and instead consider how looking at this 'low hanging fruit', and through good end-to-end programming that avoids or reduces inefficiencies in other areas, costs can be absorbed. Examples in Ukraine (Box 1.2) were cited to support this. Key informants argued that even if there are additional costs, CVA programmes that are more people-centred from the outset and more effectively reach and serve the most vulnerable, present a more cost-effective use of resources. They argued that there is a need to capture the results of people-centred design, showing both the benefits as well as costs.

Some key informants also highlighted that there is no accountability for people-centred CVA. Generally, agencies are not required to and do not report on people-centred outcomes as part of performance monitoring<sup>26</sup>. Even if monitoring does improve, it may not lead to changes unless there are incentives in place to act on the data<sup>27</sup>.

## Programme scale and people-centred CVA

KIIs and FGD participants shared diverse perspectives on how CVA programme scale can influence a people-centred response. These differing perspectives highlight that the relationship between scale and inclusion needs to be considered in terms of: (i) access to aid, and (ii) the ability for that CVA to adequately meet the needs, constraints and preferences of different groups of people.



*"We focus on the majority. Scale encourages a focus on reducing individual and HH-level needs to fit into just a few boxes." (FGD participant)*

*"Scale makes it more difficult to tailor assistance to all groups, a bigger programme tends to be more standardized. However, big programmes also have more resources and should be able to work on this." SDC (Swiss Agency for Development and Cooperation)*

*"Look at delivery mechanisms – if there is no alternative delivery mechanism offered on a programme, this is not an issue of scale, it is an issue of design. Scale should not be an excuse for a lack of quality." (NGO)*

On the first dimension, greater scale can equate to greater coverage of those in need and thus inclusion in terms of access to aid. Agencies leading cash responses at scale in contexts of widespread vulnerability and insufficient or dwindling funds face a dilemma in the trade-off between coverage and transfer adequacy. Often affected populations will express a desire for more people to be assisted – whereas humanitarian actors aim to focus on the "most vulnerable". Agencies can include more people, but then are constrained in their ability to design a response that is sufficient to meet needs. This presents a barrier to achieving more people-centred CVA.

On the second dimension, key informants highlighted that large-scale cash programming often still equates to a one-size-fits-all design. This trade-off between CVA scale and ability to meet differentiated needs and preferences was widely noted, with multiple people commenting on the 80:20 effect wherein the most vulnerable risked exclusion from large-scale assistance. Some of this was seen as being a constraint inherent in scale, i.e. that for manageability, it will never be possible to tailor programmes designed to reach millions to meet all individual needs, requests and requirements. On the other hand, many

people cautioned about practitioners using scale as an excuse. They considered that with the right planning and willingness, it is possible to introduce more diversification and people-centred elements into the design of CVA at scale (e.g. in transfer values; in delivery mechanisms; in last mile solutions enhancing access for particular groups) and that now greater scale has been achieved, more efforts are needed to improve quality.

Finally, there were people who thought it was important to do more to diversify the design of scalable CVA, but it is possible to have more than one way of working and that scalable responses don't need to solve all

inclusion issues. For the very vulnerable (the 20%), they said that separate tailored interventions could fill these gaps to (perhaps better) meet these needs.

## Implications for the future: Areas for strategic debate and priority actions

### Areas for strategic debate

Our analysis highlighted the following considerations to inform further thinking and progress in this area.

- **What needs be done to make greater progress towards people-centred CVA?**  
To truly move towards people-centred and inclusive programming requires that humanitarian actors establish and monitor appropriate accountability and inclusion targets with measurable performance indicators. Without this, the pressure to meet other performance targets (generally oriented towards efficiency) will continue to constrain progress. Monitoring should include perception indicators from those that CVA aims to serve and capture indicators relating to inclusion (who is part of the programme), participation (how they engage in and shape the programme), and accountability (how they hold to account those responsible for providing the assistance).
- **What are the best ways to reach and serve the 'most vulnerable' 20%?**  
There are, potentially, multiple pathways through which this can be achieved including: (i) better mainstreaming of an inclusion lens and good practices into the design of CVA for the 80%; (ii) designing and funding specialized CVA programmes that target and address the additional needs of specific groups; and (iii) improving linkages to other services. This also has implications for the roles of specialized organizations with expertise in gender, disability and inclusion, which can be involved as technical partners in large CVA programmes or can assume direct implementation of specialized CVA programmes serving specific groups.

### Priority actions

In relation to the strategic debates above and other key findings in this chapter, the following are recommended as priority actions for stakeholders.

- **Donors and implementing organizations** should increase investment in well-designed, independently-led, consultation and feedback studies (such as the user journey research of GTS) to generate learning about how well or not CVA is working from the perspective of the people aid aims to serve. Such investment would amplify CVA recipients' voices in an independent and methodologically sound way and could contribute to redefining power dynamics between aid providers and recipients. To be meaningful, such studies should be independent, combine quantitative and qualitative approaches and "ask the right questions".
- **Humanitarian actors** should be held accountable to act on information received. Such actions will be most effective if undertaken in conjunction with other recommended actions.
- **Humanitarian actors** should agree on structures and processes for ensuring accountability to people affected by crises in CVA.
- **Implementing agencies** should put people at the centre of the digital transformation of CVA. To make best possible use of digital technology and maximize the potential benefits of innovations while minimizing risks, decisions on whether, and how, to integrate digital solutions should include consideration of: (i) affected populations' preferences; (ii) their familiarity with different options and barriers or risks associated with the use of technology; and (iii) a sufficient investment in measures to overcome these (such as through addressing digital literacy).
- **All actors** should continue to invest in needs assessments, response and other analyses underpinning CVA, ensuring analyses are disaggregated by gender, age, and disability. The participation of people with disabilities and their representative groups is key.

## ENDNOTES

- 1 CALP. (2022). Where Next? The Evolving Landscape of Cash and Voucher Policies.
- 2 Including RCM; Mercy Corps; UNHCR; IOM; ECHO; WFP
- 3 WFP Cash Policy (2023). [docs.wfp.org/api/documents/WFP-0000150584/download/](https://docs.wfp.org/api/documents/WFP-0000150584/download/)
- 4 Ibid. also echoed in Metcalfe-Hough, V., Fenton, W., Saez, P. and A. Spencer. (2022). The Grand Bargain in 2021: An Independent Review. HPG Commissioned Report. ODI. [www.odi.org/en/publications/the-grand-bargain-in-2021-an-independent-review](https://www.odi.org/en/publications/the-grand-bargain-in-2021-an-independent-review)
- 5 Ibid. GTS (2022). Affected People are Mostly Missing from the Localisation Debate. Let's Change That. The New Humanitarian. Aid and Policy Opinion, 19th April 2022. <https://www.thenewhumanitarian.org/opinion/first-person/2022/04/19/reform-humanitarian-aid-talk-communities-crisis>; Seferis, L. and P. Harvey. (2022). Accountability in Crises: Connecting Evidence from Humanitarian and Social Protection Approaches to Social Assistance. BASIC Research Working Paper 13. Institute of Development Studies
- 6 Ibid. V. Barbelet. (2020). Collective Approaches to Communication and Community Engagement in the Central African Republic. Humanitarian Policy Group. Overseas Development Institute
- 7 Including Afghanistan, Burkina Faso, Chad, the Central African Republic, the Democratic Republic of the Congo, Haiti, Nigeria, Somalia, Syria, and Ukraine
- 8 Seilern, M. and H. Miles. (2021). CVA, Plus Information: what Happens when Cash Recipients are Kept in the Loop? Ground Truth Solutions blog post 15th March 2021; H. Miles. (2022). Modality Preferences: Are Uninformed Choices Leading us Down the Wrong Road? Ground Truth Solutions blog post 30th January 2022; GTS. (2022) The Participation Gap Persists in Somalia: The Cash Barometer February 2022. GTS; GTS. (2022). Listening is Not Enough: People Demand Transformational Change in Humanitarian Assistance. Global Analysis Report, November 2022. GTS
- 9 IASC Guidelines on Inclusion of Persons with Disabilities in Humanitarian Action were launched in late 2019; followed by the UN Disability Inclusion Strategy in 2020. Under the IASC there is now a disability reference group, co-led by UNICEF with CBM Global and Intl Disability Alliance (IDA).
- 10 CBM Global estimates it as 10—40% higher costs (KII).
- 11 CBM Global. (2022). Technical Brief: Key Principles and Recommendations for Inclusive Cash and Voucher Assistance in Ukraine. European Disability Forum / CBM Global <https://www.edf-feph.org/publications/key-principles-and-recommendations-for-inclusive-cash-and-voucher-assistance-in-ukraine/>
- 12 These focus on measuring difficulty of functioning in six basic, universal actions (capabilities).
- 13 Also highlighted in CALP. (2022). Where Next? The Evolving Landscape of Cash and Voucher Policies. <https://www.calpnetwork.org/publication/where-next-the-evolving-landscape-of-cash-and-voucher-policies/>
- 14 For example, as set out in V. Barca et al. (2021). Inclusive Information Systems for Social Protection: Intentionally Integrating Gender and Disability. Social Protection Approaches to COVID-19: Expert Advice (SPACE); and Holmes, R., Peterman, A., Quarterman, L., Sammon, E. and L. Alfors. (2020). Strengthening Gender Equity and Social Inclusion During the Implementation of Social Protection Responses to COVID-19. Social Protection Approaches to COVID-19: Expert Advice (SPACE)
- 15 For example, the FGD with STAAR GESI experts highlighted that inclusion can be limited to superficial statement on “inclusion of women and girls”, inserted into programme documents. Similar findings have been highlighted in Metcalfe-Hough et al. (2022); CALP (2022); Maunder, N., McDonnell-Lenoach, V., Plank, G., Moore, N. and L. Begault. (2022). Better Assistance in Crises (BASIC) Performance Evaluation. Midline Report. A report by Integrity Research and Consultancy; and Bill & Melinda Gates Foundation and the World Bank Group. (2022). Digital Cash Transfers in the Time of COVID-19: Opportunities and Considerations for Women's Inclusion and Empowerment. Bill & Melinda Gates Foundation and the World Bank Group.
- 16 The Cash Workstream of the Grand Bargain started a sub workstream on gender in cash in 2018, led by CARE and UNWOMEN, which operated into mid-2021. This was considered to have made the topic more visible for cash actors through producing and sharing guidance, tools and case studies and hosted various events and learning opportunities.
- 17 Including Mercy Corps, WFP, and Oxfam
- 18 Including from WRC, CARE, and UNFPA
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- 21 From FGDs and KIs with stakeholders working in the LAC region and Ukraine, plus recent publications: CALP. (2022). People are on the Move: Can the World of CVA Keep Up? Analysis of the Use of CVA in the Context of Human Mobility in the Americas. IFRC. (2022). Dignifying, Diverse and Desired: Cash and Vouchers as Humanitarian Assistance for Migrants.
- 22 Taken from CALP (2022:16). People on the move: Can the world of CVA keep up?
- 23 Other recent studies have reported similar findings regarding how lack of capacities limits inclusion in practice. For example, Maunder et al. (2022) which highlighted that the GESI advice given under SPACE led to new thinking by FCDO advisors on how to make emergency programming gender-responsive, but that such short-term technical assistance cannot address wider structural gaps in capacity.
- 24 Barca et al. (2021)
- 25 Including CBM Global (2022); T. Byrnes. (2022). Overview of the Unified Information System of the Social Sphere (UISSS) and the eDopomoga System. Social Protection Technical Assistance, Advice and Resources Facility (STAAR). DAI; Toney, D. and V. Palacios. (2023). Role of Civil Society Organisations in Ukraine: Emergency Response Inside Ukraine. Thematic Paper. CALP
- 26 Also highlighted in a 2020 Blog by GTS and CALP on improving AAP in the new HRP, which criticized the HRP's focus on monitoring only as far as the inclusion of AAP in the HRP, not actual progress/performance against these plans and targets and not including perceptions of recipients.
- 27 GTS. (2022). Listening is Not Enough: People Demand Transformational Change in Humanitarian Assistance. Global Analysis.

\* Maria, in Crocmaz, Moldova, is baked a 'Pasca' cake for Easter to share with Ukrainian refugee families who were in her home. She's hosted over a hundred refugees since the beginning of the crisis. WFP provides cash to host families like Maria. So far she has received LEI 3,500 (USD 190) and is expected to receive another payment in future. © Cassandra Prena/WFP. April 2022

## Chapter 2: CVA Volume and Growth



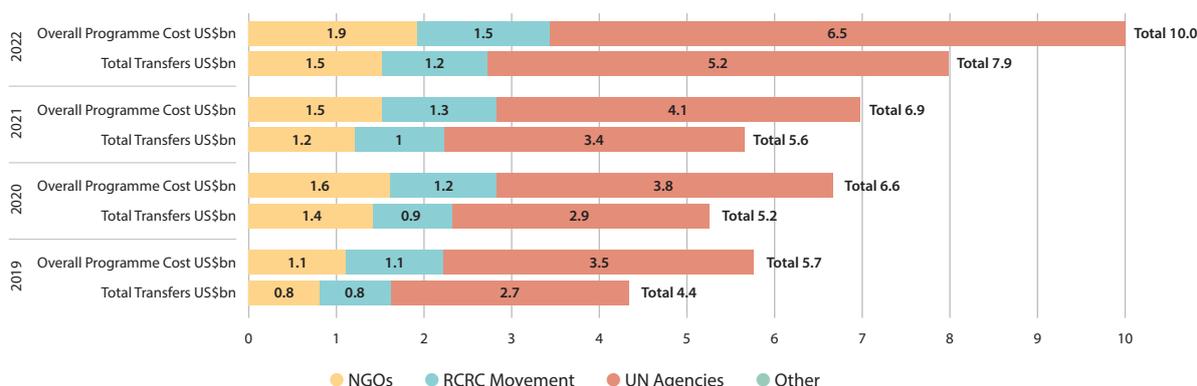
Summary: Chapter 2

# CVA Volume and Growth



## Key findings

✓ The global volume for CVA programming expenditure increased by 41% from 2021 to 2022 to US\$10.0 billion, with US\$7.9 billion transferred as CVA to crisis-affected people. The large-scale use of cash in the Ukraine response was a key driver of growth, but other crises also saw increases in CVA.



- ✓ CVA represented 21% of international humanitarian assistance (IHA) in 2022, compared to 20% in 2020. As a percentage of IHA, growth in the use of CVA is plateauing.
- ✓ If used wherever feasible and appropriate, CVA could account for between 30% to 50% of IHA. CVA funding to UN agencies is increasing but the visibility of implementing partners remains limited.
- ✓ Cash increased relative to vouchers as a proportion of CVA from 72% to 81% between 2021 and 2022.
- ✓ Issues affecting the growth of CVA are evolving. Economic volatility is now considered one of the most significant challenges.
- ✓ Challenges persist with consistent and timely global and response level tracking and reporting of CVA.



## Strategic debates

- ❓ Is there a risk that a focus on large-scale CVA reinforces the ‘forgotten’ status of some crises?
- ❓ What should be done to realize the full potential of CVA to address humanitarian needs?
- ❓ Would more systematic collective tracking and reporting of CVA increase transparency and accountability, and improve coordination of activities?
- ❓ Is there a need to track financial assistance overall?



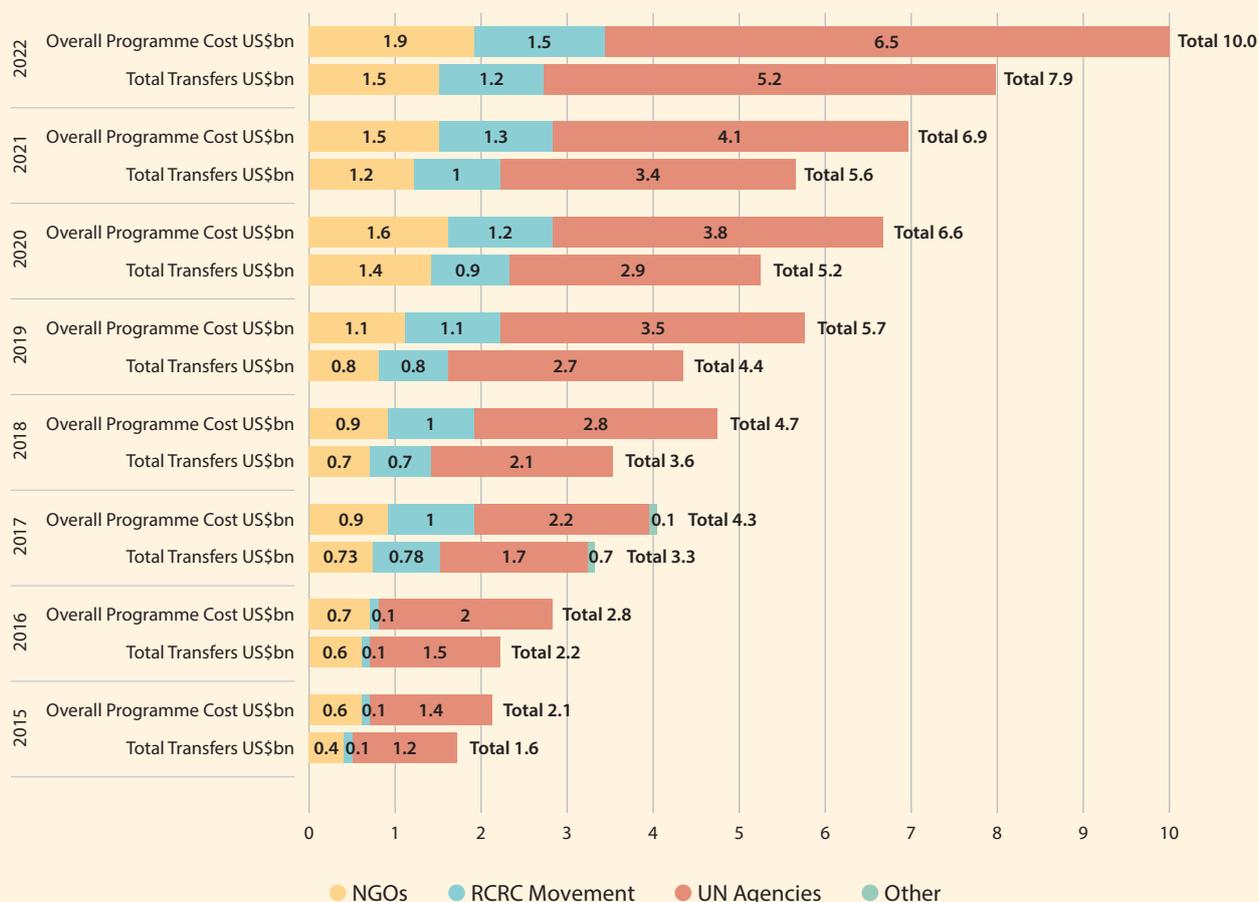
## Priority actions

- ❗ **All stakeholders should** work together, across organizations, sectors, and responses, to leverage opportunities to increase the use of CVA where feasible and appropriate.
- ❗ **Implementing organizations should** report their programming (both CVA and other modalities) to interagency platforms, prioritizing IATI, making the necessary investments to ensure this happens.
- ❗ **The global Cash Advisory Group should** assign responsibilities for tracking CVA within the new cash coordination model. Sufficient resources should be identified to support CVA information management functions.

## CVA volume increased, but growth as a percentage of humanitarian assistance has not kept pace

The volume of CVA<sup>1</sup> has increased every year since 2015 (when tracking began), with 2022 marking the largest year-on-year increase. Preliminary data indicates a 41% increase from 2021 to 2022, reaching a total of US\$7.9 billion transferred as cash or vouchers to crisis-affected people (see Graph 2.1). Previous year-on-year increases had been between 8% and 22%, highlighting the relative size of the growth in 2022. The **estimated global volume for overall CVA programming expenditure for 2022 is US\$10.0 billion**<sup>2</sup> (see Graph 2.1).

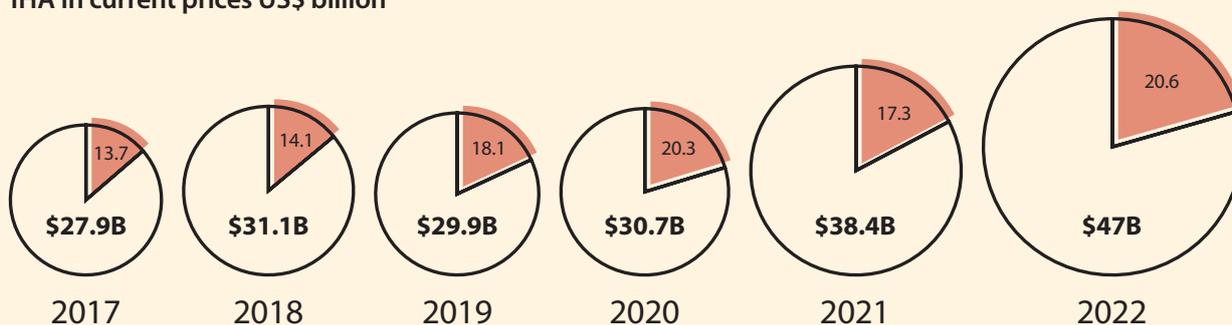
**GRAPH 2.1** CVA Volumes 2015 – 2022



**This significant increase in volume has not been matched by a similar scale of growth for CVA as a percentage of international humanitarian assistance (IHA).** The significant increase of global IHA volumes in 2022 to US\$47.0 billion (a jump of 22% from 2021, see Graph 2.2) partially explains this. Based on overall CVA programming costs of US\$10.0 billion, **CVA made up an estimated 21% of IHA in 2022, a 4% increase compared to 2021**<sup>3</sup>.

Given the percentage increase in CVA volume (41%), growth as a share of IHA was relatively small. Following exponential growth as a percentage of IHA between 2017 and 2020, CVA has since plateaued, with a temporary drop in 2021, following a COVID-19 related increase in 2020. Recent research concluded that if CVA were used wherever feasible and appropriate, it could account for between 30% to 50% of IHA<sup>4</sup>. Current uptake of CVA falls well below that range, indicating the barriers that remain to realizing this potential growth – explored later in the chapter.

GRAPH 2.2

IHA in current prices US\$ billion<sup>5</sup>

● Estimated % of CVA of total IHA<sup>6</sup>

## The Ukraine response drove growth in 2022, but it's not an isolated factor

Analysis of the causes of the record increase in CVA in 2022, based on self-reports from key informants (KIs), organizations who submitted CVA data and publicly available information, points to **the Ukraine crisis and associated regional response as the single biggest driver of growth**. Multiple organizations cited the impact of this, with USD\$1.18 billion of multi-purpose cash assistance (MPC) disbursed to crisis-affected people in Ukraine in 2022<sup>7</sup>. At the same time, several organizations highlighted growth in CVA in other regions, for example as part of the response to rising global food insecurity, including contexts such as Afghanistan and the Horn of Africa. In addition to these external drivers, several organizations commented on improvements to their data collection systems as contributing to higher reported CVA volumes and others cited the growth impacts of their CVA strategies.

**CVA transfer volumes from UN agencies in 2022 increased by more than half (a 53% increase on 2021),** for example:

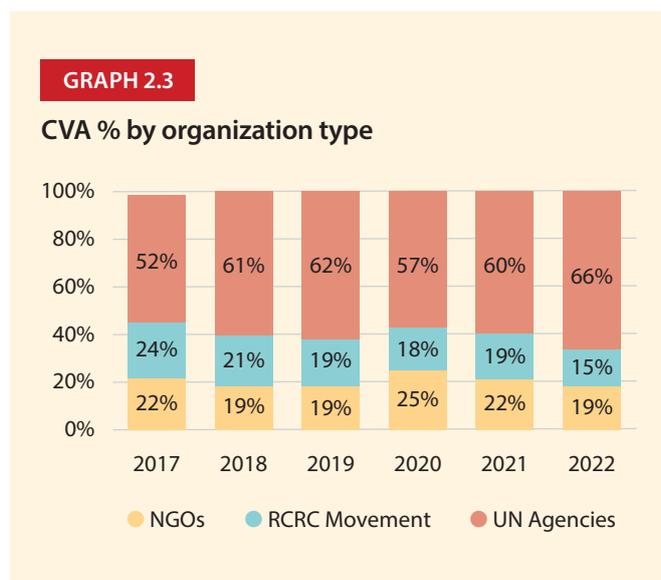
- UNICEF experienced the biggest increase amongst individual UN agencies, more than doubling its volume of CVA in 2022 to US\$725 million. The Ukraine response made up around 40% of this amount. A key informant noted that mainstreaming cash in the agency facilitated this growth, with approximately 43 country programmes now using CVA. Most of these are still small-scale, with around five UNICEF country programmes – including Ukraine and Afghanistan – operating at scale.
- UNHCR increased its volume of CVA transfers by 46% in 2022 to US\$977 million. CVA constitutes the biggest modality in UNHCR's portfolio, with the largest operations in the Middle East (e.g., Iraq, Lebanon), and as part of the Ukraine regional response (four out of the top ten countries by volume disbursed)<sup>8</sup>.
- WFP increased its volume of CVA transfers by 43% to around US\$3.3 billion, partly due to its scaled-up CVA responses to crises in Somalia, Ukraine, and Afghanistan. CVA has remained constant at around 35% of WFP's portfolio for the past few years. Although WFP's support to governments and the delivery of cash via social protection systems has also increased during this time, it does not sit within current parameters for tracked humanitarian assistance (see tracking section, below).

The **Red Cross and Red Crescent Movement (RCRCM) increased their CVA transfer volume by 20% in 2022**, to US\$1.2 billion according to preliminary calculations. A significant part of this is attributable to the ICRC, who experienced what they describe as an exceptional year in terms of CVA, marked by a 226% increase on 2021. Although Ukraine accounted for much of the growth, CVA was used across 50 delegations, including in Afghanistan and drought responses in Africa.

Across those **NGOs** whose data was accessible (through direct submission or from financial tracking services (FTS)), there was a **collective increase in transfer volume of 23% in 2022, to US\$1.5 billion**. 75% of NGOs who submitted CVA data reported an increase in volume in 2022, with a median increase of 40%. The scale of growth varied significantly, ranging between 5% and 290% increases on 2021. The other 25% of NGOs reported a decrease in volume compared to 2021. Overall, growth was neither comprehensive nor uniform amongst NGOs<sup>9</sup>. In line with the overall drivers of increased volumes, NGO respondents frequently cited the Ukraine regional response and Afghanistan as amongst their largest scale-ups, with a range of other responses for specific organizations.

As highlighted in the sections below on opportunities and challenges to growth, where crises happen, and the extent of funding provided, impact CVA volumes over time. Questions remain over whether and **how long the 'Ukraine effect' will be maintained**, and the implications for CVA volume trends in the short to medium term. At this stage, these questions are open to speculation given the unpredictability of the conflict itself. However, the scale of MPC in Ukraine in 2023 is not matching the volumes disbursed in 2022, with indications that the overall humanitarian response will also be smaller<sup>10</sup>. In the medium- to longer-term, plans are in place to facilitate a transition of the bulk of humanitarian CVA in Ukraine to the national social protection system. At that point, these future transfers would likely fall outside of the current parameters of what is tracked as humanitarian CVA.

## CVA funding towards UN agencies is increasing, but the visibility of implementing partners is limited



In 2020, the COVID-19 pandemic helped drive a brief increase in the relative percentage of CVA that NGOs provide.<sup>11</sup> Since then the concentration of CVA funding to UN agencies has increased again. **In 2022, UN agencies and their partners programmed 66% of CVA**. This is the highest share since 2017, compared to an average of 58% between 2017 and 2021 (see Graph 2.3). One partial explanation for this could be the unusually high level of demand for food assistance (including via CVA) in 2022; with WFP usually the at-scale responder in these situations, this increased their volume of CVA programming, and the concentration towards UN agencies. UNICEF's significant increase in CVA programming is another contributing factor.

As explored elsewhere in this report, the trend within UN agencies (and to a lesser extent, INGOs) in CVA towards more large-scale delivery seems to contradict the push to increase the role of local and national actors (LNAs) in humanitarian programming (see Chapter 3 on Locally led response). However, **the available data camouflages the contributions of implementing partners in CVA programming** – many of whom are LNAs. Currently, the data attributes volumes to those who receive the funding for CVA transfers and disburse them from their accounts to aid recipients – usually via a third-party FSP. In most cases, this is the agency which receives donor funding directly but who then sub-contract many aspects to partners.

Implementing partners receive sub-grants to undertake a range of roles, from registration to monitoring, and can be responsible for many or most of the programming activities, including for interventions where the funding/intermediary organization retains the funding and responsibility for the delivery of transfers. Very limited data on humanitarian sub-grants<sup>12</sup> (for CVA and other modalities) is publicly available meaning it is not currently possible to quantify its extent. Equally, it seems most organizations don't track the volumes of CVA to which they

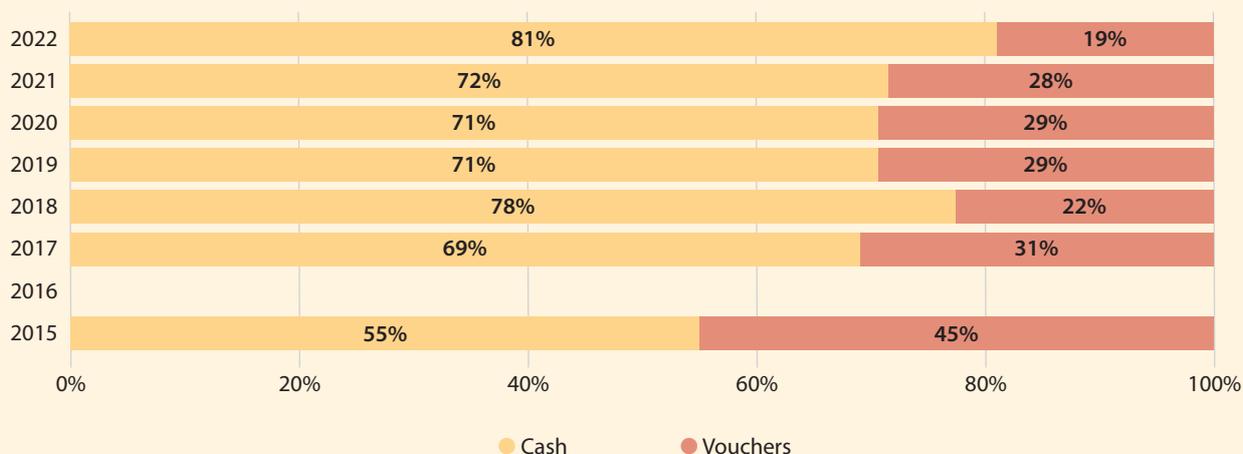
contribute as an implementing partner.<sup>13</sup> All this results in a lack of visibility and underlines the importance of increasing the transparency of all downstream funding.<sup>14 15</sup>

Studies have shown that most humanitarian funding reaches LNAs indirectly<sup>16</sup>. This and the fact that downstream funding is not tracked, creates **challenges in fairly showing the work of different organizations' implementing CVA**. To date, little data has been captured on CVA funding and local and national organizations' spending, which aligns with the systemic challenges to localizing responses outlined in Chapter 3 on Locally-led response. Analysis of UN-managed humanitarian response plans in 2022 found that only 3% of CVA funding requirements were for LNAs and that these CVA projects were less likely to be funded compared to international actors' CVA projects in the same plans<sup>17</sup>. This percentage aligns with very low levels of direct humanitarian funding to L/NGOs in general, but as shown, does not accurately reflect their contributions to CVA, notwithstanding the issues in tracking and quantifying these.

## A notable increase in the overall volume of cash vs. vouchers in 2022

After staying largely static at 71–72% for three years between 2019 and 2021, cash increased to 81% of CVA in 2022, with vouchers comprising 19% of reported disaggregated totals.

**GRAPH 2.4** Cash and vouchers as a percentage of CVA – 2015–2022



Disaggregation of cash and vouchers is a minimum requirement when tracking CVA<sup>18</sup>. This is based on recognition of the significant qualitative differences between cash and vouchers from the perspective of those receiving and using them, which includes well documented recipient preferences for cash (over vouchers or other modalities of assistance) in most cases. Associated with this, going back to at least 2015, much of the push at a policy level for CVA has been towards cash, rather than vouchers<sup>19</sup>.

An examination of cash and vouchers as a percentage of CVA portfolios by organization type reveals that amongst NGOs this has fluctuated over the years, within a range of 76% to 84% cash. For UN agencies, the cash/voucher split had remained around 70% cash for several years, with a notable increase to 78% (cash) in 2022. There are significant differences between organizations within different categories. For example, UNHCR has consistently reported 95% cash assistance within their CVA portfolio since 2017, while UNICEF has reported between 95% and 99% cash since 2018. For the RCRCM, disaggregated data isn't available for all years, but a concerted shift towards cash is evident – from 82% in 2017 to 98% in 2022 (based on interim figures).

GRAPH 2.5

Cash and vouchers as a percentage of CVA by organization type<sup>20</sup>

	NGO		UN	
	Cash	Vouchers	Cash	Vouchers
2017	84%	16%	61%	39%
2018	78%	22%	72%	28%
2019	76%	24%	70%	30%
2020	82%	18%	67%	33%
2021	77%	23%	70%	30%
2022	79%	21%	78%	22%

Within NGOs, while in some cases there is a consecutive trend towards more cash, it's not unusual to see shifts up and down over time in terms of the relative volume of cash versus vouchers. Feedback indicates this usually has more to do with the context of specific responses, for example where funding or other issues may limit cash assistance, rather than organizational policies favouring vouchers. The relevance of response level factors influencing modality selection was also reflected in analysis of humanitarian response plan data undertaken by Development Initiatives in 2022. There was an aggregate increase of three percentage points (to 64%) for cash components of the total requirements for CVA projects from 2021 to 2022 across the 16 response plans analyzed. However, a "closer look at the country-specific data shows seven response plans remaining

stable or increasing in their relative planned use of cash and nine shifting more towards vouchers, [with] shifts towards cash [...] more pronounced and/or in larger-scale CVA responses"<sup>21</sup>. The overall shift towards cash in 2022 might be attributed in part to the large-scale use of multi-purpose cash assistance (MPC) in the Ukraine crisis response.

Understanding the global increase in cash vs. vouchers in 2022 requires analysis of WFP's disaggregated data<sup>22</sup> as they delivered 74% of all vouchers globally (based on the subset for which we have disaggregated volume data) in 2022. WFP increased their percentage of cash assistance to 67%<sup>23</sup> of their total CVA in 2022, compared to 57% in 2021. This constituted an increase in cash volumes from US\$1.3 billion to US\$2.2 billion, while vouchers only increased from US\$1 billion in 2021, to US\$1.1 billion in 2022. Given the scale of WFP's programming, this had a notable impact on the overall split between cash and vouchers at the global level. With WFP's new Cash Policy prioritizing the use of cash (rather than vouchers), and the removal of commodity vouchers from their CVA category internally, they anticipate the relative percentage of cash assistance to increase over time, with several large responses shifting to unrestricted modalities.

## There is scope to increase CVA, but perspectives on the extent and opportunities vary

The first SOWC report highlighted the 2016 research that estimated CVA could account for 37% to 42% of all international humanitarian assistance if used as the default modality wherever feasible and appropriate.<sup>24</sup> In 2022, CALP commissioned a study to assess whether this estimation still holds, if it should be updated, and what the principal opportunities and challenges are for increasing CVA. The study concluded that **"... if CVA were delivered wherever feasible and appropriate, it could account for at least 30% and up to 50% of global humanitarian assistance."** The research also identified three broad approaches to increase CVA, noting that in a global context of exponential growth in needs, all three are necessary:

1. **Shifting the balance of existing activities** towards more CVA where feasible and appropriate.
2. Developing **stronger links with cash-based social protection** and development aid (see Chapter 6 on Linkages with social protection).
3. **Increasing overall humanitarian financing** (with CVA increasing as a proportion of this).<sup>25</sup>

The question of whether quantitative targets for CVA are useful or not is an ongoing topic of debate. This issue was outlined in the SOWC 2020 (pp.34-35), and the research in 2022 found a similar mix of perspectives between those who find them effective to galvanize action, and those who favour the principle of a 'modality neutral'



*“Logic suggests that we could be more ambitious in our target for cash. If we were to consider two main variables – people’s preferences and market functionality – this would give us a better idea of what the figure should be.” (SIDA)*

approach based on good response analysis. Critically a modality neutral approach will often co-exist with a clear commitment to the systematic consideration of CVA. Overall quantitative targets are less common than is sometimes assumed, with only 24.5% of operational Grand Bargain signatories having set one.<sup>26</sup>

Where they have been set, organizational CVA targets range between 5% and 50% of humanitarian aid delivered, and can be based on multiple factors, from sectoral mandates to mindsets and exposure at the decision-making level, to risk appetite. Using

available organizational targets as a basis, it is estimated that **if those targets had been reached in 2021, CVA would have represented 30% of IHA (as compared to the actual figure of 17%).**

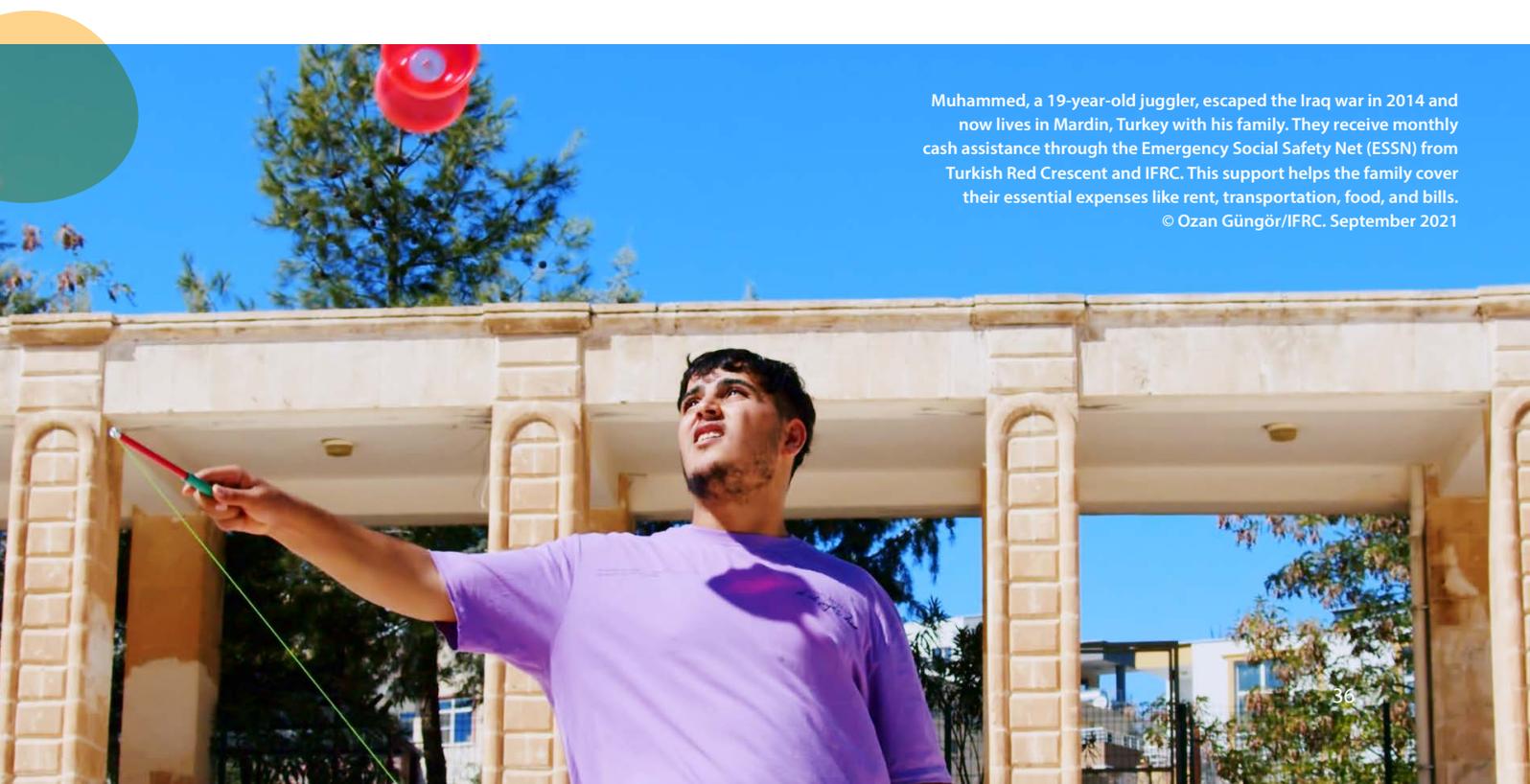


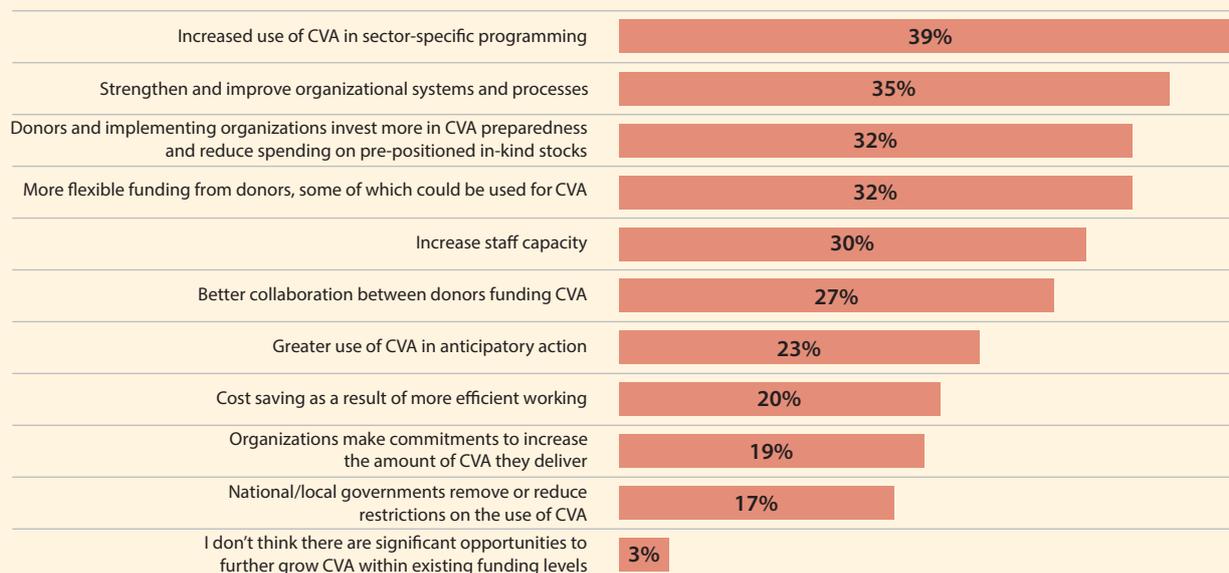
*“...there is no one large reservoir for growth and no simple accelerators – rather the growth potential will only be realized through multiple actions, by multiple organizations, in multiple places.” (Increasing CVA (2022) CALP)*

Survey respondents for this report were asked to provide their perspectives on the biggest opportunities to increase CVA within existing funding levels, shown in Graph 2.6. Almost all (97%) respondents perceive opportunities to grow CVA within existing funding levels, which aligns with other findings<sup>27</sup>. The overall range and spread of responses indicate that – rather than just one or two strategies that would yield large-scale change on their own – there are multiple potential pathways to increasing CVA, many of which are likely to be mutually reinforcing.

Context is a critical determining factor for CVA growth. Disaggregated analysis of the survey results shows some regional variations. Though not striking for the most part, they do point to the influence of contextual factors. For example, 33% of respondents from Asia and the Pacific selected the use of anticipatory action (see Chapter 9 on Climate and CVA), compared to 23% overall). This may reflect the relatively greater use of this approach in that region to date or greater awareness of the possibilities that exist. **The importance of context in determining where and how much CVA is possible** was also a key finding in recent research<sup>28</sup>. Key informants to that study pointed to examples of very large CVA interventions in places such as Türkiye and Ukraine with outsize significance within their overall CVA portfolios. There can also be important changes over time to the feasibility of CVA within a specific context, and to the levels of humanitarian need and funding available. This resonates with some of the fundamentals of evaluating where CVA is feasible and appropriate, and the fact that certain contexts – for example those with well developed markets, financial services, and infrastructure – are more likely to be considered appropriate for large-scale cash assistance. Hence if there are major humanitarian crises in places where at scale CVA is well suited, this will impact CVA volumes, as evidenced by the Ukraine response in 2022.

Muhammed, a 19-year-old juggler, escaped the Iraq war in 2014 and now lives in Mardin, Turkey with his family. They receive monthly cash assistance through the Emergency Social Safety Net (ESSN) from Turkish Red Crescent and IFRC. This support helps the family cover their essential expenses like rent, transportation, food, and bills.  
© Ozan Güngör/IFRC. September 2021



**GRAPH 2.6** Biggest opportunities for further increase of CVA within existing funding levels

Returning to the survey findings, 39% selected **increasing sector-specific CVA as the biggest opportunity for CVA expansion**. The potential use of CVA varies significantly across sectors, as does the level of progress and/or reticence to use it, which inevitably also varies across sector practitioners within different organizations and responses. Chapter 8 looks in depth at the status of CVA within different sectors, including in relation to MPC. A lack of comprehensive data on sectoral CVA and in-kind assistance complicates the clarity on the potential for growth in sectoral CVA. Better data could provide a baseline to understand the volumes of current in-kind transfers, determine what could feasibly be transferred as CVA instead, and enable tracking of changes.

The survey results underline the perception that **strengthening capacities is central to increasing CVA** (see also Chapter 5 on Preparedness and Capacity). This relates to both systems and processes (35%) and staff capacity (30%). Investment in preparedness, which has capacity strengthening as a core component, is also seen as a good opportunity for growth, cited by 32% of respondents. This includes the proposition to increase CVA 'pre-positioning' relative to in-kind stocks. It isn't currently possible to calculate what this might mean in terms of additional CVA as there is no collective tracking of pre-positioned goods against which to do this<sup>29</sup>. However, issues such as the visibility of in-kind assistance can act against a switch to more CVA, while feedback indicates that there are some signs of change. It has also been recommended to establish institutional dialogue between logistics and CVA actors on the topic of **decreasing in-kind preparedness and increasing CVA**<sup>30</sup>.

The removal of government restrictions on the use of CVA was ranked relatively low as an opportunity for growth – across all regions and groups, including government respondents. While this could imply it's not seen as a major or perhaps widespread issue, occurrences such as the cash transfer ban in the Sahel region of Burkina Faso in 2023<sup>31</sup> brings it into focus, highlighting that **government restrictions can have a significant impact within the areas affected**.

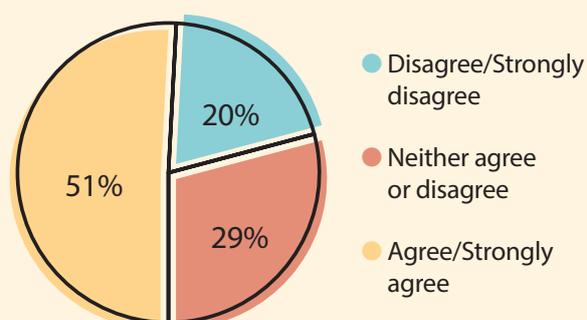
**Donors largely remain supportive of increasing CVA, but progress is not linear.** Feedback from KII generally highlighted positive donor attitudes towards CVA, with explicit resistance being increasingly rare<sup>32</sup>. Some key informants noted direct influence from donors to do more cash, although one from a UN agency also remarked on greater flexibility, with less push towards specific modalities and more unearmarked funding. This aligns with the observation that donor commitments to provide more unearmarked funding as part of the Grand Bargain may not always align with commitments to scale up cash. Some donors, however, do simultaneously encourage the systematic consideration of cash<sup>33</sup>. Key informants also noted that some donors can be broadly cash positive,

except for its use in specific sectors – for example, more than one major donor is sceptical about the use of cash for health, particularly the incorporation of medical expenditures within MPC. Another key informant reflected that where donor policies favour MPC, this can be challenging for agencies with sectoral mandates (see Chapter 8 on CVA Design).

Some key informants mentioned ECHO's 2022 policy guidance for cash transfers<sup>34</sup> as being influential and useful in terms of consolidating lessons learned. Several key informants also commented that USAID/BHA has become more active and supportive of CVA. GFFO commented that they remain committed to CVA, based on strategic analysis and appropriateness. SOWC 2020 highlighted the UK as one of the two most prominently pro-cash donors, but at least one key informant commented that their position regarding cash assistance was now much less clear, and that they were unlikely to reach their 2025 target of 32% CVA. In addition to the role of institutional donors, key informants from the Red Cross Red Crescent also noted that more private and philanthropic donors, including those locally, are doing more cash, with the COVID-19 response cited as a likely positive influence.

GRAPH 2.7

**Donors work effectively together to facilitate improvements in the quality and scale of CVA**



**There is scope to improve donor collaboration<sup>35</sup> to improve scale and quality.** 51% of survey respondents agreed that donors work effectively together to facilitate improvements in the quality and scale of CVA. This result was consistent (within a range of a few percent) across most types of respondents including donors. The sense that donors themselves perceive significant scope for improved collaboration was also reflected in their responses to the survey question on opportunities for growth, where the largest percentage of them (44%) selected better donor collaboration as a key opportunity. This compares to 27% of respondents overall. While more flexible funding was in the top four opportunities to increase CVA for respondents overall with 32%, only 19% of donors who completed the survey selected this. Donors were also

significantly more likely to identify cost savings through efficiencies as an opportunity to increase CVA (34%) compared to the respondent group overall (20%). These results **indicate differences between donors' and operational agencies' perspectives in terms of what is likely to be most effective and feasible to increase CVA.**

**Funding flexibility**, or lack thereof, is relevant to how far donors predetermine modality choices within certain funding streams, and the potential impact this could have on CVA volumes. For example, a thought experiment, about how much CVA would increase as a percentage of IHA if the entire USAID Title II budget<sup>36</sup> was delivered as CVA, concluded that if this had been the case there would have been substantive growth (e.g., up to approximately 25% of IHA in 2021, compared to the 19% in practice). The relative impact on CVA volumes would be greater in some countries than others as Title II is only used in a small number of countries where it is considered an appropriate option due to market and feasibility factors<sup>37</sup>.

As a form of humanitarian assistance, inevitably much of the focus on increasing the scale of CVA is on the extent to which this can be achieved within the parameters of existing humanitarian funding and systems. Some argue that this focus risks missing relatively **greater opportunities to increase CVA – through linking humanitarian CVA with national social protection (see Chapter 6), and, often in association with this, by tapping into new sources of financing**, such as international financial institutions (IFIs), climate financing, and domestic funding for social protection. Evidence for this includes examples where funding from IFIs for government assistance via social protection systems during humanitarian crises far exceeds CVA provided by humanitarian organizations (e.g., Sri Lanka and Pakistan in 2022)<sup>38</sup>.

## Issues affecting the growth of CVA are evolving

As with previous *State of the World's Cash* reports, survey respondents identified a range of issues as the biggest challenges to increasing CVA (see Graph 2.8). This underlines the **diverse factors influencing CVA, many of which will vary in importance by context, and over time**. For example, case study analyses exploring factors affecting CVA growth in several countries outlined a complex mixture of issues, including funding, donor preferences, organizational capacities, infrastructure, systems, inflation, liquidity, government policies, coordination, programming agility, and linkages with social protection and development programming<sup>39</sup>. However, the survey results also demonstrate that, overall, some issues are more commonly experienced than others, while comparison with previous reports shows that the issues affecting the growth of CVA are evolving. Combined, **these shifts reflect both the geo-political context of many crises (global, regional, and/or country-specific), and possible evidence of progress in addressing some long-standing challenges**.

**GRAPH 2.8** Biggest challenges to increasing CVA



Key findings are summarized as follows:

**Funding constraints on CVA are now perceived as a more significant challenge than in 2020.** Limitations on humanitarian funding for CVA was one of the top two challenges cited in the survey, by 33% of respondents. This compares to only 21% of respondents that considered inclusion of CVA in humanitarian funding processes as a top challenge in 2020. Constraints on funding for CVA can be situated within the context of the increasing strain on humanitarian financing in the face of escalating needs. The number of people in need of humanitarian assistance in 2022 grew by a third, to an estimated 406.6 million people<sup>40</sup>. Despite a significant increase in humanitarian funding in 2022, largely due to the Ukraine crisis, the gap between needs and resourcing is increasing<sup>41</sup>. Funding shortfalls vary from response to response, with some such as Ethiopia, Syria, Yemen<sup>42</sup>, Myanmar, and Venezuela receiving only around 50% or less of funding requirements in 2022, how far this is perceived as a major challenge to CVA will likely be influenced by context of operation. **It isn't only an issue of resource constraints per se, but also of donor policies and funding models.** Feedback from key informants highlighted the largely positive role and positioning of donors with regards to CVA, it's also notable that 32% of respondents saw more flexible and unearmarked, funding as a big opportunity to increase the volume of CVA (see Graph 2.8 – on opportunities for growth).



*“One risk that is specific to CVA is inflation and that is here to stay. We have put a lot of effort recently into being able to do CVA in the context of inflation, for example working with central banks, working around regulations.” (WFP)*

**Economic volatility is now considered one of the most significant challenges to the growth of CVA.** While economic volatility (e.g., currency fluctuations, inflation, depreciation) was clearly a concern in some countries (e.g., South Sudan, Zimbabwe, Venezuela) in the 2020 *State of the World's Cash* report, it did not register as a particular challenge to CVA in the overall data collection and analysis. However, in 2022/2023 with, for example, inflation rates in many countries are at their highest rates for at least a generation, economic volatility is perceived as both a major

obstacle to growth, and a major risk to the implementation of CVA. The nature of economic volatility in any given context is critical in determining whether the feasibility and appropriateness of cash or vouchers is fundamentally affected in practice (see section on risk below for more). Greater economic volatility can add layers of complexity to implementing effective CVA, which might conceivably discourage practitioners. However it has been argued that **in most cases doing cash assistance in economically unstable contexts is both possible and beneficial to affected people and communities**<sup>43</sup>.



*“Risk management has been very important. We have adopted a project management unit (PMU) approach to supporting COs for the largest cash interventions. Without a PMU the risk appetite of senior management was a bottleneck.” (UNICEF)*

**A reduction in the extent to which risk management is perceived as a challenge to increasing CVA indicates some progress in addressing risks in practice.** Only 31% of respondents ranked management of risk as a challenge, compared to previous practitioner survey results in 2018 (41%) and 2020 (40%). Several key informants cited one factor that might partially explain this: the importance of investment in systems and preparedness to address potential risks. This included UNICEF, who emphasised the importance of these investments to manage risk appetite amongst senior management and help facilitate the scale

up of cash assistance. A WFP key informant also observed that while the types of risks faced haven't changed, their preparedness to manage them has increased drastically. Other research also found evidence of progress within organizational policies and systems to manage operational risks<sup>44</sup>.

**Capacity limitations are seen as less of a challenge overall compared to 2020.** Twenty-seven percent (27%) of respondents in the 2023 survey cited capacity limitations in relation to systems/processes as the most significant constraint to CVA growth compared to 42% of respondents in 2020. There has been a similar reduction in the perception of human capacity as a constraint to CVA, with only 17% of respondents citing it in 2023 compared to 35% in 2020. As reported in the Chapter 5 on Preparedness and Capacity, most respondents (88%) felt their organization has increased its CVA preparedness over the last few years.

**A lack of multisector assessments is considered a less significant challenge to growth.** Only 18% of respondents cited this as a major challenge to the growth of CVA in 2023, compared to 29% in 2020. It's difficult to ascertain if this is because the use of multisector assessments is perceived to have increased, or perhaps because there are more and more pressing challenges that have pushed it down the ranking. In specific reference to MPC, a lack of systematic multisector assessment and response analysis is still perceived as the most significant obstacle – 58% of respondents cited this (see Chapter 8 for graph and more on issues affecting the use of MPC).

## Tracking CVA is useful, but challenges with consistent global reporting persists



*“Tracking the volume of CVA is useful, but quality information management and monitoring is much more important for quality CVA.” (UN Agency)*

Key informants that commented on tracking CVA were largely positive about the potential and realized benefits. Much of this feedback, which correlates with other recent research<sup>45</sup>, relates to the role of tracking data for internal and external advocacy, learning, visibility, and accountability – usually concerning the use of data at a global or strategic level – e.g., relating to funding or



*“It is a huge process to aggregate and clean the data. But it’s massively useful as we see a transformation for our discussions with UN and donors as a result. It’s led to much greater transparency about who is really doing what.” (IFRC)*

policy – rather than at the operational and programming level. This corresponds with one of the main initial objectives of improved tracking, to enable greater accountability against commitments to increase the use of CVA where appropriate and feasible. However, this type of tracking is less useful to achieve the other main objective of improved CVA data: to enable better coordination of CVA and other modalities during a response, in real-time, based on data on who is doing what and where<sup>46</sup> (more on this below, on response level data collection).

Recent research has highlighted that there is a perceived tension between the commitment to improve the tracking of CVA and the commitment to reduce the reporting burden<sup>47</sup>. So far as this tension is felt, it doesn’t necessarily seem to have discouraged agencies from taking steps to improve tracking. There is evidence from key informants, submissions to CALP and DI’s annual CVA data collection, and other research<sup>48</sup>, of ongoing investments since 2020 in improved reporting systems, including aspects such as extracting sub-grant data, and the development of dashboards. Yet difficulties in accurately tracking CVA<sup>49</sup> remain, both internally regarding organizational systems, and externally regarding reporting to interagency platforms.

In 2020, *Tracking Cash and Voucher Assistance: Agreements, recommendations, and minimum requirements from the Grand Bargain cash workstream*<sup>50</sup>, was published (see Box 2.1 for a summary reminder of the key requirements). In 2022, Development Initiatives published a detailed analysis of the status of tracking CVA<sup>51</sup>, including with respect to meeting minimum requirements. The key findings of that report regarding progress in reporting to interagency platforms are summarised in Box 2.2, which underline the fact that this remains patchy and inconsistent despite the existence of required reporting categories. It is also notable that in recent years various organizations, particularly some of the largest CVA implementers, have developed their own CVA dashboards and reports. The focus on these more internal mechanisms, rather than feeding data into publicly accessible, global reporting platforms could indicate that organization’s primary use of this data is to improve their internal decision-making and their individual visibility towards donors, over leveraging it for a better coordinated or more transparent interagency humanitarian response.

#### BOX 2.1

##### Minimum requirements for tracking CVA (grand bargain cash workstream)

- CVA should be **disaggregated into cash and vouchers** in the tracking of humanitarian assistance.
- The **value of transfers** to recipients should be the primary indicator for tracking cash and vouchers.
- Reporting on all humanitarian CVA activities should include the **objective, either sectoral or cross-sectoral (multi-purpose)**.

**BOX 2.2****Tracking CVA – Status of reporting CVA to global interagency platforms***(adapted from Development Initiatives – Tracking Cash and Voucher Assistance (2022))***UN OCHA Humanitarian Programme Cycle (HPC) tools**

- **UN OCHA included a standard set of questions on CVA in its Projects Module in 2019.** This data provides an overview of CVA requirements for plans with a project registration process. UN OCHA's **Financial Tracking Service (FTS) data** can, in theory, then be used to match funding flows to projects with CVA components.
- **This is currently the largest amount of granular and timely data on humanitarian CVA reported to interagency platforms.** However, **it only represents a subset of the total CVA volume.** For example, in 2021 CVA requirements that could be identified through the available response plan data were less than half the annual total calculated by CALP/DI. There are also challenges in matching funding flows in FTS to response plan data (e.g., missing project IDs, estimated or changing CVA requirements) which affect accuracy.
- Those reporting to FTS can also directly tag a funding flow as having a CVA component, but this is rarely done. It is also impossible to disaggregate the data or effectively quantify the percentage that was disbursed as CVA.
- These challenges arise largely from the fact that **neither FTS nor the Projects Module were designed with the objective of tracking expenditure on different modalities.** It also remains the case that reporting to these platforms may not be consistent nor complete across and within organizations.
- **To meet minimum reporting requirements on CVA it would be necessary to systematically integrate data collection with monitoring information systems** (see section on country level response) and to better link those with planning and resource mobilization data.

**International Aid Transparency Initiative (IATI) Standard**

- **The IATI Standard introduced the option to publish disaggregated data on CVA for projects and funding flows in 2019.** Within the structure of the IATI Standard, CVA data can be published at both the 'activity' level (allows a project to be tagged as including cash and/or vouchers), or 'transaction' level (allows disaggregated project expenditure data to be published, which can fulfil the minimum CVA reporting requirements to track transfers to recipients, disaggregated by modality). Sectoral objectives can also be reported, but there is no cross-sectoral category that would capture MPC.
- **Many (but not all) agencies** that implement large amounts of CVA **are already publishing data to the IATI Standard for other purposes. However, even though the option to publish CVA data was introduced nearly three years ago, it has hardly been used.**
- For organizations with centralized project reporting and CVA monitoring systems (e.g., WFP, UNHCR) incorporating information on CVA transfers when publishing expenditure data to IATI might be relatively straightforward. For organizations with a network or confederated structure where individual affiliates or national societies would need to publish data to IATI directly, this would be more resource intensive, requiring IATI reporting to be rolled out across affiliates, including guidance on incorporating CVA data. However, there are opportunities for organizations to streamline the reporting of aid activities within IATI. **Published only once, this data can then be used multiple times – e.g., reporting on funding progress against response plans, for coordination efforts, and donor reporting.**

The *Tracking CVA* report also highlights that **many donors still struggle to track their funding for CVA**. Although there have been efforts to address this, with some such as USAID and EC Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) able to retrospectively quantify CVA funding. Donors generally rely on their implementing partners to report CVA data back to them, with additional complications for pooled funding mechanisms, and unmarked/flexible funding.

While the inclusion of standard questions on the value of assistance by modality in the [8+3 Reporting Template](#) should in theory have improved reporting to donors on CVA, there are issues of compliance with the template (which is often only applied to NGO and not UN partners). As a result, donors' ad-hoc CVA tracking exercises are still often required, which can entail a considerable level of effort<sup>52</sup>. Standardized reporting on CVA to interagency platforms in accordance with the minimum requirements would help to address the data gap between donor funding and quantities delivered as cash and/or vouchers. It could also potentially alleviate the reporting burden for partners if they publish data on modalities in a centralized manner instead of needing to report separately to different donors.

## CVA data at response level is rarely available close to real-time

Facilitating better coordination of activities has long been an objective of improving the availability and accessibility of CVA data. This is most relevant at the country or response level, with the primary information management tool for this purpose being UN OCHA's 'Who does What Where' (3Ws). In 2020, UN OCHA introduced a new global template incorporating standard fields for delivery modality (cash, voucher, in-kind, service delivery) and transfer values, which align with the CVA minimum tracking requirements. There are also optional fields including on, e.g., conditionality, frequency of transfer, and CVA delivery mechanism. However, this decentralized reporting system which allows country-level teams and clusters to decide which standard fields to include in their 3Ws means **data on delivery modalities is not consistently reported nor included in the Global 3W dashboard**. As a result, **cash working groups (CWGs) generally continue to collect response-level CVA data**, often via a separate reporting process<sup>53</sup>, with no global consolidation of this data.



*“Situating the responsibility for tracking CVA at the response level within the new cash coordination model provides an opportunity to generate comparable and better-quality data on CVA [...] (which) could then be reflected on interagency reporting systems.”* (Development Initiatives – Tracking Cash and Voucher Assistance (2022))

Development Initiatives<sup>54</sup> examined available CVA data in 2022 from CWGs and concluded that **CVA data is collected in all major humanitarian responses and largely meets the minimum requirements**. However, **accessibility and timeliness are not consistent**. At the time of analysis, only three contexts (Ukraine, Somalia, and South Sudan) provided publicly available CVA data for the current or previous quarter. Only two of those contexts (Ukraine and Somalia) published granular data on who is doing what, where, with other responses usually publishing aggregated data. This in turn limits the extent to which this data can support the coordination of activities.

The same study also highlighted a *“disconnect between response-level and global, interagency reporting on CVA, with data from the former not reflected anywhere in the latter”*. It concludes with recommendations for the global Cash Advisory Group (CAG) to agree CVA tracking responsibilities for CWGs and clusters as part of the transition to the new coordination model (see Chapter 4), and for donors to ensure sufficient resources for CVA information management.

## Tracking government-led social assistance in relation to humanitarian CVA

The *State of the World's Cash 2020* highlighted the lack of clarity on the question of if, when, and to what extent cash and vouchers delivered through government-led social protection systems might be incorporated into the tracking of 'humanitarian' CVA. The intervening years have increased focus on the linkages between CVA and social protection, particularly with the large-scale use of cash-based social assistance to respond to needs

during the COVID-19 pandemic (see Chapter 6 for more on this), which included notable efforts to capture and analyze related data<sup>55</sup>. However, there's been little substantive progress towards answering the question above. This reflects a more general issue – which varies by country – of insufficient data and/or of (international) humanitarian actors' inattention to domestic crisis responses.

Current tracking only covers IHA funded interventions, limiting the potential to incorporate CVA funds from other sources, including development assistance, and funding from IFIs. This relates to the structural limitations of current, generally siloed (e.g., humanitarian, development) funding models, which are perhaps more visible within CVA precisely because of the linkages to social protection. There are *“conceptual and practical challenges to gaining a more comprehensive understanding of humanitarian CVA transfer volumes through social protection systems”*, not least *“a lack of shared understanding of what the parameters are to categorize cash-based social assistance as ‘humanitarian’”*<sup>56</sup>.

There are good arguments for exploring this topic further, notwithstanding the challenges noted above and recognition of the criticality of context in terms of data accessibility and categorization. This includes enabling a better understanding of the *whole of cash response*<sup>57</sup> and more effective coverage of needs. The 2022 Pakistan floods are a good illustration of the salience of these issues, with the Government of Pakistan disbursing close to US\$300 million to affected households via the Benazir Income Support Programme (BISP). This was, by a large margin, the most significant intervention in the first months of the response but would not currently be counted towards 2022 global CVA volumes (unless, hypothetically, international donors funded it and they reported it as humanitarian assistance)<sup>58</sup>.

The inclusion of cash-based social assistance in the Pakistan Floods Response Plan in a government-led coordination effort allowed others, such as the food security cluster, to focus on complementary activities<sup>59</sup>. Based on this experience, focusing primarily on improving the tracking of social assistance (e.g., how much, where, to whom, when/triggers), rather than if, or when, social assistance should be designated as 'humanitarian' could simplify the tracking issue. This may not lend itself so well to better quantifying 'humanitarian' CVA, but it would, in theory, enable better coordinated and more complementary responses where humanitarian actors can access relevant social assistance data for planning purposes. The onus would then be on international actors involved with social protection as well as domestic governments to produce this information, and on humanitarian actors to seek it out and use it.

The potential to expand the parameters of tracked humanitarian CVA to include further categories of funding and types of intervention is also relevant to the growing focus on the use of cash in anticipatory action. Both that undertaken by LNAs, and more broadly in relation to the possible role of climate finance mechanisms in addressing humanitarian needs, arise from climate-based crises. There are also notable overlaps with the role of cash-based social assistance linked with this (see Chapter 9 on Climate and the Environment).

## Implications for the future: Areas for strategic debate and priority actions

### Areas for strategic debate

Our analysis highlighted the following considerations to inform further thinking and progress in this area.

**Is there a risk that the focus on volume reinforces the 'forgotten' status of some crises?** Analyses of volume and scale perhaps inevitably skew towards emphasizing size – e.g., the agencies providing the largest volumes of CVA, and the responses where the most assistance has been provided. This is understandable, but it is also a lens that can limit the visibility of and reinforce the status of some crises as 'forgotten'. This is important where we acknowledge that levels of funding (including for CVA) to responses do not necessarily have a direct correlation with levels of need, with some crises carrying much larger funding gaps than others. Even where a response is relatively small in global terms, this does not make it any the less important to the people in need of assistance in those places. A knock-on effect is that research and analysis of CVA is often directed towards the larger responses. These types of response generate a lot of valuable learning, innovation, but (relative) growth can also be found elsewhere.

**What needs to be done to realize the full potential of CVA to address humanitarian needs?** The analysis clearly shows that there is potential to significantly scale up the use of CVA. Evidence also shows that, in most contexts, most people prefer to receive cash over other forms of assistance. As has been documented over the years, cash responses can offer efficiencies over other forms of aid. The existing structures and funding mechanisms of the humanitarian system are a barrier to increasing the scale and effectiveness of CVA. Given all this, the multiple points at which change is needed to achieve further scale-up need to be addressed.

**Would more systematic collective tracking and reporting of CVA facilitate greater transparency and accountability, and more effective coordination of activities?** Current tracking limitations – relating to systems, capacities/resources, willingness, and coordination of efforts – mean that the data available for CVA is not generally able to meet demands for information. Critical gaps include the flow and volume of funds to local and national actors, country- or response-level CVA volumes, and data disaggregated by sector, and for MPC. Addressing these gaps would require collective efforts but could provide valuable information to inform better coordinated responses and provide more visibility and understanding of the contributions of local and national actors. At the same time, better tracking is recognized to potentially contradict the principle of minimizing reporting requirements, particularly when humanitarian resourcing is stretched very thin. To that extent, using interagency mechanisms such as IATI that can serve multiple reporting functions, can be advantageous and, potentially, save on overall reporting demands.

**Is it possible to track the whole of cash response system?** Limiting tracked CVA to interventions funded from IHA sources is increasingly seen as only providing part of the picture of assistance to crisis-affected populations. There have been growing calls to better understand the volumes of cash assistance delivered via social protection programmes and systems which have the objectives of mitigating and alleviating the impacts of, and aiding recovery from, humanitarian crises. How and where the lines might be drawn to designate assistance as broadly humanitarian in intent and design would likely be contested, and variable, but it remains under-researched. The primary value is the possibility of a more comprehensive understanding of the support being provided to affected populations, to better plan and target assistance, and identify gaps. Hence, identifying close to real-time mechanisms to inform ongoing response planning is of greater benefit than, for example, simply being able to quantify this assistance after the fact.

## Priority actions

In relation to the strategic debates above and other key findings in this chapter, the following are recommended as priority actions for stakeholders.

- **All stakeholders should work together**, across organizations, sectors, and responses **to leverage opportunities to increase the use of CVA** where feasible and appropriate. This includes fostering and engaging in internal and external policy processes to ensure commitments for more and better CVA are developed and/or maintained and implemented.
- **Implementing organizations** should report their programming (both CVA and other modalities) to interagency platforms, making investments to ensure this can become a standard procedure in time. Reporting to IATI should be prioritized given its capacity to capture data in alignment with CVA tracking minimum requirements, and track funding flows to local and national actors via intermediaries.
- **The global Cash Advisory Group should define and assign responsibilities for tracking CVA within the new cash coordination model.** Clear guidance should be given to CWGs and clusters on what response level data should be captured to support the objective of providing timely, granular, and publicly accessible data to inform more effective coordination, and feed into global reporting systems to enable consolidated analysis<sup>60</sup>. **Donors should ensure sufficient resourcing** to enable CVA information management functions can perform effectively.

## ENDNOTES

- 1 See the Methodology section for the methodology for calculating annual CVA volume data, and related caveats.
- 2 Overall programming costs comprise the amounts transferred to people, plus associated programme implementation and administrative costs. Extracting accurate programming costs can be challenging, depending on organizational systems, and programming arrangements (e.g., mixed modality projects). For example, only 12% of CVA organizational volume submissions for 2022 including associated programming costs. The average ratio across the entire sample with available data of transfer costs to overall CVA programming costs (79%) was applied to the remainder to generate the estimated global total of \$US10.0 billion. This methodology – using a combination of actual programming costs (where available), and estimates based on the average ratio of available programming costs to transfers – has been applied consistently since CALP and Development Initiatives started collecting and collating this data in 2016.
- 3 This percentage has been revised downwards from the 19% shared in previous Global Humanitarian Assistance reports and other publications as global volumes of humanitarian assistance were revised upwards in the OECD DAC 2021 full data release in December 2022.
- 4 Kreidler, C and Rieger, N (2022) Increasing the Use of Humanitarian Cash and Voucher Assistance. CALP Network
- 5 This is according to calculations by Development Initiatives and differs from figures presented in the Global Humanitarian Assistance (GHA) 2023 report due to updated FTS data and because IHA funding volumes in the GHA report are adjusted for inflation. Funding figures are presented in current prices to be more comparable with the data on global volumes of humanitarian CVA, which is also only available in current prices.
- 6 These percentages are calculated using CVA figures that differ from the annual totals as they exclude interventions/funds that don't count towards IHA – e.g., domestic RCRC CVA in donor countries, or GiveDirectly's US programming.
- 7 Ukraine Multipurpose Cash Dashboard 2022. <https://response.reliefweb.int/ukraine/cash-working-group-cwg>
- 8 UNHCR CVA Annual Report. <https://www.unhcr.org/media/65098>
- 9 Calculations in this section are based on a subset of 20 NGOs who submitted CVA data in both 2021 and 2022.
- 10 Planned MPC as per the Ukraine Humanitarian Response Plan is lower for 2023 as compared to 2022, and as of July 2023 was only 27% funded <https://fts.unocha.org/appeals/1124/clusters>. According to the Ukraine MPC Dashboard, US\$247.5 million has been disbursed as of May 2023, as compared to US\$1.18 billion in total in 2022. If 2023 levels were to match 2022, a higher volume might be expected at this stage. <https://response.reliefweb.int/ukraine/cash-working-group-cwg>.
- 11 E.g., the annual CVA data collection (by CALP and Development Initiatives) for 2020 included self reports from several NGOs that the pandemic drove an increase in CVA due to its suitability for remote programming, particularly via digital channels.
- 12 N.B. Data on sub-grants is requested as part of the annual CVA data collection, but relatively few organizations can provide it due to difficulties accurately extracting this data from their respective systems. The total recorded volume of sub-grants for CVA through surveys was US\$291 million in 2022. Several organizations reported this is something they are working to improve.
- 13 E.g., in the 2022 data collection, only two organizations specifically mentioned they do this, although as it wasn't a direct question, there could feasibly be others.
- 14 Development Initiatives (2022) Tracking Cash and Voucher Assistance. Development Initiatives <https://devinit.org/resources/tracking-cash-voucher-assistance/>
- 15 In March 2023, the Grand Bargain Caucus on Funding to Local and National Actors endorsed an agreement to measure direct and indirect funding to local and national actors and to report all funding to publicly available platforms. If actioned, this has the potential to significantly increase transparency and understanding of who does what, and where. [Source: GHA 2023]
- 16 Development Initiatives (2023) Global Humanitarian Assistance Report 2023. Development Initiatives <https://devinit.org/resources/global-humanitarian-assistance-report-2023/>
- 17 Development Initiatives (2022) Tracking Cash and Voucher Assistance. Development Initiatives <https://devinit.org/resources/tracking-cash-voucher-assistance/>
- 18 CALP and DG ECHO (2020) Tracking Cash and Voucher Assistance: Agreements, recommendations and minimum requirements from the Grand Bargain cash workstream. CALP Network <https://www.calpnetwork.org/publication/tracking-cash-and-voucher-assistance-agreements-recommendations-and-minimum-requirements-from-the-grand-bargain-cash-workstream/>
- 19 See, for example, previous State of the World's Cash reports for more on the primary policy focus on cash assistance, rather than vouchers, including in the Grand Bargain (<https://www.calpnetwork.org/resources/collections/state-of-the-worlds-cash-2020/>).
- 20 Percentages calculated here are based only on the subset of organizations that were able to provide disaggregated cash and voucher data for the given year, although in each case this comprises a majority of those reporting.
- 21 Development Initiatives (2022) Tracking Cash and Voucher Assistance. Development Initiatives <https://devinit.org/resources/tracking-cash-voucher-assistance/>
- 22 <https://unwfp.maps.arcgis.com/apps/dashboards/5e403a8944104b328117c67ae4afa11e>
- 23 NB. WFP's CVA data in this report includes both commodity vouchers (US\$218 million in 2022) and value vouchers in the voucher and combined CVA totals. As of 2022, WFP does not include commodity vouchers within their internal categorization for CVA. With commodity vouchers removed from the data, WFP's cash/voucher split is 71%/29% (as compared to 67%/33% with commodity vouchers included).
- 24 GPPI (2016) Drivers and Inhibitors of Change in the Humanitarian System, p. v.
- 25 Kreidler, C and Rieger, N (2022) Increasing the Use of Humanitarian Cash and Voucher Assistance. CALP Network

- 26 Kreidler, Corinna, and Glyn Taylor (2022) Where Next? The Evolving Landscape of Cash and Voucher Policies. CALP Network. <https://www.calpnetwork.org/publication/where-next-the-evolving-landscape-of-cash-and-voucher-policies/>.
- 27 Kreidler, C and Rieger, N (2022) Increasing the Use of Humanitarian Cash and Voucher Assistance. CALP Network
- 28 Ibid.
- 29 Ibid.
- 30 Ibid.
- 31 [https://civil-protection-humanitarian-aid.ec.europa.eu/where/africa/burkina-faso\\_en](https://civil-protection-humanitarian-aid.ec.europa.eu/where/africa/burkina-faso_en)
- 32 For example, donors such as Japan and France have been identified as being reticent to fund cash assistance, but there is evidence of easing of conditions and increases in support in 2022, with specific mention of Ukraine. [see [Grand Bargain Self Reports 2022-23](#)]
- 33 Kreidler, C and Rieger, N (2022) Increasing the Use of Humanitarian Cash and Voucher Assistance. CALP Network
- 34 <https://www.calpnetwork.org/publication/dg-echo-thematic-policy-document-on-cash-transfers/>
- 35 SOWC 2020 summarizes the Common Donor Approach (CDA), and the Joint Donor Statement on Humanitarian Cash Transfers (JDS), published in 2019 and foundational to approaches to collaboration amongst signatory donors.
- 36 'Title II' of the US Farm Bill is largely comprised of direct donations of US agricultural commodities, supplemented with some cash-based assistance. The majority is used in emergency response, representing between US\$1.3 billion and US\$2 billion annually of IHA. It's the single largest identifiable source of modality restricted humanitarian funding.
- 37 Kreidler, C and Rieger, N (2022) Increasing the Use of Humanitarian Cash and Voucher Assistance. CALP Network
- 38 Ibid.
- 39 Ibid.
- 40 Development Initiatives (2023) Global Humanitarian Assistance Report 2023. Development Initiatives <https://devinit.org/resources/global-humanitarian-assistance-report-2023/>
- 41 E.g., in 2022, only 58% of humanitarian appeals were funded. As of May 2023, only 18% of 2023 response plan requirements had confirmed funding <https://fts.unocha.org/appeals/overview/2023>
- 42 A case study analysis of the potential to increase CVA in Yemen highlighted that donor fatigue and declining funding as a result of other crises was a major challenge to even maintaining current levels of CVA programming [Kreidler and Rieger, 2022]
- 43 WFP (2022) Doing Cash in a Context of Economic Volatility: What to do and what to keep in mind. WFP <https://www.calpnetwork.org/publication/doing-cash-in-a-context-of-economic-volatility-what-to-do-and-what-to-keep-in-mind/>
- 44 Kreidler, Corinna, and Glyn Taylor (2022) Where Next? The Evolving Landscape of Cash and Voucher Policies. CALP Network. <https://www.calpnetwork.org/publication/where-next-the-evolving-landscape-of-cash-and-voucher-policies/>.
- 45 Ibid.
- 46 Development Initiatives (2022) Tracking Cash and Voucher Assistance. Available at: <https://devinit.org/resources/tracking-cash-voucher-assistance/>
- 47 Kreidler, Corinna, and Glyn Taylor (2022) Where Next? The Evolving Landscape of Cash and Voucher Policies. CALP Network. <https://www.calpnetwork.org/publication/where-next-the-evolving-landscape-of-cash-and-voucher-policies/>.
- 48 Ibid.
- 49 Key issues affecting tracking at the systems level are explored and summarized in Gordon, L. (2018) Measuring Cash Transfer Programming – Scoping Study. Oxford: CALP and SOWC 2020
- 50 CALP and DG ECHO (2020) Tracking Cash and Voucher Assistance: Agreements, recommendations, and minimum requirements from the Grand Bargain cash workstream. CALP Network <https://www.calpnetwork.org/publication/tracking-cash-and-voucher-assistance-agreements-recommendations-and-minimum-requirements-from-the-grand-bargain-cash-workstream/>
- 51 Development Initiatives (2022) Tracking Cash and Voucher Assistance. Available at: <https://devinit.org/resources/tracking-cash-voucher-assistance/>
- 52 Kreidler, C and Taylor, G (2022), *ibid.*
- 53 Development Initiatives (2022) Tracking Cash and Voucher Assistance. Available at: <https://devinit.org/resources/tracking-cash-voucher-assistance/>
- 54 Ibid.
- 55 Gentilini, U (2022) Cash Transfers in Pandemic Times: Evidence, Practices, and Implications from the Largest Scale Up in History. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/entities/publication/7cdbc28a-22ce-5e86-a4bc-640442d46ef8>
- 56 Ibid.
- 57 Whole of Cash Response System definition (CALP glossary): The whole of cash response system comprises all the existing interventions that provide cash transfers or vouchers to the same group of crisis-affected households in a given geographical area. The whole of cash response system can be composed of one or several operational models.
- 58 P. Harvey et al. (2022) Floods in Pakistan: Rethinking the humanitarian role. Humanitarian Outcomes. [https://www.humanitarianoutcomes.org/Pakistan\\_Floods\\_2022](https://www.humanitarianoutcomes.org/Pakistan_Floods_2022)
- 59 Development Initiatives (2022) Tracking Cash and Voucher Assistance. Available at: <https://devinit.org/resources/tracking-cash-voucher-assistance/>
- 60 Recommendation adapted from Development Initiatives (2022) Tracking Cash and Voucher Assistance – *ibid.*

Somalia is the location for WFP's largest anticipatory action in Africa, helping drought affected households to prepare for a potential fourth poor rainy season by providing cash and voucher assistance. This shop keeper accepts the WFP vouchers as payment for goods. © Gabrielle Menezes/WFP, October 2022

## Chapter 3: Locally-led Response



Summary: Chapter 3

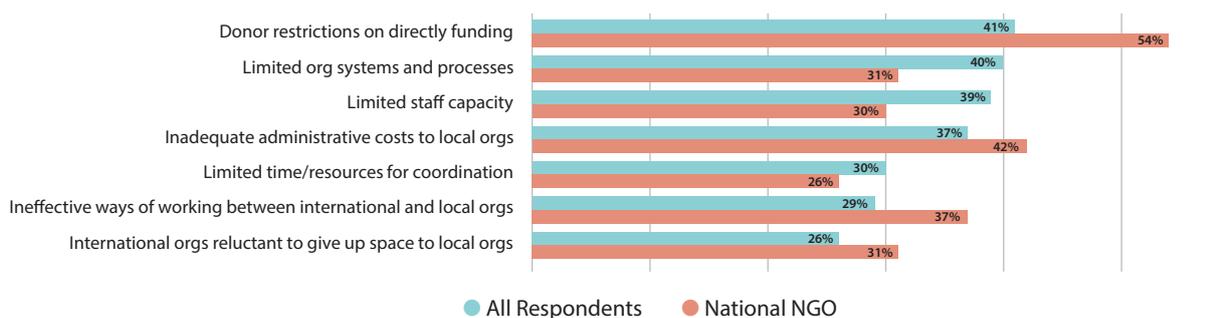
# Locally-led Response



## Key findings

- ✓ Local and international perspectives on what locally-led response means are often fundamentally different.
- ✓ There has been some progress towards locally-led response, but major change is lacking.
- ✓ Barriers to progress in locally-led CVA reflect issues in the wider system.
- ✓ The perceived tension between scaling and localizing CVA is solvable.
- ✓ Emerging models and different entry points offer new ways of working and important lessons for locally-led CVA.

### Main Challenges that Local and National Actors Face in Scaling up CVA



## Strategic debates

- ❓ Can arguments that present large-scale CVA as being in opposition to locally-led response be overcome? How can CVA models led by international actors be changed to facilitate locally-led response?
- ❓ Can international actors adapt their mindsets and ways of working to align with and support local contexts and stakeholders?
- ❓ How should funding models and mechanisms be adjusted to increase locally-led CVA?



## Priority actions

- ❗ **Donors and intermediaries should** increase investment in local and national actors, to help address capacity gaps and improve funding access. This includes risk sharing and making compliance requirements proportionate.
- ❗ **Donors should** explore options to increase quality CVA funding for local and national organizations, including supporting equitable partnerships and contributing more to relevant funding mechanisms.
- ❗ **INGOs and UN agencies should** increase intermediary funding to local and national organizations, and facilitate locally-led CVA, with equitable sharing of overheads. Donors should ensure this happens.
- ❗ **Donors and international actors should** fund and support the meaningful engagement and leadership of local and national actors in CVA coordination mechanisms and policy forums.
- ❗ **All stakeholders should** continue to advocate and accelerate practical changes to CVA models and ways of working to enable a 'locally-led first' approach where appropriate.
- ❗ **International actors should** support the adaptation of institutional mindsets, strategies and operations to local contexts and capacities.

This chapter focuses mainly on non-state actors, primarily NGOs and other civil society and community-based organisations. This does not imply a definition of locally led response which excludes governments, rather the role of governments is covered in chapter 6 on CVA linkages to social protection. Equally, issues affecting the engagement of non-state actors in humanitarian CVA differ in many (but not all) respects from those affecting governments, hence the rationale for presenting much of the analysis separately.

## Perspectives on and conceptualizations of localization and locally led response remain divergent



*“[Key informants] saw the need to focus on the commitment to localization overall, which ... [requires] challenging shifts in power dynamics in aid delivery. While CVA can certainly play a part in localization, the overarching sense is that once a truly localized response is genuinely enabled, CVA will naturally follow.” (CALP (2022) Where Next? The Evolving Landscape of Cash and Voucher Policies)*

The *State of the World's Cash* report (2020) recommended that humanitarian actors should: a) **recognize that progress on CVA localization means shifts in power, as well as changes to funding processes, systems, and requirements;** and b) **agree on clear, measurable, and shared priorities for the localization of CVA and commit to action.** That report also highlighted that while the Grand Bargain commitments<sup>1</sup>, Charter for Change<sup>2</sup>, and work by the likes of Start Network<sup>3</sup> had enabled the delineation of multiple dimensions and objectives of localization, a common understanding across stakeholders was lacking<sup>4</sup>. Despite the growing focus on this topic in the intervening period, conceptualizations of localization, and increasingly of ‘locally-led response’ (see Box 3.1) remain varied, with notable differences in perspective between local and national actors (LNA)

and international actors. At the same time, CVA and localization processes have the potential to be mutually reinforcing, based on common objectives and outcomes, including empowering local communities and organizations, transforming humanitarian structures and systems, working with local financial service providers (FSPs), markets and traders, and opportunities to link with social protection systems<sup>5</sup>.

### BOX 3.1 Understanding ‘localization’ and ‘locally-led response’

- **Localization comprises the processes undertaken towards the goal of locally-led response.** These processes are long-term and complex and could take many different pathways<sup>6</sup>.
- **Locally-led response is understood as the end-goal** of these processes. While there are varying interpretations of what this constitutes, it is possible to discern several relevant dimensions that are useful in analyzing the roles of local and national actors in CVA, from participation to partnership to leadership.
  - **Implementation of CVA**, usually as a sub-contracted partner of an international actor, without any substantial role in design, decision-making or management of resources. While this falls within the scope of localization, it is hard to argue this constitutes a locally-led response.
  - **Design and programmatic decision-making:** leadership implies the ability to decide what type of interventions are required and allocate and manage resources accordingly. It follows that locally-led CVA implies local and national actors hold at minimum shared design, decision-making and management responsibilities. For example, USAID’s new indicator for locally-led programmes includes priority setting, design, partnership formation, implementation, and defining and measuring results<sup>7</sup>.
  - **Coordination and policy:** relating to both implementation and decision-making, but in terms of setting standards and influencing CVA at a strategic and policy level, at response/national and/or regional and global levels. This has dimensions both of participation and inclusivity<sup>8</sup>, and the ability to take on leadership roles, for example chairing/co-chairing cash working groups (CWGs).

Source - Authors and CashCap/Zebs technical support (June 2023) Donor Cash Forum Localization Primer

**Different groups define 'local' to include a wide range of actors**, including local and national governments<sup>9</sup>, local and national non-governmental organizations (NGOs), civil society organizations (CSOs), community-led organizations, and communities themselves<sup>10</sup>. **Local financial service providers (FSPs)** and other private sector stakeholders involved in delivering or facilitating payment solutions and transactions are also critical to CVA, including in their potential to facilitate financial inclusion (see Chapter 8 on CVA design for more on financial inclusion). The tension between supporting local FSPs and implementors' efforts to secure global payment solutions by using aggregators is explored more in Chapter 7 on Data and digitalization.

## There are fundamental disparities between local and international perspectives on what locally-led response means in practice

This reflects the extent to which perspective and context will help shape definitions both of what is 'local' and associated objectives for locally-led response. Table 3.1, an example of stakeholder perspectives in the MENA region, illustrates these differences. **Local actors have expressed a broad vision for locally-led response**, including objectives of achieving independence, being able to take over from international actors, and forging their own partnerships with others. The **objectives and motivations of the surveyed international actors in MENA, meanwhile, tend to be more limited and/or instrumentalize the role of local actors**.

**TABLE 3.1**

**Example from MENA region of the differing perspectives of local and international actors on who is 'local,' and the objectives and motivations for locally-led response<sup>11</sup>**

Respondent type	Defining 'local actor'	Perceived objective	Motivations
<b>Local actors</b>	<ul style="list-style-type: none"> <li>Local NGOs</li> <li>Community-based organizations</li> </ul>	<ul style="list-style-type: none"> <li>Power to design, implement, manage and coordinate CVA independently of international organizations.</li> <li>Replace international organizations.</li> <li>Partner with other local actors including government, private sector, and CSOs.</li> </ul>	<ul style="list-style-type: none"> <li>Increase equality between local and international NGOs.</li> <li>Enhance programme quality.</li> </ul>
<b>International organizations and consortia</b>	<ul style="list-style-type: none"> <li>Local NGOs</li> <li>Red Cross Red Crescent (RCRC) National Societies</li> <li>Local employees of international organizations</li> </ul>	<ul style="list-style-type: none"> <li>Partner with local NGOs.</li> <li>'Empower' local NGOs.</li> </ul>	<ul style="list-style-type: none"> <li>Recognize the value of locally-led response and the general push to increase it.</li> <li>Access to hard-to-reach communities/ areas.</li> <li>Enhance programme quality.</li> </ul>
<b>Donors</b>	<ul style="list-style-type: none"> <li>National governments</li> <li>Local NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Integrate parallel social assistance systems for both refugees and host communities.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability.</li> <li>Reduce cost of assistance to refugees.</li> <li>Adopt a nexus approach by transitioning away from humanitarian approaches and funding streams.</li> <li>Enhance resilience.</li> </ul>

When organizations talk about localization, they usually start with ways of working, rather than defining what it is they are aiming to achieve<sup>12</sup>. **International actors' most common framing of localization, reflected in multiple KIIs, is in terms of partnership**. Localization strategies can have varied objectives, with partnership formulated both as a goal and/or as a means of achieving further goals. For example, organizations including



*“Locally-led’ isn’t defined yet and this is problematic. With cash, its weirdly interpreted as being about how international actors fund national NGOs, missing out the direct support, and the government/local authorities.”*  
(Independent Consultant)

IFRC, CRS and Oxfam have CVA policies which aim to enable local partners to ultimately lead CVA responses<sup>13</sup>. On the other hand, there was a near consensus amongst key informants that referred to the UN’s approach, including some working with UN agencies, that their approach to localization to date has been oriented more toward a goal of ongoing collaboration, and less towards enabling local leadership.

**Whether and to what extent national governments’ programming should be considered ‘locally-led’ is the subject of debate**, reflected in KII’s and elsewhere<sup>14</sup>. Some caution

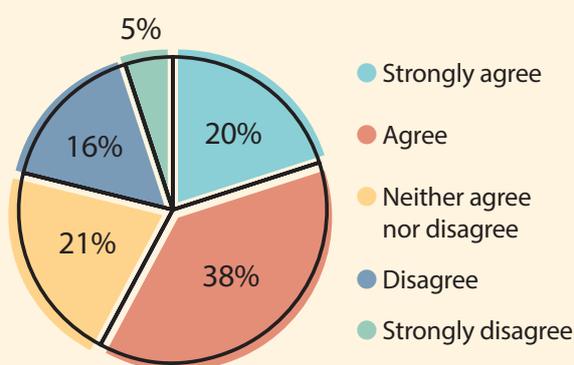
against conflating ‘national government’ – as an inherently centralizing force – with ‘local’ and the grassroots nature and diversity this implies. Others consider national governments to be a core element of locally-led response, acknowledging that the form of government involved will impact the type of engagement that is possible. As highlighted above, power and **politics can influence the framing of conceptions and priorities for localization**. One key informant argued that governments have greater potential than civil society to fundamentally change the status quo for international actors.

## There has been some progress, but major change is still missing

Overall, there is a perception of some, limited progress towards locally-led response. Judged against the collective commitments and targets of the Grand Bargain, the pace of change has been very slow, although there is clearer evidence of progress in some areas in the last couple of years<sup>15</sup>. The same view holds amongst CVA practitioners, with **a general assessment of ‘slow and patchy’ progress, while consistently recognizing the central importance of localizing humanitarian response**<sup>16</sup>.

**GRAPH 3.1**

**Since 2019 national organizations have increasingly been taking on leadership roles in the design and implementation of CVA**



In humanitarian discourse and policy, there has been a notable increase in focus on localization over the past few years, which brings with it a sense of momentum. There is also evidence of perceived progress with regards to localizing CVA, with 58% of survey respondents agreeing that since 2019 national organizations have increasingly been taking on leadership roles in the design and implementation of CVA, with only 21% disagreeing (see Graph 3.1). Respondents from governments (71%), Red Cross Red Crescent Movement (67%) and national NGOs (61%) were the most likely to agree; donors were the only group where a minority (27%) agreed that national organizations have increased their leadership in CVA. This is also reflected in practice and although ‘implementing partner’ remains the predominant model for local actor engagement in CVA, there are varied and increasing examples of local participation, and leadership in some cases.

Several **key factors, each reflecting progress and challenges, are driving the increasing focus on locally-led response.**

#### KEY FACTOR COVID-19

**In the early stages of the pandemic, there was optimism that it might prove to be a catalyst for genuine progress towards locally-led response<sup>17</sup>.** With major limitations on the movement and access of international actors, the central role of local organizations in delivering international humanitarian aid was in the spotlight. Key informants and others sense that **the pandemic helped shift the narrative and impetus regarding localization, but it is regarded as a missed opportunity overall.** The extent to which the pandemic response constituted a significant transfer of risk to local responders, rather than a genuine effort to support locally-led response, has also been raised<sup>18</sup>. The verdict from local actors is that despite their work and the capacities demonstrated, it *“has not positively affected prevailing power dynamics or how these are fundamentally shaped by control of and access to funding”<sup>19</sup>.*

#### KEY FACTOR Contextual realities and emerging roles

New and ongoing responses in conflict-affected regions with constrained or restricted access for international organisations continue to highlight the critical role of local actors in reaching communities<sup>20</sup>. Since 2022, the Ukraine and associated regional response have generated a lot of discussion on locally-led response. While access is one dimension, the fact of humanitarian response in contexts with highly developed civil societies and governmental social protection systems increased focus on the opportunities and imperative for enabling more local response. However, multiple studies throughout the response have repeatedly highlighted systemic failures and missed opportunities<sup>21</sup>. Equally, in the Syria/Türkiye earthquake response it was also noted that – despite the leading role of local groups – institutional funding was almost all being directed to international agencies<sup>22</sup>.

#### KEY FACTOR Policies and commitments

Multiple organizations, including INGOs, Red Cross Red Crescent Movement, UN Agencies, and donors, have **developed or updated localization policies.** For some, localization is a core element of their overall strategy; some organizations have also incorporated locally-led response as an objective within their CVA policies<sup>23</sup>. There are also examples of new collective commitments and action, including the Pledge for Change<sup>24</sup>, and the inclusion of locally-led response as a central component of the Collaborative Cash Delivery Network's (CCD) new strategy.

Several key informants, including other donors, remarked on the positive **impact of USAID's commitments and leadership since 2021<sup>25</sup>,** including the target of 25% direct funding to local organizations by 2025. However, there may be the need to temper expectations on the feasibility of achieving this target, due to factors such as managing associated bureaucratic loads<sup>26</sup>. USAID's 2022 progress report noted 10.2% of direct funding to local actors across all portfolios (development and humanitarian), up from 8.1% in 2020. Disaggregated analysis shows, however, that USAID's direct funding for local organizations delivering humanitarian assistance fell as a percentage of this total from 2% in 2020 to 1% in 2022<sup>27</sup>. USAID attributed this relative drop to the substantial increase in overall funding to address the global food crisis in 2022; this enabled a significant scale up in major humanitarian assistance pipelines, many of which are delivered by larger international agencies, including the UN. Recent analysis underscores the importance of ensuring metrics for tracking localization efforts are accurately aligned with agreed definitions of what constitutes 'local', with the potential for notable distortions if this is not done.<sup>28 29</sup>



*“Regarding commitments to localize aid, we're still waiting for significant results or impacts. It is unfortunate that results couldn't be achieved within six years (since the Grand Bargain).”* (Key informant)

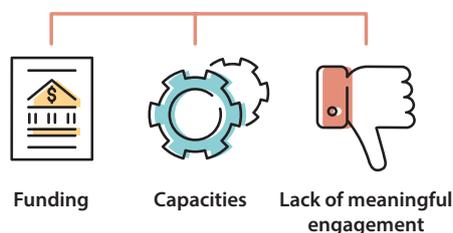
**Within the Grand Bargain, there has been success in engaging LNAs at the global level<sup>30</sup>.** This includes the endorsement of a new model for cash coordination, developed through a Grand Bargain caucus, that stipulates one of the CWG co-chairs will, where possible, be a local actor. While this has been welcomed, the identification and commitment of financial resources that would enable local actors to effectively take on

these roles is still pending (see Chapter 4 on Coordination for more). Reflecting on the influence of the Grand Bargain, one key informant noted successes on a policy level, and *'even perhaps the beginnings of the cultural level'* but concluded that local organizations, *'are still waiting for the result level'*. The apparent gap between policy and practice is evidenced, for example, in the perspectives of local actors in MENA who expressed scepticism that *'any policies are prioritizing local leadership in the implementation of CVA'*<sup>31</sup>. The Grand Bargain Localization caucus recently called on signatories to develop roadmaps, by the end of 2023, on how and when they will reach the 25% target.

**KEY FACTOR** **A growing evidence base and emerging evidence of the benefits of locally-led response**

While not systematically documented or consolidated, there are an increasing number of examples of locally-led CVA. For example, in Colombia [Fundación Halü Bienestar Humano](#) worked with partners to provide cash for vital documentation for populations on the move from crisis in neighbouring Venezuela; and in South Sudan, Titi Foundation worked in close collaboration with community groups, lowering operational costs and increasing the efficiency and coverage of a locally designed CVA programme<sup>32</sup>. There are also examples of organizations such as Ma'an Development in Palestine and Dhaka Ahsania Mission (DAM) in Bangladesh who have built substantial internal CVA capacities, including through working with international partners and engaging in CWGs. The increased focus on localization policy and practice has generated the development of research and guidance, including a limited amount considering CVA<sup>33</sup>. While documenting learning and key blockages and opportunities, research is also helping to identify what the benefits of locally-led response could be in addressing some of the critical challenges facing a strained humanitarian system, including potential efficiency gains<sup>34</sup>.

**Barriers to progress are crystallizing around a few critical issues**



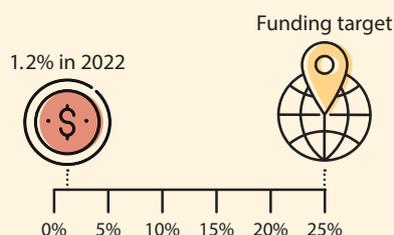
Our interviews with key informants and focus groups, including, critically, all of those with local actors, **highlighted three key interrelated and reinforcing constraints that continue to limit progress towards locally-led CVA – namely funding, capacities, and lack of meaningful engagement**. These opinions are backed up with findings in numerous studies<sup>35</sup> and are matched by the responses in our survey. These barriers inhibit progress in almost all recognized dimensions of locally-led humanitarian action<sup>36</sup>.

**GRAPH 3.2**

**Main challenges that local and national actors face in scaling up CVA**



### Direct funding to local actors



### BARRIER

## Lack of direct funding for local actors

**Data shows the proportion of funding to local actors is in decline**, despite Grand Bargain commitments made in 2016 for 25% of available funding to be channelled 'as directly as possible' to local organizations by 2020. In 2022, direct funding to local actors accounted for only 1.2% of overall assistance, the lowest share since 2018; of this, only 20% went to local or national NGOs. Combined direct and indirect funding to local and national actors<sup>37</sup> fell from 2.7% of overall assistance in 2021 to 2.1% in 2022<sup>38</sup>. Survey respondents (particularly noted by national NGOs)

frequently cited continued lack of access to funding as a barrier to achieving more locally-led CVA – it was also the most frequent challenge highlighted in interviews. Key informants identified three factors contributing to this, which are also highlighted in various studies<sup>39</sup>:

### Limitations in funding instruments



*"We tried to participate twice in the Emergency Response Fund but we never received any funds. It is still with international organizations. So, this last time we did not participate because I did not really see the value. We don't receive any feedback about the reason why we were not included and how we could access the funds." (ECOWEB)*

**Key informants noted funding regulations that restrict key CVA donors** (e.g., ECHO, GFFO) from directly funding local actors. They also commented on **the lack of funding instruments dedicated to local actors, meaning organizations effectively end up competing for funds with international agencies.**

Key informants from local organizations reflected that given the application processes, they are not on a level playing field, even for mechanisms to which they theoretically have equal access such as the UN Country Based Pooled Funds (CBPFs). CBPFs are seen as an important mechanism to channel more to LNAs, particularly where donor regulations may restrict direct bilateral funding. The share of funding to LNAs from CBPFs has gradually increased, to 28% in 2022, up from 24% in 2017, although to date, CVA has generally only made up a small percentage of CBPF-funded projects.

However, as a proportion of international humanitarian assistance, funding to CBPFs has been decreasing, from 7.6% in 2019 to 5.4% in 2022. Overall, 79% of international funding to local and national NGOs for which tracking data is available **passed through at least one intermediary** (primarily pooled funds)<sup>40</sup>. Research indicates that **funding via intermediaries limits the ability of local actors to influence donors, or access flexible, multiyear funding**<sup>41</sup>. Compliance for local organizations is also compounded when funding instruments aren't direct as intermediary funds include donor AND international organization requirements.

### Due diligence and risk appetite



*"Funders' misapprehension of risk, in turn, drives restrictive and overly burdensome procurement, compliance, and financing requirements that then shut out new and local partners by creating barriers that are simply too high to overcome." Humentum (2023)*

**A key barrier to local actors accessing direct funding for CVA are donors' compliance requirements.** This is also an issue for accessing pass-through/indirect funding via intermediaries. Key informants, both local and international, commented **that the bar for compliance is set too high for local actors and that their ability to absorb fiduciary and operational risks on CVA will be scored lower if compared directly to international agencies.** These are, fundamentally, issues of trust, and models of risk and accountability oriented primarily around donor interests. Current conceptions of risk also don't usually take account of the risk to effectiveness where programming is not locally led<sup>42</sup>. Within current ways of working, risk is generally framed in terms

of risk transfer towards local actors, rather than an approach founded on risk sharing and the value of local action, that could facilitate better mutual partnerships and accountability<sup>43</sup>.

## Donor capacities/desire for efficiency



“A lot of donors give [CVA] money to UN agencies because it’s the most convenient thing to do.” (Key informant)

Key informants highlighted that the **trend among donors to direct CVA through fewer, larger contracts inevitably favours international organizations and eliminates the possibility of funding multiple smaller local actors**. The primary driver of these types of operational models has been to achieve greater efficiencies, although as has been highlighted in previous *State of the World's Cash* reports, the need to balance this with

other factors of quality programming (which include localization) is compelling. In addition, it has been estimated that ‘local intermediaries could deliver programming that is 32% more cost-efficient than international intermediaries, by stripping out inflated international overhead and salary costs’<sup>44</sup>. See the section below on the tensions between scaling and localizing CVA.

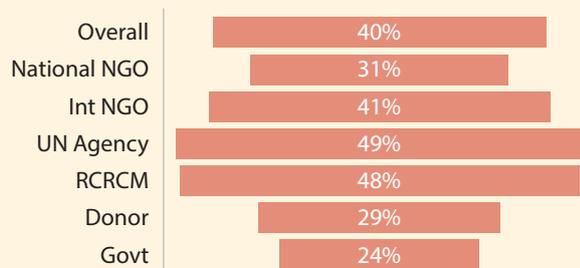
### BARRIER

## Capacities of local actors, and associated resourcing

In our survey, two of the top three most frequently cited barriers to locally-led CVA relate to challenges with operational and technical capacities of local actors to manage CVA (see Graph 3.2). There are notable disparities in views between different stakeholders, with international organizations considering capacity limitations a more significant challenge than national NGOs (see Graphs 3.3 and 3.4). Several key informants considered that this reflected a lack of trust in local actors’ abilities and that concerns about capacities to handle risk are based on assumptions rather than evidence (also highlighted in recent publications<sup>45</sup>).

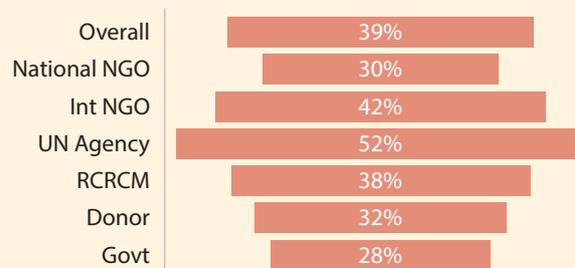
GRAPH 3.3

% Respondents who consider limited organizational systems/processes a main challenge



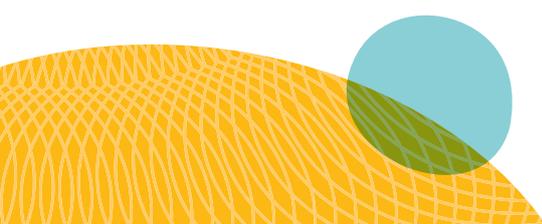
GRAPH 3.4

% Respondents who consider limited staff capacity a main challenge



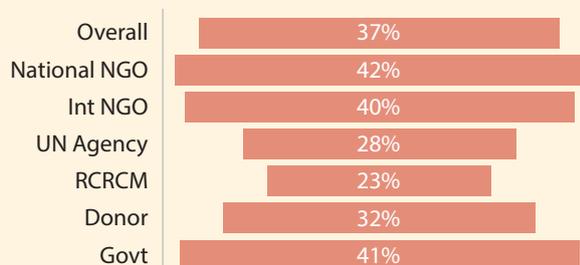
## Resourcing, overheads, and the circular challenge of capacity development

Many key informants pointed to donors’ and international agencies’ lack of investment in capacity building for local CVA actors. This is on multiple levels, including a lack of technical training tailored to their needs<sup>46</sup> (see more in Chapter 5 on Preparedness and capacity), but also, particularly, a lack of resourcing for the requisite operational systems and processes. Limited resourcing contributes to the related problem of staff retention for local organizations, due to the salary disparities with international agencies, which several key informants cited as a major challenge to maintain capacity in the medium- to longer-term. Several local actors also noted that limited staffing and resourcing is a critical barrier to engagement in coordination forums (see the earlier point on resourcing for local actors in CWGs). In our survey this was the fifth most cited barrier to locally-led CVA.



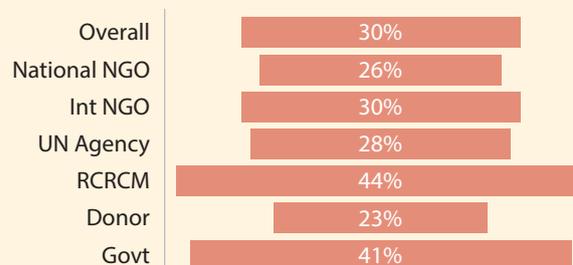
GRAPH 3.5

% Respondents who consider inadequate admin costs to national implementing partner organizations a main challenge



GRAPH 3.6

% Respondents that consider limited time/resources to engage with humanitarian coordination a major challenge



“

Approaches to funding that tend to be short-term, ad hoc, and have minimal support costs also do not enable local partners to build the capacity and systems necessary for a quality CVA response”.

Lawson-McDowall and McCormack (2021)

Key informants criticized international (especially UN) agencies for **not passing on an equitable share of administrative budgets to local partners**. They commented that **this perpetuates a circular problem, with donors and international actors citing due diligence concerns on the one hand, but not providing resources to enable local actors to make the necessary investments in systems to enhance compliance**. Several studies published since 2019 comment on the same<sup>47</sup>. There is, however, growing momentum to address the issue of overheads. At the end of 2022, the IASC published guidance on provision of overheads to

local partners<sup>48</sup>. In combination with the political push in the Grand Bargain, these processes are seen as having the potential to be effective in driving change in policy and practice<sup>49</sup>.

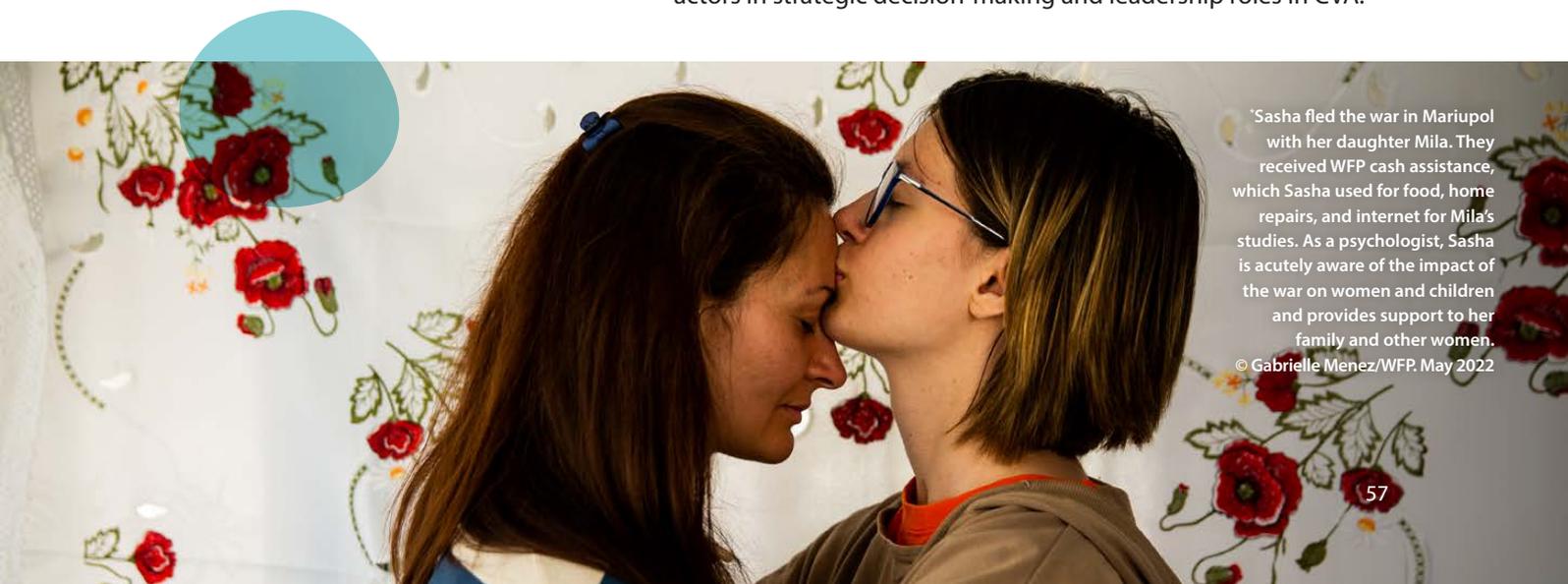
BARRIER

Lack of meaningful engagement

“

We need to start that process of trusting local organizations and that’s I think where a lot of the barriers are.” (Key Informant)

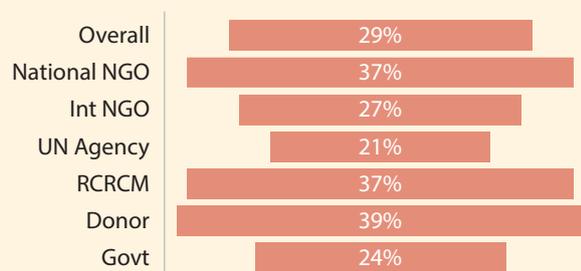
Key informants commented on the nature of local actors’ engagement to date in CVA. Responses highlighted a **big disconnect between how local actors expect to participate and the realities of how they are involved by international agencies in practice**. In general, international organizations are perceived to retain decision-making power, with the role of local counterparts limited to that of a sub-contracted implementing partner. There is perceived to be limited involvement of local actors in strategic decision-making and leadership roles in CVA.



“Sasha fled the war in Mariupol with her daughter Mila. They received WFP cash assistance, which Sasha used for food, home repairs, and internet for Mila’s studies. As a psychologist, Sasha is acutely aware of the impact of the war on women and children and provides support to her family and other women.”  
© Gabrielle Menez/WFP. May 2022

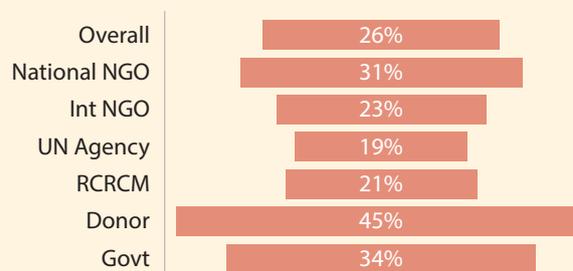
GRAPH 3.7

% Respondents who consider a lack of effective ways of working between international and national organizations to be a main challenge



GRAPH 3.8

% Respondents who consider the reluctance of international organizations to give up space to be a main challenge



Key informants commented that **ingrained organizational cultures and mindsets** contributed to this, with limited trust, or value, placed in national actors' abilities among the international humanitarian community. Many also raised concerns that international actors' self-interest is limiting the transfer of power and influence, as it has direct implications for the future resourcing and roles of these organizations in a competitive funding landscape. Survey respondents also frequently highlighted this barrier – with noticeable variation in perceptions of international (especially UN) agencies compared to national organizations and donors.

Key informants welcomed the inclusion of organizations representing local actors in the new Cash Advisory Group (CAG – see Chapter 4 on Coordination) to address the limited engagement of local actors in cash coordination<sup>50</sup>. Though it remains to be seen how well the group manages different mindsets, interests and power dynamics to effect meaningful involvement.

Finally, reporting and tracking systems for CVA remain geared towards the requirements and interests of international actors and don't effectively capture local actors' contributions. This is particularly the case where local organizations act as implementing partners for a range of programme activities, but cash transfers are provided via an international organization (with the value of these passing through their accounts). This **invisibility of local actors' contributions can also perpetuate a narrative that underplays the existing value added of local actors in CVA delivery** (see Chapter 2 on Volume and growth).

## A solvable tension between scaling and localizing CVA

In CALP's recent study on the CVA policy landscape, **key informants frequently cited a tension between locally-led response and scaling CVA**<sup>51</sup>. This tension has also been highlighted elsewhere, including previous *State of the World's Cash* reports, and can imply that the goal of locally-led response is local actors' delivering large-scale CVA. Perceptions about the capacity of local organizations to manage large-scale responses and funding can also serve as a significant drawback to contracting and funding them<sup>52</sup>. However, the apparent contradiction between localizing and increasing CVA needs to be unpacked.

The discourse on the tensions of locally-led CVA and scale **sometimes wrongly implies that there are no examples of local actors providing large-scale CVA**. Red Cross Red Crescent National Societies have programmed large-scale cash assistance, with the Turkish Red Crescent and the Emergency Social Safety Net (ESSN) being perhaps the most obvious example. There are also examples of national NGOs delivering large-scale cash assistance. For example, according to submissions to CALP and Development Initiative's annual CVA volume exercise, Karkara – a national NGO in Niger – has consistently programmed over US\$10 million in CVA per year

between 2020 and 2022. Furthermore, if government-administered CVA is considered, there are examples such as the Pakistan Government's rapid distribution of over US\$300 million via a social protection programme in response to the 2022 floods, which dwarfed any other humanitarian CVA intervention in that response<sup>53</sup>.

Some key informants reflected on **the need to explore different approaches or models for at-scale programming**, and the roles of local organizations within these. If, for example, large-scale locally-led CVA replicates current models favouring a few actors delivering to large numbers of people (but with (a small number) of LNAs replacing international organizations), this could pose a major challenge in at least the short- to medium-term with regards to operational capacities. It is also worth remembering that **large-scale operational models such as these can also mask the visibility of multiple implementing partners**, which already includes many local organizations. Several key informants emphasized the fact that **at-scale doesn't need to replicate current models**, outlining alternative options based on networks and groups of local organizations working together (see the section on accelerator models below for more on how these approaches are being tested in practice). **The research also highlighted that many key factors generating the tension between locally-led response and cash at-scale relate to funding structures**; while changing these may involve very difficult, lengthy, and complex processes, as one key informant noted, this makes it more an issue of political will and not necessarily impossible.

## A range of potential roles and entry points for locally-led CVA

In talking about the challenges of locally-led CVA at large-scale, several key informants reflected on the fact that in many cases this may not even be the role individual organizations want to play. **There are multiple ways to lead, participate and add value**, including through complementing or enhancing inclusion within large-scale cash responses. Across the research a **diverse range of potential roles for local actors were identified, with different entry points and multiple pathways to, and models of, locally-led CVA**. Many of these could co-exist within a given context or response. The following attempts to summarize the key possibilities, drawing on key informant feedback and secondary research:

TABLE 3.2

### Localizing CVA – Summary of potential roles and models

Type of intervention / area of engagement	Potential models/composition	Comments
<b>At-scale – Local actors implementing the whole CVA delivery chain</b>	<ul style="list-style-type: none"> <li>• National governments (social protection)</li> <li>• Single organization (larger national NGOs, National RCRC Societies)</li> <li>• Mixed local/international consortia (larger national/local NGOs)</li> <li>• Local only consortia (larger national/local NGOs)</li> <li>• Accelerator/network model – local only consortia (multiple smaller organizations) – <i>see next section</i></li> </ul>	<ul style="list-style-type: none"> <li>• Some may require support from international organizations at different stages as a transitional process – strengthening operational and systems capacity, technical capacity, supporting funding access, etc.</li> <li>• For mixed local/international consortia, likely to be based primarily on geographical division of caseloads, rather than specialized functions.</li> </ul>
<b>Smaller scale – Local actors implementing the whole CVA delivery chain</b>	<ul style="list-style-type: none"> <li>• Single organization (small or large national/local organizations)</li> <li>• Local only consortia</li> </ul>	<ul style="list-style-type: none"> <li>• Small-scale independent interventions.</li> <li>• Role in gap filling (coordinated with large-scale interventions).</li> </ul>
<b>Specialized functions within or complementing the CVA delivery chain – e.g., assessment, outreach/inclusion, monitoring, accountability, protection</b>	<ul style="list-style-type: none"> <li>• Mixed local/international consortia</li> <li>• Local only consortia</li> <li>• Implementing partner (local organization sub-contracted by local or international lead organization to undertake specific activities, based on expertise/value added)</li> </ul>	<ul style="list-style-type: none"> <li>• Consortia with shared design and decision-making (distinct from typical international/local implementing partner model).</li> <li>• Consortia based primarily on division of functions.</li> <li>• Scale/size could vary.</li> </ul>

<b>Complementary assistance or services e.g., cash plus</b>	<ul style="list-style-type: none"> <li>• Single organization</li> <li>• Local only partnerships</li> <li>• Mixed local/international partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Designed and implemented in coordination with CVA interventions.</li> <li>• Partners might be engaged in CVA and complementary interventions simultaneously.</li> </ul>
<b>Social protection – specialized roles within or complementing the delivery chain e.g., outreach/inclusion, accountability, monitoring</b>	<ul style="list-style-type: none"> <li>• Single organization</li> <li>• Local consortia</li> <li>• Mixed local/international partnerships</li> <li>• RCRC National Societies auxiliary role to governments on disaster response</li> </ul>	<ul style="list-style-type: none"> <li>• Local organizations engaged in closing gaps – e.g., on inclusion.</li> <li>• International partners mainly offer funding or/ and technical guidance/capacity strengthening.</li> </ul>
<b>Advisory and advocacy roles to humanitarian response planning and coordination (local needs, reach, targeting, design)</b>	<ul style="list-style-type: none"> <li>• Partnership (including with international actors)</li> <li>• Individual local organizations engage in coordination forums</li> <li>• Representatives/local umbrella organizations engage in coordination forums</li> </ul>	<ul style="list-style-type: none"> <li>• Advocacy (including to facilitate a path to local humanitarian leadership) involving local and international stakeholders.</li> <li>• Embedding advocacy in LNA plans, including capacity development strategies.</li> </ul>

Several key informants mentioned the need for caution – local actors with links to communities and excluded groups can certainly be an entry point for achieving more people-centred CVA, **but being 'locally-led' does not automatically achieve more accountable or inclusive programming**. Locally-led CVA can be people-centred only when it factors the perspectives of communities, including relating to existing relationships and norms, and ensures transparency and accountability. There is no robust evidence regarding affected people's perspectives on the implications of localization and their preferences on who provides aid. Existing research from Ground Truth Solutions includes some examples of communities preferring assistance from local organizations, and others where communities can feel more comfortable with and trust international aid providers because they are more removed from community dynamics<sup>54</sup>.

## Innovative approaches to localizing CVA

Since 2020, various organizations have committed to localizing humanitarian assistance, including CVA. Key informants shared examples of approaches that are being tested, or scaled up, including<sup>55</sup>:

- **Share Trust's Local Coalition Accelerator**, which aims to support progress in locally-led response, including CVA, in Uganda, Nigeria and Bangladesh (see Box 3.2).
- **IFRC's efforts to institutionalize cash preparedness within National Societies**, contributing to over 60 societies being cash ready (able and likely to provide timely, scalable, and accountable CVA) and for the Movement to become the second largest humanitarian distributor of CVA in the world, now providing around 20% of total humanitarian cash assistance (see Chapter 5 on Preparedness and capacity for details)<sup>56</sup>.
- **NEAR Network's Change Fund**, which has been piloted with the aim of channeling higher volumes of funding to members through a new mechanism with a different kind of governance, overseen by other local/national organizations. It aims to provide funding that is simpler and more accessible, with projects funded through the pilot having included CVA (see Box 3.2 below).
- **The Collaborative Cash Delivery Network (CCD) is piloting a range of localization initiatives** for more effective inclusion of local and national organizations, tailored to response context and demands. These include engaging local actors as CVA consortium members (e.g., Colombia); formation of a localization task team in South Sudan; and piloting due diligence passporting in the Türkiye/Syria earthquake response to simplify and harmonize processes; and piloting different localization models across the Ukraine/regional response (see Box 3.2 below).
- **Start Network has developed a new, tiered due diligence model**, with the objective of overcoming typical due diligence requirements to enable more funding to reach local organizations. Building on this, **local**

**organizations are being funded via the Start Fund (including for CVA) to test the due diligence model in practice** in terms of assumptions around risk, trust, and effectiveness (see Box 3.2 below).

- **Group cash transfers** have been the subject of increased interest in recent years, with guidance and tools published in 2021<sup>57</sup>. They focus on the efforts of community-based organizations, including in their roles as first responders, with an objective of transferring decision-making power to affected communities. Group Cash Transfers are usually relatively small (up to a maximum of around US\$7,000), and while they can be used as a standalone approach, evidence indicates they are most effective when implemented to complement other activities, including regular CVA targeted to households. The potential role of group cash transfers as part of anticipatory action is also an area of increasing interest.
- **CashCap** has introduced localization as a core component of its new strategy, using different mechanisms to strengthen capacity and reinforce the roles of local organizations. For example, through embedding experts in local and national organizations (e.g., Syria, Ukraine Red Cross Society), and working to reinforce the role of local organizations in cash coordination (e.g., Northwest Syria CWG).

Learning from these experiences provides some common lessons which could offer ways of overcoming some of the barriers to progress (Box 3.2).

### BOX 3.2

#### Promising practices for overcoming barriers to locally-led CVA

**Aggregator functions to overcome funding barriers and enhance visibility:** Share Trust's Local Accelerator initiative brings together and consolidates multiple LNGOs into joint platforms, with shared governance arrangements. The intention is to overcome due diligence issues and donor aversion to managing multiple small contracts, thus increasing direct access to bilateral funding. As part of its efforts to enhance the cash preparedness of national societies, IFRC also adopted a similar aggregation approach, convening 25 smaller National Societies (with 20 focusing on CVA preparedness) to collectively apply for and access capacity strengthening funding from ECHO. Such local coalitions can also help to make local actors more visible to international actors for other partnerships.

**More equitable partnerships:** Under IFRC's approach to localizing CVA (through the roll out of the Movement's CVA Preparedness Framework), the responsibility for management of CVA programmes is being centred within national societies with support from donor national societies such as the British Red Cross. This has been a stepwise progression to ensure that trust and accountability are vested with the national societies, with support provided as needed through the IFRC. The IFRC is encouraging more equitable partnerships, and the transfer of resources – for staffing, and systems – to national societies. Share Trust plays a similar role in its local accelerator partnership in Uganda, where it aims to 'flip the model' through mentoring and system building over three years. CCD's experiences highlight similar potential with the consortia approach, where national NGOs can be engaged as members alongside international partners. Risk sharing with international partners means they can be exposed to donors' compliance requirements without assuming unmanageable risk, and gradually assume greater roles and responsibilities once trust is built and experience grows.

**Facilitate access to funding through simplified processes and requirements:** With due diligence processes consistently identified as a major barrier to increasing locally-led response, efforts to overcome this are critical. The CCD has been piloting due diligence passporting (accepting other agencies' due diligence checks) and harmonization (agencies work together to combine their due diligence processes and agree on a common format) in the Türkiye/Syria earthquake response to help save time and resources for local and international organizations in forming partnerships<sup>58</sup>.

Start Network's due diligence model,<sup>59</sup> developed over the last few years, uses tiers for compliance, rather than risk-based profiles, rooted in principles of equity and proportionality (i.e., it's not proportional to

apply the same requirements for a small organization and one with a turnover of hundreds of millions of dollars). Eighty-four percent (84%) of the organizations that Start has been able to bring into the network via the new due diligence model would have failed their previous (more standard) due diligence requirements. They are also working to decentralize due diligence assessment services to the level of country of operation.

**New funding models designed to enable direct funding of local organizations:** In order to test their new due diligence framework and challenge assumptions regarding risk, Start Network has been funding newly accepted members via the Start Fund. This has required close working with their donors, including to gradually increase the available funding ceiling (e.g., up to 60,000 GBP). With a focus on generating evidence through independent monitoring, the supported responses (which have included a good amount of CVA) have commonly achieved up to a 99% satisfaction level from affected communities. In 2021, local and national actors directly or indirectly received 20% (US\$4 million) of the US\$20 million Start Fund disbursed<sup>60</sup>.

NEAR's Change Fund (piloted in 2022) is designed to be simple and accessible (e.g., applications can be in any language), with a governance structure and application review process managed by local organizations for the provision of small grants. To date, US\$1.5 million has been disbursed to members<sup>61</sup>. CVA was a regular component of applications under the pilot, largely from local consortia, with the flexibility and trust built into the fund facilitating this. Evaluations have indicated a high level of success and impact.

**Forums engaging local actors as capacity builders and supporting peer-to-peer learning:** In this phase of IFRC's cash preparedness journey, the internal reference group that supports the IFRC Cash Hub has been expanded. Seven RCRC societies – Nepal, Zimbabwe, Lebanon, Ethiopia, Bangladesh, Kenya, and Turkey – are now contributing to inform future development of guidance and tools. In 2021, IFRC also introduced regional communities of practice, bringing together the more advanced, cash-ready national societies to support and mentor other societies in their region. IFRC is funding a 12-month technical learning role to generate learning on how these communities of practice add value to the Federation's CVA localization efforts.

**Umbrella bodies providing cost-effective representation and voice:** In Palestine, one member organization (Ma'an Center for Development) of the PNGO network with experience in CVA was elected to represent local civil society in the Gaza CWG. This offers potential to circumvent the challenge of resource constraints limiting participation in coordination forums, enabling local CVA actors to stay abreast of and make contributions to policy dialogue.

*Source: Compiled from published reports plus findings from KIs<sup>62</sup>.*

## Implications for the future: Areas for strategic debate and priority actions

### Areas for strategic debate

- **Are the tensions between locally-led CVA and large-scale response real?** Whether implicit or explicit, debates on locally-led CVA can equate success with implementing large-scale (in terms of volume) responses; often framed in a way that assumes current internationally-led operational models as the approach for local organizations to replicate. This seems to be at the root of the regularly cited tensions between localization and CVA as it has evolved to date. However, emerging examples and thinking indicate a range of different options for locally-led CVA, including models for large-scale responses that can achieve the goal of assisting many people, but that may be quite different to current CVA models (e.g., see examples of aggregator and

local accelerator models outlined above). A framing for multiple and varied manifestations of 'at-scale CVA' would allow context and the types and numbers of local actors involved to inform it, including those for whom implementing very large-scale programming themselves may be neither feasible nor desirable.

This does not imply that current models are ineffective. Rather, that situating locally-led CVA as being in conflict to large-scale programming appears counterproductive, particularly if presented as something somehow inevitable or immovable. Facilitating the changes needed to enable different, locally-led CVA models to develop, is in many respects about acts of political will and the transfer of power, to amend funding and other institutional structures underpinning programming.

- **How does the CVA model need to change to facilitate locally-led response?** When asked about future actions and debates regarding locally-led CVA, some key informants framed their response in terms of 'flipping the model'. Local and national actors are still most often relegated to implementing CVA programmes that international actors design and manage, rather than leading the substance of designing interventions and determining the allocation of resources. Inverting roles and relationships would entail changing funding flows, so they are channeled to local and national actors and who could, if they wish, sub-contract international partners to provide services. Such a change would involve lengthy transitional processes and approaches, with substantial commitment and willingness to change from all stakeholders.
- **Whose mindsets and practices need to change?** The frequent focus in localization is on how local stakeholders need to adapt or develop capacities to accommodate and engage with the structures and demands of international humanitarian systems and actors. However, there is a compelling argument to flip this paradigm, with **greater emphasis on the imperative for international actors to adapt to local stakeholder contexts and capacities**. This could include, for example, working with different types of organizations beyond just local humanitarian organizations (such as cooperatives and microfinance institutions) who may take on different roles or execute things in different ways. In practice, this will likely be a two-way process and involve compromise, but there is a need for common commitments on all sides to realize it.
- **Recognizing the mutual and reinforcing relationships between funding, capacity, and trust.** Without necessary investments, including equitable sharing and provision of overheads, the issue of requisite local CVA capacities will continue to go in circles. This applies both to programming, and the ability of local and national actors to effectively undertake leadership roles within response and global level CVA policy and coordination forums. Building capacity necessarily requires being able to accumulate experience. Being able to manage risk is a key element of facilitating this space to learn through programming. In the short- to medium-term at least, this may require international organizations to be willing to take on risks (e.g., in terms of financial management) on behalf of local and national partners.
- **How can funding models and mechanisms be adjusted to increase locally-led CVA?** This includes exploring what donors can do in the short- to medium-term to increase direct funding – assuming more fundamental shifts will take longer. There is an argument to identify opportunities to 'build trust by doing' (e.g., work by Start Network and NEAR), but this presents challenges to current ways of working, particularly regarding due diligence and compliance. Necessarily, making changes will involve different approaches to how risk is defined, managed, and shared.

## Priority actions

In relation to the strategic debates above and other key findings in this chapter, the following are recommended as priority actions for stakeholders.

- **Donors and intermediaries should increase investment in local and national organizations to help address capacity gaps and improve their access to funding.** For example, exploring more proportionate compliance requirements that build on examples of effective simplified due diligence and passporting; adopting a risk-sharing approach to programming, with a willingness to absorb risks on behalf of local partners as they build requisite institutional capacities and accumulate CVA experience; and considering a dedicated 'Transition Fund' for building respective capacities of LNAs.
- **Donors should explore options for increasing CVA funding to local and national organizations.** Key strategies include supporting more equitable partnerships, contributing more to relevant funding mechanisms (while evaluating application and prioritization processes) – e.g., pooled funds, 'aggregator' funding for collective locally-led action, exploring and/or developing new funding mechanisms, and addressing related internal regulations.
- **INGOs and UN agencies should increase intermediary CVA funding to local and national organizations,** based on partnership strategies that facilitate locally-led programming, including equitable sharing of administrative overheads. Donors should put in place policies to incentivize and ensure this.
- **Donors and international partners should fund, encourage, and facilitate the meaningful engagement and leadership of local and national actors** in CVA coordination mechanisms and policy forums.
- **All stakeholders should advocate to enable 'locally-led first' approaches to programming** where appropriate, working to facilitate structures and ways of working that are adapted to the strengths of local and national responders.
- **International actors should develop approaches to support the adaptation of institutional mindsets, strategies and operations to local contexts and capacities.** This includes avoiding framing localization as local actors accommodating and adapting to the requirements of international CVA structures, systems, and ways of working.

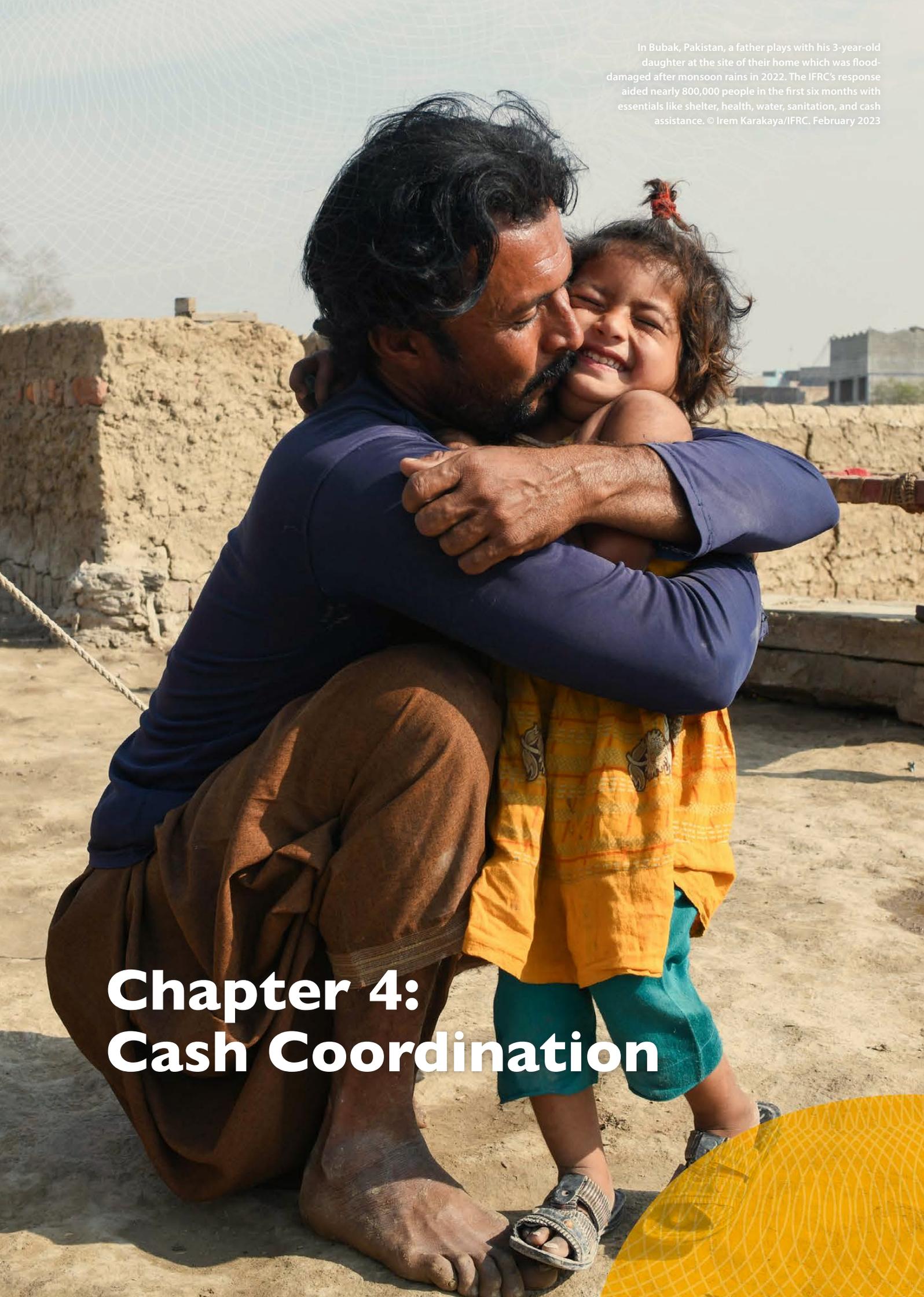
## ENDNOTES

- 1 The Grand Bargain Workstream 2: Localisation <https://gblocalisation.ifrc.org/>
- 2 The Charter for Change. <https://charter4change.org/>
- 3 E.g., Start Network's Disasters and Emergencies Preparedness Programme (DEPP)
- 4 CALP (2020) State of the World's Cash 2020. CALP
- 5 Red Cross Red Crescent Movement (2021) Strengthening locally led humanitarian action through cash preparedness. Cash Hub/ NORCAP <https://www.calpnetwork.org/publication/strengthening-locally-led-humanitarian-action-through-cash-preparedness/>
- 6 HAG, CoLAB & GLOW (2023) A pathway to localisation impact: Laying the foundations. Melbourne: HAG
- 7 USAID (2023) Moving toward a model of locally led development – FY 2022 localisation progress report <https://reliefweb.int/report/world/moving-toward-model-locally-led-development-fy-2022-localization-progress-report>
- 8 The frequently limited participation of local and national actors in coordination and policy structures, and the associated inclusivity challenges, have been outlined in the State of the World's Cash (2020) and elsewhere.
- 9 This chapter focuses mainly on non-state actors, primarily NGOs and other civil society and community-based organizations, but this does not imply a definition of locally-led response excluding governments. The role of governments is covered primarily in chapter 6 on Linkages with social protection, while the issues affecting the engagement of non-state actors in humanitarian CVA differ in many (but not all) respects from those affecting governments.
- 10 Baguios, A., King, M., Martins, A. and Pinnington, R. (2021) Are we there yet? Localisation as the journey towards locally led practice: models, approaches and challenges. ODI Report. London: ODI <https://odi.org/en/publications/are-we-there-yet-localisation-as-the-journey-towards-locally-led-practice/>
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- 14 Vooris, E., Maughan, C. and Qasmieh, S. (2023) Locally-Led Responses to Cash and Voucher Assistance in the Middle East and North Africa – Barriers, progress and opportunities. CALP. <https://www.calpnetwork.org/wp-content/uploads/2023/07/CALP-LLR-MENA.pdf>
- 15 Metcalfe-Hough, V., Fenton, W. and Manji, F. (2023) Grand Bargain Annual Independent Report 2022: An Independent Review. London: ODI/HPG. <https://interagencystandingcommittee.org/grand-bargain-official-website/grand-bargain-annual-independent-report-2023-0>
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- 17 CALP (2020) p157
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In Bubak, Pakistan, a father plays with his 3-year-old daughter at the site of their home which was flood-damaged after monsoon rains in 2022. The IFRC's response aided nearly 800,000 people in the first six months with essentials like shelter, health, water, sanitation, and cash assistance. © Irem Karakaya/IFRC. February 2023



## Chapter 4: Cash Coordination

Summary: Chapter 4

# Cash Coordination



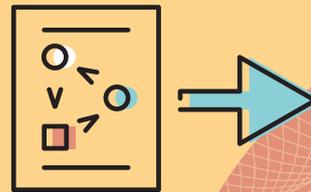
## Key findings

- ✓ There has been progress on cash coordination.
- ✓ It is too early to know if the new cash coordination model will deliver on ambitions.
- ✓ Views on the extent of donor commitment towards cash coordination are mixed.
- ✓ The increased focus on locally-led cash coordination is welcomed but faces challenges.
- ✓ Some feel an opportunity for a transformational solution has been missed.



## Strategic debates

- ? Will the new cash coordination model deliver effective change?
- ? Is more radical change needed to achieve the potential of CVA?



## Priority actions

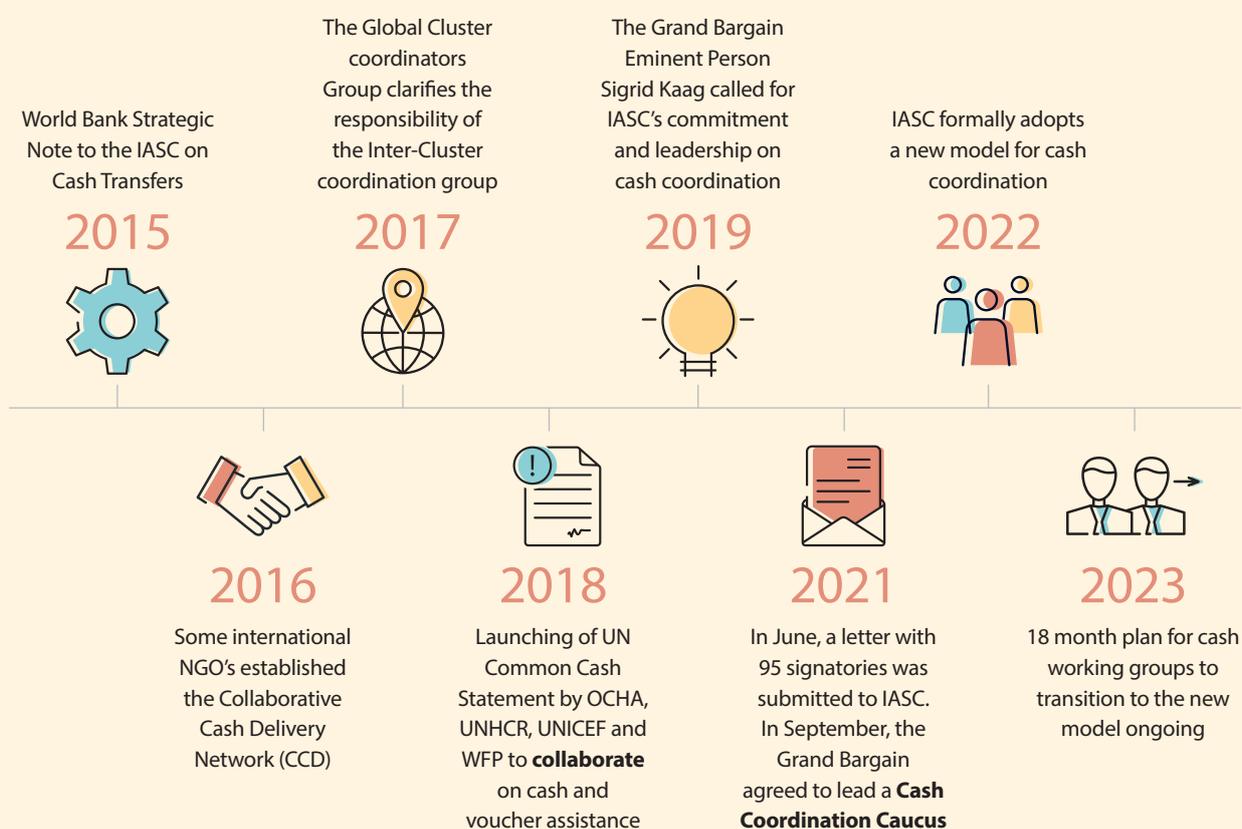
- ! **The CAG should** prioritize efforts to complete a strategic resourcing plan, with an overview of the resources needed for the coordination model at country level, including support to national actors, and the CAG itself.
- ! **Donors should**, once priorities are agreed upon, commit funding to support the new cash coordination model so it can achieve its objectives of predictable, accountable, people-centred and locally-led coordination of CVA.
- ! **CWG, CAG, HCTs and other relevant stakeholders should** ensure systematic sharing and learning about cash coordination between responses. This includes with non-IASC settings.
- ! **CWGs and the CAG should** harness opportunities to engage with wider humanitarian reform processes to further strengthen cash coordination, including the current ERC's Flagship Initiative.
- ! **The CAG, CWGs, donors, local actors and other interested stakeholders should** harness the opportunity of the planned review of the cash coordination model (in 2024) to strengthen coordination linkages with other reform processes, increase linkages with social protection, and strengthen the leadership of local actors.

## Progress on cash coordination

The longstanding challenges associated with cash coordination have been extensively explored in previous reports<sup>1</sup>. The *State of the World's Cash 2020* report recommended continued advocacy for standardizing a predictable approach to cash coordination and ensuring adequate funding for Cash Working Groups (CWGs). Without a common understanding of who was responsible for what, or reliable resourcing for cash coordination mechanisms, the opportunities to improve the effectiveness of cash assistance were being lost.

While the issue became increasingly urgent with the growing use of CVA, the challenges of cash coordination remained unresolved for over a decade despite several initiatives attempting to address them. However, in September 2021, USAID and CALP coordinated a breakthrough when a Call for Action<sup>2</sup> resulted in 95 organizations signing a letter to the Emergency Response Coordinator calling for change. The establishment of the Grand Bargain 2.0 Cash Coordination Caucus followed in October 2021.

**GRAPH 4.1** Background on cash coordination



The Grand Bargain Eminent Person led the Caucus, which involved national and international agencies, donors, and technical networks<sup>3</sup>. The Caucus aimed to identify arrangements for accountable, predictable, effective, and efficient coordination of cash assistance making clear who will do what, with what resources and to what end, and to improve outcomes for, accountability to and engagement of crisis-affected people and communities<sup>4</sup>.

The IASC endorsed the new cash coordination model in March 2022. The outcome document emphasized the **importance of a people-centred approach and locally-led response, including consideration of linkages with social protection systems** where relevant and appropriate<sup>5</sup>. A review of the model is planned two years after implementation to identify progress, challenges, and any adaptations required<sup>6</sup>.

**BOX 4.1****What is the cash coordination model?<sup>7</sup>**

The new model applies to two contexts: (a) IASC settings, and (b) refugee settings. Questions remain as to what cash coordination models will be used in what the Cash Advisory Group (CAG) calls 'non-IASC settings'.

**At country level**

- OCHA is accountable for cash coordination in IASC and mixed settings, while UNHCR is accountable in refugee settings.
- CWGs are accountable to the Inter Sector/Inter Cluster Coordination Group and responsible to support their members and constituents (e.g., operational cash actors in country).
- Existing CWGs will be formalized with new standardized Terms of Reference.
- In IASC settings, there will be a programmatic and a non-programmatic co-chair of the CWGs. OCHA is responsible for providing the non-programmatic co-chair. The programmatic co-chair should be an operational entity, identified via a transparent voting process. The model places particular emphasis on the importance of local actor leadership. In refugee settings (under UNHCR), there will be no non-programmatic co-chair and attention will be paid to government and local actor co-chairs.

**At global level**

- A new global Cash Advisory Group (CAG) has been established. It is responsible for developing standards, global tools, guidance, and decision-making protocols and supports requests for best practices or other needs from country CWGs.

Notably, there is no official reporting line or link between the CAG and country CWGs. CWGs are accountable to the Inter Sector/Inter Cluster Coordination Group in each country, or to the Resident Coordinator/Humanitarian Coordinator in settings with no IASC or refugee coordination structure in place. It is for the humanitarian leadership and CWG to jointly decide how to best transition to the new model and monitor progress. The CAG is expected to provide support and engage with CWGs in line with its agreed functions.

Alongside defining a standard leadership structure, some steps have been taken to improve issues of operational predictability. Standard Terms of Reference to guide the work of CWGs<sup>8</sup> and the CAG<sup>9</sup> have been finalized and Terms of Reference drafted for the co-chairs of the CWGs.<sup>10</sup>



Habey Nurow Adan, is a mother of eight children and was displaced from Burdhuwule village, Somalia, due to drought. She walked for 7 days to reach Baidoa in search of help and now lives in Qaydaradey IDP camp. A US\$180 cash transfer from NRC helped her buy food, milk, and clothes for her family. © Abdulkadir Mohamed/NRC, July 2022

TABLE 4.1

## The purpose of CWGs and the CAG as defined in their agreed terms of reference

Purpose of CWGs <sup>11</sup>	Purpose of the CAG <sup>12</sup>
<ul style="list-style-type: none"> <li>• Effectively coordinate the delivery of CVA across the response to maximize resources, avoid duplications, address unmet needs, increase effectiveness.</li> <li>• Responsible for systematically integrating CVA, particularly multi-purpose cash (MPC) transfers into responses and preparedness plans.</li> <li>• Response level CVA information management (coordinated with clusters).</li> <li>• Promote use of common mechanisms, standards, tools, etc.</li> <li>• Provide common services where relevant (e.g., market analysis, FSP mapping, etc.).</li> <li>• Provide an entry point for linkages to social protection where appropriate.</li> <li>• Support in-country capacity strengthening.</li> <li>• Support interagency learning.</li> <li>• Advocacy – governments, donors, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Support country level cash coordination technically and in terms of capacity with the overall aim of improving the quality and effectiveness of cash coordination.</li> <li>• Set standards and develop capacity: e.g., develop TORs, tools and guidance (e.g., to integrate cash coordination within HPC), technical advice, information sharing/knowledge management.</li> <li>• Advocacy, global monitoring, and liaison: global advocacy, resolving common challenges, stock-taking of CWG (e.g., KPIs), provide information to IASC mechanisms, support to cluster/sector engagement via GCCG, linkages to social protection coordination bodies.</li> <li>• Resourcing and prioritization: work with country co-leads to highlight resource gaps, assist countries to find resources/invest in capacity strengthening/organize roster deployments to CWGs where short-term or surge coordination support is needed.</li> </ul>

## Too early to know if the cash coordination model will deliver

The process of transitioning to the new cash coordination model is at a relatively early stage, such that it's not yet possible to evaluate any impact on coordination and programming. The IASC Deputy Directors endorsed the transition plan in September 2022. 27 IASC settings and 14 refugee settings were identified where the model should, initially, be rolled out, with transition to be completed by March 2024. As of the end of 2022, UNHCR reported that the model was being implemented in five of the 14 refugee settings in the plan, while OCHA reported it was in place in three of 27 non-refugee settings.

## Many stakeholders positively view the agreement on the model and the opportunities it presents<sup>13</sup>



*“DG ECHO strongly supports the orientations taken by the new IASC cash coordination model.” (DG ECHO guidance note, March 2023<sup>14</sup>)*

*“The huge potential and opportunity is that we now have a common model. We wanted predictability. We wanted cash and cash coordination to have a formal place in the humanitarian architecture.” (Focus Group Discussion)*

According to the Grand Bargain independent review of 2022, the majority of the 66 Grand Bargain signatories believe the cash coordination model ‘provides predictability and clarity on coordination of CVA at country level’<sup>15</sup>. They also felt that ‘the model was a step forward and there are high expectations that it will enable more efficient and effective CVA responses’. Most key informants to this study expressed satisfaction that IASC had reached an agreement and endorsed the model. While there was acknowledgement that it does not constitute a ‘radical outcome’, it was also noted that ‘incremental steps to changing things are still moves forward’, with the potential to support larger scale change. The majority of CVA focal points for the Global Clusters expressed their support for the new model, although at least one cluster representative emphasized that their support was contingent on

the fact that the model maintains responsibilities for sector-specific CVA with the respective clusters, rather than the CWG (see Chapter 8 for more on cluster engagement with CVA, including in relation to MPC).



*“This is not just about cash actors, but about opportunities for better quality analysis, as the role of CWGs is now formalized and they inform analysis and response planning as part of the broader ICCG and cluster discussions.” (UN agency)*

Some key informants believe that the new model could provide significant opportunities to: (a) improve the quality of humanitarian responses overall as the role of CWGs is now formalized in response analysis (see Chapter 5 on Preparedness and capacity) and (b) to increase the use of cash further, particularly multi-purpose cash (MPC). The lack of clear ownership of MPC in previous, less formalized cash coordination models, is considered to have been a systemic blocker to increasing its use. With the new model providing clarity – as per the TOR – on the responsibilities of the CWG in integrating

MPC into response plans and processes, the idea is that there will be more scope to scale MPC. While key informants noted that it remains to be seen how this will work in practice, they also highlighted that some stakeholders, including donors, expect the new model will facilitate an increase in CVA, particularly MPC. It was also highlighted that the additional capacity available with two (resourced) cash coordinator roles per CWG (envisaged in the plan) should better enable CWGs to own and engage in relevant processes, for example market assessment and monitoring.

There are unanswered questions regarding operationalization and resourcing of the new model. Although broadly positive that a formal cash coordination model has been agreed, stakeholders have raised questions and concerns about the transition process and operationalizing the model. Key informants to this report perceived a good understanding of the new model at global level<sup>16</sup> but there is **concern that it is not yet understood nor has buy-in at country level**. This was also reflected in responses to a survey conducted by the CAG where concerns were raised, for example, about how functioning CWGs with structures that don't match the new model should be managed without dismantling what is already working. Others noted the potential for the new model to be seen as a threat to existing CWGs and CWG leads, particularly where there is confusion about what the transition will entail. There were also questions about what a 'non-programmatic' lead of a CWG really means in practice.

Research for the Grand Bargain annual report also highlighted that some people have questions about commitments to and capacities for rolling out the model across key stakeholders<sup>17</sup>. For example, CVA focal points of the Global Clusters stressed the importance of training and capacity development on the new model for cluster coordinators in-country. One UN agency noted that while the high-level commitment is there, translating the new model for cash coordination into practice across a large organization takes time as staffing and capacities come on board. These reflections chime with several key informants' wider concerns about the slow pace of the transition. However, it was also noted that *'this was to be anticipated given the nature of the change, and that it would take time to build the capacities required to enable implementation across a range of contexts'*<sup>18</sup>.



*“A source of frustration is that the need for predictability that has got us to where we are is the very issue that is still unclear; that is, resourcing and capacity.” (FGD participant)*

Key informants commonly noted that, a year after it was endorsed and despite global commitments to move forward, it is still unclear what resources are needed to ensure the model delivers on promises and concrete funding commitments are lacking. There are concerns that **if the model is not sufficiently resourced, it will not resolve the problems that exist nor harness the opportunities that it was established to address**.

These concerns cover both the funding of programmatic co-chairs (including local/national actors) and information management roles, and whether OCHA will prioritize resources to ensure its Country Office staff can assume the planned co-leadership role of CWGs, including providing technical support to local/national actors as co-leads.

**Views on the role of donors and the extent of their commitment are mixed.** There is a consensus on donors' critical role in pushing for the caucus and securing agreement on the model, but there was a sense that since then, *'donors have stepped back a little in their engagement to allow operational partners to move ahead with implementation of the coordination model'*<sup>19</sup>. Donor engagement is considered essential in relation to resourcing and maintaining pressure and support, globally and nationally, to push through the transition plans. The Donor Cash Forum (DCF) has indicated it recognizes its role in mobilizing internal and external stakeholders, including supporting local actor engagement (see below), and the development of a resourcing plan. In April 2023, the CAG and DCF agreed to establish a task team on resourcing the cash coordination transition, which will prepare a comprehensive resourcing plan for stakeholder feedback. This is intended to provide a joint way forward, although there is an important caveat that task team engagement does not equate to a commitment from any CAG or DCF member to fund any specific proposal.

Reflecting on the issue of resourcing, one key informant expressed a note of caution that funding alone will be insufficient to shift the effectiveness of cash coordination. There is also the **need for a system wide shift that goes beyond cash in many respects**, bringing all relevant actors on board, from humanitarian coordinators (HCs) through to the clusters, particularly in navigating difficult political factors and decisions.

#### BOX 4.2

##### Ukraine cash coordination

Opinions are mixed about the success of cash coordination in Ukraine.

Findings of the 2023 Grand Bargain Independent Review were largely positive: 'Signatories generally felt that the cash response in Ukraine was well coordinated, was treated as a high-level priority with direct engagement of the Resident Coordinator/Humanitarian Coordinator (RC/HC), that systems and capacities at institutional level and across the system were in place to scale up quickly, and that functional links with the national social protection system were made appropriately given the protection and logistical challenges involved. But there were problems too, (including ...) concerns about the exclusion of some local and national actors by a decision to require in-person participation in the CWG, and the unintentional exclusion of some vulnerable groups due to over-reliance on a digitalized system that presented access problems for the elderly and other groups. Several signatories and experts asserted that Ukraine should not be understood as a common standard or even a real 'test' of the model because too many factors were not replicable elsewhere – including the volume and speed of funding, widespread digitalization and high levels of local and national civil society and government capacities and systems' (ibid: 82–83)<sup>20</sup>.

The Operational Peer Review in Ukraine (forthcoming) provides a different, more challenging picture of the roll out of the new coordination model. According to the OPR, in 2022 approximately US\$1.5 billion of CVA was delivered to vulnerable people. The OPR observed: *'While the cash operation has been highly successful in scaling up and building an impressive architecture, there remain challenges with the new IASC cash coordination model and there is considerable dissatisfaction from UN and NGO participants and beneficiaries on issues such as targeting and multi-purpose cash vs. sectoral specific cash'* (ibid: 6).

## A focus on locally-led cash coordination is welcomed but faces challenges

Localization is one of the principles that the new model is built on, with the objectives of enabling greater participation of national and local actors and helping to ensure decisions are made closer to and with greater accountability to crisis-affected populations<sup>21</sup>. All key informants welcome the **central leadership role of**



*“Let’s be honest about where we’re not seeing as much progress – particularly in terms of local engagement. The model as it is being rolled out is helping to shift the narrative, but also opening other questions.” (UN agency)*

*“It is easy to say local actors don’t have the capacity to coordinate or to lead. In some contexts, this is probably true. However, for most local actors who cannot directly access institutional funding for programming, what they are left with is the question: ‘What’s in it for us to participate in these forums with international agencies while we can’t access funding?’” (FGD participant)*

*“A lot of our members are pushing for area-based coordination models – decentralized, context-led coordination based on the crisis geography. This is rather than the cluster system which is not resulting in effective complementarity or collaboration.” (Key informant)*

**local and national actors** and highlighted it as one of the most important opportunities of the new model. For example, the DCF expressed the hope that *‘the local actor engagement prioritized in the cash coordination transition can serve as a precedent for the wider system’*.

CAG members reflected that the model could provide concrete opportunities to explore systemic and contextual blockages to localizing CVA, while conceding local engagement at country and response level remains limited at this stage. The inclusion of representatives from several local organizations and networks in the CAG was highlighted as a positive step, with the caveat that it risks being tokenistic unless ambitions for local leadership at country level are achieved.

Multiple stakeholders expressed concerns about **ensuring funding to enable meaningful engagement by local actors** (see above on resourcing). Respondents for the Grand Bargain 2022 independent report shared similar sentiments. Equally, assuming funding is made available, questions were raised about what mechanisms would be used to ensure funding is accessible to all CWG co-leads, particularly local actors.

The CAG undertook key informant interviews in 2023 and these also identified important questions and concerns relating to the role of local actors (see Box 4.3). These included some issues relating to the capacities and relative experience of local actors. In addition to securing necessary funding, donors and international agencies frequently cited the importance of

investing in capacity development and providing technical support. While highlighting local actors’ value added in coordination, some also expressed concerns about the risks of reinforcing negative stereotypes if local actors were pushed towards leading CWGs without the requisite experience or skill sets to do so effectively.

#### BOX 4.3

##### Issues raised about the model through discussions with key informants (largely local and national actors) by the CAG in 2023

- CWGs, especially local and national members, value technical expertise. Many LNAs are never given the opportunity (or funding) to gain that experience.
- ‘Fly in’ short-term leadership roles (important for international decision-making) can alienate local and national actors.
- If local and national actors do not have a lot of CVA experience, how can they be expected to lead? What should their role be?

The added value of local and national actors could be: sub national contextual expertise, community engagement/networks, and a focus on areas of interest (protection, social protection links, etc).

- Having experience with implementing cash at scale seems important to many. How can/should this be considered without undermining local and national actor roles?
- Key Performance Indicators need to be commonly defined, globally aggregated, yet contextualized.

At the same time, several key informants noted that a focus on the capacities of local actors puts the onus on local actors to engage in the coordination structures of internationally-led humanitarian response. This both **ignores the lack of international actors' engagement with local actors in the coordination spaces** and seems based on an implied assumption of the value-added for local actors to engage in international coordination mechanisms (see Chapter 3 on Locally-led response). The fact that, in the medium-term at least, CWGs and other (international) coordination mechanisms are unlikely to operate in local languages, was also mentioned as a limiting factor.

One of the principles of cash coordination outlined in the caucus outcome document is to '*consider linkages with social protection systems where relevant and appropriate*'<sup>22</sup>. Members of the CAG noted that including linkages to social protection into the TORs for CWGs has helped to highlight the need to address this, although it's still too early to tell what impact the new model might have. It was also noted that collaboration with the SPIAC-B Working Group on Linking Humanitarian Cash Assistance with Social Protection, which has coordination as a priority area of work, has been positive.

While recognizing that coordinating linkages to social protection faces multiple challenges in practice (see Chapter 6 on Linkages with social protection), it was felt that more could be done to 'move the dial' on this issue. This perspective was also reflected by some key informants to the latest Grand Bargain report, who felt that integrating CVA with social protection systems has not been given sufficient emphasis in cash coordination. Ukraine was identified as an example where some felt more could have been done<sup>23</sup>.

At the same time, several key informants and focus group participants commented that **responsibility for building relationships with government ministries and linkages to social protection should not and cannot sit only with CWGs**. For example, CAG members highlighted that communication with governments also needs to come from more senior levels such as the Humanitarian Country Team (HCT) or Humanitarian Coordinator. The broader implications in terms of funding, operations and humanitarian principles that can follow from linking to social protection were also noted in relation to the limits of what a cash coordination mechanism could be expected to manage. Here, one key informant remarked that cash and cash coordination can highlight and be prominent in discussions related to coordinating the humanitarian-social protection-development nexus, but that addressing issues will often need to happen elsewhere in the system.

## A missed opportunity for a transformational solution?



*"The cash coordination model – it wasn't the right solution; it wasn't a transformational solution. It was an incremental change solution that was almost a decade too late."* (Key informant)

Some informants voiced concerns that the new model is the wrong solution to the historical problem of effective cash coordination. They felt that working within the current humanitarian architecture and processes missed an opportunity to advance wider humanitarian reform and develop a cash coordination model that is '*fit for the future*'. For example, one key informant suggested that more holistic processes that don't separate basic needs along sector-based lines are required if programming (and coordination) is to be effectively oriented to meeting peoples' needs, with cash as a central modality.

The recent launch of the Emergency Response Coordinator's (ERC) 'Flagship Initiative' gives an indication of what the future of coordination could look like beyond the current humanitarian architecture. With pilots in 2023 in Colombia, South Sudan, Niger, and the Philippines, it aims to provide crisis-affected people with '*a canvas to shape the response to help them, but without the use of traditional humanitarian coordination models or humanitarian programme cycle processes*'<sup>24</sup>. Initial discussions in the Philippines, for example, focused on the potential to move to a primarily cash-based response, and an area-based, geographically-defined, approach to coordination that can enable greater community engagement and influence. Overall, despite the backing of the ERC, there are concerns about how far vested interests, particularly from the larger agencies, might block progress<sup>25</sup>. It remains to be seen how the Flagship Initiative will develop in practice, but opportunities exist

to embed local leadership and ensure alignment with social protection and wider development work. This initiative and others require new thinking and ways of working. In theory at least, the new cash coordination model should be well placed to adapt to new ways of working if its ambitions are achieved.

## Implications for the future: Areas for strategic debate and priority actions

### Areas for strategic debate

Our analysis highlighted the following considerations to inform further thinking and progress in this area.

- **Will the new cash coordination model deliver effective change?** There are now significant opportunities for the cash coordination model to enable change with its formal place agreed in the humanitarian architecture and its ambitions for local leadership and linkages with social protection wherever appropriate. With structures agreed, questions remain about the pace of change and how it will be resourced. Further, the model currently applies just to IASC and refugee settings. Clarity is needed about other settings when strong government leadership is not already charting the way. The CAG has the potential to support this.
- **Is more radical change needed to achieve the potential of CVA?** Some believe that the new cash coordination model provides a valuable, evolutionary step forward. Others feel it represents an opportunity lost and that it papers over the need for more radical change. Linked to this, a priority action that remains outstanding from the *State of the World's Cash 2020* report is about the more fundamental changes to the coordination system overall (not cash-specific). Whether or not the new cash coordination model will help contribute to this type of change is debatable.

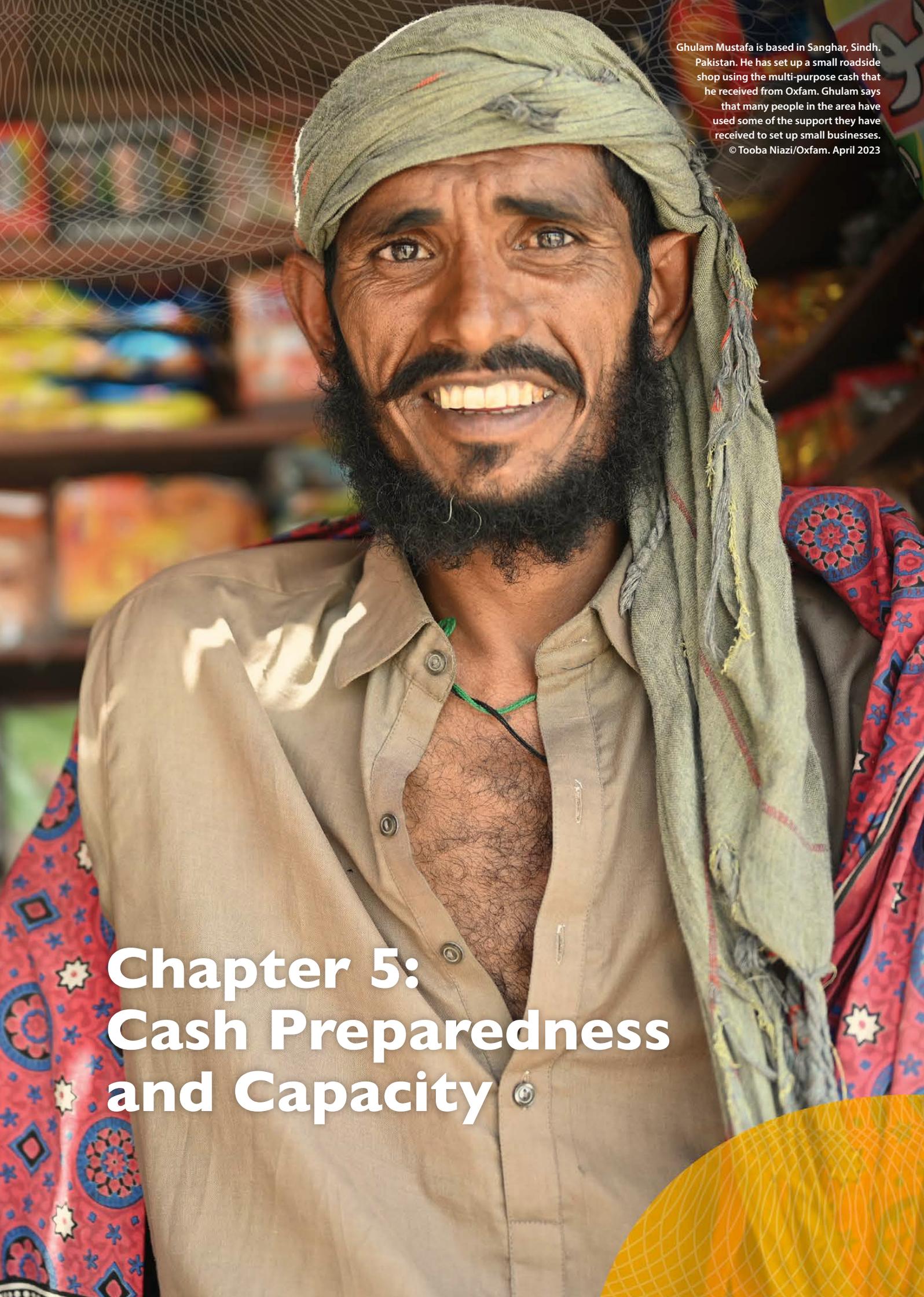
### Priority actions

In relation to the strategic debates above and other key findings in this chapter, the following are recommended as priority actions for stakeholders.

- **The CAG should** prioritize efforts to complete a strategic resourcing plan, with an overview of the resources needed for the coordination model at country level, including support to national actors, and the CAG itself.
- **Donors should**, once priorities are agreed upon, commit funding to support the new cash coordination model so it can achieve its objectives of predictable, accountable, people-centred and locally-led coordination of CVA.
- **CWG, CAG, HCTs and other relevant stakeholders should ensure systematic sharing and learning about coordination** between responses. This includes with non-IASC settings.
- **CWGs and the CAG should harness opportunities to engage with wider humanitarian reform** processes to further strengthen cash coordination, such as the current ERC's Flagship Initiative.
- **The CAG, CWGs, donors, local actors and other interested stakeholders should harness the opportunity of the planned review of the cash coordination model** to strengthen linkages with other reform process, linkages with social protection and leadership of local actors.

## ENDNOTES

- 1 E.g., CALP State of the World's Cash Reports – 2018, 2020; <https://www.calpnetwork.org/resources/collections/state-of-the-worlds-cash-2020/> and Grand Bargain Annual Reports <https://interagencystandingcommittee.org/grand-bargain-official-website/grand-bargain-annual-independent-report-2023-0>
- 2 CALP (2021) Call for Action: Resolution of Cash Coordination within the humanitarian architecture. <https://www.calpnetwork.org/publication/call-for-action-resolution-of-cash-coordination-within-the-humanitarian-architecture/>
- 3 The Eminent Person led the caucus with support from the Norwegian Refugee Council, involved A4EP, the Collaborative Cash Delivery Network (CCD), EU/DG ECHO and the US Agency for International Development Bureau for Humanitarian Assistance (USAID/BHA) (representing the Donor Cash Forum), OCHA, the IFRC, UNHCR, UNICEF, WFP and the World Bank (as observer) at both technical and principal levels. CashCap and CALP also participated as technical experts.
- 4 Extract from the IASC Cash Coordination Outcome Document (2022) <https://interagencystandingcommittee.org/sites/default/files/migrated/2022-03/IASC%20Endorsed%20Cash%20Coordination%20Model.pdf>
- 5 Grand Bargain (2022) Grand Bargain Cash Coordination Caucus Outcomes and Recommendations. <https://reliefweb.int/report/world/grand-bargain-cash-coordination-caucus-outcomes-and-recommendations>
- 6 Global Cash Advisory Group (2023) IASC New Cash Coordination Model, Frequently Asked Questions. <https://interagencystandingcommittee.org/new-cash-coordination-model-frequently-asked-questions-faq>
- 7 Ibid.
- 8 Global Cash Advisory Group (2023) Cash Working Group Terms of Reference Template. <https://www.calpnetwork.org/publication/cash-working-group-terms-of-reference-template/>
- 9 IASC (2022) Global Cash Advisory Group Terms of Reference 2022. <https://interagencystandingcommittee.org/global-cash-advisory-group-terms-reference-2022>
- 10 <https://www.calpnetwork.org/publication/cash-working-group-terms-of-reference-template/>
- 11 IASC (2023) Draft Global Cash Advisory Group, Cash Working Group Terms of Reference. <https://www.calpnetwork.org/publication/cash-working-group-terms-of-reference-template/>
- 12 IASC (2022) Global Cash Advisory Group Terms of Reference 2022. <https://interagencystandingcommittee.org/global-cash-advisory-group-terms-reference-2022>
- 13 DG ECHO guidance note, Promoting Equitable Partnerships with Local Responders in Humanitarian Settings, March 2023. <https://interagencystandingcommittee.org/eudg-echo-guidance-note-promoting-equitable-partnerships-local-responders-humanitarian-settings>
- 14 DG ECHO guidance note, Promoting Equitable Partnerships with Local Responders in Humanitarian Settings, March 2023
- 15 Metcalfe-Hough, V., Fenton, W. and Manji, F. (2023) Grand Bargain Annual Independent Report. <https://interagencystandingcommittee.org/grand-bargain-official-website/grand-bargain-annual-independent-report-2023-0>
- 16 Three focus group discussions (CAG, Global Cluster CVA focal points and the Donor Cash Forum) and 10 Key Informant Interviews (1 private sector, 4 UN officials, 2 donor and 3 INGO staff)
- 17 Metcalfe-Hough, V., Fenton, W. and Manji, F. (2023)
- 18 Ibid.
- 19 Ibid.
- 20 Ibid.
- 21 See <https://interagencystandingcommittee.org/global-cash-advisory-group-terms-reference-2022>
- 22 <https://interagencystandingcommittee.org/sites/default/files/migrated/2022-02/Caucus%20on%20cash%20coordination%20-%20Final%20Outcome%20Document%20February%202022.pdf>
- 23 Metcalfe-Hough, V., Fenton, W. and Manji, F. (2023) Grand Bargain Annual Independent Report.
- 24 OCHA (2023) Flagship Initiative. <https://www.unocha.org/flagship-initiative>
- 25 Alexander, J. (April 5 2023) What's the 'Flagship Initiative', and how might it transform emergency aid? The New Humanitarian. <https://www.thenewhumanitarian.org/analysis/2023/04/05/whats-flagship-initiative-emergency-aid>



Ghulam Mustafa is based in Sanghar, Sindh, Pakistan. He has set up a small roadside shop using the multi-purpose cash that he received from Oxfam. Ghulam says that many people in the area have used some of the support they have received to set up small businesses.  
© Tooba Niazi/Oxfam. April 2023

## Chapter 5: Cash Preparedness and Capacity

Summary: Chapter 5

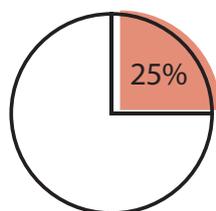
# Preparedness and Capacity



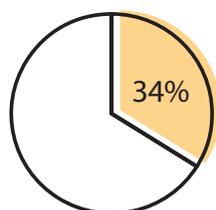
## Key findings

- ✓ **CVA preparedness and capacity remains a priority but needs are changing.**
- ✓ Economic volatility has emerged as a challenge for CVA preparedness.
- ✓ Adapting CVA in contexts of high inflation and depreciation requires inter-agency planning and preparedness.
- ✓ Resources should be targeted to address priority capacity gaps identified in this report.
- ✓ Different stakeholders have different perspectives about the challenges faced by national and local organizations in scaling up CVA.
- ✓ The new cash coordination model should mean that CVA is considered as part of overall humanitarian preparedness planning.
- ✓ Most humanitarian organizations invest in CVA preparedness and capacity development although the degree and emphasis of investments vary.
- ✓ There is need to increase focus on the uptake of CVA tools and guidance.

### The need for further investment in preparedness remains a priority



25% of survey respondents perceived that limited capacity of organizational systems and processes was the biggest challenge to increasing the quality of CVA



34% of survey respondents believed that strengthening organizational systems and processes offers one of the biggest opportunities for growing the use of CVA



## Strategic debates

- ? What are the priorities for CVA preparedness and capacity development, given changes in the humanitarian system and in the operating context?
- ? Does the new cash coordination model offer an opportunity to improve CVA preparedness and capacity?
- ? What is the right balance of investment in preparedness for CVA and in-kind assistance?



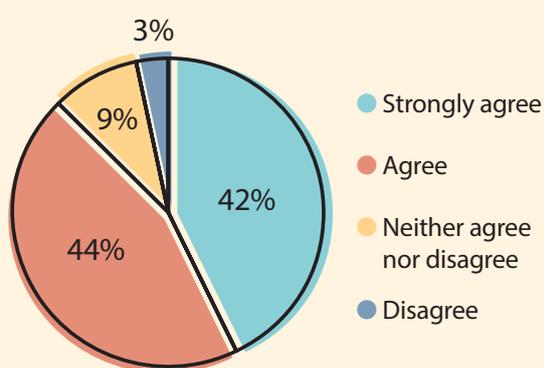
## Priority actions

- ! **Donors and humanitarian leaders should** seize opportunities to engage with strategic discussions around funding and innovative financing to increase investment in system level CVA preparedness and capacity.
- ! **The CAG and CWGs should** foster coherent approaches to CVA preparedness and capacity. Opportunities within the Humanitarian Response Plans should be harnessed and linkages with Social Protection advanced. **Donors, implementors and researchers should** continue to identify good practices on the use of CVA in contexts of economic volatility.
- ! **Communities of practice on CVA preparedness and capacity should** be established at country, regional and global level to progress collaborative initiatives.
- ! **All actors should** advocate for predictable, multi-year funding for CVA preparedness and capacity development. International actors that receive preparedness funding, should prioritize the capacity needs of local partners.
- ! **Donors should** support CVA preparedness and capacity development to increase the scale and effectiveness of CVA. Investments should prioritize funding to local actors where possible.

## CVA preparedness and capacity remains a priority

**GRAPH 5.1**

To what extent do you agree that your organization has improved its organizational capacity and preparedness for CVA?



Systemic, organizational and individual preparedness and capacity is vital if ambitions to increase the scale, quality, efficiency and effectiveness of CVA are to be met. There was near consensus among survey respondents that CVA preparedness has improved; 86% perceived that their organization has improved its preparedness and capacity for CVA (up 8% since 2020). Perspectives of almost all organization types were similar – between mid to late 80%.

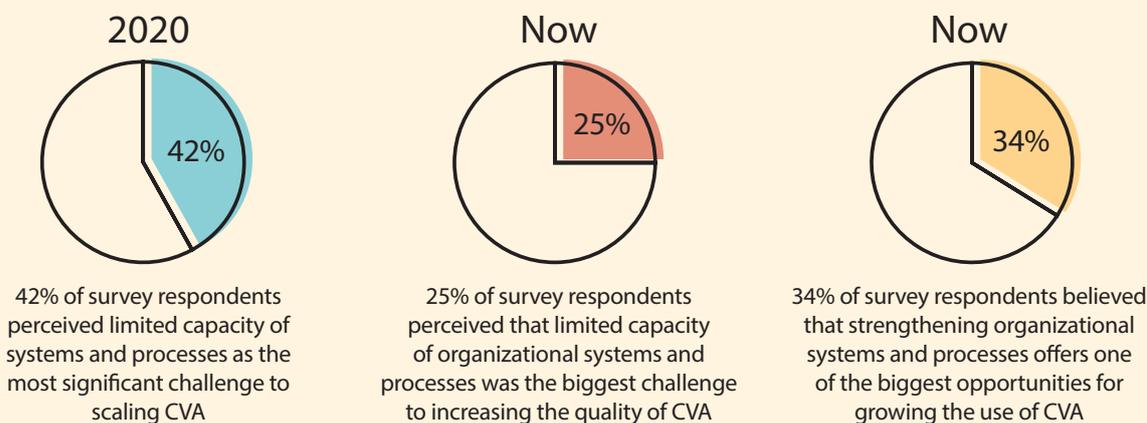
Findings in the Grand Bargain Independent Review, where many organizations reported having increased their institutional capacities to deliver cash assistance at large-scale, support these survey results<sup>1</sup>. That same review gave examples such as UNHCR’s enhancements to its financial and administrative systems; WFP’s update of its institutional policy on CVA; and investments

in guidance, tools, and staff skills development by Care International, Mercy Corps, Oxfam, Save the Children, Trocaire, UNFPA and World Vision International. In addition, the Red Cross Red Crescent (RCRC) reports that national societies have expanded their capacity making many ‘cash ready’ (discussed further below). Examples of local actors increasing their cash readiness are given in Chapter 3 on Locally-led response.

Much as progress is recognized, the need for further investment in preparedness remains a priority. Twenty-five percent (25%) of survey respondents perceived that limited capacity of organizational systems and processes was the biggest challenge to increasing the quality of CVA. Thirty-four percent (34%) of survey respondents believed that strengthening organizational systems and processes offers one of the biggest opportunities for growing the use of CVA within existing funding levels. This compares favourably to 2020 when 42% of survey respondents perceived limited capacity of systems and processes as the most significant challenge to scaling CVA.

**GRAPH 5.2**

The need for further investment in preparedness remains a priority



Continuing capacity gaps are not surprising given that the use of cash is growing and evolving, and the operating environment is rapidly changing. Encouragingly, management support is perceived as less of a challenge than previously – 11% of survey respondents highlighted this as one of the biggest challenges to scaling up CVA compared to 19% in 2020.

### BOX 5.1

#### Definitions of emergency preparedness and capacity

**Emergency preparedness:** “Is the knowledge and capacity developed by governments, recovery organizations, communities and individuals to anticipate, respond to and recover from the impact of potential, imminent or current hazard events, or emergency situations that call for a humanitarian response.” (IASC)

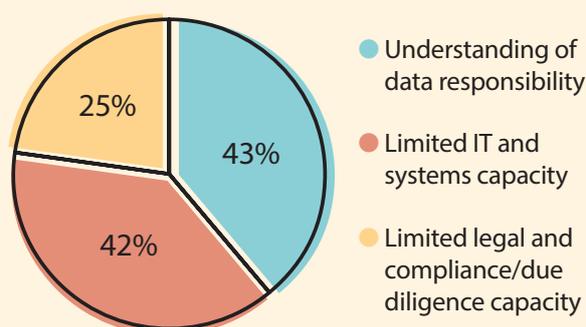
**Capacity:** Definitions of ‘capacity’ in humanitarian and development contexts vary but at its simplest, it is the “ability of individuals, institutions and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner.” (UNDP 2009)<sup>2</sup>

Kamstra (2017)<sup>3</sup> identifies three different types of capacity to be considered:

- **Individual:** experience, knowledge, technical skills, motivation, influence.
- **Organizational:** collective skills, internal policies, arrangements, and procedures that enable them to combine and align individual competencies to fulfil their mandate.
- **System-level:** the broader institutional arrangements which enable or constrain individual or organizational capacities, including social norms, traditions, policies, and legislation.

### GRAPH 5.3

#### The biggest challenges to improving the management of recipient CVA data



**To increase the use of CVA and continue to improve quality, an understanding of where the capacity gaps are greatest and their impacts – both current and potential – is key.** For example, when asked about the biggest challenges to improving the management of recipient CVA data: 43% of survey respondents perceived that understanding of data responsibility is not effectively mainstreamed across teams implementing CVA; 42% perceived limited IT and systems capacity; and 25% saw limited legal and compliance/due diligence capacity as significant issues.

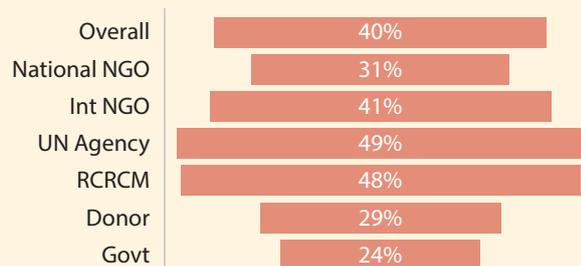
The implications of such capacity gaps need to be considered, with analysis directing investments made in capacity development. Gaps related to data protection and

technology come with risks for recipients in terms of mismanagement of their personal data; legal and ethical concerns; compliance and liability issues; and so on. The implications of these gaps are also explored in Chapter 7 on Data and digitalization. Equally, when asked about increasing the use of multi-purpose cash (MPC), 33% of survey respondents identified limited staff capacity as one of the biggest challenges. In this case, capacity gaps may lead to MPC not being used even when it is a preferred and appropriate option or results in poor quality programming.

The survey also asked about the main challenges that national organizations face in scaling up their delivery of CVA. **There are notable disparities in views between the responses of different stakeholders, with capacity limitations considered a more significant challenge by respondents from international organizations than national NGOs** (see Graphs 5.4 and 5.5). Several key informants considered that this reflected a lack of trust in local actors' abilities – a view also highlighted in some recent publications<sup>4</sup>.

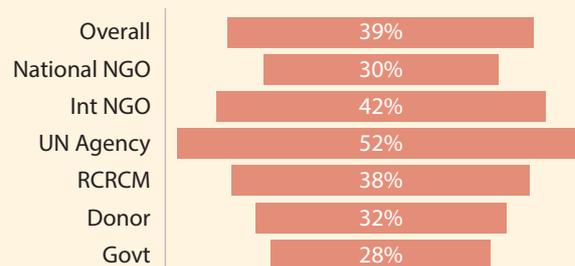
GRAPH 5.4

% Respondents who consider limited organizational systems/processes of national organizations a main challenge



GRAPH 5.5

% Respondents who consider limited staff capacity of national organizations a main challenge



“More trust is needed that they (local actors) can handle CVA programmes – this is basically going against our comfort zone.” (KII)

“Approaches to funding that tend to be short-term, ad hoc, and have minimal support costs also do not enable local partners to build the capacity and systems necessary for a quality CVA response.”  
Lawson-McDowall and McCormack (2021)<sup>7</sup>

Many key informants pointed to the lack of donor and international agency investment to enable local actors to strengthen their capacity. Reference was made to a lack of technical training tailored to local actors' needs<sup>5</sup> and, particularly, a lack of resourcing for the requisite operational systems and processes (see also Chapter 7 on Data and digitalization). Several key informants noted that limited resourcing also contributes to staff retention challenges for local organizations, given salary disparities with international agencies, creating a major challenge to maintaining capacity in the medium to longer term. This is an issue well documented across the humanitarian system<sup>6</sup>, affecting CVA alongside all other areas of work.

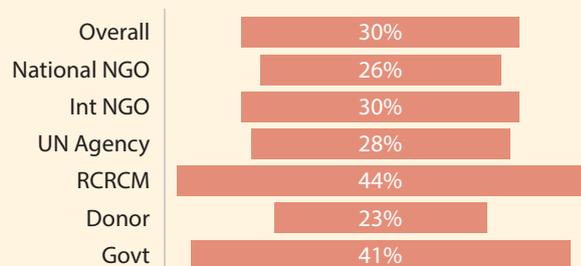
Several local actors noted that limited staffing and resourcing is a critical barrier to engagement in coordination forums – a point that emerges from our survey, which found staffing to be the fifth most cited barrier (30%) to engagement.

Thirty-seven percent (37%) of survey respondents consider inadequate administrative costs to national partner organizations to be a main challenge to scaling CVA. Key informants criticized international (especially UN) agencies for **not passing on an equitable share of administrative budgets to local partners**. They commented that **this perpetuates a circular problem**, with donors and international actors citing due diligence concerns, but not providing resources to enable local actors to make the necessary investments in systems to change the situation. Several studies published since 2020 also comment on this issue<sup>8</sup>.

While action is overdue, there does seem to be growing momentum to address the issue of overheads. For example, at the end of 2022, IASC published guidance on provision of overheads to local partners<sup>9</sup>. This, together with the political push in the Grand Bargain, is seen as having the potential to be effective in driving change in policy and practice<sup>10</sup>. At the same time, many international actors have now committed or re-committed to supporting local CVA capacity as well as developing their own. Alongside initiatives by the

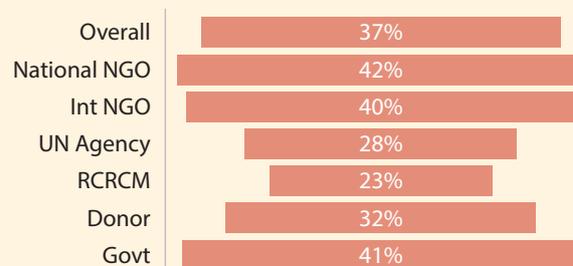
GRAPH 5.6

**% Respondents that consider limited time/resources to engage with humanitarian coordination a major challenge for national organizations**



GRAPH 5.7

**% Respondents who consider inadequate admin costs to national implementing partner organizations a main challenge to scaling CVA**



RCRCM (discussed below), other approaches are also covered in Chapter 3 on Locally-led response, including those of the Collaborative Cash Delivery (CCD) Network, the Start Network, CashCap and Share Trust.

WFP refers to 'country capacity strengthening'<sup>11</sup> (differentiating it from its 'internal capability development' which refers to learning and training for its own staff) within which it commits to localization. It reports that in 2022 it supported 65 governments to design and implement their own CVA<sup>12</sup>. UNHCR's Cash Policy (2022–2026) includes a commitment to advocate, coordinate and deliver CVA through collaborative approaches, working with 'governments, building and strengthening strategic partnerships and alliances, including with sister agencies, NGOs, persons of concern and the private sector'<sup>13</sup> and notes that collaboration with local partners will be at the core of implementation.

## Cash preparedness and capacity needs are changing

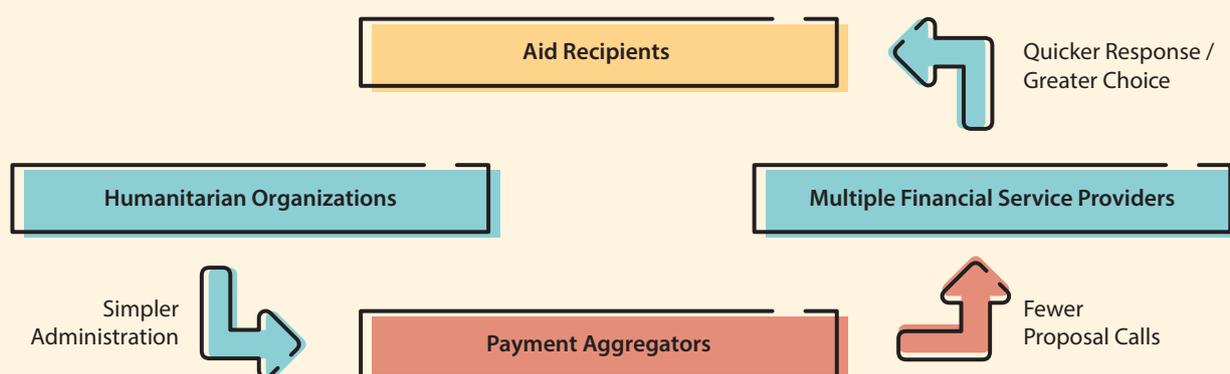
The nature of cash preparedness is changing as the use of CVA increases and evolves. For example, in recent years, the focus on linkages between CVA and social protection systems has increased, and greater attention has been given to anticipatory action with implications for preparedness (also discussed in Chapter 6 on Linkages with social protection and Chapter 9 on Climate and the environment). Equally, contextual changes have demanded adjustments to ways of working – with high rates of inflation in many countries bringing new considerations, and new or evolving technologies offering new preparedness opportunities. The increasing array of organizations involved in CVA also has implications for cash preparedness thinking and action.

In 2022, research explored cash preparedness within the context of the food crisis in East Africa<sup>14</sup> – drawing on the perspectives of over 200 practitioners to understand what changes would be needed for cash responses to be faster and more effective. The need for better collaborative partnerships and different ways of working was identified as essential. Collaboration between humanitarian organizations and donors to mainstream shock-responsive or crisis modifier mechanisms was emphasised as important, with greater flexibility needed by both parties to make timely changes to operational plans and funding agreements. The research also found the need for greater flexibility and new ways of working extended to how operational agencies work together. It identified possibilities to improve response efficiency and effectiveness including (subject to context) the possibility of pre-positioning staff and logistics to conduct targeting exercises or develop recipient lists (by using existing lists from other programmes, humanitarian agencies or through partnerships with financial service providers [FSPs]). The research concluded that such opportunities would require stronger relationships between those involved in CVA, with relationship and trust building becoming an essential part of CVA preparedness.

Reflecting on ways of working, the *State of the World's Cash 2020* report highlighted the need to strengthen collaboration and partnerships between humanitarians and FSPs, including mobile money organizations, to 'ensure solutions are flexible and meet recipients' short- and long-term needs'. The need for more effective relationships between these parties continues to be seen, though views differ as to how these relationships can be maximized. This is explored further in chapter 7 on Data and digitalization.

GRAPH 5.8

### The role of payment aggregators in cash preparedness



“

Humanitarian agencies and donors are increasingly engaging in SRSP to increase preparedness and response capacities for humanitarian disasters.” (Donor)

A major change since the 2020 report is the increased focus in the sector on linkages between CVA and social protection. A key enabler for successful linking is investment in preparedness and capacity strengthening. This can be unpacked at different levels in terms of humanitarian organizations' internal institutional preparedness and capacity, as well as preparedness planning at response level. Humanitarian organizations are at a relatively early stage in the journey of linking CVA and social protection, with major gaps in skills and experience identified as a challenge to progress.

It seems logical to expect efforts to capitalize on the linkages between CVA and social protection will follow a similar evolution to what has been seen over the past decade with the scaling up of CVA more broadly – a process which required clear organizational buy-in and policy direction, followed by specific investments to develop capacities, and work to make institutions fit for purpose. Arguably, linking CVA and social protection may be even more complex as it requires developing capacities across different disciplines and across different types of institutions. As seen in Box 5.2, survey respondents most frequently cited gaps in technical capacity and organizational systems and processes as a challenge to linking humanitarian cash assistance with national social protection systems and programmes. See Chapter 6 for more on social protection and CVA linkages.

Inevitably, organizations are at different stages in the process of creating linkages between CVA and social protection. With interest in linkages spurred during the COVID-19 pandemic, those organizations (primarily UN) that were more advanced in their thinking in this area, and that were further along the process of building capacities and institutionalizing this approach, were generally better placed to act<sup>15</sup>.

**BOX 5.2****What are the most significant challenges in linking humanitarian cash assistance with national social protection systems and programmes?**

- Limited technical capacity of humanitarian staff to engage with social protection institutions and programming: 25.6%
- Limited technical capacity of social protection staff to engage with humanitarian response: 21.6%
- Limited organizational systems and processes of humanitarian organizations: 12%

Overall, organizations note challenges including difficulties in defining an organizational position or strategy guiding their agency's approach to linking; recruiting appropriate skill sets in social protection; linking social protection and humanitarian action at HQ and response level; and making the topic and tools accessible for staff teams. The relatively small pool of technical expertise bridging both sectors is currently a major bottleneck to progress. While tools and approaches exist, there are not yet enough people with the requisite skills and experience to carry out assessments and analysis to inform effective decision-making. CashCap, for example, has faced difficulties in recruiting advisers with the expertise to support capacity development requests on this topic.

## The challenges of economic volatility



49% of respondents felt economic volatility was one of the highest risks associated with CVA that needs to be addressed

Since 2020, economic volatility, including inflation and depreciation has arisen as an emerging challenge for emergency preparedness. As economies have continued to be impacted by the COVID-19 pandemic, the invasion of Ukraine and many other factors, global inflation has persisted as a trend to be addressed in the medium-term. Forty-nine percent (49%) of survey respondents identified this as one of the highest risks associated with CVA that need to be addressed. Notably, inflation and depreciation hardly received a mention in the previous *State of the World's Cash* reports.

In 2021, in response to pandemic-related inflation, research<sup>16</sup> explored, with a particular focus on MPC, the adaptations needed for CVA programming in contexts of inflation, depreciation and currency volatility. Key findings included:

- The **importance of preparedness** for appropriate and timely adjustments to programming.
- Programmatic **flexibility, including from donors**, to respond to changing circumstances.
- The **role of advocacy with governments, FSPs and regulators** to alleviate the impact of inflation and depreciation.
- The **harmonization of analysis and approaches across actors**, e.g. through Cash Working Groups (CWGs).
- The need for **learning across a diversity of country contexts**, noting, in general, a tendency to compare situations in a country with neighbouring countries or countries in the same wealth range, while on this issue there is valuable learning from emerging experiences across the globe.

This documentation was widely used in 2022 and 2023, including learning exchanges with the World Bank, particularly as global inflation was exacerbated by the invasion of Ukraine, leading to spiralling costs of fuel and food commodities. While there are some questions as to the efficacy of CVA in inflationary contexts, there appears to be continued support for CVA and concerted efforts by individual agencies, as well as the Donor Cash Forum (DCF) and global Food Security Cluster to ensure CVA is adapted and flexible. The DCF, building on its earlier endorsement of the Good Practice Review on Cash Assistance in Contexts of High Inflation and Depreciation<sup>17</sup>, has included inflation as a component of its priority on challenging environments.

Adapting CVA in contexts of high inflation and depreciation requires forward planning and pragmatic solutions, tailored to the specific economic, political, and humanitarian context. There is no 'one-size-fits-all' approach to be adopted. Experience shows the need for flexibility and increased inter-agency planning and preparedness through CWGs including the need for<sup>18</sup>:

- **Clear and predictable processes developed by CWGs to adjust transfer values**, with common strategies, agreed criteria and thresholds to trigger the review of transfer values. A commitment to use the adjusted values is key.
- **A solid understanding of the economic context and outlook** with joint market monitoring and forecasting to enable advance planning and communication with donors on potential adjustments.
- **Contingency planning based on potential economic scenarios**, requiring CWGs to have a deeper understanding of the economic context to anticipate and develop scenarios and options for CVA adaptations so that all stakeholders are better prepared to adapt CVA.
- **Increased monitoring of feedback from recipients** to understand inflationary impacts and the efficacy of adaptations made during the response.

## Policy commitments

Cash policies and commitments, which include references to cash preparedness and strengthening organizational capacities, are demonstrated by the increased use of CVA since 2020 (see Chapter 2 on Volume and growth).

Since 2020, some donors have made renewed commitments to CVA preparedness. This includes DG ECHO, which stated in its 2021 Guidance Note on Disaster Preparedness that it expected 'partners to actively coordinate on cash preparedness and contingency planning, under the leadership of the Cash Working Group and in coordination with key social protection actors. This should include joint feasibility and risk assessments'<sup>19</sup>. DG ECHO reinforced this in its Thematic Policy Document on Cash in March 2022, emphasizing the importance of preparedness for adequate, timely and equitable assistance and in linking cash with social protection systems, including shock responsiveness<sup>20</sup>. While the DCF does not have preparedness as an explicit priority at present, it may be addressed through its current priorities, including coordination, social protection, interoperability, locally-led response and anticipatory action.

Several UN agencies have adopted new CVA policies since the *State of the World's Cash 2020* report, with commitments to preparedness and capacity. UNHCR published a new cash policy (2022–2026)<sup>21</sup> which strengthens its position on cash. Adopting a 'why not cash' approach, it states that '*Refugees, IDPs and others of concern will increasingly access CVA as the preferred modality of UNHCR assistance from emergency preparedness and response to the achievement of solutions*'. IOM also published an updated cash policy (2022–2026), setting the overall direction for the use and scale-up of CVA as a priority modality of assistance across all programme areas. The policy states that it will use CVA as a catalyst for more comprehensive and sustainable solutions, linking humanitarian cash assistance with social protection systems, livelihood support and other development programmes where possible. For WFP, its commitment to cash preparedness is demonstrated in its latest cash policy (2023),<sup>22</sup> which states that the policy complements and should be read in conjunction with other key policies and documents, including its Strategic Plan and Emergency Preparedness policy<sup>23</sup>. Most INGOs are reported to have made similar CVA preparedness policy commitments but these are captured in internal documents. The commitments of the RCRC to invest in national society development are discussed later in this chapter.

## Cash preparedness – finding its place at the system level

Although CVA preparedness is widely embedded in individual organizations' CVA policies and strategies, there has been a lack of clarity about collective preparedness responsibilities at the system level. This may be partly because the coordination of CVA has not, until recently, had a formal place in the humanitarian architecture.

### BOX 5.3

#### The IASC emergency response preparedness guidance<sup>24</sup>

The 2015 guidance consists of:

- Risk Analysis and Monitoring
- Minimum Preparedness Actions
- Advanced Preparedness Actions and Contingency Planning.

The guidelines are premised on the understanding that governments hold the primary responsibility for providing humanitarian assistance to women, girls, boys and men and sub-groups of the population in need. They outline how the international humanitarian community can organize itself to support and complement national action.

Following the IASC endorsement of the Cash Coordination model in March 2022 (see Chapter 4 on Coordination), new opportunities now exist to take a wider view and strengthen CVA preparedness at a system level in keeping with IASC guidance. For example, following the establishment of the global Cash Advisory Group (CAG) and agreement on the CWGs' function within the humanitarian architecture, a common understanding of the role of CWGs in preparedness is emerging. Draft guidance charges CWGs with responsibility 'for systematically integrating CVA, particularly multi-purpose cash transfers (MPC), into humanitarian responses and **preparedness plans** – wherever feasible and appropriate – to ensure coherence and avoid duplication of efforts'<sup>25</sup>.

Further, OCHA's role related to cash is included in its 2023–26 strategy which states that '*In light of OCHA's global leadership on cash coordination, cash will be used whenever feasible and appropriate, and coordinated effectively. Multi-purpose cash can support a less siloed, more integrated, flexible and effective response that places agency and flexibility in the hands of people most impacted by crisis*'<sup>26</sup>. OCHA also sets out its ambitions towards a greater focus on preparedness across the Humanitarian-Development-Peace system stating '*humanitarian actors must better understand and support national and local capacities and structures; engage with partners across the HDP nexus and beyond to bring programmes and financing into fragile settings earlier*'<sup>27</sup>. To achieve these aims and ambitions, it will be vital that OCHA adequately resources its leadership role in cash, a point which many key informants raised, as detailed in Chapter 4 on Coordination.

Developments in response planning guidance also provide opportunities to enhance CVA preparedness. For example, in 2020 OCHA published internal guidance on including CVA in Humanitarian Programme Plans<sup>28</sup> and adjusted the Humanitarian Response Plan templates to allow for the inclusion of an (albeit optional) chapter on multi-purpose cash. The Humanitarian Programme Cycle process is now being further revised, with a focus on putting people affected by crisis at the centre (changes are due to come into effect in 2024) – which could provide increased focus on the importance of modality choice.

## Preparedness and capacity investments

Most humanitarian organizations invest in CVA preparedness and capacity development, though the degree to which that is possible, particularly for local actors, and the emphasis of investments vary.

Research in 2022 focused on scaling the use of CVA<sup>29</sup> identified a tension between the investments made in cash and in-kind assistance preparedness. It highlighted the need for institutional dialogue between those involved in logistics and CVA to review the relative investments made in the pre-positioning of in-kind assistance compared to strengthening cash preparedness. It also found that some donors prioritize preparedness for in-kind assistance, particularly food aid. Thirty-two percent (32%) of survey respondents identified the option of investing in more CVA preparedness and reducing spending on pre-positioned, in-kind stocks as one of the biggest opportunities for the growth of CVA within existing funding levels of donors and implementing partners.

Many key informants felt that funding for CVA preparedness and capacity development has not increased or may even have decreased since the *State of the World's Cash 2020* report – despite the increased use of CVA and recognition of the importance of preparedness and capacity in enabling effective CVA. The concentration of CVA funding to a smaller number of organizations (see Chapter 2 on Volume and growth) may be contributing to this perception, potentially affecting the resources available to different organizations to invest in CVA preparedness and capacity. The Grand Bargain Independent Review touches on this, stating that what *'funding is available from government donors is not allocated equitably across actors, with multilateral organizations receiving the lion's share'*<sup>30</sup>. However, as funding for CVA preparedness and capacity strengthening is generally not tracked nor publicly available, views about trends cannot be evidenced in numbers.

CashCap supports system-level CVA capacity working in partnership with CVA stakeholders at country, response, regional and global levels. In 2022, 32% of all active Cash Working Groups globally drew on CashCap for its technical and/or coordination support. Alongside CWG coordination and technical advisory support, there was increased demand for support in complex multi-stakeholder collaborative arrangements to implement CVA and in establishing and operationalizing humanitarian CVA/social protection linkages. The average length of each support mission was 12 months or longer.



Ahmed, is among 1.5 million recipients of WFP cash assistance in Yemen. He receives cash support every six weeks and uses the money to pay for food and fuel costs. Rising prices make this assistance crucial for buying necessities. © Hani Musayed/WFP, December 2022

## BOX 5.4

## CashCap's strategic plan (2022–2024)

## Strategic focus areas

- **Strong local and national leadership on cash and voucher intervention.** It aims to scale-up its investment in local and national partners working with CVA in part by advocating for change in the humanitarian system to shift the power to local and national levels.
- **International and national actors are better equipped to provide quality coordination of CVA.** To achieve this, it will provide coordination expertise for major crises, scale-ups and initiatives to enhance the impact of interventions. It will provide transitional support during the implementation of the newly adopted cash coordination model, in close collaboration with the global CAG.
- **Quality CVA is delivered every time, through innovative and integrated approaches tailored to the specific context.** It supports new and ambitious ways to increase access to quality CVA. This includes coordination with social protection systems, working with partners with less experience of CVA, collaborating with non-traditional stakeholders, and bridging work across the humanitarian, development, and peacebuilding sectors.

The lack of direct funding from international donors to local and national organizations is well documented and while it is not a CVA-specific issue, there are specific impacts including in terms of CVA preparedness planning and capacity investments (see also Chapter 3 on Locally-led response). With recent donor commitments to increased multi-year, and often flexible, funding for many international actors<sup>31</sup>, there is a clear rationale to 'pay forward' to partners. But, according to the 2022 Grand Bargain independent review there is 'no evidence in the self-reports to suggest progress in aid organizations passing down the flexible or multi-year funds they receive to their implementing partners'<sup>32</sup>. Donors may wish to make this a requirement of their CVA funding as they continue to explore options for directly funding local actors.

While progress towards the direct funding of local and national organizations by international donors remains slow, other mechanisms such as pooled financing, sub-granting, and partnerships are providing some avenues for financing CVA preparedness and capacity strengthening work. For example, the CCD Network and the START Fund offer their members dedicated funding and resources for capacity strengthening. Equally, some CWGs (including Ethiopia, Somalia, and Syria) have reported fundraising from traditional humanitarian donors to support the activities of their members, including funding capacity development efforts.



*"Organizational preparedness has increased a lot in the past few years. There are currently 73 Red Cross and Red Crescent national societies investing in cash preparedness compared to 14 that were engaged in cash preparedness six years ago. [...] National Societies use a set of standard guidance and tools to measure their own organizational and operational preparedness and assess their progress."*  
(Red Cross & Red Crescent Movement)

The RCRC Movement reports significant success in terms of National Society CVA preparedness by taking an organizational development approach. In 2021, over 60 national societies were reported to be 'cash ready' – meaning they are considered able to provide timely, scalable, and accountable CVA<sup>33</sup>. It is also reported that national societies being cash ready has contributed to a growth in funding opportunities, increased credibility, visibility, participation in coordination fora, and greater policy influence<sup>34</sup>.

Some key informants noted that the local and national actors' technical capacity to design and deliver CVA can be addressed through publicly available capacity strengthening initiatives (e.g. CashCap and CALP) and that this is already occurring at national and regional levels. However, some also noted that the main

gaps in capacity are institutional and broader than cash and that institutional capacity gaps directly affect local and national actors' abilities to design and deliver CVA in ways that enable them to gain CVA experience and access humanitarian financing for cash (see Chapter 3 on Locally-led response).

## Training as part of individual capacity development

Key informants were unanimous that almost every humanitarian practitioner now has some degree of CVA awareness. At the same time, they reflected on the continuing need to ensure basic CVA skill sets across all functions, with particular mention made of support functions. These reflections were also seen in the survey, with 29% of the respondents perceiving that increasing staff capacity offers one of the biggest opportunities for the growth of CVA and 24% perceiving that limited staff capacity is one of the biggest challenges to increasing its quality.

When asked about national organizations specifically, 37% of the survey respondents perceived limited staff capacity as one of their main challenges in scaling up their delivery of CVA. In addition to basic CVA skills, some interviewees expressed the need for national organizations to be able to access more training in specialist areas and more contextualized support. Some key informants spoke of the need for international organizations to 'pay forward' the benefits they receive from funding for capacity development. In the context of training, some advocated for a collaborative inter-agency approach, with places offered for free or at a reduced rate for those that are financially constrained.

A priority action identified in the *State of the World's Cash 2020* report was that course developers 'should reinforce e-learning and self-paced learning as flexible and accessible approaches'. Much as progress was already being made on this, COVID-19 served to further catalyze the digitalization of training. There continues to be strong demand for online training, with demand for in-person training again increasing with each approach having different strengths and limitations.

### BOX 5.5

#### Shifting training landscape

Overall, more people can be reached through e-learning courses and online training (a mix of e-learning and facilitated learning) which reduces attendance costs and makes training more accessible than in-person training. E-learning and online learning reduces (but does not eliminate) financial barriers to training, with these options often more environmentally friendly compared to face-to-face training. Where connectivity is an issue, e-learning and online training is not always a viable option. Further, social interactions are hard to replicate in online settings, and the longer period of time over which online trainings are spread make it more challenging to maintain engagement. The demand for such training was elevated during COVID-19 and remains strong. For example:

- CALP converted its flagship 5-day training on Core CVA Skills for Programme Staff into an online twelve-week course. Applications for these courses have been greatly over-subscribed.
- CALP online courses have achieved high completion rates, with 71% of participants completing the course over the last two years, a figure that compares favourably to most online distance learning courses.
- 14,260 new learners accessed CALP e-learning courses in 2022, of whom 42% identified themselves as national staff.

As of 2023, CALP has seen the demand for face-to-face training return to similar rates as before the pandemic and more and more CWGs and external organizations are rolling out CALP courses or similar cash training. This demand complements e-learning and online courses.

Training needs have been discussed at many points in this report, with priorities identified including:

- **People-centred responses:** Numerous organizations have made investments in technical expertise in recent years, recruiting inclusion and accountability specialists to support mainstreaming across CVA (and other) programmes, as well as investing in partnerships with specialist organizations and related training

and guidance. While embedding in-house technical expertise can be beneficial, key informants highlighted the need for all organizations – national and international – to understand the fundamentals of people-centred CVA and called for more efforts to make expertise publicly available so all agencies can make the necessary organizational shifts. Key informants also expressed concern as to whether cash actors have the expertise to understand and act on differentiated needs and constraints, highlighting that to transform practices there is need to go beyond ad hoc training and guidance by more firmly embedding expertise in day-to-day work (see Chapter 1 on People-centred CVA).

- **Locally-led response:** An overall mindset-shift is needed to consider 'local first' wherever feasible. There is a general need to ensure access of local actors to training opportunities provided for others, including for programme design, implementation and leadership in CVA coordination architecture – accessing both general CVA development opportunities (see Chapter 3 on Locally-led response) and specifics detailed in this chapter.
- **Cash coordination:** Key informants highlighted training on the cash coordination model as a need for cash coordination actors and other stakeholders, including cluster coordinators, to ensure its successful roll out (see Chapter 4 on Coordination).
- **Linkages with social protection:** Twenty-six percent (26%) of survey respondents identified the limited technical capacity of humanitarian staff as a key challenge in linking humanitarian CVA with national social protection systems and programmes. Conversely, 22% identified limited technical capacity of social protection staff as a key challenge to engage with humanitarian response. Training needs in this area are discussed further in Chapter 6.
- **Data and digitalization:** Forty-three percent (43%) of respondents perceived that 'an understanding of data responsibility not being effectively mainstreamed across teams implementing CVA' as one of the biggest challenges for improving the management of recipient CVA data, and 25% of respondents identified limited legal and compliance/due diligence capacity as one of the biggest challenges. The need to increase capacities around data management and digitalization, including addressing issues of cyber security, is discussed in more detail in Chapter 7.
- **MPC and sector-specific CVA:** Thirty-three percent (33%) of the survey respondents identified limited staff capacity as one of the biggest challenges to increasing the use of MPC (see Chapter 8 on CVA design).
- **Climate and the environment:** As an emerging area of interest, there is a general concern about additional skill sets and capacities needed regarding CVA across different aspects of climate mitigation and adaptation as a new and developing area of interest (see Chapter 9).

## Tools and guidance continue to be developed



*"80% of country offices now specify in their emergency preparedness and response plans that they would want to respond in cash if there is a shock. We have been working with each country office to help develop capacities. We now, in 2023, have new guidelines and a toolkit – 'CVA in Emergencies', with a large component on preparedness. We are using CALP e-learning and the Programme Quality Toolbox." (Action Against Hunger)*

Since the *State of the World's Cash 2020* report, a plethora of newly developed standards, tools and guidance have been produced on a diverse range of CVA-related issues. Actively using best practice is a key part of being able to achieve CVA goals in terms of scale and quality. Strikingly, 34% of the survey respondents perceived that lack of staff capacity was one of the biggest issues they faced in applying common standards, tools, and guidance. The other issues identified included that organizations preferred to use their own tools and guidance (42%) and a lack of commonly agreed standards for CVA (39%).

The CALP Programme Quality Toolbox brings together, through a joint review, the best available CVA guidance, with content curated based on quality irrespective of which agency produced it. In 2023, CALP undertook a review of guidance and tools produced since

2020, which found very few new resources directly related to preparedness and none that were deemed superior to existing content. The Toolbox is widely used, especially by INGOs, and for some, such as CARE,<sup>35</sup> has been a starting point to develop their own, tailored toolbox to increase their CVA preparedness.

#### BOX 5.6

##### CALP Programme quality toolbox

Preparedness is one of eight sections and is sub-divided into three standards – organizational, programmatic and partnership preparedness.

The **organizational standard** emphasizes the importance of contingency or preparedness plans including consideration of CVA. It focuses on assessing organizational capacity and investing in systems, procedures and human resources to ensure quality programming. It refers users to CALP's Organizational Cash Readiness Tool, as well as various preparedness-related tools from IFRC's Cash in Emergencies (CiE) Toolkit.

The **programmatic standard** includes actions on CVA feasibility and risk, analyzing and monitoring important markets and mapping existing social protection programmes. Related resources stem from both UN Agencies and the RCRCM Cash in Emergencies Toolkit, as well as the CALP Network and Oxford Policy Management's Shock-Responsive Social Protection Systems Toolkit.

The **partnership standard** provides actions related to partnering with both FSPs and implementing partners, again comprised principally of CALP's own and CiE Toolkit resources.

## Implications for the future: Areas for strategic debate and priority actions

### Areas for strategic debate

Our analysis highlighted the following considerations to inform further thinking and progress in this area.

- **Given that the humanitarian system and context are changing, what should the priorities be for CVA preparedness and capacity development and who should have access to these opportunities?** Findings from this report show that CVA skills and experience are increasing, but it also shows that preparedness and capacity across the system is uneven and that specific capacity gaps are emerging, some reflecting changing needs in the system. The need for increased investment in locally-led response is generally acknowledged but progress is slow, both in terms of direct funding by international donors and in terms of financing through partner agreements. Red Cross Red Crescent Movement efforts provide a good example of change, with commitments made and sustained investments resulting in an increasing percentage of national societies being 'cash ready'. The evolution of CVA and changes in the external environment have created new preparedness and capacity needs, and elevated existing ones. Strategic investments are needed to address gaps in relation to data and digitalization, as well as to ensure opportunities related to expanding the use of MPC and strengthening linkages between CVA and social protection can be achieved.
- **Will the new cash coordination model improve CVA preparedness and capacity?** With the establishment of the cash coordination model and the global leadership role of OCHA and UNHCR in the coordination of CVA established, there is an opportunity to formally and systematically embed CVA preparedness in humanitarian system planning. The cash coordination model should enable more predictable funding for preparedness within existing funding levels. A key challenge will be coordinating CVA preparedness efforts

at individual, organizational and system level. There will also be a need to consider CVA preparedness with development actors. However, there are concerns that progress with the coordination model (see Chapter 4 on Coordination) is slow and that without the promised additional resourcing, change will not happen.

- **How should decisions be made about the balance of investment between preparedness for in-kind assistance and CVA, given that CVA is the modality of choice for most people affected by crises?** There would appear to be a tension between policy commitments to put people affected by crises first, including their choice of humanitarian assistance and other policy and operational concerns.

## Priority actions

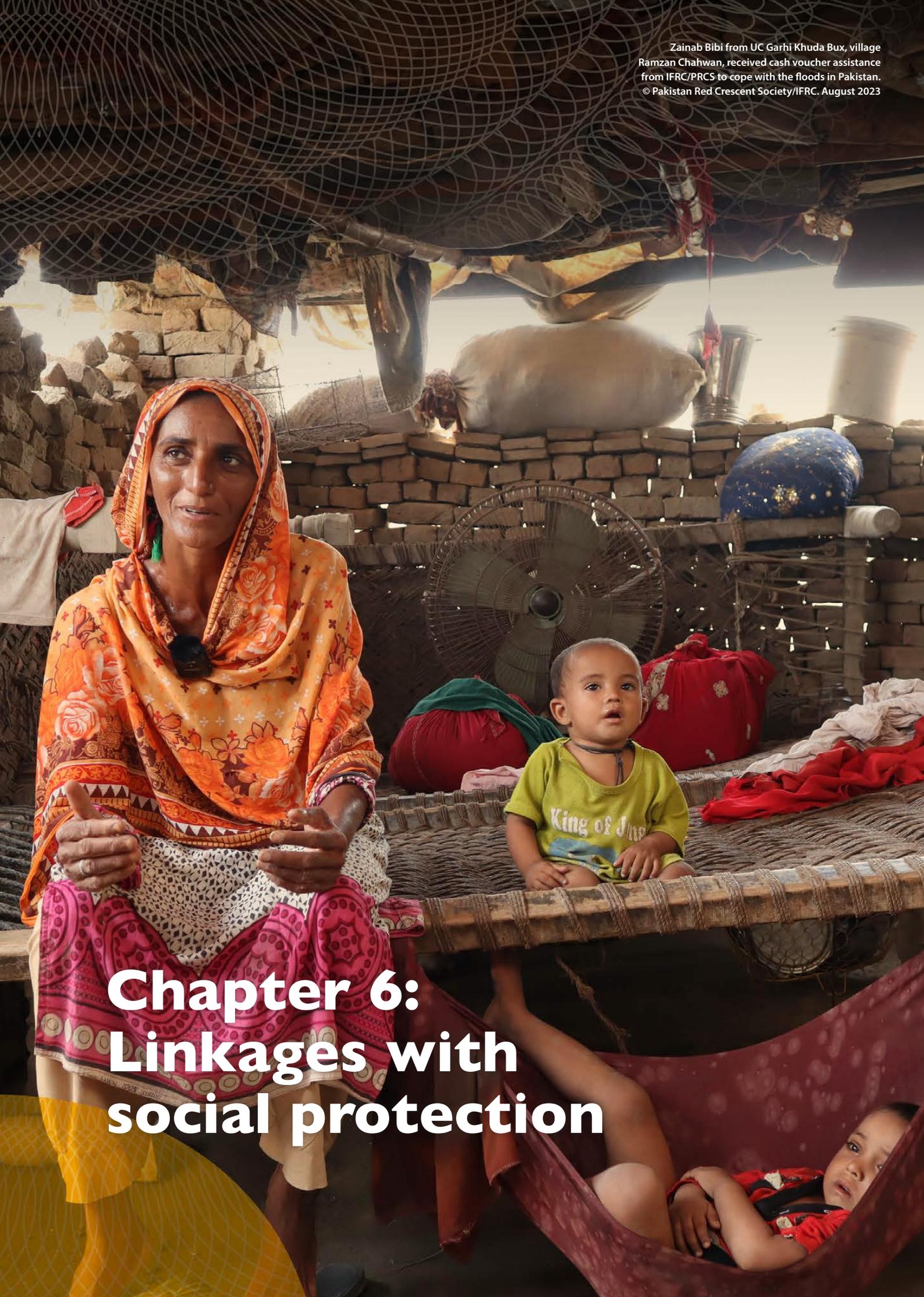
*In relation to the strategic debates above and other key findings in this chapter, the following are recommended as priority actions for stakeholders.*

- **Donors and senior leaders** should seize opportunities to engage with strategic discussions around funding and innovative financing to increase investment in system level CVA preparedness and capacity. This includes linkages between humanitarian and development action.
- **Donors** should require, and track, that international organizations they fund provide onward funding to their partners to enable institutional preparedness and capacity development. They should also consider dedicated financing to address: (a) the preparedness and capacity needs of local actors overall; and (b) the critical capacity identified in this report.
- **The CAG and CWGs** should foster coherent approaches to CVA preparedness and capacity. Opportunities within the HRPs should be harnessed and linkages with social protection advanced as part of preparedness (see Chapter 6 on Linkages with social protection).
- **Donors, implementing agencies and researchers** should continue to generate learning and good practice on the use of CVA in contexts of economic volatility, including the impacts on recipients, markets and programming. They should do so in reference to the steps that donors, agencies and CWGs can take to prepare for, mitigate and manage these impacts.
- **Communities of practice on CVA preparedness and capacity** should be established at country, regional and global level to share and learn, identify strategic gaps, and progress collaborative initiatives. This could include engaging with coaching and mentoring exchange programmes being rolled out in the humanitarian sector to contribute to enabling mindset shifts around issues such as localization.
- **All actors** should advocate for predictable, multi-year resources for preparedness and capacity strengthening and exchange, with a particular focus on strategically important preparedness and capacity gaps. Funding predictability would allow for better, more sustained capacity strengthening and preparedness efforts. It should include direct resource allocation to local actors focusing on building their autonomy and organizational strengths. Actors that receive funding for preparedness should ensure the benefits of this funding are offered to their partners and other interested actors. Resources developed, wherever possible, should be made open source.
- **Donors** should collectively support CVA preparedness efforts as these will be vital to continued scale and effectiveness of CVA. They should fund local actors directly wherever possible and make it a requirement for organizations that they fund directly for preparedness activities to pass on the benefits of this funding to their partners.

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- 34 ICRC (2021) Guidance for Mainstreaming CVA: Cash preparedness for effective response. [https://cash-hub.org/wp-content/uploads/sites/3/2021/02/CVAPreparedness-Guidance\\_-Chapter-2\\_ICRC\\_v1-Feb21.pdf](https://cash-hub.org/wp-content/uploads/sites/3/2021/02/CVAPreparedness-Guidance_-Chapter-2_ICRC_v1-Feb21.pdf)
- 35 CARE (n.d.) Emergency Toolkit: CVA. <https://www.careemergencytoolkit.org/topics-issues/1-cash-and-voucher-assistance/>

A woman wearing a colorful orange and pink patterned headscarf and a white and pink patterned dress sits on a woven mat. She is looking towards the camera with a slight smile. Next to her, a young child in a green t-shirt with the text "King of Jins" sits on the same mat, looking off to the side. In the foreground, another child is lying in a red hammock, looking towards the camera. The background shows a traditional brick wall, a large metal fan, and a ceiling made of a dense, circular net structure. Various household items, including a blue globe and a white bucket, are visible on shelves in the background.

## Chapter 6: Linkages with social protection

Summary: Chapter 6

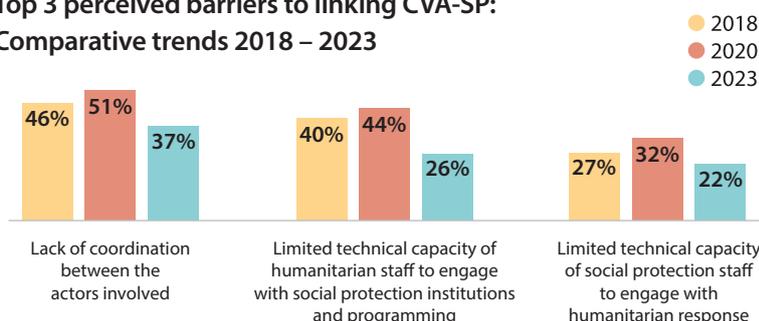
# Linkages with Social Protection



## Key findings

- ✓ There has been progress on approaches for linking CVA and social protection, with COVID-19 accelerating interest and activity in this area.
- ✓ Donor interest is increasing; funding instruments now need to be adapted.
- ✓ Barriers to progress include limited technical capacity of staff; a lack of coordination between actors; and limitations in the interoperability of data and systems between governments and humanitarian organizations.
- ✓ Social protection systems should be adapted to enhance their role in crisis response.
- ✓ There are many ways that social protection and humanitarian CVA can be better linked, with pathways informed by context.
- ✓ There are opportunities and challenges with linkages in conflict settings.

### Top 3 perceived barriers to linking CVA-SP: Comparative trends 2018 – 2023



## Strategic debates

- ❓ How can conflicting humanitarian and development principles be balanced, so that CVA and social protection are linked effectively?
- ❓ What considerations should guide principled action on linking CVA and social protection in conflict settings or where governments are not fulfilling their role as duty bearers?
- ❓ How can humanitarian and development actors better work together to support social protection system strengthening?



## Priority actions

Recognizing that approaches to linking CVA and social protection should necessarily vary widely by context:

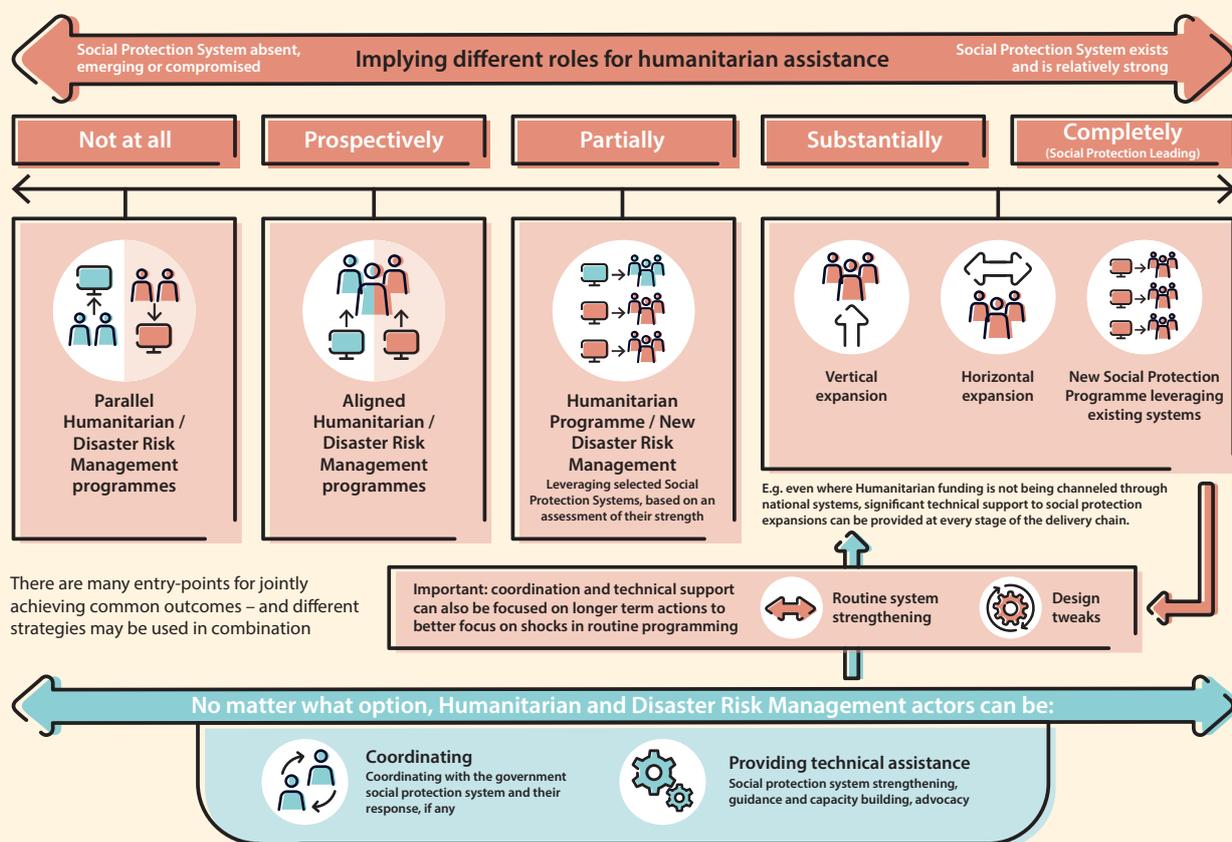
- ❗ **Humanitarian and development actors should** engage at country level in systematic, context-specific assessments to identify entry points for appropriate and meaningful CVA and social protection linkages.
- ❗ **Humanitarian and development donors should** come together during emergency preparedness planning to discuss financial strategies between humanitarian and development programmes.
- ❗ **Humanitarian and development donors should** set incentives for linking CVA and social protection recognizing that approaches need to vary widely by context.
- ❗ **Humanitarian and social protection actors should** increase linkages or integration between government-led crisis coordination structures, international humanitarian coordination architecture, and social protection. The UN Resident/HCOs or related authority in a country should enable this on the humanitarian side, to lead more strategic but also operational and technical groups.
- ❗ **All actors should** consider investing more in structured capacity strengthening of humanitarian stakeholders on social protection, and of development counterparts on humanitarian action to facilitate mutual understanding and joint ways of working.

## There has been progress on approaches for linking CVA and social protection

At the time of publishing the *State of the World's Cash 2020 report*, emerging experiences and literature on humanitarian CVA and social protection<sup>1</sup> suggested that linking should not be thought of in the absolute terms outlined in the early typologies of shock-responsive social protection. Rather it suggested there could be a range of different ways and degrees to which humanitarian actors could link with social protection systems. Increased efforts to link, during the COVID-19 crisis and beyond, has confirmed this with government, development, and humanitarian actors innovating across a programming spectrum. The range of possible options for linking humanitarian action with social protection has become more nuanced and elaborate as a result. These are illustrated in Graph 6.1.

GRAPH 6.1

### Options for leveraging social protection systems to meet needs during shocks



Source: SPACE infographic

“We are seeing new possibilities for linking CVA and social protection, moving from using social protection systems for response towards exploring possibility of linking humanitarian aid recipients into social protection data registries, or for humanitarian action to strengthen national systems.” (IFRC)

Several factors influence the opportunities for effective linkages, including the maturity of the social protection system, the geographical focus of the crisis, the capacity of the state, the nature and context of the crisis and the current role of humanitarians.

In some places, the scale up of social protection has been government-led, and humanitarian actors have assumed an auxiliary, financial, advocacy or technical support role. In others, humanitarian actors have leveraged elements of the social

protection system (especially data) to support delivery. There has been greater realization of the importance of humanitarians coordinating directly-implemented CVA with government-led social protection. This includes its importance to align on aspects of programme design, to complement and fill gaps in adequacy or coverage of national responses, and the humanitarians' role in supporting the continuity of social protection programmes during crises.

Meanwhile, in countries where social protection systems are less well developed, there is increasing interest in humanitarian CVA being an entry point for strengthening systems – through influencing or supporting an increase in coverage or adequacy of programmes, or efficiency and effectiveness of systems, or with a view to enabling a transition of populations from humanitarian to government-led support. The Grand Bargain Sub-Working Group research on *Linking CVA and Social Protection in the COVID-19* response confirmed these trends.<sup>2</sup> It also highlighted that humanitarian actors are still commonly maintaining a direct implementation role rather than supporting a fully integrated, nationally-led response. UNICEF is the exception, where since 2019 a government-first model has been applied to the extent possible, where appropriate, according to their corporate guidance.

Since 2020, a wide range of guidance and conceptual frameworks have emerged, to support efforts in this space<sup>3</sup>. What is striking is the consistency of approaches promoted across these publications. Common features include:

-  promoting the importance of a 'systems' rather than a programme-specific approach;
-  understanding entry points through systematic assessments of strengths and constraints in the system;
-  building blocks at policy, programme and administrative levels;
-  considering the benefits and possible risks and constraints inherent in different ways of working; and
-  engaging across silos and sectors.

Multiple key informants in our research mentioned the guidance materials developed under the SPACE Facility<sup>4</sup>, reporting that their publications and the conceptual frameworks have been replicated in wider training and agency-specific products<sup>5</sup>. All this is helping build a more consistent understanding of options as well as methodological approaches to determine the way forward.

The importance of financial inclusion is discussed in Chapter 8 on CVA design.

## COVID-19 accelerated interest and activity around CVA and social protection

The COVID-19 pandemic was a game changer for linking CVA and social protection. The unprecedented response to the pandemic saw a huge upturn in the scale of government cash assistance through social protection systems<sup>6</sup>. Almost 17% of the world's population was covered with at least one COVID-19 related cash transfer payment between 2020 and 2021<sup>7</sup>. In turn, the social protection response provided a clear rationale and entry point for linking humanitarian assistance (particularly cash) with national systems, with a simultaneous upsurge in interest and efforts among international development and humanitarian actors<sup>8</sup>. Key informants felt that: (a) the response contributed to a clearer realization that national social protection systems can provide an entry point to respond with CVA – quickly and to scale; and (b) the sheer scale of need led to enhanced collaboration between government and humanitarian partners<sup>9</sup>.

At a policy level, the position statements of donors and global networks<sup>10</sup> were also reportedly influential for galvanizing action among implementers<sup>11</sup>. Several national governments actively requested international humanitarian actors to support national social protection<sup>12</sup>. Early indications suggest that the increased interest and activity has been sustained. For example, in 2022 the regional response to mass displacement caused by

the war in Ukraine, the global responses to inflation, and the response to the Pakistan floods all have social protection linkages as a central theme<sup>13</sup>. Alongside this, regional cash working groups (CWGs) reported an upsurge in demand for discussions about linkages from their members. Data from CashCap mirrors this, reporting eight deployments focused on linking CVA and social protection in 2022 (compared to three between 2016 and 2020). Socialprotection.org also reports that adaptive social protection and humanitarian assistance were priority discussion topics in 2022 – second only to digital social protection<sup>14</sup>. This interest is also reflected in our survey, where ‘lack of support’ among social protection or humanitarian practitioners was the least frequently reported challenge to linking social protection and CVA (see Box 6.1 below). Looking ahead, it is anticipated that the impacts of climate change will further increase focus on these linkages as stated at the Global Forum on Adaptive Social Protection in 2023 (see also Chapter 9 on Climate and the environment).

## Donor interest is increasing, now funding instruments need to be adapted



*“Donors are talking the talk but not walking the walk on changing their internal administration. There are pockets where both sides [humanitarian and development] of donors come together, but this is based on personalities not policies. Funding instruments are not fit for purpose.” (UN agency)*

Key informants shared the view that donors are increasingly interested in the topic of linkages. Several perceived that among development donors, there has been an increased effort to enhance flexibility in funding across the nexus. Key informants identified Germany and SDC as playing a leading role in this space; SIDA and Irish Aid also reportedly demonstrated flexibility on the use of development funding to support social protection responses and system strengthening<sup>15</sup>. There has also been investment in donor-funded technical facilities, with some success in promoting linkages between CVA and social protection through capacity strengthening and technical assistance<sup>16</sup>. In mid-2023, the Donor Cash Forum agreed that

linkages would be one of its focus areas for collaboration. Another noted key change is the increasing role of the World Bank in supporting social protection and safety nets in crises contexts, with some increased acknowledgment of the role and partnerships with humanitarian (predominantly UN) actors<sup>17</sup>. In this case, some country-specific examples of improved collaboration and action across the nexus were noted, for example in Yemen.

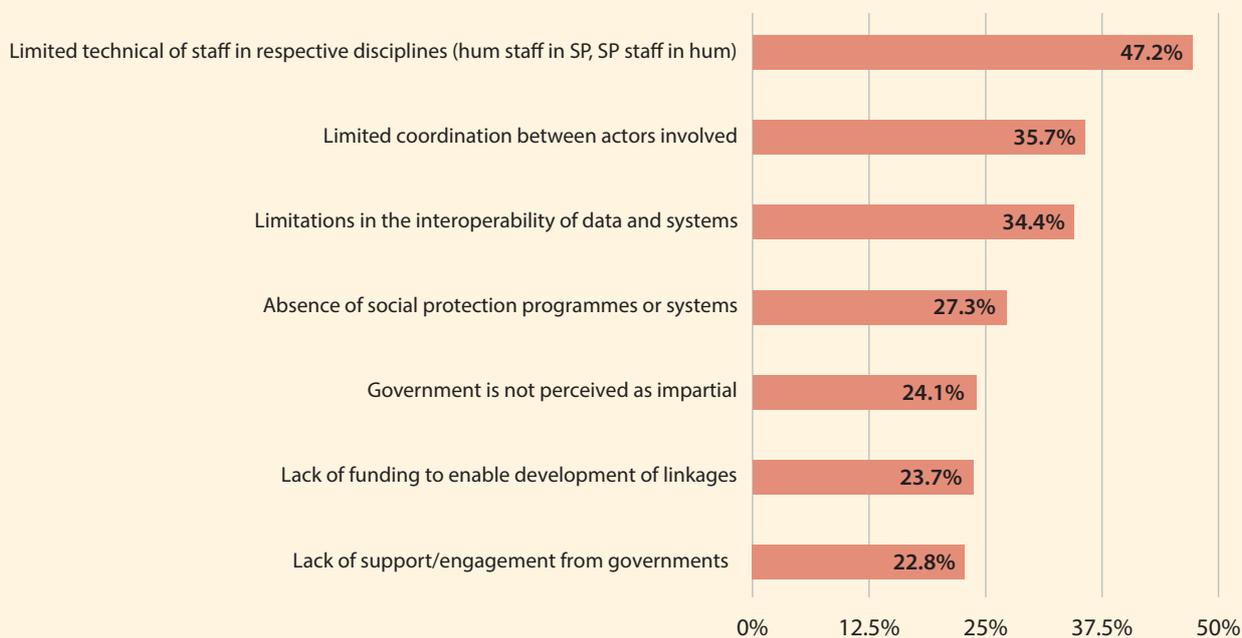
Despite this interest, overall, key informants considered donors’ actions to advance this agenda limited. They perceived that there was generally little promotion of linking in humanitarian funding proposals; insufficient efforts to enhance internal coordination<sup>18</sup> or connect humanitarian and development funding instruments and financing flows<sup>19</sup>; and insufficient investment in necessary preparedness measures and underlying system strengthening work. For example, key informants highlighted that while ECHO’s new cash policy, which promotes linkages, was well received, this isn’t yet filtering through to systematically influence country-level approaches and that funding instruments remain short-term and poorly connected with development instruments. Other recent studies have reached similar conclusions<sup>20</sup>. Key informants also noted that this topic was missing from the agenda of the European Humanitarian Forum in March 2023. Survey responses also reflected these views, respondents commonly perceived lack of funding to enable development of linkages as a barrier (see Box 6.1).

## Barriers to progress on linking CVA and social protection

Survey respondents (Graph 6.2), key informants and those involved in focus group discussions identified several factors that they perceived to constrain the ability to link CVA with social protection. These are also consistently identified in other recent studies<sup>21</sup>. Interestingly, a comparison of data from previous *State of the World's Cash* reports (Graph 6.3) shows the main barriers are the same now as those highlighted over the last five years, although it’s also notable that the weight given to the issues has reduced.

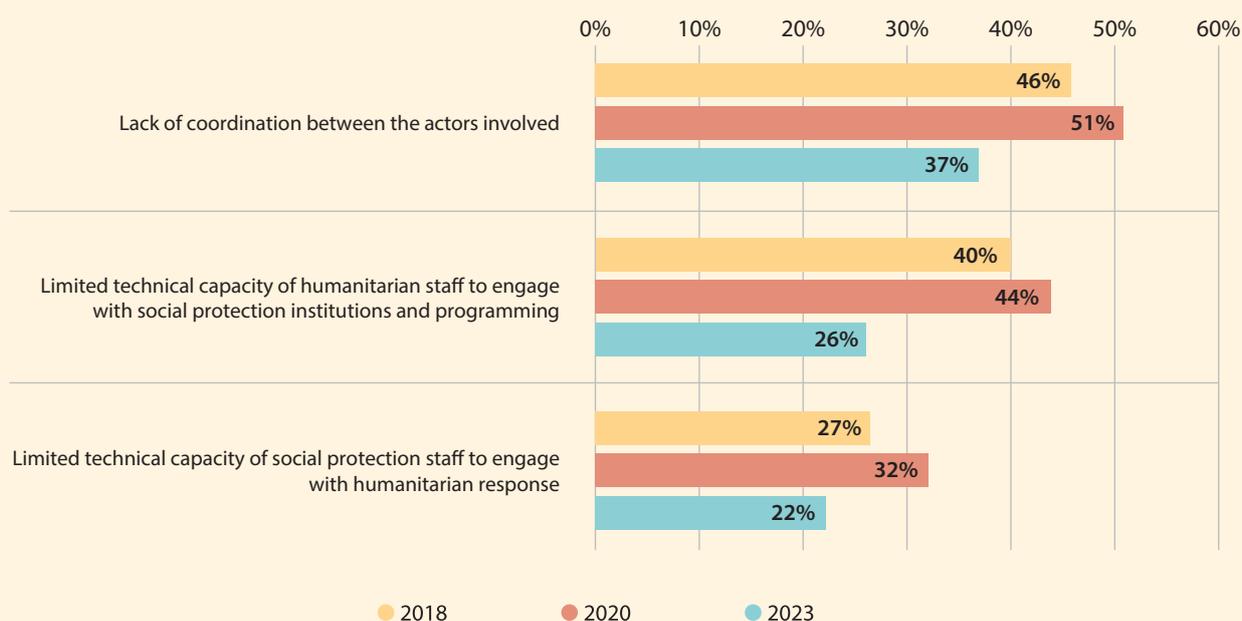
**GRAPH 6.2**

**Biggest perceived challenges to linking CVA and SP**



**GRAPH 6.3**

**Top 3 perceived barriers to linking CVA-SP: Comparative trends 2018 – 2023**





*“The way that organizations acted on linking CVA and social protection during the COVID-19 response varied depending on each organization’s current internal thinking and progress on the ‘linking humanitarian action and social protection’ trajectory ... organizations more advanced in their thinking and activity ... leverage tangible action in this space”.*  
Smith (2021)<sup>22</sup>

An important enabler of creating linkages is investment in preparedness and capacity strengthening. These can be unpacked in terms of internal institutional preparedness and capacity of humanitarian organizations, as well as preparedness planning at the level of a country response.

Organizations are still at a relatively early stage in the journey to institutionalize these approaches. To make progress requires policy commitments, financial investments and building capacities across both social protection and humanitarian disciplines and across different types of institutions. These barriers are explored further in Chapter 5 on Preparedness and capacity.

#### BOX 6.1

### Barriers to linking with social protection in practice – the case of Ukraine

Ukraine’s well developed social protection system leverages the country’s robust financial system and range of digital technologies, and offers a solid platform for delivering large-scale cash transfers. Following the invasion of Ukraine in 2022, there was strong government willingness to support the affected population and significant funding was available. The response perhaps should have been a model of partial to full integration, at least in government-controlled areas, yet seven months into the response, international humanitarian actors still faced difficulties in linking with the existing system.

- **Preparedness and capacity of humanitarian actors.** Problems included limited practical experience with this approach, or the steps to make decisions, among humanitarian actors deployed in Ukraine; lack of existing knowledge on the social protection system’s strengths and weaknesses; lack of sufficient knowledge or practical experience among donors to incentivize operational partners. This, plus the pressure to deliver quickly, led partners to implement parallel systems.
- **Barriers to data sharing.** Government social protection data systems held extensive data on affected Ukrainian populations, but data protection issues hampered the sharing of data with humanitarian actors. Concerns about upholding data protection laws are also a barrier to efforts to transition humanitarian caseloads to government.
- **Difficulties in coordination.** A CWG was established in Ukraine, with a task team on social protection that compiled and shared resources. Linkages between humanitarian and social protection actors (government, implementing partners and donors) were, for the most part, lacking. Government social protection actors, and donors of the social protection response, were not closely engaged with the CWG or task team which constrained planning for wider transition/integration of humanitarian-led CVA to the social protection system. This led to donors and the UN humanitarian and resident coordinator establishing a high-level coordination forum to convene senior decision-makers from across these humanitarian and development stakeholder groups. The forum focused on developing a medium- to long-term strategy and a roadmap to transition humanitarian cash assistance for conflict-affected people and IDPs to government.

Source: Compiled from various published reports<sup>23</sup>.



*“Since COVID-19, lots of new actors including development actors have entered the space. The space has become very crowded, with agencies thinking about their added value and positioning themselves accordingly. But we are still not seeing organizations come together well to work collaboratively on this issue.”*  
(UNICEF)

Survey respondents perceived coordination issues as the second biggest barrier. The importance of actors coordinating across preparing, designing, and implementing humanitarian responses linked with social protection systems is well accepted in principle, but practical experiences have shown that bringing together a multiplicity of actors, from different disciplines – and with different mandates, guiding principles, visions, and interests – is challenging in practice. Given the challenges to coordination of routine social protection, and international humanitarian action, and their inherently different coordination structures and architectures – which at times operate in parallel during an emergency response – it is not surprising that coordination is difficult.

Difficulties in coordination of CVA linked with social protection had been extensively highlighted prior to the COVID-19 pandemic<sup>24</sup>. While it continued to be problematic in the COVID-19 responses and beyond, experiences are providing more clarity on the influencing factors. FCDO and GIZ led policy research on factors enabling good coordination<sup>25</sup> and found that the absence of these factors, summarized in Table 6.1, creates significant barriers to progress. Meanwhile, competition between humanitarian and development actors to highlight their comparative advantage, access funding and protect their operational space, is a major constraint to collaboration. Similar barriers were highlighted in our primary data collection.

All this highlights the importance of preparedness, given that many of the factors that enable good coordination require time and engagement to do well. They require action ahead of a shock, and this can be at odds with the short-term nature of funding and resourcing in humanitarian assistance.

The coordination of CVA and social protection is discussed further in Chapter 4 on Coordination.

**TABLE 6.1**

**Factors influencing effective coordination of CVA and social protection**

Enablers of success	Promising practices
<ul style="list-style-type: none"> <li>• Adequate inclusion, ownership and leadership by government – the duty bearer for social protection.</li> <li>• Political will to collaborate – on the part of the development and humanitarian, government and non-government actors – driven by an understanding of the roles that respective actors can and should play; as well as the extent to which organizations’ interests align or compete.</li> <li>• Ability to reach compromise between stakeholders across mandates and disciplines (especially around targeting, coverage and adequacy).</li> <li>• Preparedness – many, if not all, the promising practices require time to do them well.</li> <li>• Good personal relationships based on mutual understanding and trust.</li> <li>• Dedicated resources for coordination.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Joint feasibility assessments</b> of entry points and barriers to linking humanitarian assistance and social protection, involving governments and partners working in social protection, disaster management and humanitarian action, to generated common understanding of strengths and constraints and the appropriate way forward.</li> <li>• <b>Joint strategies or roadmaps</b> between social protection, disaster management and humanitarian stakeholders, setting out coherent objectives, priority actions and respective roles, including financial sustainability and resource sources or commitments longer term.</li> <li>• <b>Forums convening actors across disciplines</b> linking the humanitarian coordination architecture and government or development coordination structures, for collective discussions on policy and strategic issues, and for designing more technical and operational aspects of programmes. Including donor coordination groups, nexus working groups, CWGs and social protection working groups.</li> <li>• <b>Agreements or procedures setting out roles and responsibilities</b> to operationalize effective joint ways of working between government departments, between government and its partners, and between partners themselves, in line with mandates and comparative advantages.</li> <li>• <b>Donor-funded convening roles</b> to foster collaboration in the absence of a specific official coordinating body in protracted crises with a substantial humanitarian footprint, or where social protection is still emerging.</li> <li>• <b>Joint and collective funding mechanisms</b> to reduce funding fragmentation and encourage harmonization among partners.</li> </ul>

Source: Adapted from Smith (2021)<sup>26</sup>, incorporating additional learning from recent literature and findings from key informant interviews.



*“In some countries in the Sahel, despite [humanitarian actors] stating that their support to the COVID-19 response would also include a handover of data to strengthen national registries, this was then stopped, with senior decision makers citing concerns of data protection and risks. This has caused some frustration among government counterparts.”*  
(Key informant)

Constraints to sharing data was the third most frequent barrier. On the one hand, as seen in Ukraine (Box 6.1), national regulations on data privacy can present a barrier to the sharing of social protection data with actors outside government. On the other hand, humanitarian actors remain reluctant to share data with governments (especially, but not only, in contexts of fragility and conflict), and have concerns about relying on government-derived data for targeting due to worries about the degree of impartiality or accuracy<sup>27</sup>.

While noting that agencies should uphold the interests of affected populations when making decisions about the use of data, some respondents were critical of the stance of some humanitarian actors in this area. They suggested that

humanitarian principles were getting in the way of progress towards nationally owned approaches and national system building, perpetuating a continuing reliance on unsustainable humanitarian aid. They also highlighted the importance of engaging in negotiations on data access and protection prior to a crisis, again stressing the importance of preparedness.

Survey respondents (see Graph 6.2 above) also cited weak social protection systems in some contexts, limiting opportunities for linking. Various guidance and organizational strategies highlight that in such contexts humanitarian actors can approach linkages from the perspective of contributing to social protection system building, to provide an exit from humanitarian assistance. However, several key informants voiced concerns that the way these linkages are conceived or implemented is limiting effectiveness. Similar findings are borne out in other recent studies<sup>28</sup>, suggesting that actors need to carefully consider and refine these approaches to achieve meaningful change. Challenges noted include:

- **Self-interest, and legacy systems.** Key informants highlighted the increasing rhetoric among international humanitarian actors regarding their contributions to national system building, but felt that in practice engagement is weak, in terms of fully transitioning systems and strengthening government capacities. Others mentioned that ingrained processes or vested interests/competition meant that system designs were building from pre-existing ways of working in the humanitarian sector. These are not necessarily the optimum design for social protection and result in increased system complexity or creating systems that may not be best fit for purpose.
- **Unrealistic planning and implementation timeframes and funding.** Key informants highlighted a need to appreciate governments' capacity constraints and that time frames for system building needed to be much longer – decades rather than years. The short timeframe of humanitarian funding is another noted constraint, underscoring the importance of development or transitional funding to support system building in such settings.
- **Lack of political economy analysis.** Over 22% of survey respondents (see Graph 6.2) cited lack of government support as a barrier to linking. While key informants reflected that governments may be open to collaboration with humanitarian actors and value their support to fill gaps, this may not follow through to an ambition to assume responsibility for, and finance, all aspects of social protection systems. Humanitarian actors' insufficient engagement with governments to design something that is truly owned and in line with national priorities can undermine future transition. Key informants considered there was a need for more political economy analysis to understand governments' challenges, interests and motivations.
- **Challenges of measuring success.** Monitoring of capacity and system building initiatives has tended to focus on outputs, with limited measurement of outcomes in terms of handover of systems, changes to policy commitments, or sustained resourcing<sup>29</sup>.

## Adapting social protection systems to enhance their role in crisis response

A wealth of studies have documented learning from the social protection response to COVID-19 and country-specific literature has captured lessons from efforts to link CVA and social protection in other crises. This burgeoning knowledge base highlights gaps that need to be addressed to enhance the role that social protection systems play in crises. Discussants in this study commented on similar learning. These gaps have implications for humanitarian actors, whose skills and expertise (for example, in CVA data and delivery systems, in disaster risk reduction (DRR) and conflict sensitivity, and in terms of links to vulnerable populations) could add considerable value. It also implies a need for a longer term presence and engagement.

### Gap 1: The need to build social protection system resilience

Pre-COVID-19, interest in linkages between CVA and social protection predominantly focused on actions that would allow social protection systems to be used to scale up and reach new needs, with less attention given to how crises affect social protection systems themselves. COVID-19 disrupted 'routine' social protection systems given restrictions on movement and risks of transmission, and staff sickness or quarantine. Governments and partners introduced various measures to accommodate disruptions and ensure continuity of cash assistance<sup>30</sup>. All this highlighted the absence of good practice measures for sustaining routine social protection in the face of shocks that cause disruption or damage to the systems<sup>31</sup>. Humanitarian actors in the MENA region (relating to conflict) and South-East Asia (relating to flooding)<sup>32</sup> have also highlighted the need for measures to enhance the resilience of social protection systems and ensure service continuity in the face of disruption.

### Gap 2: The need for investment in system building, with a shock lens, in crisis settings

COVID-19 experiences showed that leveraging social protection for shock response is more successful when the social protection system is mature. The maturity of social protection systems impacted shock responsiveness in terms of coverage, adequacy, duration, and timeliness. Low and lower-middle income countries with historically lower levels of social protection system maturity were generally worse affected. According to Oxfam, 'eight out of ten countries did not manage to reach even half of their population'<sup>33</sup>. In part, this was caused by the fact that the pandemic shifted patterns of vulnerability, with some of those in need of income support not being part of the typical social protection or humanitarian caseload<sup>34</sup>. However, it was also caused because of gaps in financing, the coverage of routine social assistance, data, and delivery systems for the most vulnerable. Research and learning<sup>35</sup> identified four factors that are important for enabling effective crisis response:

1. Good coverage of affected populations.
2. High-capacity workforce.
3. Comprehensive, current, and inclusive information systems, backed up with ID systems.
4. Digital delivery systems, with good penetration of financial service provision and underlying networks.

In this context, humanitarian actors made an important contribution to bridging gaps. For example, NGOs and national Red Cross Red Crescent Movement (RCRCM) Societies filled gaps in 'last mile' provision, especially in hard-to-reach areas through technical support and community engagement; UN agencies supported governments on cash delivery, targeting and data systems; and a range of partnerships supported innovations in rapid registration<sup>36</sup>. All these issues generated renewed focus on strengthening routine social protection systems ahead of crises<sup>37</sup>.

Even where systems are strong there can be challenges. In Kenya, where social protection systems are considered among the most advanced for shock responsive social protection, they did not respond in an effective and timely way to early signs of drought. Much more work remains to be done to fully understand the reasons behind the failure to scale up, but it appears to have been primarily a question of finance for

the scale-up and, relatedly, limited government prioritization<sup>38</sup>. Key informants considered that such failings highlight that system building cannot be thought of as a discrete timebound event and underscore the importance of continuous engagement in system building for shock responsive social protection, and for health checks to identify changes in capacities, or new bottlenecks. They also highlighted the need for more consideration about how to protect gains made in system building from the risk of being lost through (for example) changes in government, or donor, interests.

### **Gap 3: The need for new ways of working to overcome barriers to social protection for particular groups**

The exclusion of certain population groups from social protection systems is another noted gap in COVID-19 and other responses. Groups historically underserved include large sections of the working age population, who are poor or near poor and engaged in the informal economy – but who are excluded from social assistance and contributory schemes<sup>39</sup>. Another is refugees, displaced persons and migrant workers who are consistently among the most socioeconomically vulnerable but still generally ineligible for national social assistance programmes<sup>40</sup>. There is a clear case to be made for enhancing their inclusion, but experiences show that political (and related regulatory) and fiscal barriers to the inclusion of these groups cannot be underestimated<sup>41</sup>. To address these challenges, recent studies and pilot initiatives – especially in the Middle East and Africa, as well as in the Latin America and Caribbean region – are scoping out possible new ways of working, within which CVA has potential to act as a bridging tool. This includes for example, FAO's work in Lebanon to link farmer registries with social protection registries, for future identification of rural workers through social protection data systems<sup>42</sup>; and early discussions in Jordan about ways to enhance host communities and refugees' access to and uptake of social insurance, as part of a transition towards durable solutions<sup>43</sup>. Meanwhile, research by ODI and others is affirming the need to overcome barriers to transitioning from humanitarian to social protection approaches for displaced populations, through humanitarian and development partners' coherent approaches to system building, which bring tangible benefits to displaced and host communities<sup>44</sup>. A toolkit has been launched in 2023 to support practitioners in this area<sup>45</sup>.

COVID-19 also highlighted gaps in social protection systems from a gender inclusion perspective, where women and girls were among the most vulnerable to the impacts of the crisis but where social protection systems were not well placed to reach and respond to gendered issues. Specialists working in this field<sup>46</sup> highlighted that there is now greater awareness and discussion on the need to consider gender inclusion aspects in responses linked with social protection (confirmed in the BASIC (Better Assistance in Crises) mid-term review<sup>47</sup> where GESI tools and guidance developed as part of SPACE have been widely commended). However, this was not yet perceived to be leading to visible changes to programme design.

## **Linkages in conflict settings: Challenges and opportunities**

One notable gap in linking CVA and social protection has been in active conflict settings, and complex political situations where the government is not fulfilling its role as duty bearer for all population groups or where governance legitimacy is contested. In such contexts, there are concerns that linking social protection and CVA risks harming populations and not upholding humanitarian principles, and could undermine humanitarianism's neutrality. In these situations, even where social protection systems exist, humanitarian agencies almost always operate in parallel to government systems<sup>48</sup>. Our survey (see Graph 6.2) also highlights perceptions of government partiality as the fifth most cited barrier to linking.

With increasing trends in conflict worldwide, and the emergence of conflict in countries where national social protection systems have historically been strong, more attention and interest has been given to the question of social protection in conflict settings. For example, faced with the escalation of the conflict in Tigray and wider regions of Ethiopia which impacted on the continuity of social protection provision through the Productive Safety Net Programme (PSNP), FCDO Ethiopia commissioned research to collate global learning<sup>49</sup> and build understanding of what options exist to support continuation of social protection in conflict settings. The research highlighted a range of practical innovations to adapt and preserve social protection programmes and ensure continued provision of cash transfers to vulnerable populations. These ranged from small design

tweaks to more fundamental changes to institutional arrangements, government involvement and financial flows, depending on the context. The study highlights that non-government partners (including NGOs and UN) can support in various ways including through direct implementation roles within the social protection delivery system, providing technical assistance, sharing experiences, and ensuring coordination of parallel humanitarian CVA to fill gaps (see Table 6.2).

**TABLE 6.2****Promising practices for continuing social protection in conflict settings**

<b>Conflict context</b>	<b>Promising practices for continuing social protection</b>		<b>Potential roles for humanitarian actors</b>
<b>In locations with IDP influx due to conflict dynamics elsewhere in the country</b>	Enabling portability of social protection payments for IDPs	Regulations/standard operating procedures that allow payments to be made outside place of origin	Advocacy for change, including sharing data on displacement
		Mobile payments to communities in new locations	Support to system building – advocacy, technical assistance, operational support, sharing learning from CVA programmes
		Use of e-payment mechanisms	
		Digital registry of beneficiaries, with common identifier, enabling use nationwide	
		Provide comparable support to host communities to avoid tensions	Coordination and alignment – humanitarian actors complement social protection, providing CVA to host communities
	Community validation for re-registration/ ID verification	Implementation support to labour intensive activities	
	Humanitarian assistance	Bridging support from humanitarian community to cover the period while social protection programmes enhance their portability	Coordination and alignment – humanitarian actors provide timebound CVA to fill gaps in social protection provision
<b>Conflict areas where delivery through social protection is broadly still feasible/ where social protection systems are recovering following damage or disruption</b>	Design tweaks and other measures to enhance system resilience, ensure safe access, simplify services, and ensure assistance remains relevant to conflict	Waive conditionalities	Technical assistance/sharing learning from CVA programmes
		Group payments together and frontload	
		Waive exit rules	
		Surge in staff capacity from other locations	
		Local authorities provide security	
		Use of e-payments	
		Conflict sensitive targeting	
		Remote registration/comms/monitoring (digital methods)	
		Introduce flexible payment processes	
		Standard operating procedures on how to operate in non-government-controlled areas	
	Route payments outside of national government, while still using social protection institutions for implementation		
Partner with humanitarian actors to fill gaps in or support recovery of government capacities	Humanitarian partners assume implementation role on nationally-led social protection	Direct involvement in supporting implementation (staff; resources; systems)	
	Support to rebuilding damaged social protection institutions (recruitment, salaries, operational budget, equipment, infrastructure ...)		
	Independent monitoring		
<b>Where delivery by (central) government is not feasible due to conflict</b>	Third party implementing agency	Switching implementation to go through humanitarian agency, preserving elements of social protection programme design, and social protection institutional engagement (local level engagement), to the extent possible	Lead implementation role

Source: Adapted from the STAAR presentation<sup>50</sup>.

The research conclusions, some outlined below, can inform future work on linking CVA with social protection in conflict settings.

- Donors cannot continue to fund governments unconditionally and uncritically in a conflict setting, but this needs to be weighed-up against the risks of transitioning from nationally built to full parallel systems, loss of national capacity and undermining years, even decades, of development.
- ‘Government’ is not a homogeneous entity. The risks and sensitivities of engagement with government in conflict settings will vary according to the nature of the conflict, the location within a country, and the level/focus of engagement within government (central v local, for example). While political engagement and with bureaucrats may be problematic, several examples emerged of how humanitarian actors have found ways to engage with, and thus retain the capacities of, local government or technocratic staff. During interviews for this report, some key informants highlighted that this is not so different to having to engage with local authorities to ensure access for parallel humanitarian assistance.
- More evidence-based analysis and assessment of risks, by both social protection and humanitarian actors, is needed to reconcile differences in terms of principles and approaches. There were perceptions that the decisions of some humanitarians to work through parallel systems were not based on a robust examination of the risks to humanitarian principles. Equally, some humanitarian actors felt that those seeking to justify a continuation of support for social protection or linking of humanitarian action with social protection did insufficient risk analysis.
- Development and humanitarian actors need to make informed decisions about if or how existing support can be sustained, or new needs met during conflict through social protection, based on evidence, including through conflict analysis to effectively understand and manage risk.
- Learning from many contexts highlighted the importance of engaging community-level structures and decentralized social protection authorities, to ensure safe access and to understand and mitigate certain conflict risks.

Some similar points were raised in our focused group discussion with the SPIAC-B working group, where members demonstrated polarized views on this topic.

A recent ICRC blog<sup>51</sup> concluded that while there are valid concerns about linkages in conflict settings, humanitarian actors should not automatically reject any type of engagement with social protection systems and outlined key considerations for how to move forward with linkages while ensuring a principled humanitarian approach. There are several initiatives underway that are seeking to further thinking in this area to identify appropriate and effective ways of working<sup>52</sup>.

## Implications for the future: Areas for strategic debate and priority actions

### Areas for strategic debate

Our analysis highlighted the following considerations to inform further thinking and progress in this area.

- **How can sometimes conflicting humanitarian and development principles be balanced, so that CVA and social protection can be linked effectively?** There is need for more work to reconcile the differences in priorities and positions between humanitarian actors (and concerns over undermining the humanitarian principles) and development actors (concerns with principles of national sovereignty, and the state’s responsibility for service delivery) to guide decisions on linking. There is a diversity of emergency and governance contexts where CVA and social protection can be linked. It might be helpful to nuance the application of humanitarian principles accordingly, since engagement with governments, or national systems, will not carry the same risks or considerations in all contexts, thus moving towards more nationally-led models where this makes sense.

- **What key considerations should guide principled action on linking CVA and social protection in conflict settings or where governments are not fulfilling their role as duty bearers?** Even in conflict settings it can be possible to engage with governments, and national systems, to varying degrees. It is important to develop a clearer vision to guide engagement in fragile-conflict affected situations with tools and approaches for humanitarian and development actors to undertake conflict-sensitive risk analysis. This implies the need for some form of escalation triggers/'red flag' indicators, and phased approaches to identify when a context should transition from more government-led to more humanitarian-led models and vice versa. Links with protection actors could also support here.
- **How can humanitarian and development counterparts better work together to support social protection system strengthening in fragile settings?** Crises can present an 'opportunity' to enhance national systems due to increased attention, financing, and realization of the need for changes to adapt to new realities and vulnerabilities. It is recognized that nations vulnerable to crisis and without well-developed social protection systems must expand and improve these systems and remove barriers preventing people from accessing services. Humanitarian CVA actors can play a role in this transition – particularly in contexts where they are, de facto, filling a social protection role. But experience suggests that doing this well requires greater consideration of how to join up humanitarian and development funding (with the latter assuming the main role in system building), more thought to political economy factors around government ownership, and finding ways to better match systems and expertise with national priorities.

## Priority actions

Based on these strategic debates and key findings in this chapter, including the recognition that approaches to linking CVA and social protection should necessarily vary widely by context, the following are recommended as priority actions for consideration.

- **Humanitarian and development actors should engage in systematic, context-specific assessments to identify entry points for the most meaningful humanitarian and social protection linkages.** They should do so in a coordinated way according to their comparative advantages. All humanitarian actors can play different roles to effectively support needs and fill gaps.
- **Humanitarian and development donors should come together during emergencies to discuss financial strategy, linkages and continuity or integration of humanitarian assistance to development programmes.** They should increase efforts to join humanitarian and development funding streams. Humanitarian and development funding decisions and objectives should be well sequenced and mutually reinforcing, contributing to a common strategy that outlines the scope and duration, and complementarities of both humanitarian and development funding.
- **Humanitarian and development donors should set appropriate incentives, with clear and measurable commitments, for linking CVA and social protection.** Donors could then assess funding proposals based on whether social protection approaches have been considered, and as relevant, the extent to which partners are approaching this in a coherent and coordinated way based on comparative advantages.
- **Humanitarian and social protection actors should increase linkages or integration between humanitarian coordination architecture, social protection, and government-led crisis coordination structures. The UN Resident/HCOs or related authority in-country should enable this on the humanitarian side to lead strategic but also operational and technical groups.**
- **All actors should consider investing more in structured capacity strengthening** of humanitarian stakeholders on social protection and of development counterparts on humanitarian action to facilitate mutual understanding and joint ways of working.

## ENDNOTES

- 1 Such as Seyfert, K., Barca, V., Gentilini, U., Luthria, M.M. and Abbadly, S. (2019) Unbundled: A Framework for Connecting Safety Nets and Humanitarian Assistance in Refugee Settings. Working Paper. The World Bank
- 2 G. Smith (2021a) Grand Bargain Sub-Group on Linking Humanitarian Cash and Social Protection: Reflections on Member's Activities in the Response to COVID-19. A report commissioned through Better Assistance in Crises (BASIC). Overall, actions mostly centred on directly implementing cash assistance programmes that built on elements of the social protection system (mentioned by 64% (14/22) of poll respondents) rather than channelling resources to government for nationally-led programmes (only 27% (6/22) of polled respondents mentioned this). Encouragingly, 77% (17/22) of poll respondents also reported having a role in providing technical support or capacity building for government systems. The diversity of approaches was also documented in a series of case studies published by the Grand Bargain Subgroup on Linking CVA and SP in 2021, available here: <https://socialprotection.org/connect/stakeholders/spiac-b-working-group-linking-humanitarian-cash-assistance-and-social>.
- 3 See CALP Toolbox on linking CVA and SP for examples: <https://www.calpnetwork.org/publication/social-protection-toolbox/>
- 4 Since 2018 the UK government has funded the BASIC programme, which aims to support new and/or improved use of social protection approaches during crises. In 2020–21 this incorporated the Social Protection Approaches to COVID-19 Expert advice helpline (SPACE) which transitioned to the Social Protection Technical Assistance, Advice and Resources (STAAR) facility in 2022.
- 5 Key informants in our study reported that tools were helpful for guiding awareness raising on conceptual framing and guiding more systematic assessment and analysis to think through options for linking. This is confirmed in an evaluation, where respondents highlighted the high quality and practical orientation of the products and speed with which these were published compared to other sources. Tools and infographics developed under SPACE have been incorporated into CashCaP's approach to linking CVA and SP (see CashCaP 2022), as well as CALP's revised training and e-learning courses on linking CVA and SP, and country-level shock responsive social protection assessments in Cambodia and the State of Palestine. The Mid Term Review of BASIC found that SPACE guidance products reportedly influenced several multilateral organizations such as ECHO's new cash policy. See: Maunder, N., McDonnell-Lenoach, V., Plank, G., Moore, N. and Begault, L. (2022). Better Assistance in Crises (BASIC) Performance Evaluation. Midline Report. A report by Integrity Research and Consultancy.
- 6 Bastagli, F. and Lowe, C. (2021) Social Protection Response to Covid-19 and Beyond: Emerging evidence and learning for future crisis, Working paper 614, ODI <https://odi.org/en/publications/social-protection-response-to-covid-19-and-beyond-emerging-evidence-and-learning-for-future-crisis/>. The World Bank. <http://documents.worldbank.org/curated/en/281531621024684216/Social-Protection-and-Jobs-Responses-to-COVID-19-A-Real-Time-Review-of-Country-Measures-May-14-2021>. By the end of December 2020, 215 countries and territories had planned, introduced, or adapted social protection measures in response to COVID-19. As of January 2022, a total of 3,856 social protection measures were planned or implemented by 223 economies
- 7 Bastagli, F. and Lowe, C. (2021) Social Protection Response to Covid-19 and Beyond: Emerging evidence and learning for future crises. Working Paper 614. ODI
- 8 Schoemaker, E. (2020) Linking Humanitarian and Social Protection Information Systems in the COVID-19 Response and Beyond. Social Protection Approaches to COVID-19: Expert Advice (SPACE); and Smith, G. (2021a). At the end of 2020, the Grand Bargain Sub-Working Group on Linking CVA and SP commissioned a research and reflections exercise with its members to understand the extent and the different ways in which member organizations had linked CVA and social protection in the COVID-19 response. Members of the Grand Bargain Sub-Working Group on Linking CVA and SP reported a massive shift, in terms of humanitarian organizations now identifying social protection as a key area of work and 19/22 polled members reported that their organizations had acted on linking during the response.
- 9 Bastagli, F. and Lowe, C. (2021) Social Protection Response to Covid-19 and Beyond: Emerging evidence and learning for future crises. Working Paper 614. ODI
- 10 Including the Donor Cash Forum, Grand Bargain Sub-Working Group on Linking CVA and Social Protection, and SPIAC-B.
- 11 Smith, G. (2021) 'Overcoming barriers to coordinating across social protection and humanitarian assistance – building on promising practices', Social Protection Approaches to COVID-19 Expert Advice Service (SPACE), DAI Global UK Ltd, United Kingdom: <https://reliefweb.int/report/world/overcoming-barriers-coordinating-across-social-protection-and-humanitarian-assistance>
- 12 Ibid.
- 13 Gentilini, U., Almenfi, M., Iyengar, H.T.M.M., Valleriani, G., Okamura, Y., Urteaga, E.R. and Aziz, S. (2022) Tracking Global Social Protection Responses to Inflation: Living Paper v.4. Discussion Paper 2215, December 2022. World Bank Group. In 2022 there were 1,016 responses across 170 economies. Social assistance accounted for 29% of responses, 78% provided in the form of cash transfers. Out of the social assistance spending, almost 94% was spent on cash transfers (US\$211.3 billion). Gentilini, U., Almenfi, M., Iyengar, H.T.M.M., Valleriani, G., Okamura, Y., Urteaga, E.R. and Aziz, S. (2022). Tracking Social Protection Responses to Displacement in Ukraine and Other Countries. Discussion Paper 2209, June 2022. World Bank Group
- 14 CashCap (2022) Experiences Linking CVA with Social Protection. CashCap; IPC-IG (2022) SocialProtection.Org Annual Report. International Policy Centre for Inclusive Growth
- 15 Other studies also confirmed that COVID-19 led to increasing flexibility from development funders, enabling repurposing for humanitarian action, see Lawson-McDowall, J. and McCormack, R. (2021). The Use of Cash Assistance in the Covid-19 Humanitarian Response: Accelerating Trends and Missed Opportunities. Disasters, 45 (S1), S216–S239. <https://onlinelibrary.wiley.com/doi/full/10.1111/disa.12524#disa12524-bib-0021>
- 16 The Mid Term Review of BASIC highlights the results that these facilities have achieved. Maunder, N., McDonnell-Lenoach, V., Plank, G., Moore, N. and Begault, L. (2022). Better Assistance in Crises (BASIC) Performance Evaluation. Midline Report. A report by Integrity Research and Consultancy

- 17 Also in *ibid.*; and Lawson-McDowall, J. and McCormack, R. (2021). The Use of Cash Assistance in the Covid-19 Humanitarian Response: Accelerating Trends and Missed Opportunities. *Disasters*, 45 (51), S216–S239.
- 18 Although Switzerland and Germany have made institutional structural changes to support programming across the nexus, with SDC humanitarian and development teams now under one division, and Germany having the Transitional Development Division which focuses on the nexus (key informant interview).
- 19 One issue raised is the continued separation of humanitarian versus development funding instruments, operating under different rules and timeframes. Another issue, in fragile conflict-affected situations and protracted crises, is the lack of support from institutional development donor counterparts to support the transition from humanitarian aid.
- 20 For example, CALP's research highlighted this was an area where progress to move from policy commitment to practice is perceived to have been more limited (CALP (2022) *Where Next? The Evolving Landscape of Cash and Voucher Policies*. CALP. (2022)). In Ukraine it has been reported that while there is rhetoric on supporting linkages there has not been a clear humanitarian and development donor commitment to fund the transition of humanitarian assistance to social protection systems, or to coordinate with development counterparts to better focus humanitarian efforts on filling gaps in social protection provision (Tonea, D. and Palacios, V. (2023) *Role of Civil Society Organisations in Ukraine: Emergency Response Inside Ukraine*. Thematic Paper. CALP). A study in Jordan, looking at options for alignment of humanitarian assistance for refugees with social protection, reported the same (Smith, G. (2022a) *Multi-Purpose Cash Assistance to Refugees in Jordan: Programme Mid Term Review*. An internal report for FCDO in Jordan, produced by HEART). The Mid Term Review of FCDO's BASIC programme highlighted that a factor limiting development of social protection across the nexus is the continued fragmentation of donor and multilateral programming. In the evaluation, two of the four top reported priorities of donor representatives at country level were for support to move towards models and instruments for sustainable financing of emergency assistance linking with social protection (73% of survey respondents) and improving the links between their humanitarian and social protection approaches (67% of survey respondents) (Maunder, N., McDonnell- Lenoach, V., Plank, G., Moore, N. and Begault, L. (2022). *Better Assistance in Crises (BASIC) Performance Evaluation*. Midline Report. A report by Integrity Research and Consultancy). Meanwhile, studies by CashCaP and CALP in the Latin America and Caribbean region both highlight that the current structure of humanitarian financing and staff rotations impedes the necessary policy dialogue processes to work with governments (CashCaP 2022; and CALP and USAID (2022) *en construcción: una revisión de las formas de coordinación entre los grupos de transferencias monetarias (GTM) y sistemas de protección social en las Américas*. CALP
- 21 Including Smith, G. (2021) 'Overcoming barriers to coordinating across social protection and humanitarian assistance – building on promising practices', *Social Protection Approaches to COVID-19 Expert Advice Service (SPACE)*, DAI Global UK Ltd, United Kingdom; CALP (2022) *Where Next? The Evolving Landscape of Cash and Voucher Policies*. CALP; CashCap (2022) *Experiences Linking CVA with Social Protection*. CashCap; Tonea, D. and Palacios, V. (2023) *Role of Civil Society Organisations in Ukraine: Emergency Response Inside Ukraine*. Thematic Paper. CALP; Bastagli, F. and Lowe, C. (2021) *Social Protection Response to Covid-19 and Beyond: Emerging evidence and learning for future crises*. Working Paper 614. ODI; IFRC (2021) *Dignity in Action: Key Data and Learning on Cash and Voucher Assistance from Across the Red Cross Red Crescent Movement*. IFRC.
- 22 Smith, G. (2021) 'Overcoming barriers to coordinating across social protection and humanitarian assistance – building on promising practices', *Social Protection Approaches to COVID-19 Expert Advice Service (SPACE)*, DAI Global UK Ltd, United Kingdom
- 23 CALP (2022); Tonea and Palacios (2023); T. Byrnes. (2022) *Overview of the Unified Information System of the Social Sphere (UISSS) and the eDopomoga System*. Social Protection Technical Assistance, Advice and Resources Facility (STAAR). Blin, S. and Cahill Billings, N. (2022) *Humanitarian Assistance and Social Protection Linkages: Strengthening Shock-responsiveness of Social Protection Systems in the Ukraine Crisis*. Social Protection Technical Assistance, Advice and Resources Facility (STAAR).
- 24 CALP (2021) *The State of the World's Cash 2020*. CALP. The EU's guidance on 'Social Protection Approaches across the Nexus' describes effective collaboration and coordination as "perhaps the keystone principle for shock responsive social protection and also its biggest challenge" (in G. Smith. (2021b). *Overcoming Barriers to Coordinating Across Social Protection and Humanitarian Assistance – Building on Promising Practices*. SPACE).
- 25 *Ibid.*
- 26 Smith, G. (2021) 'Overcoming barriers to coordinating across social protection and humanitarian assistance – building on promising practices', *Social Protection Approaches to COVID-19 Expert Advice Service (SPACE)*, DAI Global UK Ltd, United Kingdom.
- 27 CALP (2022) *Where Next? The Evolving Landscape of Cash and Voucher Policies*. CALP; IFRC (2021) *Dignity in Action: Key Data and Learning on Cash and Voucher Assistance from Across the Red Cross Red Crescent Movement*. IFRC; Raftree, L. (2022) *Case Study: Responsible Data Sharing with Governments*. CALP; G. Smith. (2022b) *Assessing System Readiness for Shock Responsive Social Protection in Palestine: Summary Report of Findings and Options Analysis*. A report for UNICEF Palestine. Also highlighted in FGDs.
- 28 For example, CashCap (2022) *Experiences Linking CVA with Social Protection*. CashCap; WFP (2022) *Evaluation of Jordan Country Strategic Plan Evaluation 2020–2022*. Centralised Evaluation Report. WFP
- 29 Monitoring sustainability and government ownership is one of nine priority outcome areas for monitoring effectiveness of linking social protection and humanitarian action that is set out in a forthcoming STAAR guidance on "collective outcomes", due to be published in 2023.
- 30 For example, Beazley, R., Bischler, J. and Doyle, A. (2021) *Towards Shock-responsive Social Protection: Lessons from the COVID-19 Response in Six Countries*. Synthesis Report. Oxford Policy Management
- 31 Further research on the ability of social protection systems to anticipate, absorb, accommodate, or recover from the effects of a hazardous event is recommended. Slater, R. (2022) *Sustaining Existing Social Protection Programmes During Crises: What Do We Know? How Can We Know More?* BASIC Research Working Paper 14. Institute of Development Studies
- 32 G. Smith. (2022b) *Assessing System Readiness for Shock Responsive Social Protection in Palestine: Summary Report of Findings and Options Analysis*. A report for UNICEF Palestine; Smith, G. (2023) *Shock-responsive Social Protection in Nepal: An Assessment of Entry Points and Actions to Plan a Pilot Flood Response in the Child Sensitive Social Protection Project Zone*. Save the Children Finland. <https://resourcecentre.savethechildren.net/document/shock-responsive-social-protection-in-nepal/>; Smith, G. (2022c) *WFP Cambodia Social Protection Scoping Study: Final Report*. A report for WFP by the University of Wolverhampton.

- 33 Lawson-McDowall, J. and McCormack, R. (2021). The Use of Cash Assistance in the Covid-19 Humanitarian Response: Accelerating Trends and Missed Opportunities. *Disasters*, 45 (S1), S216–S239.
- 34 Wylde, E., Carraro, L. and Mclean, C. (2020) Understanding the Economic Impacts of COVID-19 in Low- and Middle-Income Countries: Who, Where, How, and When? SPACE.
- 35 Taken from Bastagli, F. and Lowe, C. (2021) Social Protection Response to Covid-19 and Beyond: Emerging evidence and learning for future crises. Working Paper 614. ODI; also identified in Smith, G. (2021) 'Overcoming barriers to coordinating across social protection and humanitarian assistance – building on promising practices', Social Protection Approaches to COVID-19 Expert Advice Service (SPACE), DAI Global UK Ltd, United Kingdom; CashCap (2022) Experiences Linking CVA with Social Protection. CashCap; and Beazley, R., Bischler, J. and Doyle, A. (2021) Towards Shock-responsive Social Protection: Lessons from the COVID-19 Response in Six Countries. Synthesis Report. Oxford Policy Management.
- 36 Lawson-McDowall, J. and McCormack, R. (2021). The Use of Cash Assistance in the Covid-19 Humanitarian Response: Accelerating Trends and Missed Opportunities. *Disasters*, 45 (S1), S216–S239; Bastagli, F. and Lowe, C. (2021) Social Protection Response to Covid-19 and Beyond: Emerging evidence and learning for future crises. Working Paper 614. ODI; IFRC (2021) Dignity in Action: Key Data and Learning on Cash and Voucher Assistance from Across the Red Cross Red Crescent Movement. IFRC; WFP (2020) Supporting National Social Protection Responses to the Socioeconomic Impact of COVID-19: Outline of a WFP Offer to Governments. WFP; UNICEF (2021) Preparing Social Protection Systems for Shock Response: A Case Study of UNICEF's Experiences in Armenia. UNICEF
- 37 This is a conclusion of several of the abovementioned studies and is central to the themes of USP2030. Improving the quality of routine social protection systems was also a priority identified by respondents in the BASIC Mid Term Evaluation (Maunder, N., McDonnell-Lenoach, V., Plank, G., Moore, N. and Begault, L. (2022). Better Assistance in Crises (BASIC) Performance Evaluation. Midline Report. A report by Integrity Research and Consultancy). The World Bank's new diagnostic tool on adaptive social protection is promoting a focus on core systems and on strengthening routine social protection as well as entry points for flexing and scaling during crises.
- 38 Maxwell, D., Howe, P. and Fitzpatrick, M. (2023) Famine Prevention: A Landscape Report. Feinstein International Center, Tufts University. [https://fic.tufts.edu/publication-item/famine-prevention-a-landscape-report/?utm\\_source=Feinstein+International+Center&utm\\_campaign=cb1680d0bc-EMAIL\\_CAMPAIGN\\_2023\\_03\\_10\\_03\\_42&utm\\_medium=email&utm\\_term=0\\_-cb1680d0bc-%5BLIST\\_EMAIL\\_ID%5D](https://fic.tufts.edu/publication-item/famine-prevention-a-landscape-report/?utm_source=Feinstein+International+Center&utm_campaign=cb1680d0bc-EMAIL_CAMPAIGN_2023_03_10_03_42&utm_medium=email&utm_term=0_-cb1680d0bc-%5BLIST_EMAIL_ID%5D)
- 39 For example, ILO (2020) ILO Monitor: COVID-19 and the World of Work: Updated Estimates and Analysis. Third Edition. ILO. [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_743146.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_743146.pdf)
- 40 Little, S., McLean, C. and Sammon, E. (2021) Covid-19 and the Emergency Social Safety Net (ESSN) and Conditional Cash Transfers for Education (CCTE) Programmes. CALP. <https://www.calpnetwork.org/publication/covid-19-and-the-emergency-social-safety-net-essn-and-conditional-cash-transfers-for-education-ccte-programmes/>; Holmes, R. and Lowe, C. (2023) Strengthening Inclusive Social Protection Systems for Displaced Children and Their Families. ODI and UNICEF. <https://www.unicef.org/reports/strengthening-inclusive-social-protection-systems-displaced-children-and-their-families>
- 41 There are examples of inclusion of refugees into social protection but these are still few in number (a finding of ODI's research project on social protection responses to forced displacement [https://odi.org/en/about/our-work/social-protection-responses-to-forced-displacement/?utm\\_source=Humanitarian+Policy+Group&utm\\_campaign=0e1b558d77-HPG\\_NEWSLETTER\\_social\\_protection\\_0223&utm\\_medium=email&utm\\_term=0\\_3274ae51fa-0e1b558d77-76680633&ct=t\(HPG\\_NEWSLETTER\\_social\\_protection\\_0223](https://odi.org/en/about/our-work/social-protection-responses-to-forced-displacement/?utm_source=Humanitarian+Policy+Group&utm_campaign=0e1b558d77-HPG_NEWSLETTER_social_protection_0223&utm_medium=email&utm_term=0_3274ae51fa-0e1b558d77-76680633&ct=t(HPG_NEWSLETTER_social_protection_0223)
- 42 FAO Lebanon (2023) The Lebanese Farmers' Registry at a Glance. Powerpoint Presentation for the Ministry of Agriculture in Lebanon. FAO Lebanon
- 43 See Smith, G. (2022a) Multi-Purpose Cash Assistance to Refugees in Jordan: Programme Mid Term Review. An internal report for FCDO in Jordan, produced by HEART.
- 44 Holmes, R. and Lowe, C. (2023) Strengthening Inclusive Social Protection Systems for Displaced Children and Their Families. ODI and UNICEF; and [https://odi.org/en/about/our-work/social-protection-responses-to-forced-displacement/?utm\\_source=Humanitarian+Policy+Group&utm\\_campaign=0e1b558d77-HPG\\_NEWSLETTER\\_social\\_protection\\_0223&utm\\_medium=email&utm\\_term=0\\_3274ae51fa-0e1b558d77-76680633&ct=t\(HPG\\_NEWSLETTER\\_social\\_protection\\_0223](https://odi.org/en/about/our-work/social-protection-responses-to-forced-displacement/?utm_source=Humanitarian+Policy+Group&utm_campaign=0e1b558d77-HPG_NEWSLETTER_social_protection_0223&utm_medium=email&utm_term=0_3274ae51fa-0e1b558d77-76680633&ct=t(HPG_NEWSLETTER_social_protection_0223)
- 45 Lowe, C. and Cherrier, C. (2022) Linking Social Protection and Humanitarian Assistance: Guidance to Assess the Factors and Actors that Determine an Optimal Approach. ODI
- 46 STAAR FGD (GESI focal point)
- 47 Maunder, N., McDonnell-Lenoach, V., Plank, G., Moore, N. and Begault, L. (2022). Better Assistance in Crises (BASIC) Performance Evaluation. Midline Report. A report by Integrity Research and Consultancy
- 48 Slater, R. (2022) Sustaining Existing Social Protection Programmes During Crises: What Do We Know? How Can We Know More? BASIC Research Working Paper 14. Institute of Development Studies; Lawson-McDowall, J. and McCormack, R. (2021). The Use of Cash Assistance in the Covid-19 Humanitarian Response: Accelerating Trends and Missed Opportunities. *Disasters*, 45 (S1), S216–S239.
- 49 Countries included Afghanistan, Armenia, Bangladesh, CAR, Ethiopia, Kyrgyzstan, Libya, Nigeria, Palestine, Philippines, Sahel, Somalia, South Sudan, Sudan, Syria, Uganda, Ukraine, Yemen.
- 50 Smith, G. (2022) Options for continuing social protection upon the onset of conflict and insecurity. A presentation of options for FCDO in Ethiopia. Social Protection Technical Assistance and Advisory Facility.
- 51 Walsh (2023) Supporting Social Protection: Five Considerations for a Principled Humanitarian Approach. <https://blogs.icrc.org/law-and-policy/2023/06/08/social-protection-principled-humanitarian-approach/>
- 52 For example, under the FCDO STAAR Facility there are plans to develop guidance and knowledge products. The SPIAC-B working group on linking humanitarian assistance and social protection is developing a set of Common Principles to guide engagement on linkages, including in conflict settings. Meanwhile in January 2023, USAID launched a consultation process on social protection approaches in fragile and conflict-affected states.

Barey Ibrahim Korone receives cash assistance from Oxfam. The programme targets drought affected families in Wajir, Kenya and provides money electronically via their mobile phones.  
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## Chapter 7: Data and Digitalization

## Summary: Chapter 7

# Data and Digitalization



## Key findings

- ✓ The use of digital payments is increasing.
- ✓ More action is needed on data responsibility.
- ✓ Cybersecurity is a risk that few talk about in the humanitarian space.
- ✓ Biometrics are better understood than before; blockchain pilots have expanded and multiplied.
- ✓ The concepts of interoperability and portability continue to be explored.
- ✓ Technology for remote targeting and accountability can complement existing CVA processes but can also amplify risks and introduce new ones.
- ✓ There are high levels of investment in Management Information Systems by the largest organizations.
- ✓ Artificial Intelligence provides new opportunities and risks.
- ✓ Skills gaps and underinvestment are impeding digital developments in many humanitarian organizations.



## Strategic debates

- ? Can technology increase recipient choice?
- ? How can new technologies be piloted without increasing risks to vulnerable communities?
- ? Can CVA and payment technologies support locally-led response?
- ? What are the cybersecurity risks faced by CVA stakeholders?
- ? How can humanitarian organizations and the private sector work together better in relation to CVA?



## Priority actions

- ! **Humanitarian organizations should** embrace the opportunities presented by developments in the digital payments space which can offer recipients a choice of CVA delivery mechanisms, as well as allowing faster and more efficient disbursements.
- ! **Humanitarian organizations should** recognize that successful technological innovations are more likely to scale if they are drawn from communities and the programme teams who regularly interact with them.
- ! **Humanitarian coordination channels should** harness existing data responsibility guidance and support its uptake in CVA. **Humanitarian organizations should** prioritize the implementation of guidance to ensure effective management of data and mitigation of risks.
- ! **Humanitarian organizations should urgently** make investments to ensure strong digital skills and understanding across their staff teams. Cyber-security capacity needs to be developed by staff involved at each stage of the CVA project cycle. Recipients should be supported to understand digital risks and how they can be mitigated.
- ! **CVA implementers should** work together to advocate to governments and regulators for improvements to policies and regulations that impact CVA recipients.
- ! **Humanitarian organizations should** always consider a multi-channel approach when deploying any technology, giving recipients choices in the ways they interact with programme systems and processes.
- ! **Humanitarian organizations and the private sector should** agree on approaches and develop a roadmap that will support interoperability and portability initiatives.
- ! **Donors should** continue their efforts to catalyze action to improve data responsibility.

## Increasing use of digital payments



There has been a significant increase in the use of digital payments since the *State of the World's Cash 2020* report. This has resulted in faster payments, larger scale responses and a greater push into hard-to-reach areas. The humanitarian sector is leveraging digital payments to explore giving recipients choice. At the same time, the digital payments space has been undergoing rapid change and is a challenging space for many to navigate, 'characterized by a high level of uncertainty and competition'<sup>1</sup>.



### What are digital payments?

*"Digital payments (or e-transfers) refer to electronic transfers of money or e-vouchers from the implementing agency to a recipient. They provide access to cash, goods and/or services through mobile devices, electronic vouchers, or cards (e.g., prepaid, ATM, smart, credit or debit cards). Digital payments/e-transfers are umbrella terms for e-cash and e-vouchers."*  
(CALP Glossary, 2023)

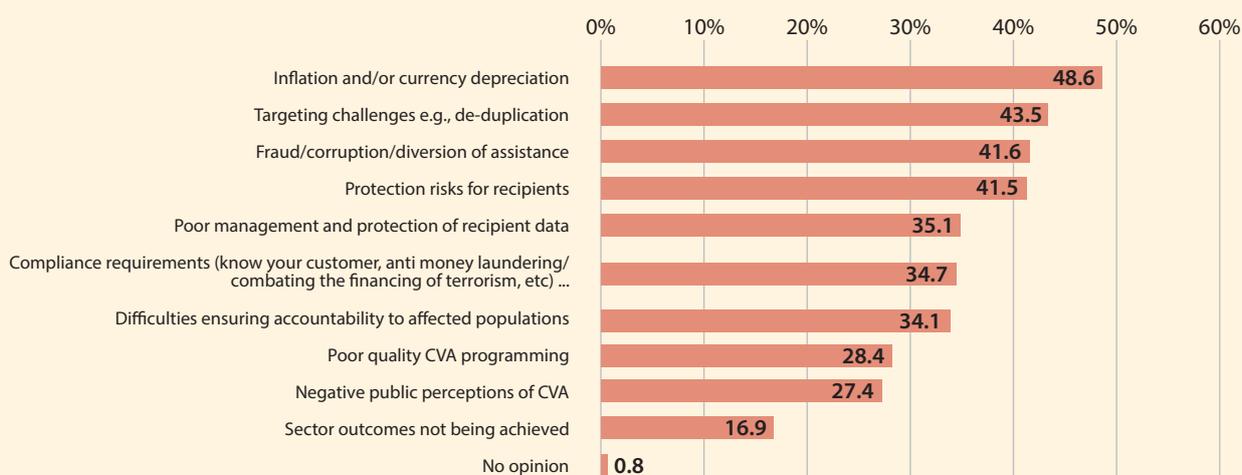
For many organizations, the COVID-19 pandemic and regulatory changes accelerated the move to digital payments and the use of mobile money grew in many countries<sup>3</sup>. By 2022, there were 1.6 billion registered mobile money accounts worldwide.

This trend was also seen in the humanitarian space. For example, WFP in Somalia piloted moving CVA recipients from e-vouchers to mobile money in late 2020<sup>4</sup>. By 2022, 63% of their recipients received payments via mobile money<sup>5</sup>. To encourage such change, some donor policies now indicate a clear preference for mobile money. For example, DG ECHO's cash policy supports 'digital by default' unless financial infrastructure is limited, analogue methods offer better value<sup>6</sup> or where recipients express a preference for a particular delivery mechanism. It also stresses that mobile payments need to be considered through the lens of 'do no digital harm'.

While digital transfers can be fast once systems are well established, research in the Horn of Africa highlighted that **a major factor limiting the speed of a CVA response is the time taken to establish contracts with financial service providers (FSPs)**<sup>7</sup>. Various avenues have been explored in different contexts to address this.

GRAPH 7.1

### What are the highest risks associated with CVA that need to be addressed?



Standing contracts with multiple FSPs could enable organizations to respond faster across various locations. However, this is challenging in terms of: (a) procurement and maintenance of contracts, (b) technically, if Application Programming Interfaces (APIs) are used to send data and requests (since each require an

expensive and often-unique set-up process and need expert maintenance), and (c) FSPs' profitability concerns if they need to respond to numerous requests for proposals for services that may never be utilized and so no revenue is earned.



### Aggregator

*"An entity that consolidates financial transactions for processing, for example enabling the flow of payments between payers and recipients across **multiple financial service providers (FSPs)**.*

*Aggregators provide systems integration by connecting FSPs to third-party systems. They may also provide additional services such as notification of successful payments, reconciliation, and receipts."*  
(CALP Glossary, 2023)

Numerous stakeholders, including donors,<sup>8,9</sup> Cash Working Groups (CWGs),<sup>10</sup> UN bodies<sup>11</sup> and research institutions, have promoted joint procurement<sup>12,13</sup>. The UN has taken this forward, with the UN Common Cash Statement (UNCCS) reporting<sup>14</sup> progress on collaborative procurement. This includes piggybacking contracts, collaborative contract clauses and joint procurement, with 25 countries leveraging 'common procurement, inclusive of other agencies beyond UNCCS, to simplify cash delivery from the perspective of people in need'<sup>15</sup>. Outside the UN, this approach has not been widely adopted between NGOs aside from the commonly cited example of the Common Cash Facility in Jordan – a collaboration which also involved UN bodies and the Jordanian Government<sup>16</sup>.

Several organizations, including IFRC and WFP, are exploring global payment solutions, including via aggregators, to enable scalable, faster, and more efficient distribution of CVA<sup>17,18</sup>. Such

solutions could also allow recipients to choose their cash delivery mechanism and provider e.g., using an existing or preferred bank, mobile money account, or cash-out agent, rather than agencies determining choices. Global and regional aggregators can simplify CVA implementers' access to multiple local and international FSPs, which are essential for the final delivery of CVA. However, some raise concerns that this may disempower in-country relationships with FSPs and make it more difficult to negotiate specific services or lobby for the expansion of services in underserved communities.

Some issues related to digital preparedness are also explored in Chapter 5 on Preparedness and capacity.

The move towards digital payments has enabled greater speed and scale of response but has also brought new challenges as humanitarians seek to understand a complex and fast-moving world of payments, regulated by a patchwork of global and national legislation. With funds crossing international borders, CVA implementers contend with the financial sector de-risking phenomenon, where banks refuse to deal with certain customers, countries, or transactions rather than manage the risk associated with the relationship<sup>19</sup>. In many cases, **funds moved for CVA disbursements have received greater scrutiny than some other humanitarian transfers**<sup>20</sup> as the final recipients are a multitude of individuals, rather than individual companies supplying goods with readily available contracts and company registration documents to assess. In contexts with higher risk jurisdictions, systems such as F4ID's LOTUS20, which make payments to vendors for the goods chosen by recipients, offer a possible solution as vendors can more easily and effectively<sup>21</sup> be subject to KYC or sanction checks than multiple individuals.

Each solution requires trade-offs between choice, efficiencies, speed, the ease with which regulations are managed and so on. Alongside all this, major questions around data responsibility need to be addressed.

## Data responsibility, more action needed



Fifty-five percent (55%) of survey respondents thought that CVA implementers managed and protected recipient data effectively. Another 16% disagreed and 29% neither agreed nor disagreed, or had no opinion. This paints a relatively positive picture of the state of humanitarian data responsibility. Yet these results need to be treated with caution.

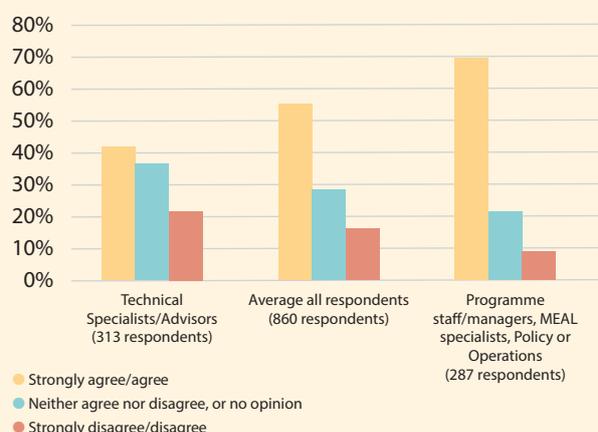


## Data responsibility

*“Data responsibility goes beyond data privacy and data protection (the process of safeguarding important information from corruption, compromise, or loss) to include principles, processes and tools that support the safe, ethical, and effective management of data. CVA involves the collection, sharing and use of potentially sensitive data (which if improperly accessed could lead to harm to person(s) and/or negatively affect organizations) about crisis-affected people, communities, locations, and humanitarian interventions, hence incorporating data responsibility throughout the programme cycle is important.” (CALP Glossary, 2023)*

**GRAPH 7.2**

### Organizations involved in CVA programming are managing and protecting CVA recipient data effectively, breakdown in role

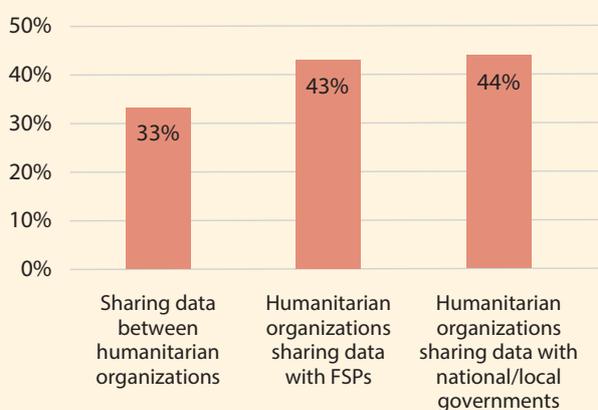


CVA technical specialists, advisors and researchers responded to the survey more negatively than those with operational or programmatic roles. The disparity in responses suggests there are important differences in understanding the level of risk or the effectiveness of current mitigations (See Graph 7.2). **Overall, irrespective of role, nearly half the respondents felt that data responsibility was not effectively mainstreamed across teams implementing CVA.**

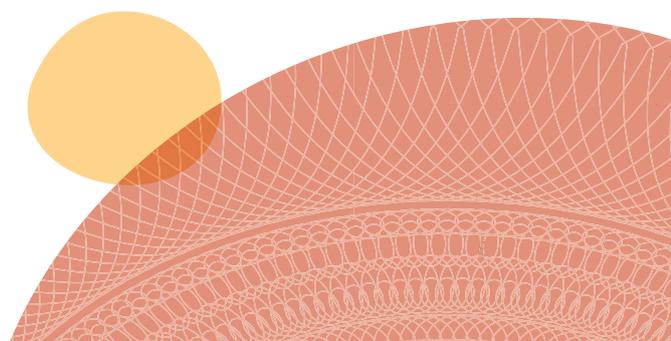
Sharing data with other organizations is a necessity in most CVA distributions. Data must be shared with FSPs to make payments, with other humanitarian organizations to support coordination, with governments to link with social protection programmes, and with third-party monitors for accountability purposes. Yet, many respondents perceived data sharing to be a challenge for improving the management of recipient data (see Graph 7.3).

**GRAPH 7.3**

### What are the biggest challenges for improving the management of recipient CVA data?



In recent years, valuable sector-wide guidance on CVA and data responsibility has been generated or refreshed (see Box 7.1) to enhance the protection of CVA recipients and support a more efficient, collaborative, and data-driven approach. In each case, organizational roles and responsibilities are articulated and the examples shared to help implementers contextualize and operationalize the guidance.



**BOX 7.1****Guidance on CVA data responsibility**

- 2020: ICRC published an updated Handbook on data protection in humanitarian action<sup>22</sup>.
- 2020: OCHA's Centre for Humanitarian Data, CALP and NORCAP released a Guidance Note on Data Responsibility in CVA<sup>23</sup> to support implementers in applying global frameworks and guidance.
- 2021: CALP released a Data responsibility toolkit<sup>24</sup> specifically for CVA implementers to include data responsibility into each stage of the programme cycle.
- 2023: Humanitarian Data and Trust Initiative published a principled framework to create a common understanding of how to balance the risks and benefits when sharing data between humanitarian organizations and donors<sup>25</sup>.
- 2023: OCHA's Centre for Humanitarian Data published a guidance note on the implications of cyber threats for humanitarians<sup>26</sup>.
- 2023: IASC released an updated Operational Guidance for Data Responsibility in Humanitarian Action setting out responsibilities at three levels, System-Wide, Cluster/Sector and Organization<sup>27</sup> and focusing on establishing an Information Sharing Protocol (ISP) to raise awareness of and embed data responsibility at the outset of an emergency.

**BOX 7.2****Mosaicking – An emerging threat**

Mosaicking 'occurs when multiple datasets are linked to reveal significant new information. While such information could be used to gain insight, it could also be used by bad actors to do harm'<sup>28</sup>. Combining humanitarian and social protection data to reveal new information is creating new data responsibility threats. As organizations publish more information online under Open Data strategies, and humanitarian and social protection systems are sharing data to work collaboratively in supporting communities, the likelihood of data being misused increases.

For example, transaction data of pre-paid ATM cards, commonly used in CVA distributions, could be combined with the location of religious buildings to identify people who are frequently near mosques at prayer time. Similarly, food purchase data could reveal dietary patterns, indicating a specific religious or ethnic affiliation. When assessing the Humanitarian Data Exchange (HDX) platform, the Centre for Humanitarian Data team found that: 'The challenge is to understand when this can occur and what to do about it'<sup>29</sup>. The ICRC recommends that organizations look beyond the humanitarian data ecosystem and consider what public or private data stakeholders might have access to before sharing<sup>30</sup>.

The necessity of sharing data and the fact that CVA programmes produce a lot of data at each step in the programme cycle means that CVA implementers are often at the forefront of data responsibility discussions which can lead to the perception that cash is held to a higher standard<sup>31</sup> than other modalities. Yet, **much as CVA actors often take a lead role on data responsibility – this is an issue for the entire humanitarian sector and, as such, decisions need to be taken to govern the whole system not just one part of it.**

While strong guidance now exists there seems, as some survey respondents perceived, to be a gulf between the guidance and the realities of implementation in different contexts. As a result, the IASC Deputies asked the Cash Advisory Group (CAG) to identify gaps and risks. The CAG has tasked a Data Responsibility Working Group<sup>32</sup> Task Team to explore the issue and propose strategies for the safe, ethical, and effective data management in the delivery of CVA.



*“... humanitarians are being expected to hold some of the most sensitive data in the world of the most vulnerable people in the world and have the resources of mall cops to protect against the cyber hacking equivalent of Delta Force.”<sup>33</sup> V. Elliott quoting N. Raymond (February 2022)*



**Cybersecurity is a risk that few talk about in the humanitarian space**, though there have been a few publicly reported large-scale cybersecurity attacks on humanitarian CVA distributions and Management

Information Systems (MIS). For example, in July 2019, hackers broke into numerous UN systems, downloading staff records and contract information<sup>34</sup>. In January 2022, hackers accessed records of 515,000 people who had interacted with ICRC<sup>35</sup>. In July 2023, the Norwegian Refugee Council reported a cyber-attack on a database containing personal information of thousands of project participants<sup>36</sup>. It is possible, indeed likely, that there have been

other breaches, leaks, and hacks which have gone unreported or unnoticed. With the rise of malicious actors using cyber-attacks alongside conventional warfare in conflicts, it may be that CVA distribution systems are impacted either directly or indirectly, potentially disabling systems when they are most needed<sup>37</sup>. For example, Kenya’s Safaricom’s M-Pesa system, which is widely used to deliver CVA,<sup>38</sup> was impacted by a cyber-attack in July 2023 as part of a wider attack that affected many national systems. While there have been no reports to suggest that CVA payments were impacted, the potential is evident raising questions about the degree to which humanitarian organizations have effective mitigation and management plans for such eventualities.

Reflective of such risks, OCHA’s Centre for Humanitarian Data released a guidance note finding that cybersecurity preparedness was limited in the humanitarian sector<sup>40</sup>. It outlined implications for humanitarians, provided definitions, detailed common vulnerabilities, and explored the impact it could have on humanitarian organizations’ ability to deliver support in line with humanitarian principles.

**Malicious actors can attack recipients directly, as well as through humanitarian actors.** Mobile phones used by most CVA recipients are budget devices that lack the Secure Elements<sup>41</sup> chips found in higher-end devices which serve to secure sensitive information such as banking access credentials and biometrics. Equally, feature phones and 2G networks have security problems stemming from weak cryptography. A review of mobile money apps found that six out of seven had easily exploited critical vulnerabilities<sup>42</sup>, though ironically legacy systems can offer protection as hackers focussed on the cutting edge lack the ability to access them<sup>43</sup>. The security features of low-end mobile phones may improve as new products come to market. Geo Phone, for example, is working to produce the first entry-level smartphone with Secure Elements that would give people access to robust security on a sub-US\$50 device<sup>44</sup>.

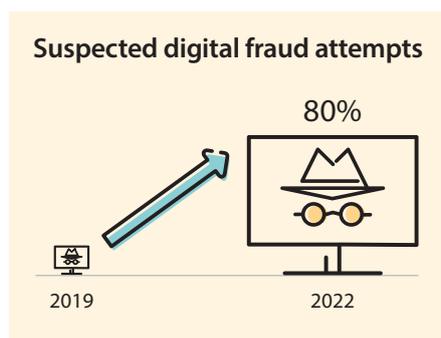
### BOX 7.3

#### Technology to watch

If people in remote areas had access to internet-connected smartphones they could more easily be included in CVA programmes, receive funds and feed into programme design. However, reaching vulnerable populations in remote areas can be unprofitable for telecom companies using traditional mast systems.

Recent tests in Switzerland<sup>45</sup> and Texas<sup>46</sup> have confirmed the feasibility of using Low Earth Orbit (LEO) satellites to provide connectivity to standard smartphones. Such technology, combined with mobile money systems and effective regulation could allow CVA programmes to reach rural or shock-affected areas.

The GSMA plan to publish work in 2023 on LEO satellites in humanitarian settings.



Globally, suspected digital fraud attempts increased by 80% from 2019 to 2022 with bad actors focussing on organizations with direct access to money and on consumers who were engaging with organizations digitally<sup>47</sup>. **CVA distributions are often well-publicized in advance, and often involve people with varying levels of digital literacy who may have limited experience in avoiding digital scams** and may only have one or two avenues to raise concerns – which can also be hijacked<sup>48</sup>. Risks related to scamming within the CVA space have received little attention, perhaps because of the low individual transfer values and fact that money is spent out quickly. Yet scamming does seem to be

a potential risk given overall increases in digital fraud. For example, Safaricom, whose mobile money M-Pesa system delivers a significant portion of humanitarian CVA in Kenya, had a class action lawsuit filed against it in 2023 for failing to tackle rising levels of fraud<sup>50</sup>. CVA was not implicated in this lawsuit, but it does highlight the vulnerability.

Cybercrime causes an erosion of trust and confidence in digital CVA systems that the implementation of effective legal and regulatory requirements can counter<sup>51</sup>. A positive correlation between high mobile money regulatory index scores and mobile money adoption and usage evidences this<sup>52</sup>. In addition to national regulation, to support an effective regulatory environment, GSMA offers mobile money operators a certification process to demonstrate ‘that a provider has taken steps to ensure that customers’ funds are in safe hands, that their rights are protected, and that a high level of customer service can be expected’<sup>53</sup>.

## Biometrics, better understood



Biometrics have supported the move from in-kind assistance towards CVA<sup>54</sup>, with humanitarian organizations looking to biometrics, ‘to eliminate fraud, reduce duplication, meet the assurance requirements and encourage confidence in States receiving vulnerable refugees for resettlement’<sup>55</sup>.

Equally, the move towards digital payments has exposed organizations to obligations presented by international regulations that may be, in part, resolved by biometric-based identity systems.

The COVID-19 pandemic prompted a move from touch biometrics<sup>56</sup> towards those that could be done at a distance including iris, palm, and voice<sup>57</sup> and early pilots of voice biometrics were successful<sup>58</sup> in providing remote verification. UNHCR linked their Biometric Identity Management System (BIMS) to the Global Distribution Tool (GDT) which is used to generate payment lists and ‘track the admission, verification, and collection of assistance’<sup>59</sup>.

Views about biometrics have evolved as the benefits and the risks have become better understood. In 2015, Oxfam reversed its moratorium on the use of biometrics allowing their use ‘when specific principles of responsible use’ had been met<sup>60</sup>. In 2019, ICRC announced they would only collect biometric data in a limited number of cases, such as for travel documents, reunification of families, where it was ‘in the best interests of the persons concerned’ and where data would not be held centrally<sup>61</sup>. In 2022, WFP queried whether distribution processes needed the ‘enormous’ and ‘rich’ personally identifiable information that biometric data contains to ensure the accuracy of distributions. They also questioned whether biometrics had garnered oversized importance in humanitarian operations<sup>62</sup>. At the same time, research has found that the ‘risks and harms (of biometrics) are not fully accounted for’<sup>63</sup> in humanitarian programmes and that greater risks are borne by the data subjects, than the organizations implementing the systems<sup>64</sup>.

While loss or misuse is a risk and concern for all personal data, for biometric data the concern is elevated. If a malicious actor steals a password to your email account, they can create havoc but passwords can be changed. Your biometrics cannot be changed. High-profile humanitarian data breaches involving biometrics include Afghanistan where biometric data was collected with the support of Western donor governments, and then accessed by the Taliban to target people<sup>65</sup>. In Bangladesh data collected from people of the Rohingya ethnic

group was shared with the Myanmar government<sup>66</sup> without the group's informed consent. A 2020 'audit highlighted multiple risks associated with the roll-out of SCOPE and biometrics in Yemen, including that WFP had to agree to technical arrangements and stipulations that "biometrics data shall be retained in a joint server room" with the effect that potentially sensitive data could come into the hands of de facto authorities<sup>67</sup>.

Issues related to data responsibility and the opportunities biometrics present for interoperability are considered in other sections of this chapter.

## Blockchain pilots have expanded and multiplied

“

*Web3 technologies including blockchain-based solutions and cryptocurrencies have not lived up to their promise in the humanitarian sector, in part because they involve applying technical rather than systemic solutions to deep-rooted problems of social and economic inequality.”* (Dr Margie Cheesman, Lecturer in Digital Economy, King's College London)

Humanitarian organizations have continued to pilot Distributed Ledger Technology (DLT) in many contexts including blockchain-based e-voucher programmes in Ecuador and Kenya<sup>68</sup>, QR code payment systems in Bangladesh<sup>69</sup> and Nepal<sup>70</sup> and a recipient deduplication system in Ukraine<sup>71</sup>. Stablecoins – cryptocurrencies tied to fiat currencies and designed to overcome the volatility of others – have also seen more use in the humanitarian space in recent years. People in Afghanistan have used stablecoins to receive funds from overseas when international banks stopped facilitating transfers to the country<sup>72</sup>. While UNHCR has used stablecoins to send money to internally displaced persons and other war-affected people in Ukraine, which they could convert to fiat currency at MoneyGram locations across the country and across borders<sup>73</sup>.

Experiences from such interventions vary. CARE Ecuador found that recipients and vendors were initially distrustful of digital currencies. They overcame this by working with a trusted local partner demonstrating that the technology worked. Oxfam's work in Vanuatu found 'modest cost-savings and significant time-savings'<sup>74</sup> in operational activities compared to previous similar responses where cheques were used, though they struggled to demonstrate greater efficiencies because of challenges related to the reliance on existing FSPs. Some research has found that benefits attributed to distributed ledgers such as security, auditability and interoperability and cost-effectiveness can also be derived from centralized databases<sup>75</sup>, while other research suggests that such untested technologies often pass on risks to recipients without the offer of choice or alternatives<sup>76</sup>.

Alongside new pilots, some ongoing initiatives have expanded. Oxfam's Unblocked Cash project which provided e-vouchers on a blockchain has expanded from supporting 35,000 households in Vanuatu to also being piloted in Papua New Guinea, Venezuela and, in future, in the Solomon Islands<sup>77</sup>. WFP's Building Blocks system, used to distribute e-vouchers and deduplicate recipients, has expanded from a 100-person pilot in Pakistan to supporting more than a million people in Jordan, Bangladesh, Lebanon, and Ukraine<sup>78</sup>.

As distributed technology ledger systems continue to be tested, it remains to be seen which use case may provide valuable solutions within the CVA space.

## Data interoperability and portability

The twin concepts of interoperability and portability continue to be explored, with the drive coming from donors and implementers. Demand from recipients may increase as they become aware of the potential benefits<sup>79</sup>, for example, removing the need to register with multiple agencies and easier referrals to organizations providing non-CVA services.

For humanitarian organizations, the potential of system interoperability to enable deduplication of recipients gained interest, in contexts such as the refugee response in the Greek islands, the port explosion in Lebanon



*"[Data portability] ... by definition requires multiple participating organizations, not just internal policy and process. Most staff usually do not see the potential of wider ecosystems of data, since their focus is of necessity primarily within their own organizations; and the nature of grant-based projects means that they have limited incentive to engage with wider initiatives, absent either personal interest or a specific mandate from their organization. As a result, most organizations still have a general approach of locking down their data rather than sharing it, especially as the potential harms and potential value of data both become clearer." (Paul Currión, CCD Network)*

*"[Interoperability] ... remains an ambition among donors, that at an intellectual level makes sense, but it is deprived of any incentives/drivers to make it a reality on the ground." (KII)*

and responses in Syria and Turkey, where traditional area-based coordination techniques (which mitigate duplication) were not possible and where alternative data sources (e.g., tax ID) were not available.

Donor interest in interoperability is high. DG ECHO released a policy framework for humanitarian digitalization in 2023<sup>80</sup> which highlighted interoperability as an area of focus following on from the Donor Cash Forum Statement and Guiding Principles on Interoperability of Data Systems in Humanitarian Cash Programming<sup>81</sup>. In addition, DG ECHO funded two consortia, the Collaborative Cash Delivery (CCD) Network and Dignified Identities in Cash Assistance (DIGID) consortium which were tasked with exploring interoperability and portability from governance and technical angles.

Both CCD and DIGID's work have included landscape mapping reports and fora, creating consistent terminology, and introducing key concepts that allow stakeholders to explore the opportunities that portability and interoperability present. CCD explored opportunities of copying data stewardship models used in healthcare i.e., entities that hold data on behalf of others and allow access, normally for public, educational, or charitable aims. However, they found the data steward role to be incompatible with organizational mandates and the realities of the humanitarian sector<sup>82</sup>.

#### BOX 7.4

##### DIGID's Interoperability Initiative<sup>83</sup>

DIGID's Interoperability Initiative identified four interoperability scenarios as part of a process to create a roadmap for a way forward.

1. Deduplication of people, families, or households.
2. Sharing data on which organizations can provide what kind of support to whom.
3. Sharing data on a person with a partner, donor, or government.
4. Sharing data on a person with a payments or messaging provider.

To assist in coordination and deduplication efforts that interoperability could, in time, resolve, WFP offered their Building Blocks blockchain platform to organizations responding in Ukraine<sup>84</sup>. The platform offers a deduplication process based on tax IDs – where organizations could upload registration data to determine if another organization was already supporting the intended recipient. Currently operating using two nodes, run by WFP and UN Women, the ambition remains to have this as a decentralized, member-owned and operated platform. Some CVA implementers chose not to adopt the solution, a decision attributed to blockchain technology not being fully understood<sup>85</sup>, while others questioned the transparency of the selection process over alternative technologies. In common with other deduplication efforts, the issue remains that while the technology may be able to identify a duplicated individual, CVA implementers must still determine if that person is eligible for support from more than one agency, as CVA can be distributed to

achieve multiple objectives over different time periods<sup>86</sup>. This determination often requires agencies to share data on eligibility criteria and decide if one or both need to act which complicates the process and can lead to delayed cash distributions<sup>87,88</sup>.

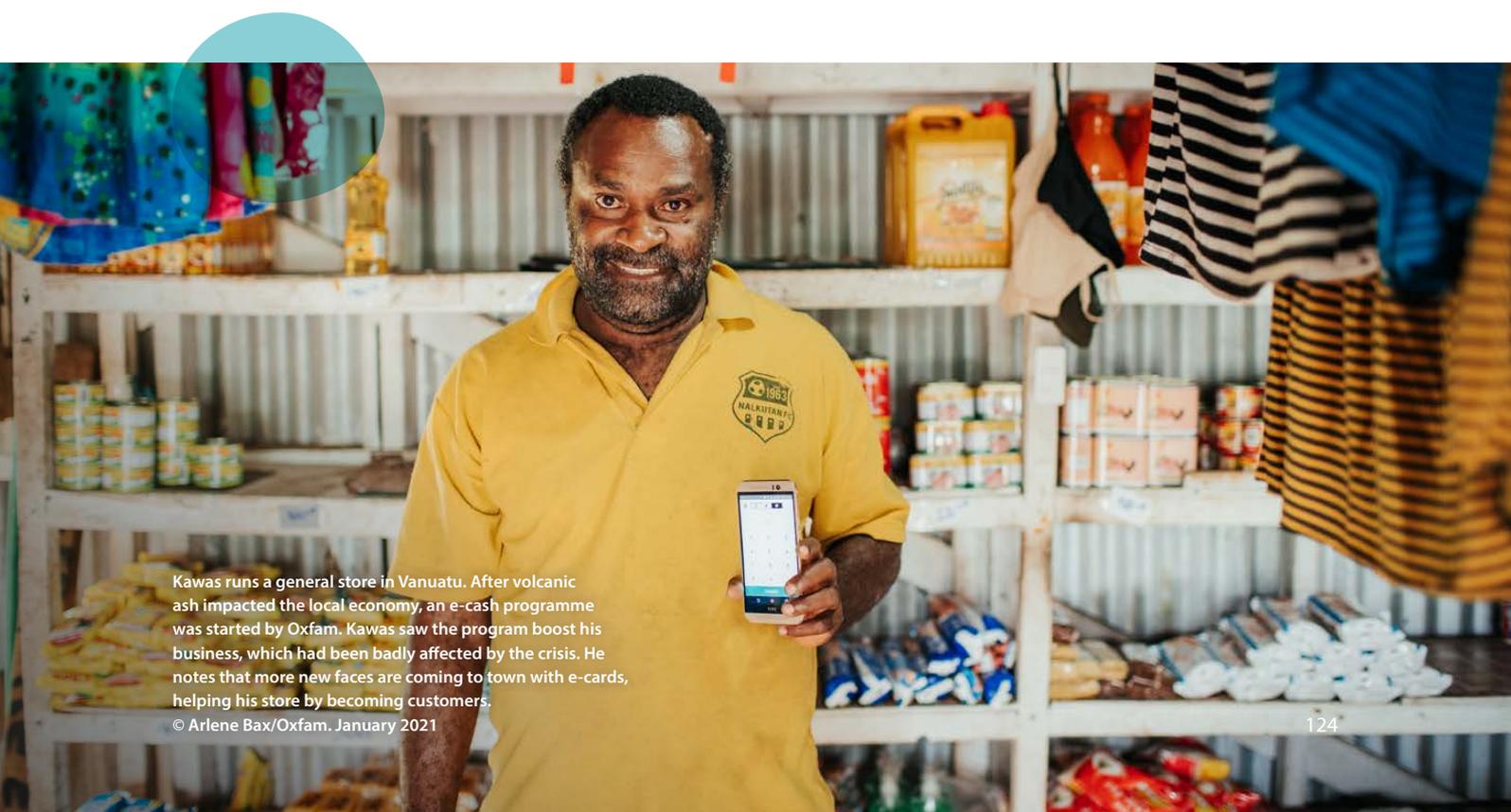
For some, questions about interoperability raise questions of power. As more organizations have focused on cash disbursement, the differentiation between them is reducing and mandates blurring. Bilateral interoperability exacerbates this dynamic as one organization loses control to another whose MIS is selected as the primary data registry. Such issues suggest that governance, legal, political, and organizational mandate barriers to interoperability are more difficult to surmount than the technical ones.

## Digitalization of remote targeting and accountability

Using technology for remote targeting and accountability can complement existing CVA processes without placing additional burdens on recipients but it can also amplify existing risks or introduce new ones.

Remote targeting methods promise to increase the speed of response and improve the ability to provide support in hard-to-reach areas but, depending on the method and context, they can increase or reduce inclusion errors<sup>89</sup>. For example, if an approach relies on ownership of a mobile phone, those without a phone could be excluded, conversely in contexts where in-person targeting options are limited, remote targeting increases inclusion. WFP Chad, for example, found that the local authorities validated 90% of a vulnerable village list identified by satellite, and concluded that the approach was efficient<sup>90</sup>. They also noted it was a cost-efficient and effective tool but should not replace field surveys and validation workshops as not all vulnerabilities could be identified using remote sensing technology. Equally, in Florida, GiveDirectly used their remote targeting approach as 'a supplement to other models', not a replacement, since it allowed them to respond six times faster than previous disasters but excluded some individuals. For future responses they plan to offer complementary channels such as, 'open web-based applications, in-person operations, and collaborations with local partners'<sup>91</sup>.

Digital self-registration platforms, often an element of remote targeting processes, can speed up registration but may exclude some people such as those with disabilities, those with lower levels of digital literacy or those without connectivity. They can also lead to an increased need for deduplication processes as recipients may submit multiple registrations, often in error rather than in a deliberate attempt to receive multiple payments<sup>92</sup>.



Kawas runs a general store in Vanuatu. After volcanic ash impacted the local economy, an e-cash programme was started by Oxfam. Kawas saw the program boost his business, which had been badly affected by the crisis. He notes that more new faces are coming to town with e-cards, helping his store by becoming customers.  
© Arlene Bax/Oxfam. January 2021

**BOX 7.5****Examples of remote targeting and registration**

- GiveDirectly used mobile phone Call Detail Records and machine learning in Togo to identify large numbers of people in need quickly<sup>93</sup>.
- Mercy Corp's Lebanon Crisis Analytics Team used night-time lights data to identify economically vulnerable areas<sup>94</sup>.
- Several organizations, including the Government, UNICEF, NRC, and WFP, created self-registration processes in Ukraine allowing 2.64 million people to be registered in 4 months<sup>95</sup>.
- GSMA's Mobile for Development team combined cell tower records, topographical data, and population data to identify communities without phone reception<sup>96</sup>.
- WFP Chad used satellite products to measure climatic indicators such as rainfall, temperature, and vegetation greenness to project food insecurity to be used for geotargeting<sup>97</sup>.
- GiveDirectly used AI and satellite imagery in the US to quickly identify buildings damaged by Hurricane Ian, then overlaid government poverty data to identify areas of 'high-poverty and high damage'<sup>98</sup>.

**BOX 7.6****Using digital platforms to enhance targeting and accountability**

Norwegian Refugee Council partnered with communications company Twilio to create a WhatsApp and SMS-based chatbot for people who left Ukraine and were living in Poland or Romania<sup>99</sup>. Potential recipients could complete a questionnaire to determine their eligibility for aid, provide information about their circumstances and requirements, and use the same system to lodge complaints<sup>100</sup>. Once approved, people could access funds from a MoneyGram agent and have access to a helpline to resolve any issues.

In Bulgaria, the IFRC linked their AccessRC app with WhatsApp and Viber-based chatbots, updating people on the status of their application and communicating with people on channels they were already using<sup>101</sup>.

Digitalization of CVA accountability mechanisms can enhance both the benefits and risks for affected people<sup>102</sup>. It can provide better data for analysis, scale and more consistent workflows but can also exclude people with lower levels of digital literacy, without devices or connectivity and can lead to higher levels of mistrust compared to face-to-face channels<sup>103</sup>. Using mixed approaches can mitigate such risks. For example, Jireh Doo Foundation in Nigeria countered this by combining a system of telephone boxes where people could leave audio recordings with traditional suggestion boxes, toll free phone lines and community meetings<sup>104</sup>.

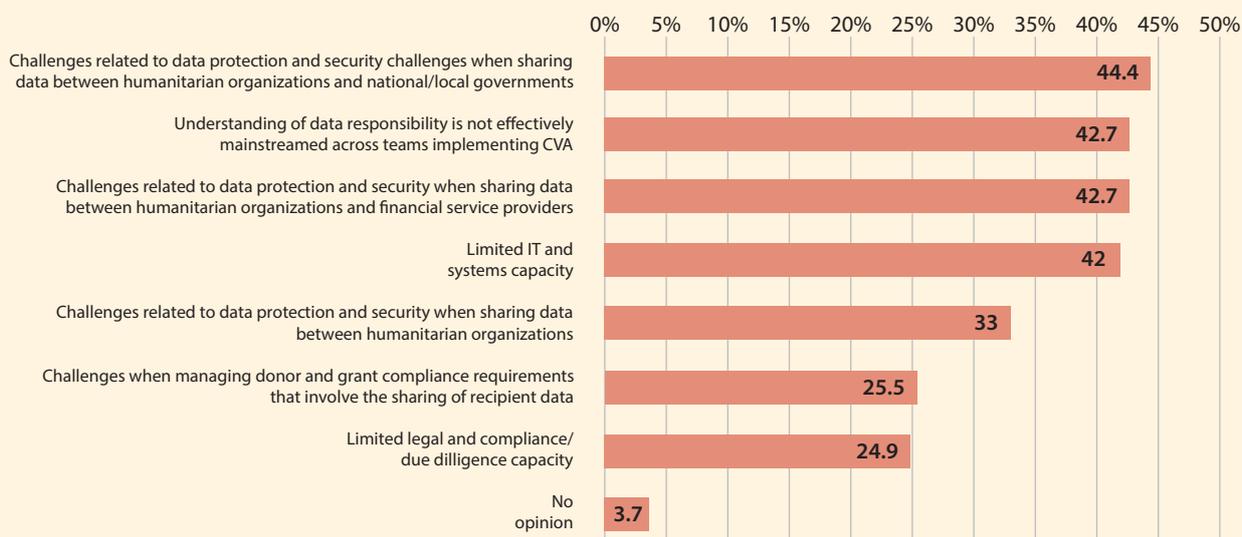
As with the digitalization of other processes such as targeting and payments, the use of digital accountability technologies is highly context-specific, and a mix of online and offline channels is important to reach as many population groups as possible<sup>105</sup>.

## High levels of MIS investment by the biggest players

MIS are expected to keep recipient data secure, while also making it accessible for analysis, be interoperable with other databases, allow payments via APIs with FSPs, deal with complex federated organizational structures and provide accountability to funders. Systems that meet all these demands require significant investment to develop and maintain and this investment has been inconsistent between large and small organizations. At one end of the spectrum, the larger UN and Red Cross CVA implementing organizations have developed their own data collection and management platforms, with WFP's SCOPE for example, costing US\$47.3 million between 2013 and 2020 at HQ level alone<sup>106</sup>. Equally, some INGOs have developed or purchased MIS for use across all their CVA programmes, for example, World Vision International has developed the Last Mile Mobile Solution (LMMS), Concern Worldwide has deployed RedRose and GiveDirectly uses Salesforce. Many other organizations, including national NGOs rely on Open Data Kit (ODK) for data collection and Microsoft Excel for processing, then emailing payment lists to FSPs.

GRAPH 7.4

### What are the biggest challenges for improving the management of recipient CVA data?

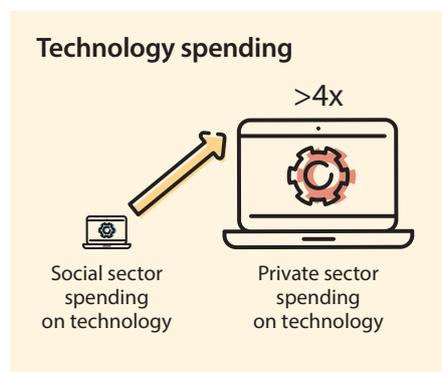


Focus group participants explained that API connections to FSP's systems promised to improve data security and increase the speed of payments. However, CVA implementers have found that field teams or FSP representatives often cannot solve the issues that arise from making these connections, and instead require the involvement of software developers – this often causes delays and offers little immediate benefits to recipients. They also reported that API connections require a significant upfront investment and needed to be justified as innovative, as they wouldn't be accepted based on a cost-benefit analysis.

RedRose's (ODK-based) system achieved prominence when they announced the signing of an agreement with the Ministry of Social Policy of Ukraine to distribute payments<sup>107</sup>, supplementing their operations in 40 other countries. Several companies are now offering MIS solutions for CVA, each with their own focus, such as AIDONIC, GeniusTags, BeDataDriven's ActivityInfo, F4ID, CGA Technologies, UMOJALABS, and AIDKIT. No single system has been broadly adopted and each system has its own data structure and processes.

Beyond ODK's open-source mobile data collection platform, which is widely used to collect CVA registration data, CVA implementers have not taken up open-source MIS software solutions. One reason seems to be that, while open-source solutions remove the need for costly licenses, they still require money and expertise

to implement. In addition, organizations are finding it more difficult to demonstrate platform stability and manage procurement than is the case for propriety software purchases from a particular vendor<sup>108</sup>. A collaboration between the World Bank, openMIS and GIZ to release an open-source software package<sup>109</sup> to administer social protection and CVA programmes may begin the standardization and widespread adoption of a single MIS system, though the costs and complexity of hosting it may preclude its adoption by smaller NGOs.



An underlying issue seems to be humanitarian organizations' relatively low investment in IT. Private sector spending on technology is likely to be at least four times that of the social sector<sup>110</sup> with global non-profits surveyed spending just 2% on IT. This may be attributed to organizations being unable to spend time-bound project grants on IT investment, but also likely results from a thinly stretched and risk averse IT capacity when it comes to scoping, procuring, and managing systems.

Low-code solutions offer an attractive proposition for some. Staff can build and maintain such solutions with a medium level of digital literacy, increasing the chance of sustainability when developers leave, the funding cycle rolls on, or systems are

handed over to governments. Some believe that as staff, who are closer to recipients, can develop solutions, they are more likely to be contextually appropriate and be designed to meet the recipients' needs. In this case, the platform owner – which tend to be large multinational entities who create new features within existing, often relatively inexpensive per user license fees – maintains system stability and security. However, some concerns remain about data security, data territoriality, long-term existence of the platforms and how to choose from a bewildering array of solutions.

## Artificial Intelligence – new opportunities and risks

A recent academic review found that the 'adoption of innovative tools (in the humanitarian space) has demonstrated underwhelming results compared to the exponential growth of CVA'<sup>111</sup>. Artificial Intelligence (AI) may prove to be different.

Humanitarians are slowly beginning to use AI more widely outside of specialized pilots. For example, a poll of 151 people involved in the humanitarian sector found that 77% had not begun using AI, but 66% were interested<sup>112</sup>. The 23% using AI tools were doing so to help with transcription, translation, summarizing research sources, improving writing, generating how-to videos, and evaluating complex ideas.

AI offers clear opportunities for increasing efficiency and effectiveness of CVA, presenting alternative and faster ways of targeting, enhanced feedback loops, data analysis to improve anticipatory action, and much more.

At the same time, there are well documented concerns that AI systems focusing on the analysis of past data might continue to reproduce errors and inaccuracies and perpetuate historical inequalities, biases and unfairness<sup>113</sup>. These concerns are not unique to the humanitarian sector, but populations already impacted by conflict and crisis could be at even greater risk from such bias. A Red Cross review highlighted that AI had achieved mixed results in solving issues in the humanitarian sector<sup>114</sup>, echoing the sentiments of several key informant interviewees who said that technology alone cannot solve societal, governance or human issues.

While it is hard to anticipate how AI will evolve in the sector in the coming years, given the fast pace of developments, we can anticipate that it will soon start to impact all areas of CVA. As reflected elsewhere in this and Chapter 5 on Preparedness and capacity, there is need for humanitarian agencies to upscale resourcing of technically astute professionals to ensure that opportunities are taken but, at the same time, risks are meaningfully mitigated.

## Implications for the future: Areas for strategic debate and priority actions

### Areas for strategic debate

Our analysis highlighted the following considerations to inform further thinking and progress in this area.

- **How can technology increase recipient choice of CVA delivery mechanism?** Recipients of humanitarian CVA often have few opportunities to make decisions about the design of the programme that supports them. Being able to choose their preferred cash delivery mechanism e.g., mobile money, cash-out agent, pre-paid debit card or bank account ensures recipients have agency over at least that aspect of the programme. However, some feel that single transfer mechanisms offer great efficiency savings, and this overrides choice. Equally, KYC, AML and sanctions regimes also create challenges. With progress in payment technologies, including the use of aggregators, the possibility of choice and efficiency becomes increasingly achievable.
- **How can new technologies be piloted without increasing risks to vulnerable communities?** Piloting innovative technologies helps to understand their benefits and risks, but humanitarian organizations need to carefully consider exposing vulnerable people to additional risks and explore alternative trials first. Piloting of DLT technologies has allowed for private sector engagement, access to non-traditional funding sources and an opportunity for humanitarian organizations to demonstrate innovation but few pilots have progressed to scale and the benefits to vulnerable populations have not always been clear. AI risks replicating offline biases and problems in an online world – at an incredible speed and scale – automating decision-making processes that recipients already feel excluded from and providing results that may be impossible to justify<sup>115</sup>. The significant body of work that exists outlining the risks and benefits can inform decisions on biometric deployment, and these decisions can be made in collaboration with governments, recipients, community groups and humanitarian response mechanisms while considering humanitarian principles. It is vital that humanitarian organizations have staff with the necessary levels of digital skills and clear processes for assessing and managing opportunities and risks.
- **How should CVA and payment technologies be used to support a locally-led response and a range of operational models?** MIS are encouraging consolidation of CVA distributors and centralization of recipient data and global payment framework agreements. Investments in MIS have been focussed on developing in-house data management capacity within large organizations which has left smaller organizations using a fragmented set of non-standardized proprietary solutions or basic tools that hamper their ability to analyze data safely and effectively or explore innovations such as connecting to FSPs' APIs. The centralization of recipient data in international hubs increases the negative impact if data is compromised. Global payment framework agreements promise a faster response but – at country-level – risk disempowering relationships, reducing investment and removing decision-making. In-country payment agreements present their own challenges. Multiple CVA implementers may overwhelm a small number of FSPs with time-consuming procurement processes in the aftermath of a shock. Pre-positioned contracts reduce the immediate burden on FSPs but may result in unused contracts if no shocks occur, resulting in FSPs developing procurement fatigue.
- **What are the cybersecurity risks faced by CVA stakeholders?** Distributing billions of dollars of CVA through a multitude of channels, governed by a patchwork of rules and regulations to vulnerable communities, is a potentially attractive target to those threatening cybersecurity. Cyber attacks are likely underreported – with the risk that CVA stakeholders may not fully understand current threat levels. This is likely to hamper effective planning.
- **How can humanitarian organizations and the private sector work together better in relation to CVA?** Humanitarian organizations and the private sector both continue to cite differences that hamper their ability to sit together and solve problems in a sustained way. The private sector is calling for a partnership approach, where problems can be solved together, but the tender processes and contracting on a project-by-project basis keeps them at arm's length. Recognizing and capitalizing on the differing core strengths of humanitarians and the private sector, for example, by updating procurement processes to reflect the digital services being procured, will allow the CVA space to scale faster and offer a better service to recipients.

## Priority actions

In relation to the strategic debates above and other key findings in this chapter, the following are recommended as priority actions for stakeholders.

- **Humanitarian organizations** should embrace the opportunities presented by the progress in the digital payments space. This will allow them to offer choice of cash delivery mechanism to recipients, as well as allowing faster and more efficient disbursements.
- **Humanitarian organization leadership** should recognize that successful technological innovations are more likely to scale if they have been drawn from communities and the programme teams who regularly interact with them. Empowering and resourcing these groups to co-design the next set of innovations will maximize their impact.
- **Humanitarian coordination channels**, such as the Data Responsibility Working Group (DRWG), **should harness the existing data responsibility guidance and support its implementation** in CVA programmes, by curating resources that plug the gap between global guidance and implementation. **Humanitarian organizations should prioritize the implementation** of this guidance to ensure effective management of data and mitigation of risks.
- **Humanitarian organizations** should urgently make investments to ensure strong digital skills and understanding across their staff teams. This should be done within a broad range of roles including programme and community engagement, plus operational roles such as procurement and payments. Humanitarian organizations should develop the cyber security capacity of staff involved at each stage of the CVA project cycle. Recipients should also be supported to understand the digital risks they face and how they can be mitigated. This can be done in conjunction with digital literacy programmes led by governments, FSPs and financial inclusion initiatives.
- **CVA implementers** should work together to advocate to governments and regulators for improvements to regulations and policies that impact CVA recipients nationally, regionally and internationally. CVA implementers should recognize their advocacy power in making sizeable, regular, and high-profile transfers.
- **Humanitarian organizations** should always consider a multi-channel approach when deploying any technology. Recipients should, wherever possible, be given a choice in the ways they interact with programme systems and processes including registration platforms, eligibility determination, cash distribution and accountability channels.
- **Humanitarian organizations and the private sector** should collaboratively agree on approaches, such as creating standardized data models and metadata processes, developing a roadmap that will support interoperability and portability initiatives, reducing the centralization of recipient data and aligning information management efforts with the locally-led response agenda.
- **Donors** should continue their efforts to catalyze action to improve data responsibility by supporting a coordinated and consistent approach to the sharing of humanitarian data and encouraging inter-sectoral collaboration.

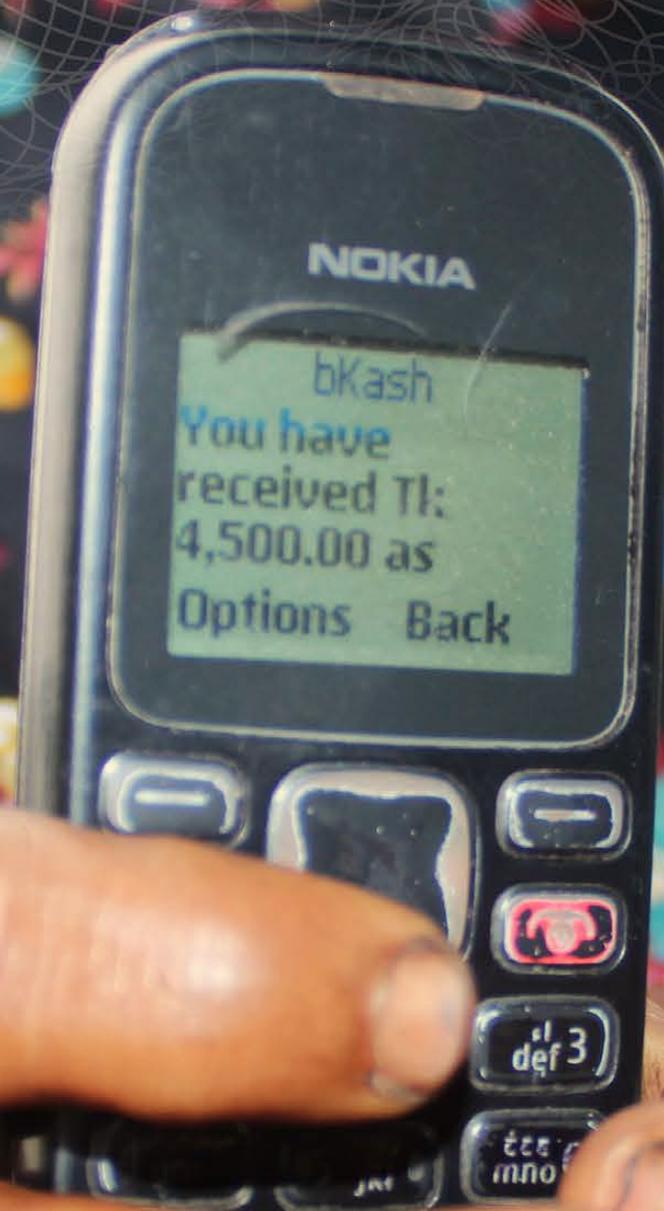
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## Chapter 8: CVA Design

**Summary: Chapter 8**

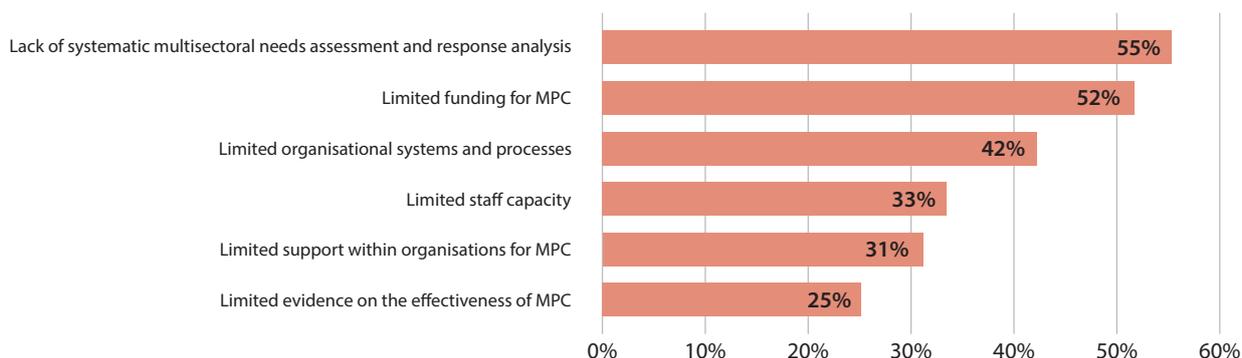
# CVA Design



## Key findings

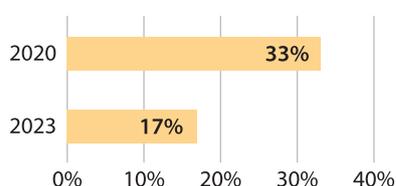
- ✓ The use of MPC has increased but not to the extent anticipated.
- ✓ The lack of multisectoral needs assessments and response analysis remains a barrier to increasing MPC.
- ✓ Concerns remain regarding the degree to which MPC achieves sector-specific outcomes.
- ✓ The limitations of standardized transfer values are increasingly recognized.
- ✓ Technical processes can hinder rather than support people-centred CVA.
- ✓ Consideration of CVA has increased across all sectors.
- ✓ The lack of sector-disaggregated CVA data is a barrier to quantifying progress.
- ✓ Modality choices are unduly influenced by habits, perceptions, organizational inertia and donor preferences.

### The biggest challenges to increasing the use of multi-purpose cash (MPC) interventions

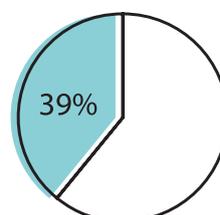


- ✓ Terms, concepts, and implications of cash plus, complementary, and integrated programming are debated.
- ✓ Complementary programming is not being systematically adopted.
- ✓ Cash plus is well documented in the social protection sphere, offering learning opportunities.
- ✓ User-centred design is needed if CVA is to help achieve financial inclusion.
- ✓ Discussion of financial inclusion and CVA focuses on formal structures, a wider view is needed.
- ✓ Collective efforts are needed to overcome barriers to financial inclusion.

% of respondents that consider 'sector outcomes not being achieved' to be one of the biggest risks associated with CVA



39% of respondents think that increasing sector-specific CVA is one of the biggest opportunities to grow CVA within existing funding levels



## Summary: Chapter 8

# CVA Design (continued)



## Strategic debates

-  Can an effective relationship between sectoral programming and MPC be developed?
-  How should technical priorities be balanced with recipient preferences?
-  Can CVA be designed to facilitate financial inclusion?



## Priority actions

-  **Humanitarian actors should** track sectoral CVA and MPC, to enable more effective understanding of the assistance provided.
-  **Operational agencies, CWGs and clusters should** engage in multisectoral assessment and analysis processes.
-  **Sectoral stakeholders should** increase cross-sectoral learning to overcome barriers to the uptake of CVA.
-  **CWGs and clusters should** use MEB processes to facilitate understanding between sectors and cash actors, avoiding overly technical and time-consuming processes that risk not supporting people-centred CVA.
-  **Humanitarian actors should** use agreed metrics and tools to monitor and evaluate MPC and sector-specific CVA.
-  **CWGs, donors, and intersectoral/sectoral representatives should** work together to agree guidelines on the respective functions of and relationships between MPC and sector-specific CVA.
-  **Humanitarian actors should** assess the effectiveness of complementary programming.
-  **Humanitarian actors should** incorporate feasibility analysis for financial inclusion into CVA design.

Interventions using cash and/or vouchers are generally categorized as either multi-purpose cash assistance (MPC) – often to address ‘basic needs’<sup>1</sup> – or sector-specific. This distinction both reflects and challenges the current international humanitarian architecture. Indeed, the *State of the World's Cash 2020* report highlighted cash as ‘a form of assistance whose use and outcomes are determined by users ... (within) a sector-based system which organizes assistance by its intended purpose’<sup>2</sup>.

This chapter examines progress, opportunities and challenges relating to the intended outcomes of CVA, and associated intervention designs, response planning, funding, and coordination. This includes the use of and interrelationships between MPC and sectoral CVA, minimum expenditure baskets (MEBs), assessments and response analysis, transfer values, and complementary programming. The chapter also outlines trends and related evidence in respect of the potential of CVA as a pathway to financial inclusion.

## Multi-purpose Cash



**“Multi-purpose Cash Assistance (MPC or MPCA) comprises transfers (either periodic or one-off) corresponding to the amount of money required to cover, fully or partially, a household’s basic and/or recovery needs that can be monetized and purchased. Cash transfers are ‘multi-purpose’ if explicitly designed to address multiple needs, with the transfer value calculated accordingly. The extent to which a cash transfer enables basic needs to be met depends on the sufficiency of the transfer value and should be considered when terms are applied to specific interventions. MPC transfer values are often indexed to expenditure gaps based on a minimum expenditure basket (MEB), or other monetized calculation of the amount required to cover basic needs.”** (CALP 2023 Glossary Definition)

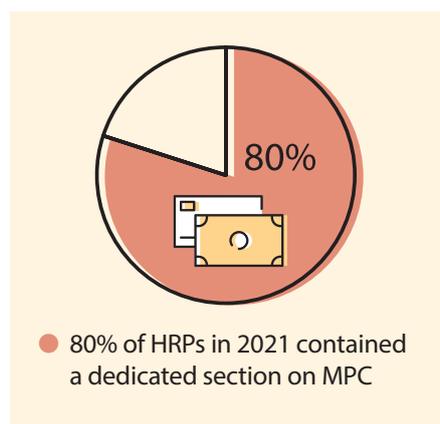
MPC is frequently central to CVA discussions. As an unrestricted and intentionally multi-purpose form of assistance, MPC is often seen to facilitate greater choice and dignity for crisis-affected people. Stretching back to the Grand Bargain in 2016, much of the emphasis in policy to increase CVA has focused on MPC.



*“One of the issues for me is that the reporting on MPC is not always very clear. I think this is something that the CAG is/should work on. Reporting varies by country and this is confusing.”*  
(Focus Group Participant)

The limitations on tracking CVA and other modalities in general (see Chapter 2 on Volume and growth) means that data does not exist to provide an accurate, consolidated picture of the growth of MPC over time. Differences across responses in terms of how it has been planned for, and which coordinating body is responsible for tracking its use has further challenged quantification. Although the new cash coordination model outlines the responsibilities of cash working groups (CWGs) on integrating MPC into response plans and processes (see Chapter

4 on Coordination), there is less clarity about tracking and reporting, including the respective responsibilities of CWGs and clusters. A focus group participant noted that reporting on MPC is confusing due to country variations and recommended that the global Cash Advisory Group (CAG) work on this issue.

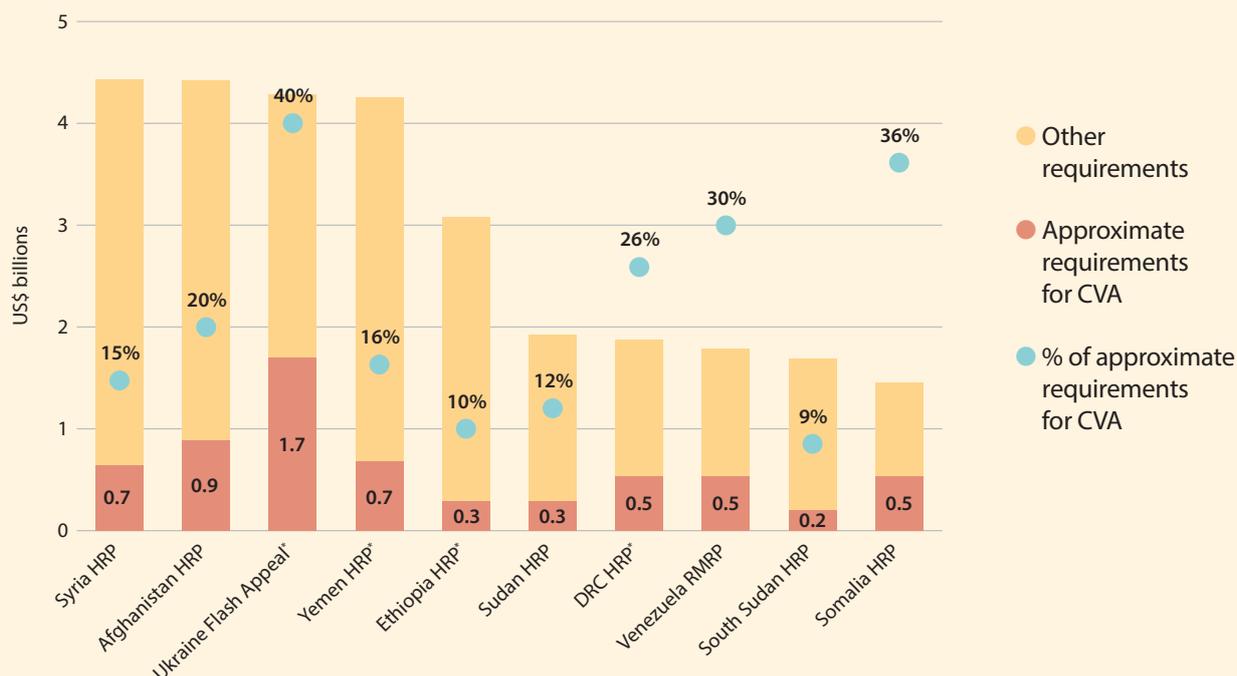


Although comprehensive, quantitative data is lacking, analysis of Humanitarian Response Plans (HRP) and Financial Tracking Service (FTS) data gives some indications on the use of MPC. There is now a dedicated (albeit optional) MPC section in HRPs, which was used in 80% of HRPs in 2021 to explain whether or not MPC would be used, and why. However, the average number of plans with separate response requirements for MPC has remained at five per year over the last five years<sup>3</sup>. While data is incomplete, analysis shows that MPC made up 4.1% of total financial requirements in 2022 for FTS-tracked response plans, compared to less than 1% in previous years<sup>4</sup>. This growth is attributable almost entirely to the large MPC requirement for

the Ukraine response, where it represented 25% of total funding of the HRP in 2022<sup>5</sup>. By comparison, in Yemen (another large HRP) – despite some increase – MPC only accounted for 3.3% of the total HRP in 2022<sup>6</sup>. Such differences illustrate the wide variations in the use of MPC in different contexts, reflecting variations in the use of CVA in general (MPC and sectoral CVA) across different responses (see Graph 8.1 for an illustration of this based on response planning data).

**GRAPH 8.1**

**Response requirements for CVA (MPC and sectoral) for the 10 largest response plans with available data, 2022**



Source: Development Initiatives based on Projects Module and UN OCHA FTS data and on information from response plan documents.

<https://devinit.org/resources/tracking-cash-voucher-assistance/#downloads>

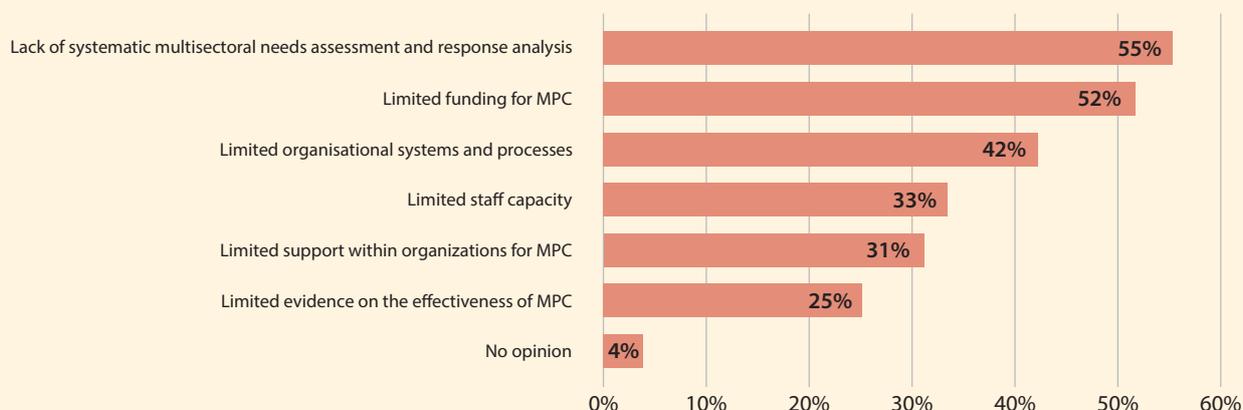
Notes: For response plans with an asterisk, data on requirements for CVA activities is only available for certain clusters and not the entire plan. Data on planned volumes of CVA for Afghanistan, Ukraine (multi-purpose cash/MPC only), Yemen (food security and MPC only), Ethiopia (food security only), DRC (MPC and food security only) and the Venezuela RMRP are taken from the respective response plan documents in absence of complete project data.

Research suggests that volumes of MPC have increased in line with the growth of CVA overall, but *'the shift towards MPC has not occurred to the extent anticipated'*<sup>7</sup>. Survey respondents perceived the lack of systematic multisectoral needs assessments and response analysis as the largest barrier to increasing MPC, a response that was consistent across all respondent job profiles and regions (see Graph 8.2). This is consistent with other research, with issues related to the lack of multisectoral needs assessment and response analysis identified not only as a barrier to MPC and CVA, but also as a barrier to quality humanitarian action more generally<sup>8</sup>. The need to address this issue featured among the recommendations of previous *State of the World's Cash* reports<sup>9</sup>, while the need to improve joint multisector needs assessments was highlighted in the Donor Cash Forum's Joint Donor Statement<sup>10</sup> and the Grand Bargain (GB).

While recommendations and commitments have been made, expectations of seeing *'cash programmes planned on the basis of joint and impartial needs assessments ... [have] only partially been fulfilled'* and highlight that to achieve this *'would require a more systemic change in the way the humanitarian system operates'*<sup>11</sup>. Some stakeholders anticipate that creating a formal space for cash coordination in the international humanitarian architecture – through the new cash coordination model – will help facilitate more systematic multisectoral assessments and analysis and support a corresponding increase in MPC (see Chapter 4 on Coordination). However, the cash coordination model is still at an early stage, and it is too soon to know what the impacts will be in practice.

GRAPH 8.2

### The biggest challenges to increasing the use of multi-purpose cash (MPC) interventions



The 2022 independent review of the GB workstream to 'Improve Joint and Impartial Needs Assessments' highlights the potential of the new iteration of the Joint Intersectoral Analysis Framework (JIAF) (see Box 8.1). The JIAF is a tool for needs and context analysis, distinct both from multisectoral needs assessment (which might feed into it), and response analysis (which the JIAF can help inform). It aims to *'bring together sectoral assessments and analysis to consider the full range of needs and how they relate to one another'*, using an intersectoral approach that *'helps identify priorities and supports the sequencing and articulation of interventions'*<sup>12</sup>.

#### BOX 8.1

### The Joint Intersectoral Analysis Framework

The JIAF 2.0 sets global standards for the analysis and estimation of humanitarian needs and protection risks. It provides:

- Estimation of the overall magnitude of a crisis: How many people need humanitarian assistance and protection.
- Estimation of intersectoral severity: How severe is the humanitarian situation that results from the compounding effect of overlapping sectoral needs.
- Estimation of sectoral needs in an interoperable and commonly understood way.
- Identification of linkages and overlaps between sectoral needs.
- Identification of those most affected.
- An explanation of the drivers: Why a crisis is happening and what is the underlying context.

Source: JIAF website <https://www.jiaf.info/>

Since sectoral processes and their results *'constitute the building blocks of JIAF'*<sup>13</sup>, concerns have been noted about how it will address cash both as a specific need expressed by affected populations and as a cross-cutting tool. In contrast, others feel that the joint approach to sectoral and intersectoral needs, and an emphasis on contextual factors (including markets and financial systems), are elements that can help ensure the incorporation of cash<sup>14</sup>. With JIAF 2.0 set to roll out in 2024, it will be worth monitoring the impacts in practice, including in tandem with the transition to the new cash coordination model.

The second, third and fourth largest barriers to MPC identified through the survey (Graph 8.2), were limited funding, limited organizational systems, and limited staff capacities. These barriers correspond with some of the most critical barriers to the uptake of CVA overall (see Chapter 2 on Volume and growth) and so addressing them is likely to contribute to the growth of MPC and CVA more generally. Perspectives about the greatest opportunities for growth vary; some argue that there is more potential to scale MPC than sectoral CVA as it is MPC that has faced more systematic challenges within sector-oriented response planning and implementation<sup>15</sup>; others argue the opposite (also see below on sector-specific CVA), and some argue growth opportunities are greater in other areas.

Survey respondents ranked lack of evidence of MPC's effectiveness as the least significant barrier to increasing the use of MPC. This is supported by improvements in the availability of tools to capture and analyze the impacts of MPC. For example, evidence-based guidance and outcome indicators for MPC, developed through the Grand Bargain Cash Workstream, were published in 2022<sup>16</sup>, along with a linked MPC monitoring, evaluation and learning toolkit<sup>17</sup> (see Box 8.2). Further, the Red Cross Red Crescent Movement has been leading a pilot initiative to monitor and evaluate MPC impacts on well-being, using a people-centred methodology (see Chapter 1 on People-centred CVA), and organizations such as World Vision have developed their own CVA compendium of indicators<sup>18</sup> to better track MPC and CVA overall.

Survey respondents considered evidence of the effectiveness of MPC a less significant barrier than some other factors, but concerns remain<sup>19</sup> regarding the extent to which MPC will achieve sector-specific outcomes. Research suggests that questions about where accountability lies for achieving sectoral outcomes has the potential to impede the scale-up of MPC<sup>20</sup>. Further, some sector-focused key informants felt that reporting on the contribution of MPC to sectoral outcomes has not notably improved, with a lack of clarity in some contexts on how interventions are addressing sectoral needs (more on this below)<sup>21</sup>. One key informant remarked that significant increases in MPC might affect how outcomes for crisis-affected people are monitored and evidenced, particularly relative to sector-focused approaches and metrics for success.

## BOX 8.2

### Collaborative development of standardized metrics and tools for monitoring MPC

The Grand Bargain Cash Workstream published the *Multipurpose Cash Outcome Indicators and Guidance* in 2022. It comprises a core set of both cross-sectoral and sectoral indicators, highlighting that both are relevant in terms of MPC outcomes. Multiple NGOs, UN agencies, donors and clusters contributed to its development. The guidance advises that indicator selection be informed by project design and objectives, ideally with a combination that is complementary and avoids duplications in data collected.

The cross-cutting, multisectoral indicators are largely focused on the perceptions and preferences of recipients, incorporating quantitative and qualitative elements. The development of the sectoral indicators was a multi-cluster, collaborative exercise, engaging cluster CVA focal points and working groups to lead the identification and validation of relevant indicators. This approach helped build greater mutual understanding between the 'cash community' and sector experts within the clusters<sup>22</sup>.

The guidance was further operationalized through the development, led by Save the Children, of the aligned Multipurpose Cash Assistance Monitoring, Evaluation, Accountability, and Learning Toolkit<sup>23</sup>. It includes KoBo survey and report templates and tools in multiple languages. Mercy Corps, Save the Children and the IRC have been piloting the tools, with plans for further rollout and training in 2024. The aim is for the toolkit to further contribute to documenting the effects of MPC.

Feedback from key informants highlighted several issues beyond those identified in the survey that can directly impact the uptake of MPC at response level, much of which plays out through the **interrelations between MPC and sectoral cash**. Although there are established definitions for MPC (e.g., [CALP glossary](#)), key

informants highlighted that **differing understandings** remain among both donors and practitioners, with sufficient grey space within the definitions to allow varying applications across different responses.



*“Both donors and practitioners are confused about the different terminologies and modes of designing MPC. There are too many methodologies that are used for country-specific design of MPC and there is still a need for more coordination and more authorization of these different approaches.”* (Focus Group Participant)

Some of these issues relate to differing **interpretations of the ‘basic needs’** that MPC can be designed to address, particularly whether MPC is cross-sectoral, or should be broken down and attributed to different sectors. For example, one key informant described regular discussions with sectoral colleagues within their organization with a focus on ‘MPC for what?’. At response level this can play out in struggles to define what is sectoral cash, and what is multi-purpose. Key informants gave the example of Ukraine, where there was clarity that sectoral cash should be designed as a top-up to MPC. However, in many responses the line between MPC and sectoral cash is blurred.

Combined, all these issues affect the uptake of MPC and continue to have operational impacts. For example, all key informants of a rapid study on the role of cash coordination in government-controlled areas of Syria during the 2023 earthquake response noted arguments from some sectoral stakeholders for MPC to be considered as sectoral transfers. This issue was referred to the HCT, and took a further two months to be resolved, leading to major delays in assistance provision, that undermined the cohesiveness of CVA coordination, and likely contributed to the Government of Syria’s reservations about the use of CVA<sup>24</sup>. On the other hand, analysis of cash coordination during the earthquake response in North-West Syria showed effective inter-cluster coordination between the Cash Working Group and sectors, including for example, harmonizing the value of ‘cash for winterization’ under the Shelter/NFI sector with the agreed one-off MPC transfer value<sup>25</sup>.

A lack of clarity on remits often contributes to tensions between MPC and sector-specific CVA. Concerns about the technical quality of interventions and achieving specific sectoral outcomes drive these tensions, and, critically, are often associated with questions around funding allocations and influence in response planning processes. These concerns reflect the broader perspective that the growth of MPC calls the current humanitarian coordination architecture into question, with the potential to reduce the role and power of clusters within it<sup>26</sup>.



*“Sectors that have monetised their in kind inputs have the most to lose from the transition to MPC.”*  
(Independent consultant )

Some stakeholders, worried about the implications for sectoral budgets, have pushed back on the use of MPC, which is not new. It is based in part on concerns that reducing the volume of sector-specific transfers (CVA or in-kind) could also lead to a reduction in resources available for ‘softer’ programming components (e.g., behaviour change, capacity strengthening). These elements of a response are traditionally more challenging to fundraise for as they produce less tangible or immediate outputs but can be essential

to achieving certain outcomes. One key informant reported hearing increasing discussions on the merits of ‘going back to sector-specific cash’, particularly from sectors that had been considered more comfortable with MPC, including food security, shelter, and WASH. Much of this seems to hinge on issues related to role legitimacy and funding. A key informant also noted a trend towards organizations defining interventions as MPC, but only providing transfer values commensurate with the sections of the MEB that align with their sectoral mandates. This can be problematic if it precludes other organizations from addressing the assistance gap through efforts to avoid duplication of receipt of MPC and raises efficiency questions if more than one organization provides MPC payments to a recipient.



*“Overall, it’s very positive that, knowing where we were even five years ago, we now get much more interest and acceptance of MPC from the sectors.”*  
(Focus Group Participant)

On the other hand, key informants also highlighted progress made in sectors such as health to identify when and how to combine MPC with sectoral CVA and other modalities to better address diverse needs (see below on complementary programming). Key informants also reported increasing interest and acceptance from cluster coordinators on linking with MPC. This includes, for example, better understanding of how to contribute to sectoral components of the MEB and align with MPC as part of cluster strategic planning.

The distinction between MPC and sectoral cash assistance is of primary relevance from the perspective of implementing agencies, whereas from a recipient perspective all (unconditional) cash received is likely to be functionally 'multi-purpose'. Similarly, research has shown that from a recipient standpoint, the primary determinant of the effectiveness of cash is its transfer value, whether for MPC or sectoral cash<sup>27</sup>.

Several key informants raised the importance of transfer values, usually relating to the growing recognition of the limitations of standardized transfer values that do not take account of diverse needs and household compositions. Key informants highlighted the need for tailoring transfer values to address specific needs, for example using approaches that allow unified/standard transfer values to be topped up with allocations for sectoral or other specific needs. This might include layering or sequencing MPC and sector-specific CVA, and/or potentially through a case management approach.

MEBs frequently play a central role in informing transfer value calculations. Collaborative MEB development processes can potentially provide a platform for more connections between sectoral cash and MPC and create synergies between programmes to maximize outcomes<sup>28</sup>. However, these processes are also inherently technical, if not necessarily highly complex, in nature. In so being, they represent one example of the concern that excessive reliance on technical processes, not least those with such a singular, definitive outcome, may hinder rather than support more people-centred CVA. For example, one key informant noted that different sectors and organizations working with vulnerable groups with specific needs (such as people living with disabilities), often contest MEB processes because they tend to inform universal transfer value decisions that often prove insufficient for those with bespoke needs. Other key informants corroborated this, noting variously that *'it helps to have a holistic view of need through the MEB, but then it does not always translate into a transfer value that is inclusive'* and *'an MPC transfer kept at the value of the MEB will not be sufficient for some specific needs.'*

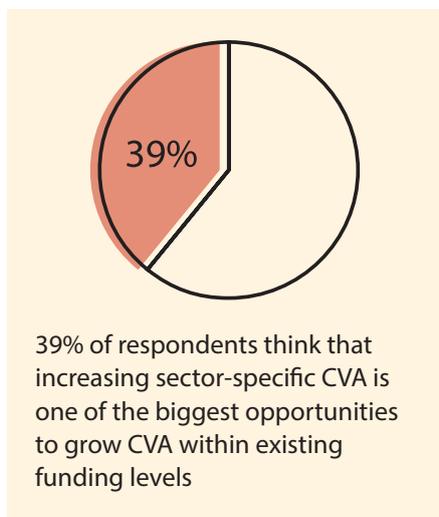
The latest *MEB Guide to Best Practice* highlights the importance of determining how light or heavy an MEB process should be, considering the circumstance and intended use(s)<sup>29</sup>. In particular, the guidance draws attention to the need for a process that is designed to make evidence-based decisions on MEB design without being unduly technical, time-consuming or costly. It goes on to provide guidance on including peoples' priorities into a MEB, bearing in mind that *'it should ultimately be the affected populations themselves that define what is a priority need'*. However, several key informants emphasized that the definition of an MEB should not preclude necessarily bespoke CVA transfer values, especially in protracted crises.

Several people also remarked that there is not enough collaboration between those working on MPC and sectoral CVA, and between those working on sectoral cash within different sectors. For example, health, WASH and nutrition practitioners highlighted missed opportunities to share good practices around analyzing barriers or challenges with balancing the flexibility of CVA and the imperative for quality. On the other hand, examples were shared from the last couple of years from Nigeria and Syria where the Nutrition Cluster has led positive and interesting coordination between themselves, the Food Security Cluster and the CWG. CALP's convening of a twice-yearly forum for co-leads from the various cluster cash/cash and markets technical working groups and OCHA/CAG representatives was also noted as an attempt to enable more shared learning that could possibly be replicated at country level.



Sharmin Begum, a housewife with three children, lives in Bangladesh. She received financial assistance from WFP during her pregnancy when her husband was unemployed. This support helped cover tuition fees and meeting the cost of nutritious food for the family, which has helped reduce frequent illnesses in the family.  
© Saikat Mojumders/WFP, June 2023

## Sector-Specific CVA



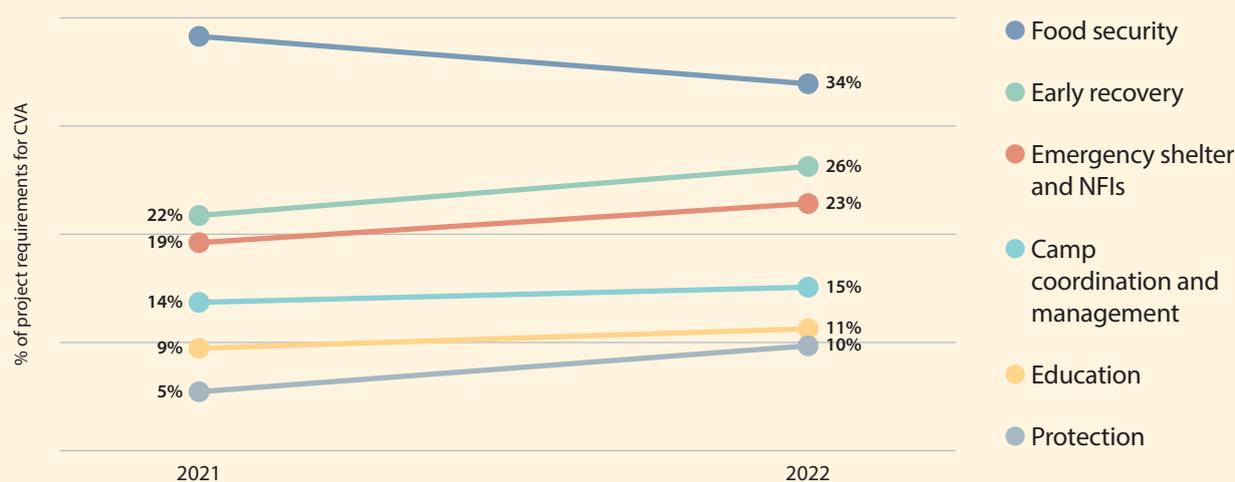
Sector-specific CVA is one of two overarching categories for CVA programming. However, progress, challenges, and opportunities in respect of CVA often differ between sectors. Overall, there is clear evidence that the use of CVA could be increased if used appropriately<sup>30</sup>. Pursuing this will require that the relative investment in CVA and in-kind assistance continues to shift towards CVA. Thirty-nine percent (39%) of survey respondents perceived that sectoral CVA represents the largest opportunity to increase the use of CVA as a proportion of overall humanitarian funding. This potential was also identified in research focused on increasing the use of CVA, as well as the latest *CVA Tracking Report*<sup>31</sup>.

A focus group discussion with representatives from the Global Education, Food Security, Health, Protection, Nutrition and Shelter Clusters, as well as various key informant interviews, revealed an increased appetite for the routine consideration of CVA as a

modality across all sectors, when contextually appropriate<sup>32</sup>. A review of 18 HRPs corroborated this; it showed an increased use, between 2021 and 2022, of CVA as a share of overall activity funding by the Early Recovery, Shelter and NFIs, Education, Protection, and CCCM Clusters (see Graph 8.3 – note this only covers sectors where CVA represents a minimum 10% of HRP requirements)<sup>33</sup>. Although CVA decreased as a percentage of planned activities in the food security sector, this was largely due to changes in the Sudan context, including a military coup, which led to a significant reduction in CVA due to donor concerns. Excluding Sudan, the aggregate percentage of CVA for food security across the other 17 HRPs also increased slightly from 2021 to 2022<sup>34</sup>.

**GRAPH 8.3**

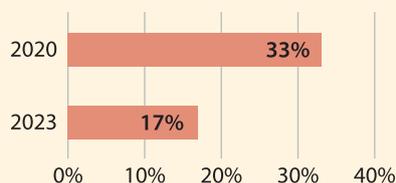
**CVA as a percentage of sectoral activities for sectors where CVA represents 10% or more of HRP requirements**



Source: This graph has been reproduced from Development Initiatives' original version, available here <https://devinit.org/resources/tracking-cash-voucher-assistance/#downloads>

Key informants suggested that the shift towards CVA as a modality during the COVID-19 pandemic and the work on the new cash coordination model likely reinforced, if not altogether drove, these trends. In addition, efforts by such sectors as shelter and WASH to enable the pursuit of Market-Based Programming (MBP), especially through the development of related guidance, are commonly perceived to have contributed positively to CVA uptake in those sectors.

% of respondents that consider 'sector outcomes not being achieved' to be one of the biggest risks associated with CVA



Since 2020, there have been multiple sector-specific research initiatives, culminating in a growing evidence base for the use of CVA for sectoral outcomes. This has gone some way towards filling the evidence gap noted in the *State of the World's Cash* reports in both 2018 and 2020 and is perhaps linked to the diminished concerns related to CVA uptake, most notably that sectoral outcomes will not be effectively achieved by using CVA. Indeed, only 17% of survey respondents perceived this to be one of the biggest risks associated with CVA, compared to 33% in 2020. However, such concerns are more acute in respect of MPC (as seen in the section above) which some sectoral practitioners perceive as being at odds with their ability to achieve sectoral outcomes.

The growing evidence base has informed the development of guidance, toolkits, and capacity development materials by various Clusters and individual agencies. In particular, the education, food security, nutrition, protection and WASH sectors have produced or updated toolkits and conducted specific capacity-building initiatives to support Cluster Coordinators in navigating the added complexity of facilitating CVA uptake.

Within specific sectors, positive indicators with respect to the uptake of CVA include:

- The Global Nutrition Cluster reconvened its CVA-related Technical Working Group, and included, among its primary objectives, a mapping of all relevant initiatives, challenges and promising practices.
- The Global Protection Cluster, specifically its Task Team on Cash for Protection, established a centralized mechanism for tracking usage of CVA for Protection outcomes across its constituency.
- Key informant interviews with health practitioners suggested that the use of CVA is increasingly considered a “low hanging fruit” when it comes to covering transportation costs to health facilities, especially for people with chronic illness, and can play a key role in improving access to and use of health services<sup>35</sup>.
- In 2023, the Global Food Security Cluster published a review on the use of cash transfers in contexts of acute food insecurity, with the express intent of encouraging the scale up of cash, and promoted better programme design and more consistent modality choice<sup>36</sup>.



*“Seed quality is defined differently by different actors. A challenge with using cash for seeds is addressing concerns regarding seed quality ... Vouchers and in-kind are often the default modality when distributing seeds; cash is still not used very much. We wanted to explore how using cash for seeds could empower more farmers, and support both the formal and informal seeds sectors.” (CRS)*

There are also numerous examples of the evolving use of sector-specific CVA. For example, key informants highlighted that cash can play a vital role as part of a holistic response to preventing or responding to Gender-Based Violence (GBV), especially when informed by appropriate response analysis. This has prompted discussions on the optimal duration of CVA and the need to balance the pursuit of scale and cost-efficiency with the need for a case-based approach to respond to the unique protection risks and related assistance needs of highly vulnerable individuals.

Another example of evolving sector-specific CVA is the work of Catholic Relief Services (CRS) which has been building evidence to make the case for CVA for seeds in support of agriculture-based livelihood outcomes. CRS published a *Rapid Seed System*

*Security Assessment (RSSA) Toolkit* in 2023, which highlights cash and vouchers as potential short-term responses to support poor or vulnerable farmers to access seed in both formal and informal markets<sup>37</sup>.

At agency level, at least one INGO has placed CVA advisors with specific sector focus in their technical advisory teams to build awareness among sectoral experts of appropriate CVA use cases. Other organizations have maintained or established internal CVA communities of practice or equivalent, including discussions on promoting the uptake of sector-specific CVA. Organizations, such as NRC, have also continued efforts to actively promote the use of CVA across ‘core competencies’, requiring those in charge of programme design

to shift the 'burden of proof' towards in-kind, away from CVA. While not a new phenomenon, this remains a common approach across agencies, in part to overcome the fact that CVA uptake often stems from a single sector and needs to be mainstreamed or 'pushed' in other sectors.



*"The lack of comprehensive global data on sectoral CVA makes it difficult to evidence the scale of progress." (CALP – Increasing the Use of Humanitarian CVA)*

Despite the progress and good practices outlined above, an array of barriers continues to inhibit the increased use of CVA among the sectors. Research shows that the limited amount of sector-disaggregated CVA data is a barrier to further quantifying and encouraging uptake, a fact also reflected in other research on tracking CVA<sup>38</sup>. As a consequence, there is often a lack of clarity on whether the use of CVA has increased in absolute or relative terms – including by some sector cash specialists.

Recent research, supported by key informants' feedback, shows that, despite mounting evidence on the achievement of sectoral outcomes with CVA and the growing use of MPC to meet basic needs, individual habits, perceived complexity of 'new' approaches, organizational inertia and donor preferences (either real or perceived) unduly influence sector-specific modality choices. This inertia to change is widely evident, even in the food security sector, where the 'burden of proof' has been shifting in favour of CVA for some time. As a result, the default modality still often leans towards in-kind, at both organizational and (in some cases) at response level, despite the widely recognized flaws of arbitrary deference to in-kind.

While inertia inhibits progress in many cases, there are many important concerns that have limited the use of CVA in some sectoral contexts. For example, the global Food Security Cluster's recent report on CVA in contexts of acute food insecurity concluded that, despite progress and the relative prevalence of CVA in the sector, it is still falling short of its potential<sup>39</sup>. While drawing attention to how individual habits, past modality choices and funding streams earmarked to in-kind delivery have impacted modality decision-making, it also highlights examples of governments restricting the use of cash for food security in areas where they have limited control and where there is a high presence of non-state armed groups. Some responses from key informants, supported this, noting that contextual barriers to CVA, including government action, can impact modality decisions. Further, it seems, the use of cash is still perceived as more technically complex and exposed to greater risk, including the challenges of reporting on contractually agreed food security sectoral outcomes<sup>40</sup>.



*"Organizations engaging in cash for health need to work closely with the Ministry of Health, health insurance funds and other existing output based contracting systems with health service provider payment mechanisms, but also more traditional FSPs. This type of engagement for the purpose of large-scale reimbursement mechanisms for direct and indirect medical costs to providers and/or patients is new for many organizations." (WHO)*

Key informants noted that CVA counterparts often lack sufficient awareness of sector-specific dilemmas regarding the use of CVA. For example, a health practitioner emphasized that a lack of systematic analysis of the barriers to quality healthcare still hamper the wider use of cash to meet health needs. Identifying these barriers (e.g. financial, physical, social) was considered paramount to designing integrated programmes, inclusive of CVA as relevant, to overcome them effectively. The same key informant explained that the range of stakeholders that need to be engaged to design CVA for health was another consistent barrier to CVA uptake. Added to this were concerns on maintaining quality of healthcare, incentivizing self-medication, providing 'one-size-fits-all' assistance and, more broadly, the commodification of primary healthcare. Aligned with this is the perspective that reimbursing service providers directly, rather than making payments to households to pay for medical

services, can be a more effective means to promote access to quality healthcare. The potential to use CVA for households in tandem with system strengthening interventions to enable access and support the provision of improved services in sectors such as health and education was also highlighted. The objective here would be collaboration with relevant national/government service providers to support sustainability and avoid creating parallel services.

Key informants with a protection sector focus highlighted that definitional, technical, and analytical barriers inhibit the uptake of sector-specific CVA. They explained how confusion between the use of MPC for individuals targeted due to protection risks and cash provided for Individual Protection Assistance (IPA) hindered broader uptake. As with the health sector, key informants also pointed to the challenges of capturing protection-related costs within MEBs.

Despite, or indeed because of these barriers, several opportunities have been identified to increase the uptake of sector-specific CVA. One key informant noted the opportunity of adopting a 'can do' attitude and expanding pilots of sector-specific CVA, helping address the perceived or actual lack of evidence supporting effectiveness. Despite the relative proliferation of evidence and guidance outlined above, key informants perceived that more can always be done, either in developing new resources or ensuring existing resources were more broadly accessible, for example, through translation or capacity-strengthening initiatives.

### BOX 8.3

#### Opportunities for increasing CVA in specific sectors

Key informant interviews and focus group discussions suggest that opportunities for increasing CVA in specific sectors include:

- The Global Education Cluster leveraging funding to fulfil its objective of supporting more countries and partners to integrate cash in education programming. It plans to track funding for education in emergencies which should, at least in part, help address the current lack of data on the use of CVA in education related programming.
- The potential to increase the use of vouchers to replace in-kind provision of inputs, where internal 'quality assurance' concerns generate reluctance to use cash. Key informants recognized though that this was not necessarily optimal or best practice and could limit positive effects for local, especially informal, markets.
- More research, such as work the Global Shelter Cluster are undertaking to understand what informs the decision to provide cash assistance for shelter outcomes, given that there is currently no single, uniform response analysis process for the sector.
- Systematic engagement with Global Health Cluster Coordinators on the topic of CVA and exchanging with counterparts from other sectors, notably WASH and Nutrition, to overcome shared challenges to using sector-specific CVA. The Global Health Cluster also highlighted the need to conduct a barriers analysis on accessing health services, in addition to the usual supply-side (quantity and quality) analysis, to inform programme design and modality selection. Other implementing agencies will likely benefit from UNICEF's recent paper series on Cash and Health, which sets out how CVA can contribute towards health outcomes and usefully presents seven considerations on setting up Cash for Health interventions<sup>41</sup>.

While acknowledging these opportunities, and in contrast to survey findings, some key informants perceived that there was far greater potential to increase CVA relative to in-kind assistance, in both absolute and relative terms, by focusing efforts on expanding MPC rather than sector-specific CVA. At the same time, most recognized the limitations of an undue prioritization of scaling MPC and the need to focus on the effective achievement of outcomes for crisis-affected people, informed by balanced consideration of both the potential and the limitations of CVA.

## Complementary Programming and Cash Plus

Concepts and practices related to complementary programming have continued to gather momentum in recent years. This is driven primarily by the imperative to more efficiently and effectively respond to the diverse realities of crisis-affected people and the increasing recognition of the relevance of holistic approaches in doing so.



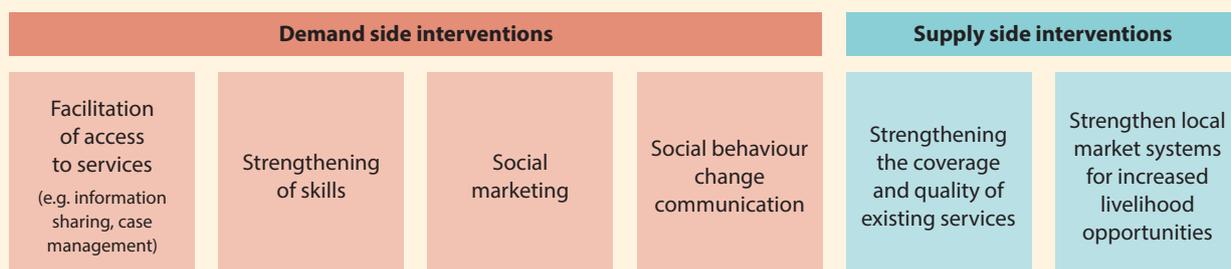
*“Complementary programming is the combined use of multiple modalities and/or activities to address needs and achieve a specific outcome or outcomes for a given target group of aid recipients. Complementary interventions can be implemented by one organization or multiple organizations working collaboratively. It can include both incorporating multiple modalities or activities within one project or programme, and/or linking the target population to assistance provided by other sectors or organizations. This approach is premised on the evidence that programmes are more effective where they incorporate the different factors contributing towards achieving outcomes and addressing needs. Ideally this will be facilitated by a coordinated, multisectoral approach to needs assessment and response analysis.” (CALP Glossary 2023)*

Within humanitarian CVA and social protection, complementary programming incorporating cash is often framed and termed as ‘cash plus’. However, there are ongoing debates about the terms and concepts of cash plus, complementary programming and integrated programming (for definitions, see [CALP Glossary 2023](#)), as well as differing interpretations of the operational implications. A key concern regarding the term ‘cash plus’ is that it suggests the centrality of cash, rather than considering the full array of activities that may be needed to achieve an objective and so risks overlooking their relative utility. Further, some feel the use of the term risks implying that historically cash programmes have not considered complementary activities, which is not the case. World Vision International, for example, do not use the term ‘cash plus’ as it is seen to undermine efforts towards cross-sector programmatic integration with CVA as an enabler to various outcomes, often alongside other activities. Other actors, such as ECHO and NRC, refer more generally to complementary interventions and companion programming, respectively. In this report terms are used in line with the CALP Glossary (2023).

Several key informants raised that cash assistance, typically MPC, can represent a foundation allowing recipients to meet their basic needs, which can then be layered or sequenced with complementary interventions and services – e.g., livelihoods technical support or health service access. This view is also seen in ECHO’s Thematic Policy on Cash<sup>42</sup> among others. The approach recognizes the limitations of humanitarian cash, or indeed any other singular approach, in meeting diverse and evolving needs. Furthermore, some argue that complementary programming, including the use of CVA, could be one way to operationalize the humanitarian-development nexus, as well as provide an effective exit strategy for humanitarian agencies, especially in protracted crises.

The CAMEALEON Consortium in Lebanon’s 2022 study<sup>43</sup> usefully distinguished different ‘cash plus’ approaches<sup>44</sup>. It highlighted that it can be planned during the design stage, by designing programmes that focus primarily on distributing CVA, in whatever form, whilst also involving complementary non-CVA components. The research also found that ‘cash plus’ can be reactive, linking CVA recipients with complementary activities or services once a programme is underway, via individual referrals or inter-cluster/sector coordination.

**GRAPH 8.4** Examples of what the ‘Plus’ could look like in interventions using MPC



Complementary programming can be designed to achieve one or more sector-specific and/or multisectoral outcomes, focused on responding to needs and risks, contributing towards addressing their root causes or seeking durable solutions for people affected by crisis. Programmes may, for example, be designed to lift non-financial, structural barriers faced by people in addressing their needs and mitigating risks that are beyond the scope or potential of CVA programmes that do not have complementary elements. Some stakeholders also conceptualize it in terms of its potential to contribute to longer-term self-reliance and resilience.

“

*Programme objectives and holistic design are what define whether root causes can or should be addressed. Let's be realistic that humanitarian CVA to meet basic needs is not intended to nor provides enough to be gender or inclusion transformative on its own.”* (Key Informant)

*“One of the standards I'd like to introduce is that all cash programmes include complementary programming unless there's some reason they can't. So, complementary by default.”* (Mercy Corps)

Others go as far as to highlight its transformational potential, for example with respect to gender. For example, within food assistance interventions there is evidence to suggest a positive correlation between the combination of complementary modalities and the achievement of outcomes that can significantly improve women and girls' well-being<sup>45</sup>. To achieve gender responsive outcomes, UNICEF recommends being intentional in how both primary and complementary activities will sustainably contribute towards intended gender outcomes and to ensure the quality of the intervention<sup>46</sup>.

Certain organizations have adopted complementary cash programming as standard or default, thus ensuring that most, if not all, their cash programmes have complementary components. Others appear to be taking a case-by-case approach, determining whether complementary activities are necessary in a given response for the effective achievement of outcomes and designing programmes accordingly. Guidance in

this area is increasing; CARE has identified 15 promising practices to maximize outcomes in complementary programming<sup>47</sup> and UNICEF has defined eight criteria for 'cash plus' success<sup>48</sup> (see Box 8.4). Key informants also mentioned that some agencies are adapting their monitoring tools to track the specific contributions made by complementary activities to the achievement of intended outcomes, via 'cash plus' or otherwise. In time, this should increase the evidence of the relative effectiveness of different forms and combinations of complementary programming incorporating CVA.

#### BOX 8.4

##### Eight 'cash plus' criteria for success<sup>49</sup>

1. Ensure political buy-in.
2. Formalize agreement in between sectors on commitments to operationalize 'cash plus'.
3. Raise staff awareness about the design and the articulation between the 'cash' and the 'plus'.
4. Ensure the existence, accessibility and quality of the services delivered as the 'plus'.
5. Case management to enable linkages to services across sectors.
6. 'Plus' components should be properly resourced.
7. Demand-side interventions need to be matched with supply-side investments.
8. 'Cash plus' components need to be rooted in a sound situation analysis.

Despite an increase in guidance and good practices, key informants indicated that complementary programming is not being systematically adopted. It seems limited evidence regarding complementary programming in fragile contexts and humanitarian response is part of the issue, with one study describing the evidence as 'nascent'<sup>50</sup>.



*“A starting point is to ask people what their priorities are, and what can’t be met by cash for basic needs. This would turn it on its head. Multipurpose is your default cash pillar, and then you have other layers of assistance and services around it. This is what’s needed for agency and recovery. It’s also conducive to the nexus, linking to longer-term solutions.”*  
(Ground Truth Solutions)

The relevance of ‘cash plus’ approaches to maximize outcomes is already well documented within the social protection sphere, representing a significant opportunity for humanitarian practitioners. In particular, the effectiveness of complementing cash assistance with other activities as part of social safety net programmes is extensively evidenced across multiple contexts<sup>51</sup>. On a further positive note, in 2023, IDS concluded that the design of ‘cash plus’ in protracted crisis, with a focus on social assistance, is similar to that in more stable environments<sup>52</sup>. In addition, they reported positive outcomes of ‘cash plus’ programmes in the areas of income, food security and economic inclusion.

As well as the need for further evidence-building, key informants noted the need to invest in referral mechanisms so that cash recipients can be more efficiently and effectively connected to other relevant service providers, be they from the development, private or public sectors. Key informants raised another possibility related to improving linkages between CVA programming and Case Management Systems. The principles of Do No Harm, in particular mitigating risks associated with data sharing, need to guide all such development.

There is some momentum towards complementary programming incorporating CVA, but some key informants stressed this should not detract from the fact that, recipients’ primary determinant of the effectiveness of cash assistance is its value. Thus, the need to carefully weigh the relative costs and benefits of additional activities.

## Financial Inclusion – a golden thread?

In addition to enabling recipients to meet basic needs or achieve sector-specific objectives, CVA programming can contribute towards other beneficial outcomes for crisis-affected people, including as a potential pathway towards financial inclusion. Previous *State of the World's Cash Reports* (2018 and 2020) identified the role of CVA in facilitating financial inclusion and empowerment as a topic of high interest, but one with a thin evidence base. The limited number of relevant studies referenced in those reports suggested that despite some positive impacts on access and use of financial services, there was little evidence of CVA in humanitarian contexts having led to financial inclusion per se, particularly for the poorest and most marginalized groups. Similarly, where opportunities did exist to contribute to financial inclusion, success would be dependent on programmes being intentionally designed for this purpose, in ways appropriate for each context.



**Financial Inclusion:** *“People are financially included when they have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity. Financial services – transactions, payments, savings, credit, and insurance – are delivered by a range of providers, most of them private, and reach everyone who can use them, including the disabled, poor, rural, and other excluded populations. Financial inclusion strives to remove the supply and demand side barriers that exclude people from participating in the financial sector and using these services to improve their lives.”* (CALP Glossary 2023)

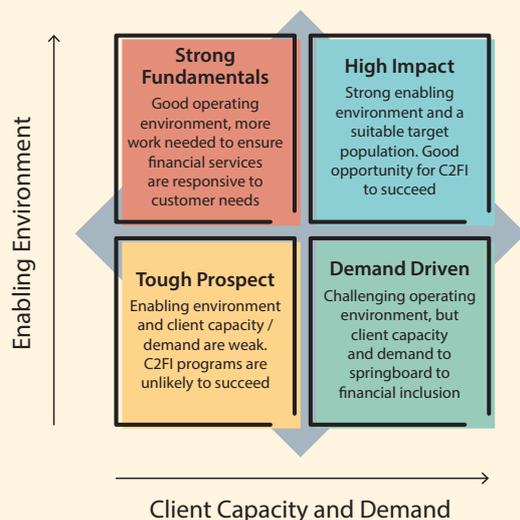
In earlier *State of the World's Cash* reports, discussion focused on a particular view of financial inclusion i.e., linked to formal structures such as traditional banking systems, mobile banking and so on. A wider view of financial inclusion embraces a much broader range of formal and informal structures – ranging from village savings and loans associations to large-scale micro-finance institutions.

Efforts to better understand and evidence if, how, and where CVA has supported financial inclusion have continued since the last report – though focus has been on inclusion in relation to formal financial services of certain types.

In some contexts, CVA may be people’s first engagement, or provide opportunities to increase engagement, with formal financial platforms and services. The value of financial inclusion for people who have experienced shocks or who are vulnerable to future hazards is often framed in terms of helping build resilience, through ‘a sustainable impact on income growth or asset accumulation’<sup>53</sup>.

GRAPH 8.5

### Mercy Corps' Cash-2-financial Inclusion Model (C2FI)



Research reflecting on the potential uses of digital financial platforms for refugees highlights that, *'having a mobile money account is about more than just a way of receiving cash payments and a place to store funds, it also gives the user access to every-day financial services, like paying children's school fees; paying for energy needs; receiving remittances from abroad; accessing savings, loans and more'*<sup>54</sup>.

In 2021, GSMA and Mercy Corps co-authored a blog that concluded that *'CVA programmes can provide a springboard to financial inclusion, but spotting the right opportunity, and good programme design, are key'*<sup>55</sup>. The Cash-2-Financial Inclusion (C2FI) matrix was developed as a simple, evidence-based framework to help understand which contexts offer the best pathways from CVA to financial inclusion, while recognizing that C2FI will not always be a suitable or viable option (see Graph 8.5). Potentially

'high impact' opportunities to use CVA as a catalyst for financial inclusion are identified as those with a strong enabling environment (e.g., stable context, mature markets) and a target population with requisite demand and capacity – for example, refugees in Uganda<sup>56</sup>.

The same research identifies Iraq as an example of a 'demand driven' context, where there is requisite client capacity and demand for financial inclusion, but where *'deep mistrust in institutions (...) must be overcome to successfully deliver C2FI'*<sup>57</sup>. A study analyzing the financial management practices and preferences of people in conflict-affected areas in Iraq demonstrated people's preference for informal mechanisms for saving and borrowing money, with engagement with formal financial institutions affected by issues of (lack of) trust, accessibility, and suitability of the services offered. In this context, it was recommended that *'community-based saving and borrowing schemes can be re-established and strengthened as a means of promoting good financial practices'*<sup>58</sup>.

While financial inclusion tends to be defined in terms of access to formal financial institutions and services, informal and community-based mechanisms can play a key role, as the Iraq case above shows. In many contexts there are a wide range of institutions including cooperatives, Village Savings and Loans Associations (VSLAs), savings and credit cooperatives, alongside larger entities such as micro-finance institutions. In some contexts, such structures may offer context-appropriate and effective choices as CVA partners, including those where C2FI – if defined as engagement with formal financial institutions – is considered unlikely to succeed<sup>59</sup>. Indeed, research on digital financial inclusion in several Asian countries found that local savings groups can be seen as an easier and more immediate way to access funds when needed, for example in an emergency, as compared to a bank account. Similarly, where the local markets in which people meet their daily needs (groceries, health, etc.) are (physical) cash-based, this tends to *'encourage reliance on a cash economy'*<sup>60</sup>.

Other evidence highlights the importance of designing CVA from a user-centred perspective if it is to help achieve genuine financial inclusion. This requires a good understanding of how people use different financial services. It also requires that recipients have a choice over the transfer modality and the account into which money is paid<sup>61</sup>, rather than limiting people to one provider or a system that does not offer the services they require (see Chapter 1 on People-centred CVA and Chapter 7 on Data and digitalization for more on this topic). If financial services do not meet what users need, recipients are more likely to cash out funds, which requires an agent network or withdrawal infrastructure with sufficient liquidity<sup>62</sup> – which can be a constraint in some digital payment systems.

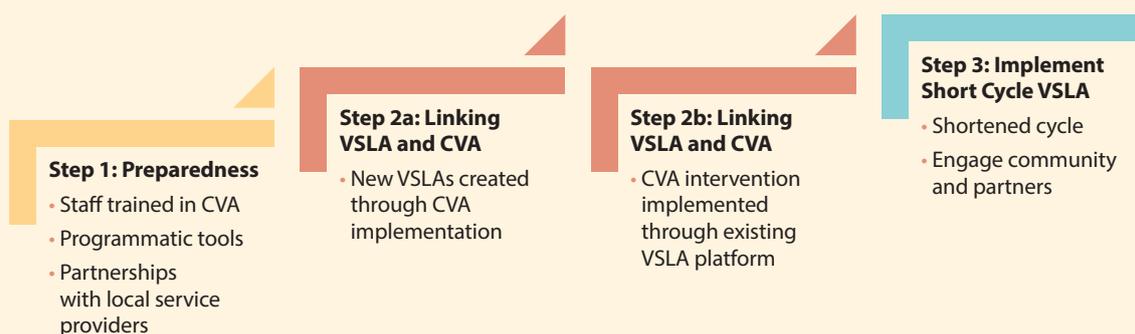
## BOX 8.5

## CARE's Village Savings and Loans Associations in Emergencies (VSLAIE)

The VSLA model focuses on low cost, self-administered informal financial services – with the ability to link to formal financial institutions where available. CARE's research has found that combining VSLAs and CVA can support improved outcomes and more efficient and effective interventions for crisis-affected populations, supporting people who otherwise have little or no access to financial resources and services. It can also increase the role of women in financial decision-making.

The VSLAIE model has been designed to support the recovery and resilience of people in emergencies through three stages. Preparedness is critical, including staff capacities and partnerships with relevant local actors (e.g., CBOs, FSPs). Integrating CVA into VSLAs can be done by targeting CVA recipients to form new VSLAs and by using the existing VSLAs to improve the design and implementation of CVA. The traditional 12-month VSLA cycle can be shortened to meet the needs of displaced populations who are often mobile and in transition. Adapted training, the use of digital platforms, and working through local organizations to help connect potential group members are methods that can be used to address the needs of populations in fragile contexts. The timing of cash transfers to support capitalization of the groups is important to help maintain key principles of group autonomy and ownership.

## CARE's VSLA in emergencies (VSLAIE) 3 stage model



Source: Adapted from [CARE \(2021\) Combining VSLAs and Cash Transfers to Improve Humanitarian Outcomes](#)



*“We are looking more at financial inclusion in programme design, especially digital financial inclusion, with a women-centred focus as well. We’ve had discussions about this for a long time in the cash world, but it’s a difficult nut to crack. Especially if we think of the transfer values provided, which are often not enough to really talk about savings and getting a credit history, etc. Of course, this links to so many other areas, including financial infrastructure.”*  
(FGD – Asia Pacific)

There is a reinforcing relationship between financial inclusion and the extent to which people’s livelihoods afford them a sustainable source of income; while people living in poverty require financial services as much as any other demographic, they are less likely to be able to access formal financial services and more likely to seek out, and use, informal financial services – sometimes even more than other segments of the population.

The Forced Migration review found that ‘financial services did not lead to fulsome (by which the authors mean robust or profitable) livelihoods for refugees but that fulsome livelihoods led to increasing demand for a range of financial services’<sup>63</sup>. A regulatory environment that allows recipients to hold money in their own names is also important as it allows people to build a financial history and incentivizes FSPs to expand the services they offer. In turn, this increases the resilience of crisis-affected populations and allows them to contribute to economic growth<sup>64</sup>.



*“Real added value lies beyond just scale. It’s this complementarity between our financial inclusion programming, our market systems programming, our food security programming.” (Mercy Corps)*

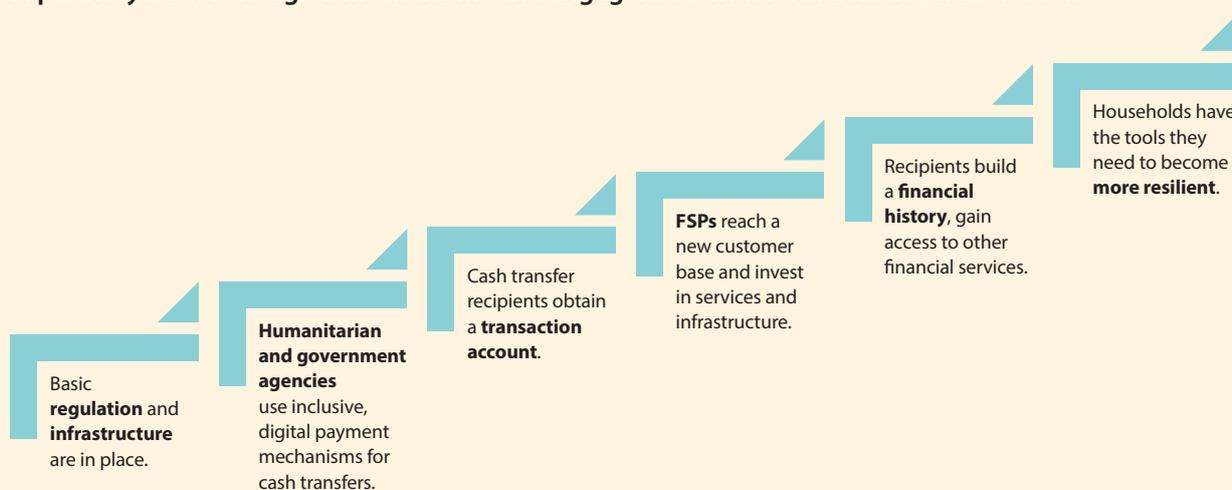
*“Finding pathways to reach those who are entirely disconnected from digital and financial services – ‘unseen people’ – is an upcoming challenge. CVA can help with that. Financial inclusion and digitalization are two future challenges and opportunities more than ever.” (World Vision International)*

Issues with digital literacy, which frequently intersects with overall literacy and/or financial literacy, remains a concern for mobile money users in some contexts. For example, it was found that ‘31% of mobile money account holders in Sub-Saharan Africa cannot use their account without help’<sup>65</sup>. Mercy Corps found that providing financial health and literacy training alongside cash transfers resulted in greater impacts on, ‘food security, employment, intercommunity relationships, and perceptions of their economic and physical security’<sup>66</sup>. For example, support in developing financial management skills helped reduce anxieties about meeting economic needs<sup>67</sup>. Similarly, WFP found that delivering financial and digital literacy training alongside CVA was important for successful financial inclusion and that training had to be customized to the target population, including identifying specific financial products that might be useful for them<sup>68</sup>. It is recognized that ‘moving from CVA to financial inclusion will require a concerted effort by

stakeholders, working together to overcome existing barriers, particularly regulatory hurdles, limited networks and digital payments infrastructure, and low levels of digital and financial literacy’<sup>69</sup>.

**GRAPH 8.6**

**FI pathway based on digital mechanisms and engagement with formal financial institutions**



The graphic demonstrates how cash transfers can lead to formal, digital financial inclusion and in turn resilience and economic growth<sup>70</sup>.

Despite some progress and strong interest, evidence remains limited and orientated towards one conceptualization of financial inclusion. As work on financial inclusion and CVA moves forward, local, national and international models of inclusion need to be considered and advanced according to user preferences and context. In support of such efforts, further evidence is still expressly needed.

## Implications for the future: Areas for strategic debate and priority actions

### Areas for strategic debate

Our analysis highlighted the following considerations to inform further thinking and progress in this area.

- **How can more effective relationships between sectoral programming and MPC be developed?**

Despite some progress over the years, the interrelationships between MPC and sectoral programming are still frequently contested, particularly concerning resource allocations and the achievement of respective outcomes. The lack of consistent or standardized approach to the design and coordination of MPC, including in relation to sectoral CVA, has contributed to these tensions. There is some optimism that the new cash coordination model, with its formalized place in the humanitarian system, will provide opportunities to better address this issue. The global Cash Advisory Group has been tasked with developing guidance on MPC for the 2024 HRP cycle. However, given the differing perspectives on how cash would be most effectively deployed in terms of MPC and/or sector-specific CVA, easy or generalizable solutions are not likely to be forthcoming.

- **Can a balance be struck between technical priorities and people's preferences when designing complementary interventions, particularly in under-resourced responses?** The rationale for complementary programming is compelling, with some arguing that this should be the default approach to intervention design. One note of caution is in ensuring people's preferences are given necessary weight alongside the technical priorities of implementing agencies in the design of complementary programming. Determining which combinations of assistance are most effective, and the relative costs of implementing them, requires a willingness to experiment, based on sound analysis, to generate evidence. For example, where relevant this should show that additional costs for complementary activities do not compromise the adequacy of the cash transfer to the detriment of the overall impact. This may include recognizing where complementary activities are not required, and maximizing cash transfers, for example, is the best option. These issues may be more acutely felt in more resource constrained responses.

- **How can CVA be designed to better facilitate financial inclusion, including incorporating informal and community-based mechanisms?** The potential use of CVA as a springboard to financial inclusion has consistently been shown to depend on a suitable operational context and target group, and a tailored programme design. In many crisis-affected contexts, there are supply and/or demand-side challenges to this. Financial inclusion is frequently defined, implicitly, or explicitly, in terms of engagement with formal financial institutions and services. Within CVA this makes sense to the extent that the entry point for financial inclusion is usually via payment solutions from formal FSPs. However, in many contexts, different formal structures – such as micro-finance institutions – as well as informal and community-based mechanisms play a critical role in people's financial management and service access, although engaging with these mechanisms typically falls outside the scope of humanitarian response as the system is currently structured. With greater focus on locally-led response, there is need for more focus on the opportunities to strengthen responses by working with different mechanisms and giving more focus to 'bottom up' financial inclusion. Designing CVA to support financial inclusion, building on informal and formal mechanisms, should recognize the need to navigate different ways of working between large-scale CVA and working with VSLAs, for example. One function could be in finding opportunities for '*bridging the gap between formal and informal access to finance*', which has been shown to '*boost financial inclusion and financial health*'<sup>71</sup>.

### Priority actions

In relation to the strategic debates above and other key findings in this chapter, the following are recommended as priority actions for stakeholders.

- **Humanitarian actors, including operational agencies, CWGs and clusters, should encourage and adopt systematic tracking of sectoral CVA and MPC.** The lack of reliable and publicly accessible data limits the quantification, monitoring and coordination of both MPC and sectoral cash. While not a panacea for

associated challenges, better data could help identify and address some barriers and enable more effective evaluation of the types of assistance provided, where, and the relative impacts.

- **Operational agencies, CWGs and clusters should encourage and engage in multisectoral assessment and analysis processes**, including the roll-out of the JIAF 2.0. Such joint processes have been consistently identified as critical to facilitating greater and more effective uptake of both MPC and sectoral CVA, including combined with complementary activities.
- **Sectoral stakeholders and others working to support the effective use of CVA for sectoral outcomes should identify and explore opportunities for more cross-sectoral engagement to help overcome common barriers to the uptake of CVA.** This can be done with an appreciation of the specificities of the use of CVA in different sectors.
- **CWGs and clusters should aim to use MEB processes to their full potential to facilitate more collaboration and understanding between sectors and cash actors.** This has the potential to be used as a springboard to ongoing collaboration in assessments and analysis, and the development of better cross-response synergies in programme design. At the same time, CWGs and clusters should avoid unduly technical, time-consuming and costly MEB processes that risk hindering rather than supporting people-centred CVA.
- **Humanitarian actors should continue to make use of jointly developed metrics and tools for monitoring and evaluating the impacts** of both MPC and sector-specific CVA. It is also important to engage in efforts to share and/or consolidate results to both better understand the outcomes of different interventions and identify where improvements are required to metrics and tools.
- **CWGs, donors, and relevant intersectoral and sectoral representatives should work together to agree guidelines on the respective functions of and relationships between MPC and sector-specific CVA**, building on what is already outlined in the new cash coordination model. So far as possible, this should happen in advance of or at the outset of a response. Ideally it would follow a similar approach across responses, but in practical terms will likely be tailored to a given response and/or country, including in terms of linkages to social assistance and cash-based anticipatory action.
- **Humanitarian actors should systematically explore and document the effectiveness of different combinations of activities (i.e., complementary programming) with regards to various outcomes.** The objective should be to maximize outcomes and synergies between programmes to achieve impacts that are greater than the sum of the constituent parts, including identifying and investing in effective referral mechanisms.
- **Humanitarian actors should systematically incorporate feasibility analysis for financial inclusion (opportunities and challenges) into CVA design (and funding) processes, and gather and document evidence of the outcomes where relevant.** This should include both formal and informal financial services and mechanisms. To initiate that process, humanitarian actors could start by engaging with key stakeholders including local communities, formal and informal financial organizations, and relevant regulators, to ensure a comprehensive understanding of the financial landscape and opportunities. Another engagement could be to conduct an in-depth contextual analysis to assess the specific financial needs, preferences, and challenges of the target population in a given humanitarian setting.

## ENDNOTES

- 1 CALP Glossary definition of Basic Needs/Essential Needs: The concept of **basic or essential needs** refers to the essential goods, utilities, services, and/or resources required on a regular or seasonal basis by households to ensure their long-term survival AND minimum living standards, without resorting to negative coping mechanisms or compromising their health, dignity, and essential livelihood assets. However, there is no global definition of the precise range and categories of need that constitute basic needs, which will depend on the context and what people themselves consider the most important aspects to ensure their survival and wellbeing. Assistance to address basic needs can be delivered through a range of modalities (including **cash transfers, vouchers, in-kind and services**), and might include both **multi-purpose cash assistance (MPC)** and **sector-specific interventions**.
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Rafaa Saleh Kassis cooks dinner for her family. She and her husband have seven children and 16 grandchildren. The family struggled as Rafaa had a low income job and her husband, a farmer, was no longer able to manage with the physical demands of his work. In early 2023, they started receiving US\$150 per month as emergency cash assistance from Mercy Corps' SAFER program.  
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## **Chapter 9: Climate change and environmental considerations in CVA**

Summary: Chapter 9

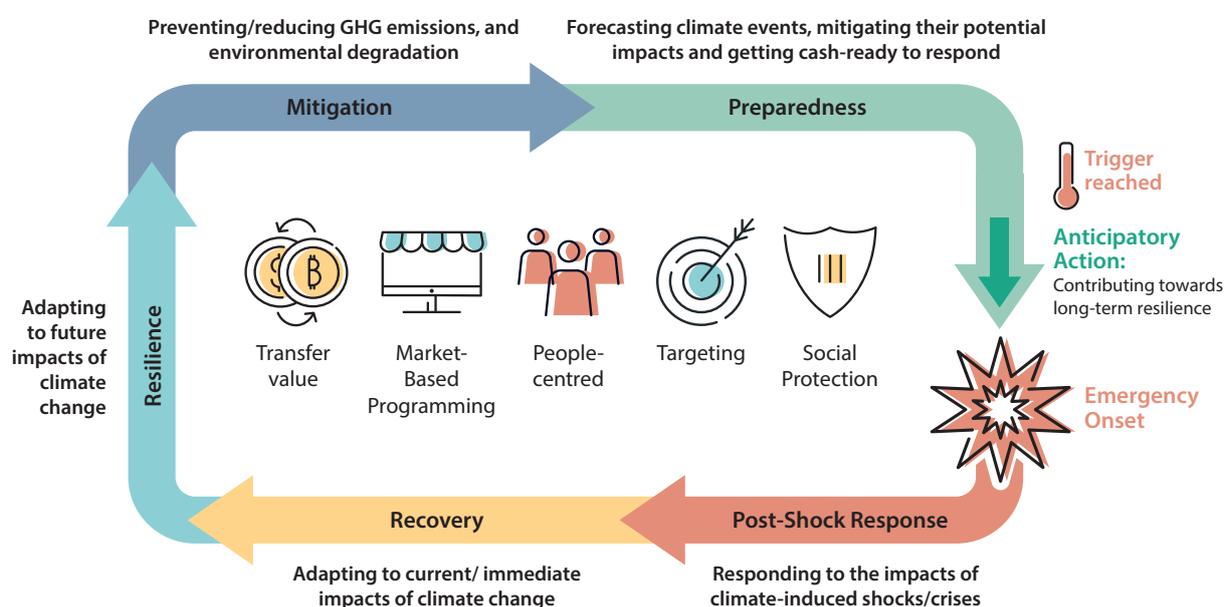
# Climate Change and Environmental Considerations in CVA



## Key findings

- ✓ Climate change and the environment are now pressing concerns for the CVA community.
- ✓ Clarity is needed on how CVA can address needs effectively and contribute to greener programming.
- ✓ CVA is widely considered to be 'greener' than in-kind assistance. Various approaches have been identified to help mitigate the environmental impacts of CVA.
- ✓ The environmental impacts of digital payments are not generally well understood or considered in programme design.
- ✓ Social protection can provide a mechanism to address multiple vulnerabilities associated with climate change and environmental degradation.
- ✓ The use of CVA as an effective tool to support anticipatory action is receiving increasing attention. The potential to leverage social protection systems to institutionalize anticipatory action is documented but has not yet been operationalized at scale.
- ✓ There is limited evidence of environmental factors being incorporated into MEBs.
- ✓ Human mobility is increasingly recognized as an effective climate adaptation strategy. The portability and flexibility of cash makes it a suitable means of assistance along migration routes.
- ✓ Adaptation and resilience building are longer-term processes, with a critical role for cash-based social protection.

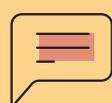
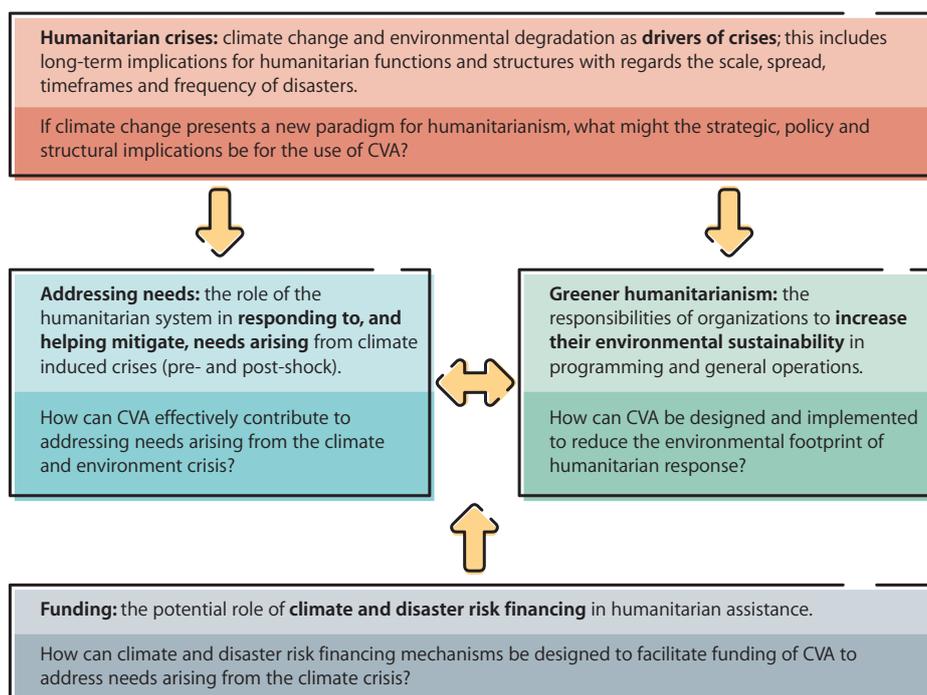
### Use of CVA in the Climate and Environment Response Cycle



Summary: Chapter 9

# Climate Change and Environmental Considerations in CVA (continued)

Policy, practice, and debates linking climate change, the environment and humanitarianism often relate to several broad, interlinked categories, with associated questions and possibilities for the use of CVA



## Strategic debates

- In relation to the climate, what might cash at scale in anticipatory action look like?
- Can CVA be designed to support and link to longer-term, holistic approaches to addressing the climate crisis?
- How can the environmental footprint of CVA be measured and minimized?



## Priority actions

- Humanitarian actors should** identify how the humanitarian system needs to change to better face the challenges of the climate crisis, including for the most effective use of CVA.
- All actors should** work together to identify and build the strategic and operational relationships required to link climate-sensitive humanitarian CVA across governments, civil society, disaster risk reduction, development, climate action and financing, and meteorological and forecasting agencies.
- Donors and implementing agencies should** integrate a climate lens into the planning and implementation of CVA in all contexts as a matter of urgency.
- Implementing agencies and researchers should** use ongoing and upcoming programming to build learning and evidence on the best use of CVA in relation to the climate crisis.

## Climate change and environmental degradation are increasing the urgency of adapting humanitarian response

The **global impacts of climate change and environmental degradation are real and pose a huge immediate and long-term threat**. The effects of climate change are a primary or contributory factor in multiple ongoing and complex crises, underlining the challenges posed to the humanitarian system.



*“Climate is not simply one more ‘issue’ that humanitarians must add to their ever-expanding list of cross-cutting priorities. Now, it is a constant and rapidly emerging global disaster with universal reach. Our sense of intersectionality needs to be reversed. The climate emergency will not intersect with other areas: instead, everything will intersect with climate change. This is a whole new paradigm for humanitarians, and we need to urgently reframe our vision and approach”<sup>1</sup>.*  
(Hugo Slim, 2023)

Experience tells us that **in general the consequences of climate change most affects communities who are already poor and marginalized**, with structural inequities and characteristics such as age, gender, disability, and livelihood exacerbating individual impacts<sup>2</sup>. In addition to the immediate impacts of weather events, cumulative changes contribute to increased vulnerabilities. For example, food insecurity has significantly increased due to climate change, with projections from IFPRI’s IMPACT model finding that 65 million more people will be undernourished by 2030 with climate change, as compared to a scenario without it<sup>3</sup>.

Research from 2018 highlighted **longstanding barriers to the effective inclusion of environmental factors in humanitarian practice**. Barriers included prioritization, mandates, funding, and the perception of it as largely a developmental concern, noting that, *‘functionally, saving lives and considering environmental*

*impacts are many times treated as being mutually exclusive’<sup>4</sup>*. Environmental issues have not been given due attention in humanitarian programming, but this may have been particularly the case for CVA. This has been attributed to various factors, including challenges in monitoring the environmental impacts of CVA, other issues being prioritized within CVA, and a lack of tools and guidance for CVA incorporating environmental considerations, and vice versa<sup>5</sup>.

However, **climate and the environment have figured increasingly in the discourse and practice of humanitarian organizations for the past decade<sup>6</sup>, and there is evidence of growing momentum, including with regards to CVA<sup>7</sup>**. The push for better integration of climate issues is reflected within donor and implementing agencies’ strategy documents, although the emphasis and focus is varied<sup>8</sup>. Multiple key informants remarked on their organization publishing new climate commitments and policies in the last few years (e.g., IRC, ACF, NRC), as well as examples of developing specialist internal capacity on this topic (e.g., Mercy Corps, Oxfam, IOM). They also highlighted climate-related programming and research e.g., IOM and climate-related migration, FAO and the adaptation of agricultural ecosystems.

In terms of collective policy commitments, at least 380 stakeholders have signed the *Climate and Environment Charter for Humanitarian Organizations*, initiated by ICRC/IFRC, including a wide array of national and international actors<sup>9</sup>. The Charter stresses responsibilities to work together to reduce the impact of crises, intending to galvanize and steer collective action, and encourage signatories to implement the principles through organization specific targets and plans. Other commitments include the *Humanitarian Aid Donor’s Declaration on Climate and Environment* from the European Union and many European humanitarian donors<sup>10</sup>, and those from the Humanitarian Environment Network<sup>11</sup>.

## Clarity is needed on how CVA can address needs effectively and contribute to greener programming

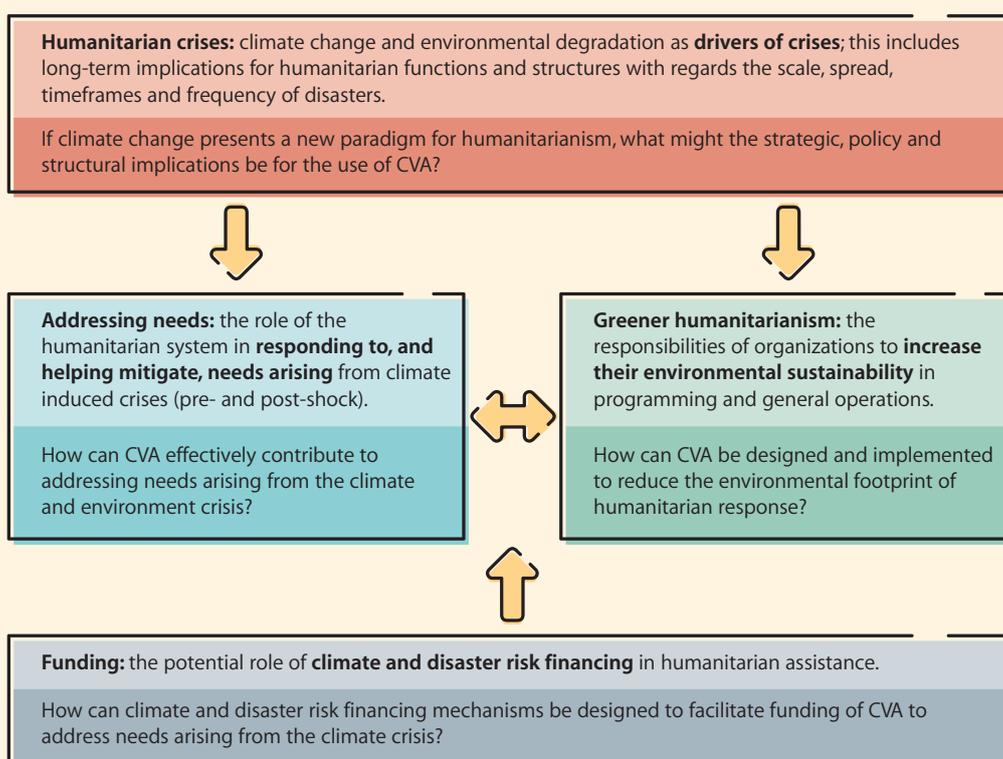


The importance of climate change and the environment are not contested, but there are more questions than answers regarding what the effective role(s) of CVA might be. **Specific policy positions or commitments on humanitarian CVA relating to climate change and the**

**environment are limited.** For example, CVA is rarely mentioned directly in organizational documents as a tool to mitigate the impact of climate change, and while many organizations have policies on climate and policies on CVA, they don't necessarily intersect<sup>12</sup>. DG ECHO's recent cash policy<sup>13</sup> and its minimum environmental requirements<sup>14</sup> are notable exceptions that have specific considerations and recommendations for the use of CVA with regards to environmental impacts. There is also the example of the Collaborative Cash Delivery Network's (CCD) inclusion of climate and the environment as one of their core thematic areas in their refreshed strategy.

**GRAPH 9.1**

**Policy, practice, and debates linking climate change, the environment and humanitarianism often relate to several broad, interlinked categories, with associated questions and possibilities for the use of CVA**



Source: Authors, based on consolidated analysis of primary and secondary data

“The technical units for humanitarian and development sit in the same sub-unit, so I can reach out to my climate and environment or other technical colleagues easily. This is great as it means that even though we might just be opening a conversation, the opportunity to collaborate and the value that both parties can bring is already there, which is an amazing starting point and build technical collaboration across programmes and approaches.” (Mercy Corps)

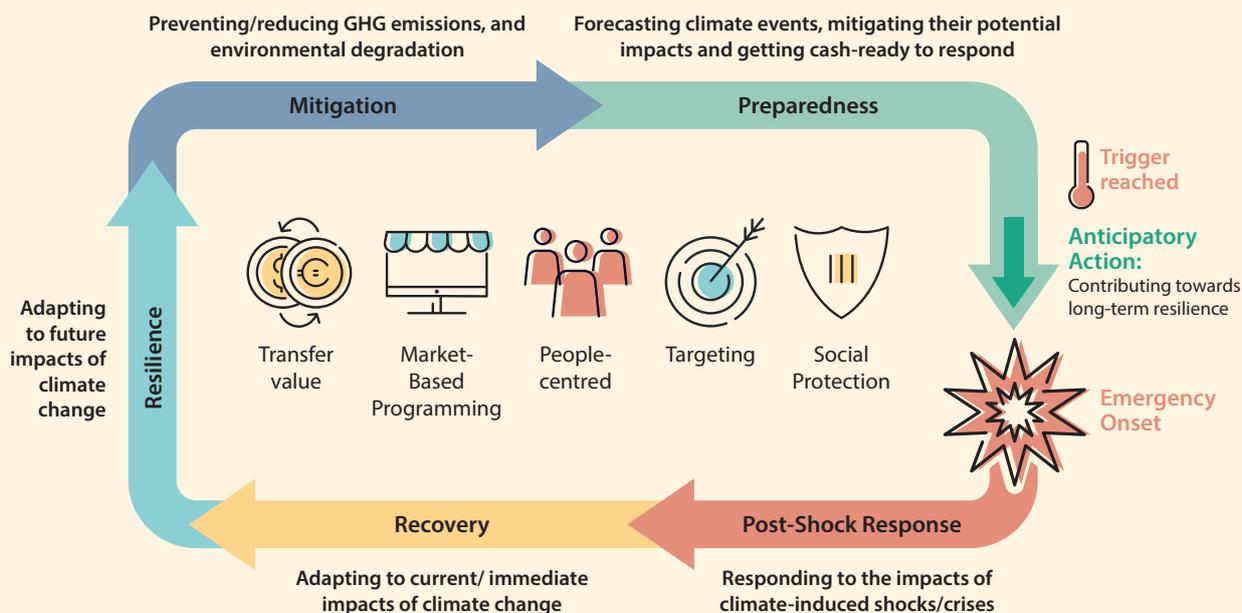
**There are mixed perspectives** on the relationship between CVA and environmental issues. Most organizations are in the relatively early stages of configuring linkages between CVA and climate<sup>15</sup>. While some see challenges in identifying meaningful intersections for CVA and climate, multiple key informants were positive about the opportunities and salience. This is reflected in conversations happening within organizations on cross-linkages, and a growing number of examples of relevant programming and research (explored later in the chapter).

Although there is a lot to learn about how and where CVA can be used most effectively, it's already **possible to identify multiple potential or existing intersections between CVA, the environment and climate change**. The nature of the climate

crisis requires broad engagement and action, within and beyond the scope of the typical humanitarian programme cycle and structures. This includes working across humanitarian, development, social protection, environmental and climate sectors.

GRAPH 9.2

Use of CVA in the Climate and Environment Response Cycle



Source: Authors

Graph 9.2 and Table 9.1 propose a framework and visualization to enable better understanding of existing and potential CVA functions and considerations in relation to climate and the environment. The analysis that follows is largely structured around this, recognizing that while there are multiple overlaps between different elements, a framework for thinking is a useful tool given the complexities and myriad considerations.



**TABLE 9.1**

**Framework situating CVA within the climate and environment response cycle**

<b>Mitigation</b> (preventing/reducing greenhouse gas (GHG) emissions, and environmental degradation)	<b>Preparedness and anticipatory action</b> (CVA climate preparedness; mitigating potential impacts of climate events; contributing to resilience)	<b>Response (post-shock)</b> (CVA to address immediate needs arising from <b>loss and damage</b> due to climate-induced shocks/crises; climate sensitive programming)	<b>Adaptation, recovery, and resilience</b> (using CVA to help adapt to current and future impacts of climate change and environmental degradation)
<ul style="list-style-type: none"> <li>Greening humanitarian CVA (reducing environmental impacts, risk analysis, market analysis, market-based programming; dedicated/mainstreamed tools, guidance, etc.)</li> <li>Environmental footprint of CVA – aspects and comparative measurements viz other modalities, factoring greenhouse gas (GHG) emissions, biodiversity, and ecosystems services degradation</li> </ul>	<ul style="list-style-type: none"> <li>Climate inclusive CVA preparedness (e.g., targeting, delivery mechanisms, capacity building of responders, hazard risk and environmental analyses, forecasting, early warning, market analysis)</li> <li>Shock responsive and adaptive social protection (e.g., coordination of planning, targeting, design)</li> <li>Anticipatory action and CVA (e.g., targeting, delivery mechanisms, forecasting, triggers, timing, transfer values, funding, complementary actions)</li> </ul>	<ul style="list-style-type: none"> <li>Mainstreaming green response (see Mitigation)</li> <li>Targeting (inclusivity, gender, climate-related vulnerabilities)</li> <li>Minimum Expenditure Basket (MEB) e.g., energy, climate adaptation</li> <li>Transfer values (immediate needs; factoring sustainable recovery and resilience building)</li> <li>Market-based programming (e.g., post-shock recovery, managing climate impacts)</li> <li>Complementary activities (e.g., services, in-kind, infrastructure)</li> <li>Social protection (linkages and coordination)</li> <li>Funding (e.g., access climate finance and disaster risk financing)</li> <li>Monitoring and evaluation (environmental indicators and outcomes)</li> </ul>	<ul style="list-style-type: none"> <li>Human mobility (as a form of adaptation)</li> <li>Cash for Work/Public Works/Conditional Social Assistance for risk reduction and adaptation activities – e.g., carbon sequestration, reforestation, watershed rehabilitation, environmental resilience</li> <li>Short- and long-term resilience building through cash assistance</li> <li>Environmental analyses</li> </ul>
<p><b>Topics with cross-cutting relevance and overlaps in understanding CVA and climate/environment:</b>                      social protection linkages (e.g., shock responsive, adaptive), nexus (humanitarian-development-climate), locally-led response, disaster risk management, financing (including climate, disaster risk), gender</p>			

## Mitigation

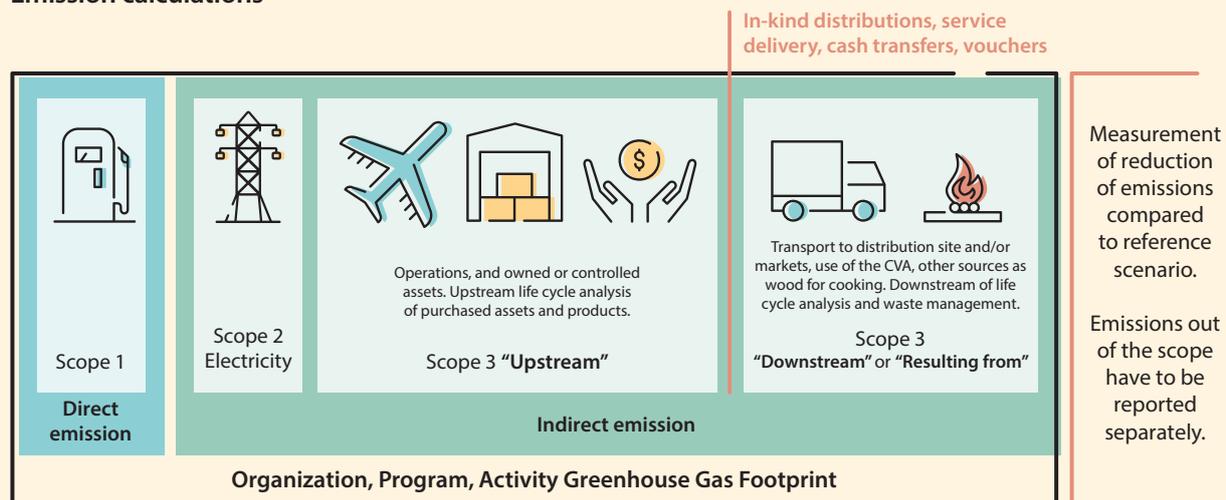
**Mitigation of climate change** is generally understood as the prevention or reduction of greenhouse gas (GHG) emissions, either by reducing GHG sources, or enhancing ‘carbon sinks’ that can remove and store these gases (e.g., through reforestation). Mitigating GHG emissions is a key component of the drive for ‘greener’ humanitarian responses. However, maximizing the environmental sustainability of humanitarian programming and reducing the associated ‘environmental footprint’ encompasses both GHG emissions and environmental degradation. For humanitarian organizations, in line with the principle of ‘do no harm’, this means working to avoid, minimize and manage the damage they cause to the environment and the climate, while maintaining the ability to provide timely and principled humanitarian assistance.

Metrics to calculate the environmental footprint of humanitarian programming are being developed but face significant complexities. Stakeholders generally base their **GHG emission calculations** on existing global standards<sup>17</sup>. Analysis of the GHG impact of humanitarian programming is largely focused on indirect emissions, including those from people who receive assistance (see Graph 9.3<sup>18</sup>), which is at the core of debates in the context of CVA. Beyond GHG metrics, the ability to **measure the broader environmental footprint of the**

**humanitarian sector** would also need to take account of multiple other factors including water resources, biodiversity, land use, health etc. Existing **tools and guidance** can help with the process of identifying relevant criteria for developing an environmental footprint calculation for example, the NEAT+ tool<sup>19</sup>, UNHCR's Environmental Checklist<sup>20</sup>, and ECHO's minimum environmental requirements.

**GRAPH 9.3**

**Emission calculations**



Most recent humanitarian studies on environmental impact are based on the **Lifecycle Approach** which considers all stages of a product or service from acquisition of raw materials, through to final disposal<sup>21</sup>. Modality choice has implications for the opportunities available to humanitarian actors to directly manage environmental impacts at different stages in a product lifecycle (see Graph 9.4). The fungibility of cash and the transfer of agency to the people receiving it means more limited scope for direct action to reduce environmental impacts. However, studies have shown that the highest emissions for most products relate to the production stages, with organizational scope to directly influence these processes also relatively limited for other assistance modalities such as in-kind.

**GRAPH 9.4**

**Areas for which levers to reduce environmental impact are identified**

Product stage of life	Modality of implementation			
	In-Kind	Services	Voucher	Cash
Extraction/production	Light blue	Light blue	Light blue	Light blue
Manufacturing	Light blue	Light blue	Light blue	Light blue
Transportation	Light blue	Light blue	Light blue	Light blue
Distribution	Light blue	Light blue	Light blue	Light blue
Use	Light blue	Light blue	Light blue	Light blue
Collection	Light blue	Light blue	Light blue	(*)
End-of-life Tr.	Light blue	Light blue	Light blue	(*)

- Under humanitarian sector direct implementation. Possibility to take actions directly to reduce the impact.
- Mainly not included in scope of implementation. Necessary to influence local practices, reinforce local supply and recycling chain, support local infrastructure, etc.
- (\*) Except for Cfw programmes with purpose of waste management

Source: Action Against Hunger, 2021

**Interest in how to calculate GHG emissions for the humanitarian sector has increased in recent years.** For example, through the development of the Humanitarian Carbon Calculator, which is linked to the Climate and Environment Charter<sup>22</sup>. This includes a suggested metric for calculating emissions for cash assistance based on the respective country's average emissions per capita and GDP. A recent ACF study further contributes to efforts to measure the footprint of CVA, through analysis of how to calculate the GHG emissions of various minimum expenditure baskets (MEB)<sup>23</sup> (see Box 9.1).

**CVA is widely considered to be 'greener' than in-kind assistance**, with the potential to reduce the environmental footprint of humanitarian interventions<sup>24</sup>. This is based on factors such as reducing organizations' logistical loads, and the potential to boost local production and economies (e.g., reducing the transport related footprint of goods in local markets). Also, as people choose what they buy, CVA can avoid transporting and distributing 'unnecessary' goods that don't align with recipients' needs and may be traded or disposed of. However, **calculating and evaluating the environmental footprints of different modalities is complex**, including varying thresholds for attributable emissions across different organizations<sup>25</sup>. As a result, it has been difficult to prove assumptions about the environmental footprint of CVA in practice<sup>26</sup>. Attribution is further complicated for cash assistance where spending choices belong to the recipients and may be informed by multiple issues – e.g., markets, household economies, behavioural and cultural factors – which are beyond the influence of the implementing organization.

#### BOX 9.1

##### Action Contre la Faim (ACF) and CITEPA – Calculation of MEB GHG footprint

- ACF collaborated with the Technical Reference Center for Air Pollution and Climate Change (CITEPA) to calculate the GHG emissions (weight) for a range of MEBs.
- As the necessary data on the carbon emissions per country is not available, French reference data was used.
- Due to the large variations in MEB content from one country to another (e.g., some include health, water, energy, transport, etc., others do not), the calculations focus on the food component for comparison between countries. Food is a primary area of expenditure across contexts, and consistently included in MEBs, although the types and range of food vary.
- The household size on which MEBs are calculated also varies, affecting GHG emission calculations, so the comparison was built on the USD equivalent.
- The study proves that it's not possible to calculate an average carbon intensity (carbon emission weight per USD) for MEBs across countries as the range is too great – from less than 0.5kgCO<sub>2</sub>/USD to 10kgCO<sub>2</sub>/USD.



*"How we measure carbon footprint (for CVA) is potentially a big rabbit hole. No definition exists for this ... If, for example, expenditure includes school fees, how do you measure the carbon footprint for that?"*

(Red Cross Red Crescent Movement)

Several key informants from this and another study<sup>27</sup> expressed **scepticism regarding the feasibility of a standardized, shared methodology to assess the environmental impacts of CVA**, despite efforts being made. For example, the challenge of determining parameters for inclusion and exclusion, the diversity of expenditures, and questioning the technical feasibility of calculating the emissions for some types of expenditure.

Some stakeholders expressed concerns that people may use cash assistance to purchase low quality items, with the potential for a larger environmental footprint if items need to be replaced more often and generate more waste<sup>28</sup>. These concerns have led some stakeholders to recommend more conditional or restricted assistance to facilitate environmentally friendly purchases, assuming relevant items are locally

available<sup>29</sup>. However, several key informants emphasized **the need to avoid restricting people's spending based on a perceived tension between the flexibility of cash and potential environmental impacts**. They acknowledge a trade-off between people's choices and the quality of what they might purchase but highlight that **a combination of limited household purchasing power, spending priorities, and market availability inform these choices**. The inherent value in the fact that whatever is purchased likely reflects people's priorities was noted, with the associated concern that attempting to constrain purchasing contradicts the central concepts of dignity and choice in cash assistance. One key informant also questioned the ethics of scrutinizing the consumer choices of some of the world's poorest people in the context of a climate crisis primarily driven by rich people and countries, arguing that there are more effective ways for humanitarians to use their time and resources. Finally, cumulative evidence on the extent to which recipients may sell on in-kind assistance to address other priorities<sup>30</sup> indicates that providing in-kind as an alternative to cash does not necessarily resolve the issue of accessing and using more sustainable products.



*“The vision needs to be for market-based approaches (rather than CVA per se) – actions that are greener that focus on mitigation. I think that using this lens is an enabler.” (FGD, Americas)*

*“We want to avoid negative environmental impacts through all actions including cash. Market analysis will need to consider the environmental impact of goods in the market, but technical capacity to do this analysis is a key barrier. We are hiring expertise and looking at building capacities.” (Donor)*

Objectives, context, and environmental assessments are critical in informing intervention design<sup>31</sup>. There are circumstances where restricted modalities will be appropriate with regards to environmental footprint – e.g., guarding against deforestation in relevant shelter interventions. Equally, **CVA provides enough flexibility to ensure that restrictions and conditionalities are not the only solution**<sup>32</sup>. Evidence and guidance indicate various and complementary approaches to integrate mitigation of environmental impacts into CVA (and other) programming, with an understanding of **market systems**, supply chains and **local production processes** being critical (see Box 9.2). One key informant highlighted that effectively implementing these approaches demands **additional skill sets** that are currently either not available or limited within the humanitarian sector.

#### BOX 9.2

##### Emerging options to integrate the mitigation of environmental impacts into CVA<sup>33</sup>

- **Ensure environmental factors are incorporated into programmatic tools including assessments, analyses (e.g., needs, market, risk, response analysis), monitoring, and evaluation.** Specific environmental assessments and analyses can also be utilized e.g., using tools such as NEAT+, particularly for sector-specific interventions.
- **Integrate an environmental lens as a core element of market assessments and analysis, engaging with environmental actors and authorities as necessary.** This can enable analysis of both the potential environmental benefits and negative impacts of cash assistance with regards to locally available products, services, and practices, employing a lifecycle perspective as appropriate, and considering the whole value chain. This helps inform the selection of the most effective mix of modalities and complementary interventions.
- **Work with local markets, trade unions, and market and environmental policy makers to facilitate access to environmentally preferable products. Market support interventions** can consider how to improve the environmental sustainability of available items and strengthen local market systems, which will usually require longer term engagement and investment. This includes **working with local producers and suppliers on decarbonization of relevant products and services which have higher emissions and environmental impacts.** ACF's MEB study<sup>34</sup>

recommended this to achieve greater long-term impact, rather than focusing on attempts to restrict choice and what people can purchase.

- **Consider awareness raising activities on environmentally conscious practices and purchasing as a complement to cash assistance.** This type of intervention should ensure though that transfer values are sufficient to enable these choices, and that relevant items are available locally.
- **Use an environmental lens in the MEB composition,** including household energy requirements. This could include prioritizing environmentally sustainable options, where prices are relatively comparable, factoring these issues into gap analysis and transfer value calculations, and considering whether there are environmentally damaging items in the MEB that could be better addressed through non-cash modalities.
- **Consider the potential environmental impacts relating to digital payments and how these might be reduced.** For example, ensure the selection of digital devices considers durability and coordinate with others to avoid unnecessary duplications (see section below for more on digital payments).
- **Include environmental criteria in the selection of private sector partners,** such as financial service providers (FSPs e.g., investment portfolios, including fossil fuels), traders (for interventions using vouchers), and other relevant suppliers of services, for example relating to energy consumption (see below on digital payments).

## 66

*“To identify the meaningful changes that could be made, we need to understand which are the areas contributing most to higher emissions or ecosystem destruction in humanitarian programming. For example, is it deforestation resulting from the establishment of camps, or the flights of aid workers, or the logistics of food?”*

Climate Change and Social Protection Research Initiative (CCASP)

With evidence still relatively limited, some key informants noted the potential benefits of continuing efforts to identify **a common and workable methodology to calculate the environmental impact of humanitarian operations, across sectors and modalities**. The challenges are recognized, but there is value in better understanding impacts to inform the programme design. Further analysis could also produce more evidence of the impact of the recipients' use of CVA, which has the potential to inform understanding and provide data across multiple sectors.

The **environmental impacts of digital payments** are not generally well understood or considered in programme design. This covers several aspects, including energy consumption for storing and transferring data and powering devices, and the

impacts of producing and disposing of digital hardware. In terms of energy requirements, perhaps the most energy intensive payment mechanisms to date have been certain forms of **cryptocurrency** that use a 'proof of work' standard (e.g., Bitcoin). However, the use of cryptocurrencies in humanitarian response has, to date, been very limited, while the 'proof of stake'<sup>35</sup> approach is increasingly standard for most cryptocurrencies (e.g., used by Ethereum since 2022) and is much less energy intensive than 'proof of work'<sup>36</sup>. See Chapter 7 for more on digital payments and the use of blockchains and cryptocurrencies.

## Preparedness

The core building blocks, principles and best practices of CVA preparedness usually apply for any type of CVA intervention, including responding to climate-based shocks (see also the section on anticipatory action, below). As CVA preparedness is covered in depth in Chapter 5, this section only highlights **some emerging recommendations and practices on better incorporating climate and environment into humanitarian responses using CVA**.

**The perspectives of local people should be incorporated into climate and environmental hazard risk analysis and related aid planning.** Research in disaster prone regions of Bangladesh noted the potential for mismatches between the focus of aid programming and how local people perceive their own needs and feel the impacts of different hazards. For example, respondents in one area were much more likely to cite heatwaves than floods as the most significant hazard, while most past preparedness and aid had been geared towards flooding. This highlights the importance of regular engagement with communities, recognizing that climate change impacts may change over time. The same study also outlined communities' demands for longer term structural support as an essential element of adaptation and resilience, while in practice they were only receiving short-term aid. This **underlines the limits of humanitarian action in addressing the climate crisis**, and the importance of a more holistic approach addressing both long-term and short-term requirements<sup>37</sup> – for example, connecting CVA with other forms of assistance.

**Humanitarian preparedness for climate-based crises should be a coordinated and collaborative process with disaster risk agencies, meteorological services and social protection systems and ministries.** In Madagascar, for example, planning for humanitarian cash responses to drought or flooding were linked to both social protection and early warning systems, to ensure collaboration. This requires **relationship building**, with and between agencies, ministries, and services, incorporating advocacy and mutual capacity strengthening. Working with regional platforms like the Coordination Centre for the Prevention of Natural Disasters in Central America (CEPRENAC) has the potential to generate buy-in where there are challenges with country-level engagement. Involving donors might help to **leverage interest and investment in climate preparedness linking humanitarian response and longer term development**<sup>38</sup>.

**Social protection can provide a mechanism to address multiple vulnerabilities associated with climate change and environmental degradation.** For example, **adaptive social protection (ASP)** aims to build the capacity of poor households to prepare for, cope with, and adapt to shocks, avoiding falling further into poverty. Originally conceived as bringing together social protection, disaster risk reduction (DRR) and climate change, ASP has evolved to adapt to multiple shocks a community might face<sup>39</sup>, with partner coordination across government and the humanitarian sector key to facilitating it effectively<sup>40</sup>. See Chapter 6 for more on working with social protection in CVA.

**Using data from early warning systems, forecasting and climate modelling can help facilitate the integration of climate and environmental factors into preparedness activities.** Key CVA preparedness activities include:

- **Building relationships with meteorological and forecasting entities** where relevant, though forecasting systems in many parts of the world are not yet ready to provide the data needed to enable effective trigger-based responses and require further investment.
- **Registering potential recipients in hazard prone areas, with climate risk as a key vulnerability criterion.** Where applicable, support the strengthening of linkages between climate hazard vulnerability and social protection data systems to identify the extent of overlaps between poverty (the basis for eligibility for many social protection programmes) and climate vulnerability. For example, in Indonesia, partners are supporting the government to develop a national database on disaster vulnerability with the disaster management agency, allowing spatial analysis of social registry data with household hazard vulnerability data. Research has shown that **using existing social registry data in a response (anticipatory or post-shock) without taking steps to layer in climate vulnerability could aggravate exclusion errors**<sup>41</sup>. A similar finding demonstrated that to be effective, ASP needs to modify targeting to integrate vulnerability to shocks, with a focus on high-risk households and areas subject to recurrent shocks, using complementary interventions as relevant<sup>42</sup>.

- **Defining and agreeing early warning thresholds**, which incorporate community perspectives wherever possible, linked to funding mechanisms and action plans and protocols to facilitate a timely response.
- **Adapting payment mechanisms**, including ensuring people in climate vulnerable locations have access to payment mechanisms. This entails working with FSPs to support pre-shock account registrations for people in locations vulnerable to climate hazards who don't have access to these services. This could include partnering with FSPs to encourage customers to open accounts, providing financial literacy training and advocating for the development/expansion of the infrastructure and services<sup>43</sup>.
- **Incorporating market-based programming to facilitate post-shock recovery**. Using data from past events and climate modelling could help inform the likely impacts of different hazards on market systems, including access and availability of essential items and services. This could then inform planning in terms of appropriate phasing of assistance, and the potential for market-based programming, working with traders and suppliers on contingency plans and preparations to enable a faster recovery.

## Anticipatory Action

While anticipatory action (AA) can encompass a range of formal and informal arrangements using various forecast or predictive analyses as a basis for action, the term is primarily used to refer to formalized arrangements with pre-agreed triggers, plans and financing<sup>44</sup>. This is reflected in three core elements of AA: (a) risk information, forecasting and early warning systems; (b) planning, operations and delivery; and (c) pre-arranged financing (e.g., climate/disaster risk financing instruments, DRM budgets)<sup>45</sup>.



*“Anticipatory action (also known as early action or forecast-based action) means taking steps to protect people before an impending crisis through a combination of risk analysis, early warning and/or forecasts (with pre-agreed triggers), and pre-agreed financing. It must involve meaningful engagement with at-risk communities. CVA can be used in anticipatory action to help reduce the impacts of a predicted event on homes, livelihoods, and health. To be effective, this requires preregistration of recipients, functioning markets and having a transfer mechanism and FSP in place who can potentially register new clients within 2–3 days. Anticipatory action differs from early response which refers to actions undertaken immediately after a disaster occurs.” (CALP Glossary – definition adapted from Early warning, early action | IFRC and Cash-hub.org)*

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Interest in this approach has been growing over the last decade and accelerated more recently, cross-cutting the humanitarian, development, disaster risk management and climate sectors<sup>46</sup>. Within the humanitarian sector this is reflected in practices such as the hiring of anticipatory action specialists<sup>47</sup>, and UN OCHA's pilots linking AA to Central Emergency Response Funds (CERF)<sup>48</sup>. There are also many **locally-led AA initiatives, often based on local forecasts, knowledge, action, and approaches** but data on these is currently patchy as they are often informal, being implemented outside of formal project structures<sup>49</sup>.

The use of cash assistance as an effective tool to help achieve the objectives of AA is the subject of increasing attention and activity. A growing number of examples of the use of cash transfers in AA, covering both rapid (e.g., typhoons, floods) and slow onset (e.g., drought) events, evidence this. **Examples of anticipatory cash, led by humanitarian organizations, is summarized in Table 9.2.** The Anticipation Hub also includes a [database of anticipatory actions](#), some of which include CVA.

TABLE 9.2

Organization	Country	Summary Description
<b>ASIA</b>		
<b>WFP and Bangladesh Red Crescent Society</b>	Bangladesh	<ul style="list-style-type: none"> <li>23,434 households (HHs) forecast to experience severe flooding<sup>50</sup> were sent BDT 4,500 (approximately US\$53, equivalent to two weeks of HH food expenditure) via mobile transfers. Implemented in collaboration with the Government of Bangladesh.</li> </ul>
<b>CARE Bangladesh, Concern Worldwide, Islamic Relief &amp; RIMES<sup>51</sup></b>	Bangladesh	<ul style="list-style-type: none"> <li><b>SUFAL</b> (Supporting flood Forecast-based Action and Learning) included the design of early action plans and triggers with government and the local community. A programme evaluation, assessed the impact of different combinations of early actions, including early warning messaging, evacuation, shelter, WASH, and cash transfers.</li> </ul>
<b>WFP</b>	Nepal	<ul style="list-style-type: none"> <li>With CERF funding, HHs received NRs.15,000 prior to the onset of flooding in October 2022, other HHs received post-shock cash assistance<sup>52</sup>. Cash was also distributed as part of pre-flood action in Nepal in June 2022.</li> </ul>
<b>FAO</b>	Mongolia	<ul style="list-style-type: none"> <li>Provision of cash, together with livestock fodder and health kits ahead of a severe winter season to help protect livelihoods<sup>53</sup>.</li> </ul>
<b>Red Cross Red Crescent</b>	Mongolia	<ul style="list-style-type: none"> <li>Distribution of unconditional cash grants to herder households to help meet needs, such as hay, fodder, warm clothes and medicines, during the dzud.</li> </ul>
<b>Oxfam and consortium partners</b>	Philippines	<ul style="list-style-type: none"> <li><b>B-READY</b> (Building Resilient, Adaptive and Disaster-Ready Communities) is a community designed AA approach. Pre-disaster cash grants are a core part of the methodology. In the first two years, 9,300 individuals were reached<sup>54</sup>. B-READY has also been rolled out in Indonesia and Sudan.</li> </ul>
<b>FAO</b>	Vietnam	<ul style="list-style-type: none"> <li>Ahead of Typhoon Noru in September 2022, FAO disseminated early warning messages, distributed cash and provided waterproof drums.</li> </ul>
<b>AFRICA</b>		
<b>IRC</b>	Nigeria	<ul style="list-style-type: none"> <li>Early warning messaging and transfer of lumpsum of anticipatory cash to 725 HHs when triggered by climate data risk thresholds – part of a climate resilience project in a flood prone area. The same number of HHs received cash post-shock for comparison.</li> </ul>
<b>WFP</b>	Ethiopia	<ul style="list-style-type: none"> <li>Anticipatory cash (based on forecasts of low rainfall) of US\$168 per HH over four months in Somali region, reaching 14,625 people, plus early warning information to approximately 10,790 HHs. Complements long-term capacity building and early (post-shock) response<sup>55</sup>.</li> </ul>
<b>WFP</b>	Niger	<ul style="list-style-type: none"> <li>Cash provided to 6,000 HHs in August 2022 as part of a broader CERF funded AA framework (implemented by seven UN agencies, the government and over 15 partner organizations) covering food security, health, nutrition, protection, and WASH<sup>56</sup>.</li> </ul>
<b>WFP</b>	Somalia	<ul style="list-style-type: none"> <li>Following forecasts of low rainfall, 206,874 people reached with anticipatory cash transfers, using Somalia's safety-net programme. Early warning messages broadcast on public radio.</li> </ul>
<b>GiveDirectly</b>	Mozambique	<ul style="list-style-type: none"> <li>Mobile payments of US\$225 per HH provided to approximately 7,380 HHs in Sofala, in partnership with the government. Satellite data and flood mapping were used to identify where the worst flooding was expected, with payments made in the days before the cyclone<sup>57</sup>.</li> </ul>
<b>Cash Working Group and Bureau National de Gestion de Risques et des Catastrophes and Ministère de la Population, de la Protection Sociale et Promotion de la Femme</b>	Madagascar	<ul style="list-style-type: none"> <li>In 2021, forecast-based action tackling drought was used for the first time by WeltHungerHilfe which made cash transfers to 7,500 people for six months to prevent food insecurity.</li> <li>FAO and partners provided cash transfers as part of a wider set of interventions (including small livestock and drought-tolerant seed provision), based on forecast drought.</li> <li>WFP provided cash to support agricultural production and for water mobilization reaching 62,210 people.</li> </ul>
<b>CENTRAL AMERICA</b>		
<b>Red Cross</b>	Guatemala and Honduras	<ul style="list-style-type: none"> <li>600 families in Honduras and 700 in Guatemala received cash assistance ahead of a tropical storm. It was funded through the IFRC's Disaster Response Emergency Fund (DREF)<sup>58</sup>.</li> </ul>

With the increasing number of examples of the use of cash in AA, learning is being generated albeit based on a limited number of interventions. **Key findings** from the available literature are summarized as follows.

- **Anticipatory cash can have positive impacts in both the immediate and longer term, contributing to resilience.** For example, an IRC study in Nigeria found positive impacts in terms of adaptation (more likely to take pre-emptive actions) and resilience (more likely to invest in productive assets, and less likely to resort to negative coping strategies) amongst households who received cash pre-shock<sup>59</sup>. An evaluation of the welfare impacts of cash provided before the onset of flooding in Bangladesh found **significant benefits along multiple dimensions, including food consumption, well-being, asset loss and damage, employment, and evacuations.** Households who received anticipatory cash reported significantly improved child and adult food consumption, even when measured three months after the intervention, and were 36% less likely to go a day without eating compared to households that did not receive the transfer. Well-being was assessed as 12.5% higher for households that received cash, with significantly decreased asset loss and damage, decreased borrowing, a higher likelihood of being in work, and higher earnings potential. Households receiving cash were also more likely to evacuate people and livestock prior to flooding<sup>60</sup>.
- **Timing matters – even small differences can have an impact.** For example, analysis from Bangladesh found that receiving anticipatory cash a day earlier resulted in a small increase in food consumption months later<sup>61</sup>.
- In the case of rapid onset events (e.g., typhoons, floods) that can at least temporarily disrupt markets (availability and access) and increase prices, **cash is most useful before and after, rather than during, a shock.** This points to the value of receiving cash and, for example, being able to stock up pre-crisis (when availability and prices are likely to be more favourable).
- **The evidence indicates a preference for anticipatory cash as means to address needs and protect assets.** For example, in the Philippines, 81% of respondents to a pre-crisis survey reported that they would immediately use cash assistance prior to typhoon landfall. In Nepal, cash was the preferred modality overall (60%) in the case of pre-flood assistance, albeit with variation by need (highest for livelihood support and shelter, lowest for clean water access, split almost 50–50 between cash and in-kind for food).



*“CVA presents opportunities and can have spill over effects on resilience. Choice of modality is very much based on the context, the type of crisis, the timing of the intervention. You need to have the system in place in advance to distribute CVA on time.” (Start Network)*

- Preferences for cash as a post-shock means of recovery are known, underlining the **value of coordination and continuity in planning from anticipatory action through to early recovery.** This corresponds with the recommendation that anticipatory action, including the use of CVA, should be part of a holistic contingency planning process, linking to early and ongoing response to a shock. This is as opposed to seeing AA as an alternative to post-shock assistance<sup>62</sup>.

- **Delivering cash assistance with complementary activities can help to mitigate hazard impacts.** These might, for example, include goods or services that can't be sourced locally, or activities to mitigate impacts on assets and infrastructure. Designing for complementarity should consider the range of AA support (all modalities) planned across humanitarian agencies and government, as well as linking to post-shock response plans<sup>63</sup>.



*“Anticipatory action, yes, it's new and sexy, but the core of what makes it function is basic cash preparedness and common vulnerability analysis that we've been preaching in our contingency plans for all sorts of other responses.” (FGD Asia)*

- **Combining cash assistance with early warning information and guidance can increase effectiveness.** WFP found significant positive impacts across multiple metrics when combining AA cash assistance with early warning information to drought vulnerable people in Ethiopia. For example, in the endline analysis, food consumption scores for 91% of households receiving both cash and information were at an acceptable level, compared to 70% of those receiving cash

only. Similarly, 23% of households receiving both cash and information confirmed having sufficient food stocks, compared to only 5% of the 'cash only' control group<sup>64</sup>.

- **Unconditional cash** allows people to **determine their immediate priorities and increase their resilience**, including potentially deciding to move (see the Adaptation, Recovery and Resilience section for more on migration).

Focus group participants for this report highlighted that **facilitating the effective use of CVA for AA reflects effective CVA preparedness in general in many respects**. At the organizational level, it means having the building blocks for CVA in place, and sufficient agility to act quickly when required. Developing country and hazard specific action plans with clear triggers and activities (e.g., National Societies' Early Action Protocols, plus FAO example in Table 9.2), and identifying pre-arranged financing, are also critical preparedness components for AA. In terms of intervention design with considerations relevant to anticipatory action, key elements include:

- **Market assessment and analysis**. These are critical in planning cash and other modalities as part of AA, to understand availability of items that would mitigate impacts at the household level, and price trends. Market analysis may also identify where market support interventions are required, to help mitigate impacts on traders and supply chains, and facilitate faster post-shock recovery.



*"Our work related to cash in the Climate Centre is under two main themes – anticipatory action, and social protection. We are advocating for targeting based on real-time hazard forecasts, ideally using an existing social protection system database in which all households are pre-registered."*  
(Red Cross Climate Centre)

- **Targeting**. For many types of climate-based shock, particularly rapid onset events such as storms and flooding, identifying which locations will be most affected may only be possible a few days in advance of the event. Several key informants and FGD participants noted that **this unpredictability calls for comprehensive, up to date identification and registration processes in advance** – something more within the scope of national social registries and social protection than humanitarian agencies. For example, in Nepal the government's dashboard of flood-vulnerable households was overlain with social protection recipient lists to highlight priority locations. Using pre-existing data and delivery systems enabled rapid action.

Other recommendations include having common targeting criteria across implementing agencies; pre-identify recipients with the relevant authorities to limit perceived in/exclusion errors; and account for likely impacts on different livelihood, wealth and demographic categories given that AA targets 'at-risk' households<sup>65</sup>.

- **Pre-register people to the identified payment mechanisms**. Assessments to identify suitable payment mechanisms need to consider timing and capacity to provide cash to the target group within the required pre-shock window, and accessibility (including safety in collecting payments, and ability to use the mechanism). It has been argued that in rapid onset contexts with short lead times of only a few days, digital solutions may be the only viable option to deliver anticipatory cash, particularly at scale<sup>66</sup>. Possibilities being explored by some agencies relating to the use of aggregators (see Chapter 7 on Data and digitalization) may provide greater flexibility in future.
- **Transfer values**. AA intends to help people to prevent or mitigate the impacts of a shock, so estimates of the costs of recommended measures to achieve this should be considered when setting the transfer value. In practice – in common with CVA in regular humanitarian response – various factors inform transfer values, including MEBs, social assistance transfer values, income deficit calculations, or the needs of specific target groups.

**Defining readiness (pre-activation) and activation triggers** based on forecast data, mapping, and analyses is one cornerstone to AA that is not part of regular CVA preparedness. It should integrate community feedback wherever possible. Improvements in the accuracy of meteorological forecasting and impact mapping have

helped in the push towards more AA, although the **accuracy and timeliness of forecasting data can vary significantly** depending on the data source and nature of the shock, and so constrain the launching of anticipatory action CVA. For example, longer rivers with strong systems for river basin measurements and more developed modelling can generate accurate flooding forecasts seven to ten days in advance. In comparison, more complex river systems require investment in modelling across multiple tributaries, and for flash flooding events, are more challenging, and typically provide forecasting data two to three days in advance. Defining the triggers and thresholds for activation can also still be challenging and a contested process. It may be the case, for example, that a readiness trigger is activated, but the threshold for activation and disbursing assistance is not<sup>67</sup> (though significant change in forecasting is possible in the coming years, as the use of artificial intelligence increases<sup>68 69</sup>). Until more certain, one key informant highlighted how essential it is to manage expectations within communities that are pre-registered for AA, with clear communication regarding the thresholds for assistance to be released.

Despite the growing evidence of AA benefits, several key informants remarked on the fact that **funding remains a significant challenge** due to reticence to provide advance funds given uncertainties about precisely when and where action will be required, and at what scale. Governments' reluctance to act on early warning data has been cited as a barrier, with concerns to avoid generating unnecessary panic (in the case the hazard doesn't materialize as forecast), or 'waste' resources. This constrains the use of social protection systems for AA, and for other partners' CVA provision where authorization is required to trigger a response. This also relates to issues of identifying and agreeing effective triggers, and a lack of flexibility to adjust – for example if the anticipated shock does not materialize, but another does. A key informant gave a recent example from Pakistan, where a plan and funding were in place for anticipated drought, but when flooding struck there was no mechanism to transfer the funds and adjust plans.

### BOX 9.3

#### FAO's experience working to institutionalize AA

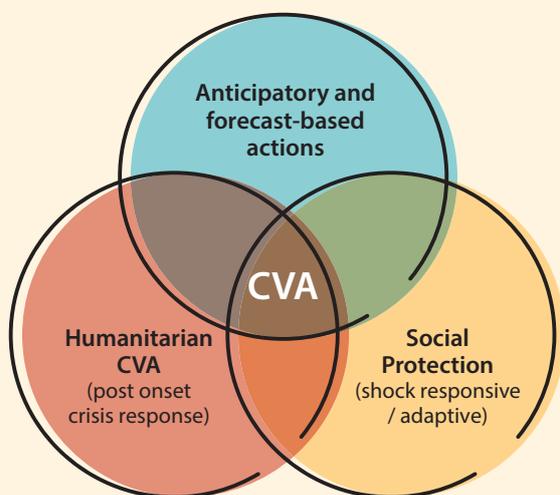
FAO began engaging in AA in 2016. Today, AA has become an integral part of the organization's strategic framework to deliver on their mandate and mitigate the impact of hazards on agricultural livelihoods. In 2023, FAO set a target of reaching 60 million people affected by emergencies, including through AA. It is emerging as a priority in country strategic plans, with investment in country-specific AA protocols, and triggers specific to each hazard. FAO plays a key role in global, regional and national partnerships and coordination platforms on AA. For instance, FAO chairs the Anticipatory Action Task Force, co-chairs the Technical Working Group on AA of the global Food Security Cluster, as well as regional Technical Working Groups on Anticipatory Action in Asia Pacific and Southern Africa.

Interest among donors is growing, FAO's investments in AA have increased significantly since 2016, and the organization has set a target to invest 20% of its emergency portfolio on AA. CVA is a major part of this strategic approach. To ensure pre-positioned financing, they are developing a portfolio of funding sources including the internal SFERA fund, with a dedicated component for AA (funding from Germany, Belgium, Sweden, Canada and Norway); the CERF; and DG ECHO, among others. Multi-year programmes with the German Federal Foreign Office, DG ECHO and USAID-BHA are allowing FAO to build the necessary capacities to implement timely and effective AA at scale.

To date, **funding for AA has come primarily from humanitarian and donor agencies, rather than government budgets**, with challenges in establishing disaster risk financing strategies that enable access to suitable funds. As the timely release of funds in line with triggers is critical to the effectiveness of AA, **more attention is needed on the topic of how funds can be pre-arranged**<sup>70</sup>. Potential approaches include investing and building confidence in forecasting and early warning systems, developing accountability frameworks, continuing work to define reliable triggers, and building evidence of the benefits of acting earlier. The ASEAN Framework for Anticipatory Action is an example of work to act on these issues<sup>71</sup>.

GRAPH 9.5

The overlap between cash-based anticipatory action, humanitarian CVA, and social protection



The potential for leveraging social protection systems to institutionalize anticipatory action is well documented, although so far has not been operationalized at scale<sup>72</sup>. With the established and growing linkages between humanitarian CVA and social protection (see Chapter 6 on Linkages with social protection), the overlap between cash-based anticipatory action, humanitarian CVA, and social protection can be visualized (see Graph 9.5). The interplay between these systems and processes appears to be central to future planning and actions, pointing towards the need for a holistic approach to CVA. Evidence indicates that one-off anticipatory transfers cannot fully facilitate a quick recovery, with further transfers required, while linking humanitarian cash and social protection may enable longer term objectives of resilience building (see section below for more on this)<sup>73</sup>.

## Post-Shock Response

To a greater or lesser extent, a significant proportion of humanitarian crises are attributable to the impacts of climate change and environmental degradation; hence, the role of CVA in helping address needs arising post-shock is already in evidence in many countries. The preceding sections on **mitigation** and **preparedness** cover many core elements of planning for and implementing a greener CVA response, while this section summarizes a few aspects that have not been effectively included elsewhere.

**Targeting must be more inclusive.** The **climate crisis is and will disproportionately affect women, children, older people, minorities, and persons with disabilities**. As these groups are, on average, typically poorer and subject to greater vulnerabilities already, failing to systematically include them in climate-related response **risks exacerbating existing inequalities**. Calls have been made to **put gender and inclusion at the centre of the response to the climate crisis**, partnering with gender and inclusion specialists to better achieve this<sup>74</sup>.

**There is limited evidence of the incorporation of environmental factors into MEBs. Energy, for example, is not consistently included in MEBs** and this is largely attributed to energy not being a sector. There are examples of its inclusion – e.g., Gaza, Uganda – and it has been the focus of some discussion, but it remains something of a gap. At the same time, household access to and use of clean energy can be complex, particularly when linked to habitual practices, associated costs, and priorities (e.g., reluctance to pay for cleaner fuels if dirtier alternatives such as firewood can be accessed without charge). Interventions that have used restricted assistance such as vouchers for clean(er) energy items such as solar lights/panels and improved stoves, and attempts to influence purchasing behaviour, have shown mixed impacts. **One key informant suggested that climate change adaptation should be included as a line in MEBs, reflecting the ongoing impacts and need to adapt**, although as the cleaner energy example illustrates, calculating this and making it effective would be complicated.

**Climate finance is considered a potential future source of funding for humanitarian response.** As the CALP Glossary definition indicates, the bulk of existing climate finance mechanisms and commitments have been geared towards mitigation and adaptation. The agreement to establish a **Loss and Damage Fund** at COP27



*“Climate finance refers to financing – drawn from public, private and alternative sources – that seeks to support mitigation and adaptation actions that will address climate change. Climate finance is needed for **mitigation** to reduce emissions, and for **adaptation** to the adverse effects, including reducing the impacts of a changing climate. Cash assistance can potentially support climate adaptations in multiple ways, including meeting existing needs, managing risk, investments in asset bases, and facilitating mobility and livelihoods transitions.”* CALP Glossary Adapted from unfccc.int and Godfrey Wood (2011)

in 2022 followed decades of pressure from activists for the countries which caused most climate change to better address the impacts and aid recovery. At the time of writing, discussions to establish the fund were facing problems, with lower-income countries demanding the money comes in grant form or highly concessional loans – as would be the case with most humanitarian funding. Donor countries concerned about the potential scale on top of already stretched overseas aid budgets have, however, been reticent about making commitments<sup>77</sup>. Notwithstanding the challenges, the future potential to access these finance mechanisms to expand humanitarian response funding, and for climate associated social assistance, has been noted<sup>78</sup>. This would need to entail structural changes to financing models and how they interact. For example, analysis of the 2022 Pakistan flood response noted that, so far, *‘no climate financing mechanisms have been developed that could meaningfully augment traditional sources of humanitarian financing’*<sup>79</sup>.

#### BOX 9.4

##### Start Network’s innovative disaster risk and response funding mechanisms

Since 2016 the Start Fund includes the option for members to raise an anticipation alert and apply for funding in advance of a crisis. FOREWARN (Forecast-based Warning, Analysis, and Response Network) was created alongside it to connect humanitarian practitioners with hazard experts to support access to Risk Information. Alerts raised cover climate-related shocks. CVA is often a significant component of the member designed responses.

[Start Ready](#), a pooled disaster risk financing mechanism which pre-positions funding for predictable, recurrent crises like floods, droughts, and heatwaves, went live in 2022. It utilizes insurance principles and a capital model to stretch funding and protect more people than if funds were held in separate restricted pots<sup>75</sup>. Funding is released when pre-agreed risk thresholds are met. For example, in February 2023, GBP 700,000 was released in advance of Cyclone Freddy in Madagascar to prepare communities through anticipatory actions and early response activities. This included the distribution of cash, as well as in-kind support<sup>76</sup>.

There have also been calls for **innovative funding mechanisms**, including imposing windfall taxes on fossil fuel companies to fund loss and damage<sup>80</sup>. The IFRC commented they are looking at innovative financing options for their DREF – for example through collaboration with insurance companies – using donor funds to pay the premiums, and thereafter significantly increase funds available for emergency response when insurance payments are triggered.

## Adaptation, Recovery and Resilience

Climate change and environmental degradation requires strategies that not only aim to reduce the frequency and severity of associated shocks (mitigation), and relieve humanitarian needs, but critically also **enable people and communities to better adapt to, manage and recover from the impact of events when they occur**.

The UN has advocated for more than [50% of total climate finance](#) to be spent on resilience and adaptation, in line with government commitments stretching back to COP15 in 2009. However, analysis shows **there is no**

**chance of achieving 50/50 balanced funding for mitigation and adaptation soon, while contributions remain well below longstanding pledges<sup>81</sup>.**

Human mobility is increasingly recognized as an effective adaptation strategy where, for example, climate change impacts have significantly undermined livelihoods, and local opportunities to diversify or develop more resilient livelihoods are being exhausted<sup>82</sup>. Key informants and recent research have highlighted that the **portability (including cross-border) and flexibility of cash makes it a suitable means of assistance along migration routes**. This includes before departure, on the move, and at the destination, although evidence and learning on this is not currently substantial<sup>83</sup>. It has been suggested that having access to cash gives people more flexibility to make the difficult decision to move if this presents itself as the most effective adaptation strategy available. Providing CVA before people move could also help them to avoid becoming stranded along their route. With climate-driven mobility set to increase, the humanitarian sector needs to think about the structures and programmes required at the various stages in this process. IOM, for example, report that they are currently researching this topic to develop more effective strategies, including the use of CVA for people on the move.

Adaptation and resilience building are inevitably longer term processes, with a critical role for cash-based social protection. There is **growing evidence of the potential of anticipatory cash to support household's pre-shock adaptations and post-shock resilience**. However, **evidence of the impacts of short-term cash assistance on resilience is limited**, with some recipients indicating that such interventions cannot effectively prepare them for complex climate crises<sup>84</sup>. However, there is **evidence that providing cash transfers to poor households over the longer term (usually years) increases coping capacity against climate extremes**, whether designed for or not, although there is also the risk of increasing vulnerabilities if climate change isn't explicitly considered in the design and targeting of social assistance<sup>85</sup>. Affected communities have highlighted the value of longer term adaptation interventions, although they also note these can have limited coverage and need to be scaled up<sup>86</sup>. **Social protection, including cash assistance, is a key tool that needs to be considered more strategically<sup>87</sup>.**



*"CVA enhancing resilience to climate change is difficult to evidence. It can be illustrated anecdotally. There are some examples of cash for work schemes having such effect (e.g., by working on land to develop a community asset that can increase resilience)." (Start Network)*

Cash for Work (CFW), or public works can play a role in supporting risk reduction and adaptation to build environmental resilience. Several key informants noted this, which can potentially include a wide range of interventions, including carbon sequestration activities, reforestation, improved land management, building and maintaining flood defences, and supporting adaptive agriculture. These activities typically fall more within the scope of development and social protection programming, but **CFW is well established in humanitarian response and has the potential to bridge to longer term initiatives**. Realizing this potential would require proactive work

to establish partnerships between humanitarian actors and various government, development and climate actors to ensure sustainability and longer term objectives. FAO shared an example from Paraguay where they build on an existing national government social protection system with another conditional cash transfer to incentivize reforestation and adaptive agriculture, noting that while this was a development context, it illustrated the potential of CVA if provided for sufficient duration. Research has also shown that public works (social protection) interventions combining cash transfers with measures to reduce environmental degradation can help build ecological resilience to slow onset climate events<sup>88</sup>.

**Facilitating livelihoods recovery is frequently a key part of humanitarian and early recovery programming following climatic shocks**, with many examples of the incorporation of adaptation strategies with the objective of building more resilient livelihoods. These types of interventions tend to blur the lines on the continuum from humanitarian to development programming, particularly in contexts prone to recurrent climate hazards and environmental degradation. Cash assistance can play an important role in supporting income generating activities and livelihoods diversification. The evidence indicates that these interventions are much more likely to succeed where substantial capacity building and skills development is provided – particularly where participants are branching into new and adapted forms of livelihood. Cash assistance also

needs to be substantial enough to facilitate livelihoods development<sup>89</sup>, while effective strategies to support climate resilient livelihoods generally require complementary interventions, for example addressing water access. Similarly, research suggests that *‘while social protection can improve livelihood opportunities it is unlikely to lead to climate change adaptation without complementary programming and sufficiently generous benefits’*.

## Implications for the future: Areas for strategic debate and priority actions

### Areas for strategic debate

Our analysis highlighted the following considerations to inform further thinking and progress in this area.

- **What might cash at scale in anticipatory action look like?** The recent focus on AA, including the use of CVA and its potential to address the impacts of climate-induced crises, indicates that this is a type of programming that is likely to increase. This raises many questions, regarding the scale and coverage (countries, regions), and **what would need to happen to facilitate significant growth** in the use of CVA in AA. Developing **suitable funding mechanisms**, and **investing in strengthening forecasting systems and capacities**, are central elements for AA in general. The respective **functions and relationships** between humanitarian organizations, governments (e.g., social protection and disaster risk management) and others (e.g., meteorologists and climate data specialists) are also critical.

If the use of CVA in AA does increase significantly, possibly becoming a default humanitarian approach in relevant contexts, it will be important to consider **how pre-and post-shock assistance is coordinated** and targeted, including what types of **complementary interventions** can increase effectiveness. Given ongoing resource constraints, it's unclear whether increasing pre-shock assistance will result in relatively less being delivered post-shock – and the **structural and funding implications** of this for humanitarian assistance. For CVA specifically, which seems well suited to the objectives and timeframes of AA, **it remains to be seen what a major increase in AA might mean in terms of the growth of CVA as a share of humanitarian aid**.

- **Can CVA be designed to support and link to longer term, holistic approaches to addressing the climate crisis?** There are limits to the scope of humanitarian action, but CVA could potentially contribute towards addressing the climate crisis in multiple ways. To do so coherently and effectively requires a **joined-up approach working beyond the usual boundaries and partnerships of humanitarian response**. This includes recognizing the **central role of governments**. An important relationship here in many contexts is that between **CVA and pro-climate social protection**. This isn't a lens that is systematically applied to how these programmes are designed on either side, but it could bring notable benefits. On the other hand, **in fragile contexts** where social protection systems are limited, humanitarian actors may need to play a more substantial role in supporting the management of climate risks.
- **How can the environmental footprint of CVA be measured and minimized?** There are doubts about the feasibility of identifying a standardized set of measures for the environmental footprint of CVA, although this doesn't imply there isn't value in better understanding and seeking to mitigate impacts relating to CVA. Issues include the extent to which humanitarian actors are accountable for or should seek to influence the purchasing decisions of CVA recipients. Which strategies, including market-based approaches, could be effective in striking a balance between approaches that can appropriately and positively influence the environmental footprint of the goods and services people access, and avoid paternalistic approaches that undermine the objective of increasing choice and dignity through cash assistance? There might be doubts about the desirability, value and feasibility of systematically quantifying the footprint associated with CVA, but understanding how people use assistance to survive, adapt to and recover from shocks in climate-vulnerable contexts could provide useful learning on how to better support them.

## Priority actions

- **Humanitarian actors** should identify where the humanitarian system needs to change to better face the challenges of the climate crisis. This includes determining how, where and when CVA can be used most effectively, both pre- and post-shock.
- **All actors** should work together to identify and build the range of strategic and operational relationships required to effectively link climate-sensitive humanitarian CVA across governments, civil society, DRR, development, climate action and financing, meteorological and forecasting agencies.
- **Donors and humanitarian actors should** integrate a climate lens into the planning and implementation of CVA in all contexts experiencing and vulnerable to climate-induced shocks as a matter of urgency, ensuring the systematic inclusion of the perspectives and priorities of communities.
- **Humanitarian agencies and researchers should** use ongoing and upcoming programming to build learning and evidence on the best use of CVA in relation to the climate crisis. For example by: (a) reducing the environmental footprint; (b) using CVA to support adaptation and recovery, including enabling people to implement local/personal resilience strategies; (c) anticipatory action to reduce impacts; (d) identifying effective combinations of pre- and post-shock CVA, and complementary activities; (e) linking to and complementing social protection; and (f) identifying the limits of CVA, and advocating for longer term and structural interventions as relevant.

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## Annex

# Methodology

The research for the *State of the World's Cash 2023* drew on primary and secondary sources and sought to reach a representative range of stakeholders from different operational contexts and with roles at local, country, regional and global levels. Primary data collection started in September 2022 and continued to March 2023, involving 99 key informant interviews, a practitioner survey that elicited 860 responses, and 21 focus group discussions around the world. The process gathered feedback from a broad range of actors including national and international NGOs, UN agencies, the Red Cross Red Crescent Movement, private sector, and independent experts. The process also drew on an extensive review of literature published in the last three years, since the last State of the World's Cash report was produced in 2020. Given the large number of CVA publications, secondary research was necessarily selective (based on searches and recommendations from key informants and advisory group members) and conducted on a rolling basis throughout the research and drafting period. References are included at the end of each chapter.

## Practitioner survey

### Design and distribution

The practitioner survey was open from mid-September until mid-October 2022. The design followed the same rationale as the previous two reports, with new questions added to capture new trends. The survey gathered the opinions of practitioners and others with an interest in CVA, with questions regarding the current state of humanitarian CVA programming, challenges and gaps to address, and future trends.

The survey, in Arabic, English, French and Spanish, was distributed via the CALP D-groups, mailing lists and through social media. With 860 respondents, the sample size for the practitioner survey is more than three times larger than for the previous report.

The survey used two approaches to gather responses to questions, namely – Likert scale and a list of options.

### Data analysis

Responses were analyzed in aggregate, and broken down by characteristics of the respondent's profile in terms of the respondent's organization, their role, geographical location and location within the organization, i.e., Head Office, regional, national or sub-national.

Survey data was analyzed as follows.

**Likert Scale:** Responses were collected on a five-point scale: 'Strongly agree', 'Agree', 'Neutral', 'Disagree', 'Strongly disagree'. Respondents could also indicate 'No basis' where they felt they were not in a position to answer a question. For the purpose of analysis, 'No basis' responses were removed from the calculation and other responses were combined as follows.

'Practitioners agree' statements: These statements combine the number of respondents that 'Agree' and 'Strongly agree'.

'Practitioners disagree' statements: These statements combine the number of respondents that 'Disagree' and 'Strongly disagree'.

'Practitioners do not agree' statement: These statements combine the number of respondents that 'Strongly disagree', 'Disagree' and were 'Neutral'.

'Practitioners do not disagree' statement: These statements combine the number of respondents that 'Strongly agree', 'Agree' and were 'Neutral'.

Top opportunities or challenges/barriers: Practitioners were asked to select top opportunities or challenges – selecting up to three from a list of options that they considered the most important in relation to the question. This section also gave a 'No basis' or 'other' (please specify) choice. Analysis was conducted after excluding 'No basis responses'.

## Key informant interviews

There were two types of key informant interviews (KIs): (a) those with CVA focal points who provided information based on their organizational perspectives; and (b) interviews with thematic experts. In total 99 key informant interviews were completed as follows.

Organization type	# of organizations
INGO	30
UN	14
Donor	12
NNGO	10
Research institution or think tank	9
RCRCM	9
Individual consultant	6
FSP	3
Network	2
Other private sector	2
Government	1
CWG	1
<b>Total</b>	<b>99</b>

## Organizational interviews

First name	Second name	Organization
Andre	Griekspoor	WHO
Anna	Nicol	PRM
Anna	Kondaychan	CashCap
Annika	Sjoberg	UNHCR
Carla	Lacerda	WFP
Celine	Sinitzky	ACF
Chloe	De Soye	ECHO
Christina	Bennett	Start Network
Claire	Mariani	UNICEF
Clara	Setiawen	ICRC
David	Peppiatt	BRC
Ellen	Lee	PRM
Elodie	Bousquel	MasterCard
Emma	Delo	BRC
Etienne Juванon	Du Vacha	FAO
Fatimah	El Feitori	Global Affairs Canada
Fouad	Diab	IOM
Francesca	de Ceglie	WFP
Gisela	Davico	Better Than Cash Alliance
Ian	O-Donnell	IFRC
Ignacio	Packer	ICVA

First name	Second name	Organization
Jan	Egeland	NRC
Joseph	Oliveros	IFRC
Josue	Berru	Mujer y Mujer
Juliet	Lang	OCHA
Kathryn	Taetzsch	WVI/ CCD
Koko	Sossouvi	ECHO
Kristin	Smart	Mercy Corps
Laura	Meissner	USAID – BHA
Liz	Hendry	NRC
Maria	Pia Ferrari	ACF
Maria	Thorin	SIDA
Marina	Skuric Prodanovic	OCHA
Nanette	Antequisa	ECOWEB
Naomi	Ayot	Local Coalition Accelerator Uganda
Nick	Anderson	Save the Children International
Peter	Ombasa	Ministry of Labour and Social Protection, State Department of Social Protection and Senior Citizens Affairs – National Social Protection Secretariat (NSPS) – Government of Kenya
Rebecca	Alt	GFFO
Sam	Brett	FCDO
Sarem	Ammar	Building Foundation for Development
Sergine	Dioum	MTN Group
Shreeju	Shrestha	Oxfam
Simon	Wright Lakin	MasterCard
Stefan	Bumbacher	SDC/HA
Stefano	Battain	IRC
Wendy	Fenton	ODI
William	Anderson	Sphere

## Thematic interviews

First name	Second name	Organization
Adva	Rodogovsky	CBM
Ali	Mansoor	Pacific CWG
Amjad	Al Shawwa	The Palestinian NGO Network
Amos	Doombos	CCD/WVI
Andrea	Duechting	Centre for Humanitarian Action (CHA)
Anita	Kattakuzhy	Network for Empowered Aid Response (NEAR)
Anna	Kondakhchyan	CashCap
Anna	McCord	Consultant
Caroline	Holt	IFRC

First name	Second name	Organization
Cecile	Cherrier	Consultant
Celina	Maravilla	Caritas Nacional – El Salvador
Chris	Paci	REACH
Courtenay	Cabot Venton	Consultant
David	Peters	Start Network
Dina	Brick	CRS
Dr Margie	Cheesman	Minderoo Centre for Technology & Democracy
Edward	Walters	CRS
Francisco	Ausin	AECID
Frederic	Gibaudan	DIGID consortium
Gabriele	Erba	UNICEF
Greg	Rodwell	CALP
Hannah	Miles	Ground Truth Solutions
Heba	Timawy	Ma'an Center for Development
Holly	Radice	CALP
Jahangir	Alam	DAM
James	Shepherd Baron	Consultant
Jenny	Harper	BRC
Kate	Longley	CRS
Keti	Khurtsia	RedRose
Lars Peter	Nissen	ACAPS
Louisa	Seferis	Consultant
Mahmoud	Hamanda	The Palestinian NGO Network
Marianna	Kuttothara	American Red Cross
Mario	Herrera	Caritas Nacional – El Salvador
Meaghan	Donah	WFP
Meg	Sattler	Ground Truth Solutions
Meghan	Bailey	Red Cross Red Crescent Climate Centre
Niklas	Rieger	Development Initiatives
Nupur	Kukrety	UNICEF
Paul	Harvey	Humanitarian Outcomes

## Focus groups discussions

Focus group discussions (FGDs) were conducted to gather the qualitative perspectives of practitioners working at country, regional and global level. The discussions were built on the results of the survey and KIs.

Each FGD lasted 60 to 90 minutes and involved 3 to 28 participants. A guide was developed and used to moderate the discussion. It was adapted and contextualized to the region/country time available and participants. The questions were qualitative and open-ended, designed to promote discussion. Identities of individuals were kept confidential and responses anonymized.

21 FDGs were organized between November 2022 and February 2023, 3 focused on country level participants, 10 were regional, and 8 involved people across the globe. Participants were representative of the range of organizations (national and international), functions, sectors and issues involved in CVA.

## Regional FDGs

1. Asia-Pacific – 24th January 2023
2. Americas (1) – 9th December 2022
3. Americas (2) – 12th December 2022
4. Americas (3) – 14th December 2022
5. East and Southern Africa, Linkages with Social Protection – 16th December 2022
6. Middle East and North Africa, Linkages with Social Protection – 14th December 2022
7. Middle East and North Africa – 30th November 2022
8. Southern Africa – 11th January 2023
9. East Africa – 12th December 2022
10. West and Central Africa – 15th December 2022

## Country-based FDGs

1. Colombia – 25th November 2022
2. Guatemala – 2nd December 2022
3. Honduras – 23rd November 2022

## Global FDGs

1. CALP Technical Advisory Group (TAG) – 9th December 2022
2. Inter-Agency Standing Committee (IASC) Cash Advisory Group – 13th December 2022
3. Donor Cash Forum (DCF) – 9th January 2023
4. Social Protection Technical Assistance, Advice, and Resources Facility (STAAR) – 12th and 17th January 2023
5. Global Cluster CVA Focal Points – 24th January 2023
6. Blockchain – 30th January 2023
7. Management Information System (MIS) – 8th February 2023
8. Social Protection Inter-Agency Cooperation Board (SPIAC-B) – 2nd February 2023

## Data analysis

FDGs were transcribed along with key messages emerging and used to triangulate data gathered through surveys and interviews.

## CVA volume data collection and analysis

Development Initiatives, in partnership with CALP, collect and calculate global CVA data annually. Data is collected via a survey of agencies implementing CVA, and supplemented, and cross-referenced with data extracted from OCHA's Financial Tracking Service (FTS). Key points in this methodology include:

- Agencies are asked where possible to provide: (a) **values for CVA transferred to recipients, disaggregated by cash and vouchers**; and (b) **associated overall programming costs. Most agencies can provide the values transferred to recipients, but not associated programming costs**, particularly where CVA has been

delivered as part of wider programming and extrapolation of CVA-specific costs is not feasible. Conversely, some agencies are only able to provide overall CVA programming costs, some of which includes some non-CVA components.

- The global CVA volume has to date been calculated in terms of **overall programming costs**. Overall programming costs comprise the amounts transferred to people, plus associated programme implementation and administrative costs. Extracting accurate programming costs can be challenging, depending on organizational systems, and programming arrangements (e.g., mixed modality projects). For example, only 12% of CVA organizational volume submissions for 2022 included associated programming costs. The average ratio across the entire sample with available data of transfer costs to overall CVA programming costs (79%) was applied to the remainder to generate the estimated 2022 global total of US\$10.0 billion. This methodology – using a combination of actual programming costs (where available), and estimates based on the average ratio of available programming costs to transfers – has been applied consistently since CALP and Development Initiatives started collecting and collating this data in 2016.
- Multiple agencies also note that their **systems are not always able to capture either complete or wholly accurate data**, which can lead to both under and over reporting, although the accuracy of reporting systems tends to improve over time.
- Agencies are also asked to provide data on **CVA sub-grants received or disbursed to other agencies**. This is used to **help remove double counting, with relevant CVA amounts attributed in the calculations to the organizations that implemented them**, rather than the organization providing the sub-grant.
- Data is collected based on the calendar year (January to December), although some organizations have different fiscal years, requiring adjustments to be made to take account of this.
- Data extracted from FTS is cross-referenced with the data submitted directly by organizations via the survey, with relevant data that is not captured in the survey being added to the calculation of the totals.
- All data presented in the graphs is rounded up or down to the nearest decimal point e.g. 4.57 would be presented as 4.6. Given the size of the figures involved, this means that the constituent elements might not appear to add up exactly to the total in all cases.

**Data included in this report for 2022 is provisional.** In addition to the usual caveats, the timeframe for data collection meant that several organizations were not able to submit data, submitted incomplete data, or included projected estimates. FTS data has also been used where possible, but this is not comprehensive, and gaps remain. However, CVA data is more likely to be under-reported than over-reported, so a decrease in the totals overall or per organization type is not anticipated.

#### **Note on data comparing CVA to overall international humanitarian assistance (IHA):**

- IHA data presented is based on calculations by Development Initiatives and differs from figures presented in the Global Humanitarian Assistance (GHA) 2023 report. This is due to updated FTS data and because IHA funding volumes in the GHA report are adjusted for inflation ('constant prices'). The IHA funding figures in this report are presented in current prices to be more comparable with the data on global volumes of humanitarian CVA, which is also only available at current prices.
- The percentages (for CVA as a percentage of IHA) are calculated using CVA figures that differ from the annual totals as they exclude interventions/funds that don't count towards IHA – e.g., domestic RCRC CVA in donor countries, or GiveDirectly's US programming.
- This is a comparison between inputs to, and outputs of, the international humanitarian system that are collected from two very different sources: donor data for international humanitarian assistance (for IHA totals) and implementing organization data (for CVA totals). A lack of reporting to interagency tracking platforms on how assistance reaches affected populations – in the form of services, cash and vouchers or in-kind assistance – means there is no data in between what donors contribute to humanitarian responses and how implementing organizations deliver assistance.

## Governance and review process

CALP established an Advisory Group to support the State of the World's Cash 2023 research process and ensure quality outputs/outcomes, as well as provide support for external uptake. Members were selected based on their experience and expertise in CVA and related topics, as well as to provide a representative cross-section of stakeholders.

Name	Organization
Alex Klass	Bureau for Humanitarian Affairs
Barnaby Willitts- King	GSMA
Carla Lacerda	World Food Programme
Dina Morad	World Food Programme
Kathryn Taetzsch	World Vision International
Louisa Seferis	Independent
Nupur Kukrety	UNICEF
Orhan Hacimehmet	IFRC
Smruti Patel	Global Mentoring Initiatives/A4EP
Stuart Campo	OCHA
Wendy Fenton	Overseas Development Institute

The Advisory Group provided strategic and technical perspectives, related to:

- i) The main strategic CVA discussions that should be taken into consideration during the data collection and analysis and reflected in the report.
- ii) Early results validation and drafting/report recommendations.
- iii) Support in the design and planning of the external uptake strategy.
- iv) Review and support in the report drafting and dissemination.

Ways of working between the CALP team and the Advisory Group included three remote meetings and reviews of documents.

In addition to Advisory Group reviews, members of the CALP Technical Advisory Group, CALP staff, Development Initiatives, and other external experts also provided input. Feedback, comments, and suggestions from reviewers were collected and consolidated to develop the final version of the report.