

STRATEGIC NOTE



Cash Transfers in Humanitarian Contexts



WORLD BANK GROUP

Strategic Note

Cash Transfers in Humanitarian Contexts

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Inter-Agency Standing Committee

The World Bank Group

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Executive summary

Upon request of the Inter-Agency Standing Committee (IASC) Principals, the World Bank Group agreed to lead a process of reviewing key issues and options for significantly scaling up the use of cash transfers in the humanitarian space. The IASC agencies have introduced an impressive number of innovations around this modality, but at present, they still account for no more than 6 percent of humanitarian assistance. The IASC agencies should now chart the way forward to significantly scale up use driven by the available evidence. They should also work toward filling evidence gaps on priority issues, such as the potential of cash to stimulate job creation. Such a scale-up would be very timely as major trends in policy, technology, concentration of people in urban settings, and market integration are creating a conducive environment for the wider use of cash transfers to meet humanitarian needs.

More countries are also developing national social protection systems in which cash is a significant component. The global spread of conditional cash transfers soared from 27 countries in 2008 to 64 in 2014. Between 2010 and 2013, the number of African countries with unconditional cash transfers doubled to 40 nations. Cash can help facilitate linkages between humanitarian and development approaches. In-kind assistance will continue to be a strategically important component of humanitarian assistance in the years to come, though ongoing discussions on humanitarian reform are demanding robust evidence of its effectiveness and efficiency in achieving agreed outcomes.

Cash sheds light on the strengths and challenges of the current humanitarian system and can be a compelling entry point for systemic change. Multipurpose cash in particular can challenge traditional sectoral responses. To capitalize on this, the composition of humanitarian assistance must be rebalanced to reflect the rapidly evolving context with clear links to the Grand Bargain and the Secretary-General's ongoing structural reform agenda.

Three clusters of priority action areas have been identified to structure the IASC Principals' engagement: (1) foundational areas (i.e., clarifying core concepts and principles including how to consider cash), (2) operational issues (i.e., transfer selection, needs analysis, delivering with common approaches, and preparedness), and (3) structural elements (i.e., pursuing a multistakeholder agenda with strong governance and responsive coordination, and ensuring actors build upon and strengthen existing systems). These are detailed below.

Foundational issues

- **Concepts and definitions.** The IASC Principals should develop consensus on shared terminology and definitions building on work initiated by actors such as the World Food Programme, the United Nations High Commissioner for Refugees, the Cash Learning Partnership, the U.K. Department for International Development, and the European Commission Humanitarian Aid Office.
- **Systematic equity in consideration.** The IASC should agree to equally and consistently consider cash alongside other forms of humanitarian assistance.

Operational issues

- **Assessments.** Needs assessment should be multisectoral, with clear links between needs assessments, response analysis, and the response plan. Assessments should also include the analysis of markets around a range of humanitarian objectives and across sectors. The IASC should ensure that assessment and monitoring data sets, analytical methods, and findings are readily available to the broader humanitarian and development communities through a common accessible repository. The IASC should test whether and under what circumstances a separation of responsibility for assessments and implementation could result in a more accountable division of responsibilities and activities.
- **Drivers of transfer selection.** Cash transfers hold the potential to provide beneficiaries with choice, strengthen local markets, engage the private sector (e.g., banking and financial services), and empower people and communities. The IASC should ensure that the most appropriate transfer modality, including combinations thereof, are context- and sector-specific and emerge from careful response analyses. Issues to consider include program objectives, the level of market functionality, predicted cost-effectiveness, implementation capacity and financial infrastructure, the ability to manage risks such as those around protection and gender, beneficiaries' preferences, and pragmatic considerations on resource availability.
- **Common programming approaches.** A priority reform area should be to reduce the current fragmentation in approaches throughout the programming cycle by moving to common systems that work for all parties. Where program design does not have the benefit of building on common approaches, IASC programs should help develop them and support linkages to government systems when possible.
- **Leveraging and improving existing national systems.** There is extensive scope for building upon and improving existing national systems as central to humanitarian action. In general, humanitarian actors should demonstrate the rationale for not using existing national systems to

provide assistance. To this end, the IASC should develop a checklist of issues to consider in deciding whether and to what extent government structures can be leveraged to attain humanitarian objectives. Where appropriate, and while ensuring adherence to humanitarian principles, the IASC should align with and complement efforts to build national systems, as well as promote much a stronger engagement and role for governments and national actors in humanitarian assistance.

- **Preparedness.** There is a strong need for increased preparedness investments by the IASC to use cash as a response, including anticipating the evolving conditions of markets, ensuring an up-to-date cash-related mapping of service providers, forging pre-agreements with delivery institutions, developing risk financing strategies in advance to ensure funds are available to rapidly respond, and gaining an in-depth understanding of regulations and government capacities.

Structural issues

- **Generation and use of evidence.** The IASC should develop a global research strategy to fill evidence gaps on the relative performance of transfer modalities, particularly beyond food security objectives, as well as on the choice and trade-offs between unconditional and conditional interventions in humanitarian settings.
- **Coordination.** Strong leadership and guidance are required to clarify the rules of the game, the architecture, and the roles and responsibilities that will best facilitate the scaling up of cash by individual agencies as well as identifying entry points for common programming. The Cash Working Groups that emerged spontaneously in over 20 countries should be formalized into Response Analysis Groups providing technical support to clusters on cash and in-kind transfers.
- **Multi-actor agenda.** Cash is a broad agenda that affects actors in both the humanitarian and development spheres. While cash alone will not lead to the transformation required in the overall system, it does provide a window for the IASC to lead a discussion on the roles and responsibilities of different stakeholders. Donors should commit to upstream coordination and enhanced donor policy, communication, and technical harmonization. The IASC should promote the continued strong engagement of civil society and nongovernmental actors in the scaling up of cash. The IASC should increase its engagement with the private sector as a potential major partner in the scaling up of cash, while ensuring respect for humanitarian principles.

Abbreviations

| | |
|-------|---|
| CaLP | Cash Learning Partnership |
| CWG | Cash Working Group |
| DFID | Department for International Development |
| ECHO | European Commission Humanitarian Aid Office |
| FAC | Food Aid Convention, now Food Assistance Convention |
| FAO | Food and Agriculture Organization of the United Nations |
| IASC | Inter-Agency Standing Committee |
| MPCT | multipurpose cash transfer |
| NGO | nongovernmental organization |
| RAG | Response Analysis Group |
| UNHCR | United Nations High Commissioner for Refugees |
| WFP | World Food Programme |
| WHS | World Humanitarian Summit |

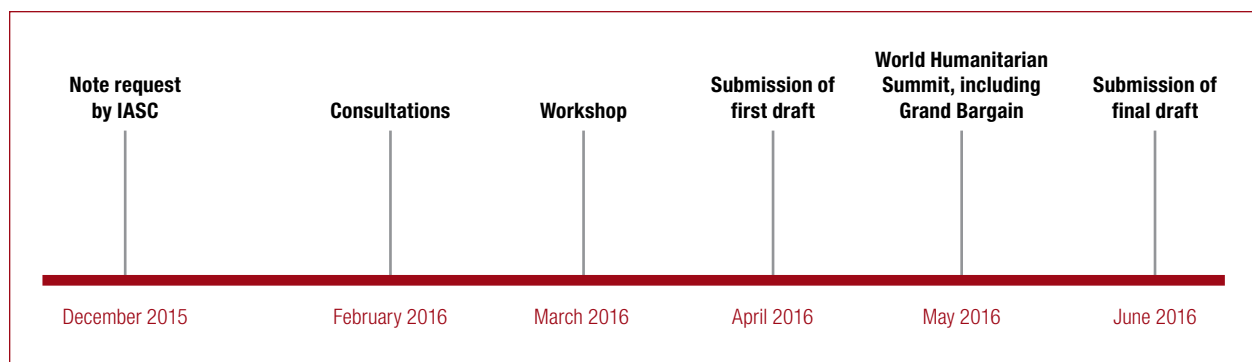




1. Background

- 1.** Upon request of the Inter-Agency Standing Committee (IASC) Principals at their meeting on December 11, 2015, the World Bank agreed to coordinate a process of reviewing key issues and options for significantly scaling up the use of multipurpose cash transfers (MPCTs; including digital cash and vouchers) in the humanitarian space. This note lays out the main findings and options emerging from the process. The main text is complemented by a set of seven appendixes, detailing the process and feedback received, as well as presenting a thorough review of the evidence and evidence gaps in the comparative effectiveness of cash and in-kind programs across humanitarian objectives. A review of the evidence of in-kind programs, on their own, is beyond the scope of this note.
- 2. Specific activities were defined in a subsequent meeting (see appendixes B and C), and include the following:** (1) review the evidence of existing cash programming in the field; and (2) develop strategic recommendations on cash programming, including coordination based on analysis of commonalities and specificities, cost-effectiveness, and direct applicability to people's needs. This note centers on the latter, while the former is included as appendix A, "Humanitarian Cash and In-Kind Transfers across Sectors: Selection, Performance, and Research Priorities."
- 3. A core team from the World Bank, together with a senior independent consultant, completed more than 25 meetings with dozens of agencies and country representatives (appendix D).** Together with the extensive literature reviewed, those consultations were instrumental in capturing good practice and identifying strategic recommendations. The results of these interviews were documented in an anonymous format and can be found in appendix E.
- 4. This note synthesizes main issues and findings from the process,** including defining overarching issues (next section), setting out the overall context in which a wider use of cash should be considered (section 3), and identifying the specific areas to help unleash a wider use of cash transfers when and where appropriate (section 4).

Figure: Select process milestones



2. Overarching issues

- **Major trends in policy, technology, concentration of people in urban settings, and market integration are creating a more conducive environment for the wider use of cash transfers to meet humanitarian needs and objectives.** To capitalize on this, the composition of humanitarian assistance must be rebalanced to reflect the rapidly evolving context.
- **Cash sheds light on the strengths and challenges of the current humanitarian system and can be a compelling entry point for systemic change.** MPCTs in particular can challenge traditional sectoral responses.
- **With humanitarian aid directed toward increasingly protracted crises,¹ cash could serve as a mechanism for scaling up humanitarian and development funding and activities that, when appropriate, can help reduce costs and complexity.** More host countries have also developed or are developing social protection systems including cash and other flexible instruments. Part of such a “systems agenda” should include the strengthening of both the demand and supply sides of national services to maximize outcomes from cash programs (e.g., on health status).
- **The use of cash demonstrates the need for strong leadership by the IASC or other coordinating mechanism to drive the greater use of common assessments and systems required for more effective programming, including cash.** This builds on the emerging innovations in response to crises such as Ethiopia, Kenya, Lebanon, Lesotho, Liberia, and the Philippines, among others. Having strong government ownership and leadership of these processes, whether at the national or subnational level, is feasible—especially if the international community honors its commitment to capacity building in these areas.
- **A proactive change management strategy should outline the principles and structures to drive reforms and directly address the new attitudes and incentives required.** This aligns with the broad consensus for much greater linkages between humanitarian and development approaches, including a wider engagement with national governments and the private sector.
- **Part of the unfinished agenda around cash is further developing the evidence base.** The note reviewed the evidence that is available for humanitarian settings. In areas where the evidence base does not exist (e.g., health, education, and shelter) or is limited (e.g., nutrition), lessons could be learned from the use of other innovations, such as results-based financing and vouchers, while evidence building in specific humanitarian contexts is accelerated. Evidence about the effectiveness of humanitarian support when provided only in kind was beyond the scope of this note.
- **Cash is inherently a multi-actor and multisector agenda.** Each actor—whether an IASC member, a national government, a donor, the private sector, or civil society—is critical in ensuring that potential systemic improvements are realized.

3. Context

5. According to recent estimates, about 94 percent of total humanitarian assistance is provided in kind. Even within the current cash portfolio, cash is predominantly used to pursue food security and livelihoods objectives (see appendix A). This configuration is being increasingly challenged on many fronts, and the humanitarian architecture is recognizing the inherent limitations stemming from an unbalanced, low level of cash assistance. For example, the World Humanitarian Summit (WHS) Secretariat’s final report on the WHS global consultations emphasized the need to “generate a new architecture for supporting humanitarian cash transfers.” The recent report by the High-Level Panel on Humanitarian Financing Report called for “the use of unconditional and predictable cash in humanitarian settings to be rapidly scaled up,” while the report of the Secretary-General for the WHS further recommended the use of “cash-based programming as the preferred and default method of support.”

6. The fact that humanitarian assistance tends to gravitate around in-kind provisions has deep historical roots. For instance, over the 1960s and 1970s, a number of high-income countries nurtured generous systems of domestic agricultural subsidies. Such measures generated high surpluses of commodities, which, in turn, were provided as in-kind food aid to developing countries facing deficits in food availability. In 1970, about 13.3 million tons of food aid were delivered globally, especially through trans-oceanic shipments. Institutional mechanisms such as the Food and Agriculture Organization of the United Nations (FAO) Consultative Subcommittee on Surplus Disposal, and later the Food Aid Convention (FAC), emerged and helped discipline the international use and commitments of in-kind assistance.

7. Throughout the 1980s and 1990s, reforms in donor approaches—especially in Europe—decoupled the provision of international in-kind assistance from domestic agricultural goals. This reduced global in-kind food deliveries, but within such a shrinking pool of in-kind resources, an increasing degree of flexibility was accorded to procure food in developing countries. As a result, the share of locally procured in-kind commodities grew from 9 percent in 1990 to nearly 33 percent in 2005, including an increasing attention to food quality and nutritional standards. Those procurement practices were the result of greater flexibility in resources, but also of enhanced performance and larger transformations in agrifood systems. Growing per capita incomes and consumption patterns provided an entry point for organized, larger-scale retail outlets in urban markets, epitomized by the rapid rise of supermarkets across Africa and Asia.

8. Similar market conditions are likely to underpin humanitarian crises as they become more spatially concentrated. Urban areas host most of the world’s population and are expected to assimilate, by 2050, an additional 2.4 billion people, with 9 out of the 10 fastest urbanizing countries in Sub-Saharan Africa. While urban areas are often the engine of economic opportunity, they will also be increasingly exposed to disaster risks, which are projected to affect 870 million urban dwellers.

9. The combination of functioning markets and flexible resources has led to an increase in the use of cash to respond to emergencies. For example, in 2005, cash was an important part of the response to the Indian Ocean tsunami, as well as being introduced in protracted crises (e.g., Ethiopia) and conflict settings (e.g., Somalia). By 2012, the FAC had gradually evolved into a broader platform, the Food Assistance Convention, which included cash transfers and vouchers as well as in-kind food (which by 2012 had dropped by over 60 percent from the food aid 1970 level, accounting for 4.7 million tons).

10. This growing diversity and flexibility in interventions was also reflected in the emergence of national social protection systems. Between 2010 and 2013, the number of African countries with unconditional cash transfers doubled, with such programs currently present in 40 nations. Similarly, the global spread of conditional cash transfers soared from 27 countries in 2008 to 64 in 2014. Innovations in social protection are under way across low- and middle-income countries, including in terms of building systems that are both robust and flexible. Indeed, social protection systems have been increasingly leveraged to help respond to humanitarian crises, including in contexts as diverse as Ethiopia, Lebanon, Niger, the West Bank and Gaza, and the Philippines.

11. The evolution of technology has also provided favorable conditions for the use of cash. Increasingly, governments and donors are looking to transition their social protection payments from cash to electronic. This momentum toward e-payments rests on the promise of improving transparency, reducing leakage, and decreasing costs on the one hand; and facilitating value-added services for beneficiaries through financial access on the other. The rapid growth of mobile phones and point-of-sale devices has created an opportunity to reach more poor people than ever before. For instance, nearly 7 of 10 people in the bottom fifth of the population in developing countries own a mobile phone, improving their access to markets and services. In Kenya, for example, the cost of sending remittances dropped by as much as 90 percent after the introduction of M-Pesa, a digital payment system.

12. Similarly, the price of biometric technology and smart cards has fallen to levels that make mass enrollment into electronic identification systems possible. Digital identity systems can provide better access to services for the 1.5 billion people who lack formal identification records, such as a birth certificate. This has been demonstrated recently in two of the world's most populous countries, India and Indonesia. There, digital systems are being used to open bank accounts, monitor attendance of civil servants, and identify recipients of government programs. Importantly, many of these technological innovations—e.g., biometric verification of beneficiaries' identity—are sparking more efficient administration of programs across transfer modalities, including being applicable to cash, vouchers, and in-kind transfers.

13. Despite the trends outlined above, in-kind assistance will continue to be a strategically important component of humanitarian assistance in the years to come, though ongoing discussions on humanitarian reform are demanding robust evidence of its effectiveness and efficiency in achieving agreed outcomes. Complex contextual situations during times of emergency will continue to call for some in-kind support in specific instances. The interconnection of markets might present structural risks, including spreading crises swiftly and fueling volatility in prices of basic commodities. Connectivity and the penetration of technology are highly uneven across and within countries, often leaving the poorest

and most vulnerable left behind. Both technological and social service delivery infrastructure and markets are often severely disrupted as a result of emergencies, or are seldom functional at adequate scale in complex crises and remote areas. And the critical nature of some objectives and activities pursued by the humanitarian community may not be achievable through local market mechanisms alone—e.g., public health interventions such as preventive mass vaccination; management of severe malnutrition; or water, sanitation, and hygiene–related objectives. This is also an area where experimentation and evidence building should be prioritized.

14. Taken together, the fundamental, long-term trends in concentration of people, economic activity, and technology are creating a landscape that is increasingly conducive for cash as an appropriate humanitarian response. The growing experiences with cash transfers over 2005–16 are promising, yet these seem dwarfed by their full potential. Trends in development and technology are creating more favorable conditions for a significant increase in the share of cash within the humanitarian portfolio beyond its current 6 percent level. This opportunity is reflected in the aspirations of the humanitarian community, as noted above. Strategically aligning the composition of humanitarian assistance with evolving 21st century developments would allow for more systematic consideration of cash on par with in-kind transfers. While progress has been made on this front, the next section discusses areas that would require further attention for rebalancing modalities of humanitarian assistance and meeting stated aspirations of significantly enhancing the use of cash when and where appropriate.

4. Areas for enhancement

15. The IASC agencies have been leaders in promoting the use of cash in humanitarian contexts and should be commended for impressive levels of innovation, collaboration, and flexibility. Even in the most difficult of situations, there have been consistent and very positive signs of adaptation and a willingness to work differently. A compelling example is the organic establishment of over 20 country-level Cash Working Groups (CWGs) formed to respond to rapidly changing demands. It is this impressive level of effort that should now be solidified and taken to the next level through an ambitious, proactive, and forward-looking strategy.

16. In order to proactively lead on the cash agenda in humanitarian situations, 10 priority action areas have been identified to structure the IASC Principals' engagement. These include

- Foundational areas (i.e., clarifying core concepts and principles including how to consider cash);
- Operational issues (i.e., transfer selection, needs analysis, delivering with common approaches, and preparedness); and
- Structural elements (i.e., pursuing a multistakeholder agenda with strong governance and responsive coordination, and ensuring actors build upon and strengthen existing systems).

All of these themes must be grounded in a more robust evidence base to ensure that decisions are guided by an understanding of how to reach the best possible outcomes for beneficiaries.

17. The agenda for action should be seen within the wider changes to the humanitarian system. These changes are articulated by the U.N. Secretary-General in the report *One Humanity, Shared Responsibility* and in the report of the High-Level Panel on Humanitarian Financing, *Too Important to Fail—Addressing the Humanitarian Financial Gap*, including the negotiations held as part of the Grand Bargain process.² Changes made within the cash agenda can only go so far in addressing some of the more systemic issues inherent in the humanitarian architecture. Where relevant, the links to the systemwide change agenda will be noted, with the reminder that changes in cash are necessary but not sufficient to realize the full potential of humanitarian action.

4.1 Concepts and definitions

18. The IASC Principals should galvanize action in developing consensus on shared terminology and definitions, including building on work initiated by actors such as the World Food Programme (WFP), the United Nations High Commissioner for Refugees (UNHCR), the Cash Learning Partnership (CaLP), the U.K. Department for International Development (DFID), and the European Commission Humanitarian Aid Office (ECHO). Clear guiding principles are lacking at the strategic level to guide dialogue on choices related to cash programming. For example, there is diversity in views on issues such

as whether value and commodity-based vouchers are part of the cash or in-kind family; on the nature and objectives of MPCTs; and on a host of terms including *modalities*, *unconditional*, *conditional*, and *restricted use*, among others. It would be useful to ensure that all IASC agencies are aware of available definitions, collegially review them, reach consensus, and, through their Principals, formally adopt them.

In UNHCR's 2015 "Operational Guidelines for Cash-Based Interventions in Displacement Settings," the types of cash-based interventions for refugees are described as including cash transfers and vouchers. DFID's view, however, is that cash-based interventions cannot include vouchers, since these typically contain de facto restrictions regarding commodities, retailer, or location. Others suggest MPCTs should only be a cash transfer equivalent to the amount of several in-kind benefits designed to meet basic needs; others suggest they should be small, regular transfers during emergencies. There is no agreement on whether MPCTs should be conditional or unconditional.

4.2 Systematic equity in consideration

19. The IASC should positively advocate for agencies to consider cash as a modality, but allow room for in-kind support when conditions are not conducive. Cash is a modality and not a sector or objective per se. However, at present, cash is not on an equal footing with other modalities and the humanitarian system is largely skewed toward the use of in-kind transfers. As mentioned earlier, this has historical roots that are no longer aligned with the current expectations and options of beneficiaries and other stakeholders. Evidence suggests that, on average, they can be less efficient than cash, although under certain conditions they can be efficient humanitarian interventions (see appendix A). Cash must be equally and consistently considered for each objective alongside other forms of humanitarian assistance.

4.3 Assessments

20. The needs assessment process is largely conducted with a sectoral lens, with analysis often reflecting narrow agency mandates instead of a consistent and cohesive multisectoral view. Cash transfers have highlighted the need to broaden the scope and uptake of such cross-sector approaches, and point to the information and process gaps to be addressed to inform appropriate responses. The IASC has recognized the challenge of sector-driven assessments and created the IASC Needs Assessment Task Force, whose aim, among others, is to develop a set of tools and products harmonizing and promoting cross-sector needs assessment initiatives. Specifically, the task force has developed two main tools:

- The Multi-Cluster/Sector Initial Rapid Assessment (MIRA) Manual to undertake a joint multisector assessment in the earliest days of a crisis or change, and guide subsequent in-depth sectoral assessments
- The Humanitarian Dashboard to consolidate needs assessment and response information, and present a shared analysis of a humanitarian situation³

21. In principle, a systematic consideration of cash highlights the need for clear links between needs assessment and response analysis. The challenge is how to include cash-specific issues in these and other assessment tools without overburdening the process. Cash clearly highlights the importance of an integrated “all-actors” assessment of needs that leads to both a coherent and integrated response analysis *and* a sectorwide response plan, with clear people-oriented outcome objectives.

22. Need assessments, however, may not be a one-off process. Estimating beneficiary needs may involve multiple iterations over the course of the emergency to reflect changing circumstances and latest information. Currently, when the situation becomes relatively stable, detailed emergency assessments are commissioned, depending on the type and magnitude of the crisis.⁴ There are also numerous smaller sub-national emergency assessments that do not necessarily receive international attention but nevertheless are important to adequately address the targeted outcomes. In these cases, it is often difficult to get sufficient and timely traction for larger joint assessment and analysis due to relevance, funding, and technical resource constraints of partners. In this regard, the IASC could take steps to ensure that assessment and monitoring data sets,⁵ analytical methods, and findings are readily available to the broader humanitarian and development communities through a common accessible repository.

23. Assessments should include analysis of markets around a range of humanitarian objectives across sectors. Within these objectives, markets must be assessed, including food security as well as other complex markets such as shelter, health, and education. In addition, a closer examination of the capacity and quality of the supply side of services (e.g., health clinics) and demand-side aspects would help in identifying other possible barriers to accessing services. It is also important to assess financial infrastructure, together with understanding existing government structures and programs in advance.⁶ Balancing depth with speed remains a major challenge and points to the need to invest in preparedness to address issues in advance of a crisis. Identifying policy and other actions for governments to take to develop or stimulate markets and create jobs would be desirable as well.

24. A wider use of cash falls within broader efforts to ensure checks and balances between diagnostics and programming. This finding was highlighted by several stakeholders as a systemwide issue that, however, might be important to acknowledge in the cash context: indeed, the results from assessments are key in articulating the objectives programs should pursue and the modalities for doing so. As such, there are differing views around the linkages between assessments and implementation. Some donors and agencies press for a separation of functions, while others suggest that implementers are best placed to understand needs and are more accountable to beneficiaries.

25. The issue of separating responsibilities for assessments and implementation has been raised previously in a number of contexts. Among these are the U.N. Secretary-General report, *One Humanity, Shared Responsibility*; the report of the High-Level Panel on Humanitarian Financing, *Too Important to Fail—Addressing the Humanitarian Financial Gap*; and commitments under the Grand Bargain (see box following). It was raised again by some stakeholders in the context of work on strategically scaling up cash.⁷ A priori, it would seem reasonable at least to test the hypothesis of whether, and under what circumstances, a separation of functions and other quality assurance approaches may spur a more accountable division of responsibilities and

activities, and thereby enhance transparency, donor confidence, and predictable multiyear funding.⁸ At any rate, it is critical that agencies fully participate in, engage with, and contribute their technical and sectoral expertise to the assessment process and work to help build appropriate assessment systems in affected countries.⁹

The Grand Bargain includes a commitment to “provide a single, comprehensive, cross-sectoral, methodologically sound and impartial overall assessment of needs for each crisis to inform strategic decisions on how to respond and fund thereby reducing the number of assessments and appeals produced by individual organisations.” The implementation of this

commitment could set the stage for greater strategic use of cash. Specifically, it allows for harmonized diagnostics, response analysis, and other key activities as part of broader contextual analysis. It also unlocks opportunities for more systematic mechanisms for coordination, implementation, monitoring and evaluation of cash transfers.

26. Rigorous, credible and joint assessment of needs and markets should be complemented by jointly prepared recommendations on response options. While such analysis is integral in connecting diagnostics and programming, it is not clearly defined as a practice nor firmly situated within assessment and operational processes. This analysis should explore how best to address the identified needs (i.e.,

Iraq has focused on the minimum survival expenditure basket as a key entry point to assessment and monitoring. The Iraq crisis is one of the most complex humanitarian environments, targeting 7.3 million people with 188 humanitarian partners. The Cash Working Group has developed an MPCT minimum package comprised of three components: (1) identifying and agreeing on the survival minimum expenditure basket among MPCT actors; (2) regular monitoring of prices in priority governorates; and (3) determining transfer amounts based on 70 percent of the basket, with 6 percent added to account for health expenditures. The aim is to then gather feedback from beneficiaries via postdistribution monitoring and data analysis, and share with clusters for follow-up and gap filling, thus promoting complementarity in humanitarian interventions. The CWG views the expenditure data as a better-targeted and streamlined approach overall than large multisector assessments. Challenges include the need to develop a common assessment tool that incorporates cash, the need for dedicated data management capacity, and the resistance of implementing agencies to contracting a third party to conduct assessments.

In Lebanon, the needs assessment process built

upon the existing UNHCR registration database, which was important to beginning implementation quickly. The need for a greater understanding of vulnerability led to a major Vulnerability Assessment of Syrian Refugees conducted in 2013, 2014, and 2015 in a multi-agency joint approach. The 2015 assessment survey of 4,105 households was carried out by three UN agencies to provide insight into many aspects of the living conditions and vulnerability of Syrian refugees at the regional and country levels. WFP contributed the demography, livelihoods, expenditure, food consumption, coping and debt, food sources, food security, infant and young child feeding, and focus group discussion sections; UNHCR the specific needs, surveyed refugees, protection, shelter, assets, health, and assistance sections; and UNICEF the water, sanitation, and hygiene, education, and child health sections. While WFP and UNHCR analyzed the data by at the regional and district levels, UNICEF looked at the governorate level. The effort represents a best practice in terms of joint approaches, but points to the challenges cash brings as the partners struggle with the inclusion of market analysis, the complexity and time demands of the process, and how better to engage the government and the private sector.

the “what” question). Response analysis would provide guidance on the appropriateness and feasibility of cash and other transfers based on contextual information as detailed in section 4.4, as well as begin to identify opportunities for common programming approaches from the outset. In other words, assessment of needs and markets—as well as response analysis—would constitute an overall context assessment key to understanding needs, vulnerabilities, capacities, and options to respond.

4.4 Drivers of transfer selection

27. Cash transfers hold the potential to provide beneficiaries with choice, strengthen local markets, engage the private sector (e.g., banking and financial services), and empower people and communities. However, in order for cash to be more effective and efficient than other modalities, certain preconditions need to be in place. The goal should be to ensure that the most appropriate transfer modality, including combinations, are context- and sector-specific and emerge from careful response analyses.

28. Country-level experiences show that a range of factors should inform decisions on transfer selection. These include program objectives, the level of market functionality, predicted cost-effectiveness, implementation capacity and financial infrastructure, the ability to manage risks such as those around protection and gender, beneficiaries’ preferences, pragmatic considerations on humanitarian resource availability, and government willingness to take actions necessary to develop or stimulate markets (see appendix A). It is also important to consider second-round effects and externalities, including building on positive ones (such as local economic multipliers) and anticipating possible negative ones (e.g., unintended effects on

Whether transfers can generate economic multipliers—with every dollar injected into the economy generating more than an additional dollar—hinges on several factors, including the openness and structure of the local economy, the degree to which goods and services bought are locally produced, and the flexibility of local supply. For example, recent estimates on real multipliers for a pool of countries in Africa range from about 1.1 in Kenya to 1.8 in Ethiopia (nominal multipliers ranged from 1.25 to 2.52, respectively). Thus, in nominal terms, the initial transfer in Ethiopia of Br 5.58 million potentially generated Br 14.06 million of additional income in the local economy. In Zambia, the Child Grant cash program raised incomes by a factor of K 1.34 for every kwacha transferred; in Ghana, the multiplier was 1.5; multipliers in Lesotho, Malawi, and Zimbabwe were between 1.2 and 1.4.

Regarding voucher programs, studies have

examined the direct and indirect impacts on the Lebanese economy of a WFP e-voucher program for refugees. The scheme transferred about US\$345 million to over 1 million vulnerable refugees in 2014, using a network of 300 contracted stores throughout the country. The e-program has had a large direct impact on participating stores, creating 1,300 jobs and leading to US\$3 million in investments in capital expenditure, as larger stores increased floor space and storage. Around 100 large stores seem to have captured the lion’s share of e-card transactions, and there is evidence of high market concentration in over half of the districts. The input-output model suggested the e-card program had significant indirect economic benefits, with a multiplier value of 1.51 in the food products sector. This means that US\$345 million could create extra indirect benefits of US\$517 million for the Lebanese food system.

prices or social tensions). Some objectives such as nutrition and health lack a tested “market” per se. Supply-side considerations typically are represented by (mostly public) services, the availability and quality of which should be duly appraised alongside other social-cultural barriers for equitable access to services.¹⁰

29. In the context of humanitarian crises, security issues involving either staff or beneficiaries must receive utmost attention when selecting transfers. Both cash and in-kind transfers carry security risks, with the fungibility of cash possibly making it more tempting to divert. Cash transfer and voucher programs have developed practices for reducing and managing fraud risks, such as digital payments, the use of local institutions in inaccessible places (e.g., *hawala* systems), and a range of distribution strategies.¹¹

4.5 Common programming approaches

30. A priority reform area should be to reduce the current fragmentation in approaches throughout the programming cycle by moving to common systems that work for all parties. This applies whether a cash intervention is within a single sector or across multiple sectors. Clear entry points should be defined, starting with a range of processes around targeting, the identification of beneficiaries, payment platforms, and management and information systems (or social registries). A number of recent initiatives for joint delivery have focused on devising common payment mechanisms, including electronic payment cards often backed with multiple “wallets” for different objectives.

During the most recent displacement crisis, in 2015 in Lebanon and in 2016 in Jordan, multiple agencies (WFP, UNHCR, and various international nongovernmental organizations, among others) successfully experimented with common payment mechanisms for delivering cash responses to humanitarian beneficiaries using agency-mandated platforms and a bank-managed common cash facility. The prepaid card and iris-based systems delivered humanitarian assistance to more than 100,000 refugee families in Lebanon and Jordan, from multiple agencies and multiple projects including the Multipurpose Cash Assistance Programme, the Winter Cash Assistance program, WFP voucher assistance, etc. Agreeing on a common payments system has enabled the use of multiple “wallets,” provided by different agencies

and stored on one beneficiary card. This simplifies the experience for the beneficiary, forces alignment of payment delivery mechanisms across agencies, drives cost and process efficiency, and leverages greater bargaining power—especially with financial service providers. The use of common delivery arrangements allows for savings of 20 percent of the card cost. Conversely, the use of uncoordinated program-, agency-, or sector-specific beneficiary lists has led to beneficiaries receiving multiple grants, some beneficiaries receiving inadequate grants, some of those in need receiving nothing, and has led to inefficiencies in delivering support; this has been the case in several humanitarian contexts, including Democratic Republic of Congo, Nepal, and Sri Lanka, among many others.

31. Where program design does not have the benefit of building on common approaches, humanitarian programs can help develop them with an eye on linking these efforts to developing or strengthening government systems. For example, in terms of identification, a range of innovations are being developed, including initiatives collecting biometric data (e.g., SCOPE, ProGres, RAIS, BIMS). The next step is to leverage such initiatives to help build a broader programmatic platform accessible by all actors, and to ensure linkages are made to government systems. Humanitarian practitioners will immediately benefit from a shared database that reconciles personal identification data, relevant variables for targeting, and basic information on program participation. This holds great promise to enhance coordination by allowing for a full mapping of who beneficiaries are, which program they participate in, why they are enrolled, and where gaps exist in meeting needs based on a collectively owned set of metrics. In the best case, that information is readily available through existing government systems at the time of crisis.¹² If the information is not available, it should be developed in close cooperation with governments whenever possible, including ensuring that standards are compatible with those of any existing national databases. The objective is to leverage existing operational imperatives to help develop nascent government systems as part of the humanitarian-to-development continuum. Of course, the specific parameters and regulations governing the protection of personal data on refugees and internally displaced populations are considerations that may go beyond the scope of social registries.

In Mauritania, humanitarian interventions now build on national efforts to improve government processes and to better link with social programs as relevant. First, during a “regular” emergency around the lean season, the humanitarian actors can use the social registry to identify the most vulnerable households in areas particularly affected by climatic conditions—thereby cutting their response time by using the existing targeting system. Using national identification (ID) cards and numbers can streamline registration processes and limit errors, while using the social registry and unique ID numbers can allow humanitarian actors to “piggyback” on national programs for greater efficiency. For instance, for target groups that are already in the national conditional cash transfer program, a humanitarian intervention could use the payment system put in place by that program. As more interventions use the same ID number, they could identify the individuals that already benefit from

other interventions—nutrition, livelihood, etc.—to exploit synergies or avoid duplications, including within humanitarian assistance itself.

In Senegal, the humanitarian response system can harness the National Unique Registry (RNU) to streamline the targeting process and coordinate interventions. Until recently, the targeting process of emergency interventions was completely separate from that of programs that aim at addressing chronic poverty or vulnerability—based on different data approaches, methodologies, and data sources. But with the RNU growing in size and covering the entire country, and with the cyclical nature of emergencies, there seems to be scope for humanitarian actors to take advantage of the RNU. A dialogue has started, resulting in the inclusion of a broad range of variables in the RNU—including those that are highly relevant to humanitarian response but not typically used by social safety nets to identify beneficiaries.

4.6 Leveraging and improving existing national systems

32. There is extensive scope for building upon and improving existing national systems as part of a humanitarian response. The use of cash instruments in a humanitarian context provides a natural bridge to many ongoing government initiatives and broader social protection systems. According to recent estimates, in 2014 only about 3 percent, or US\$1.1 billion, of total humanitarian funds was channeled through national governments, with almost the entire volume of assistance directed outside government structures.¹³ The model of operating with limited engagement of government systems may be based on a range of potential constraints, including the lack of government sovereignty over a territory during conflict, legislation regarding refugees, swiftness of response, and other factors. These are key challenges that the humanitarian community is duty bound to consider to ensure the safety, dignity, and integrity of recipients in emergencies.

33. In general, humanitarian actors should demonstrate the rationale for not using existing national systems to provide assistance. While retaining humanitarian principles—in particular impartiality—as a guiding framework for engaging with governments, the use of national systems should be the first-best option for providing humanitarian assistance whenever possible. To this end, as an option, the IASC could develop a checklist of issues to consider in deciding whether and to what extent government structures can be leveraged to attain humanitarian objectives. Such a checklist could be developed as part of preparedness activities and would clarify the temporary bottlenecks or longer-term impediments to using existing national systems. This could also serve as a bridge document between humanitarian and development worlds.

34. While the agenda around building national systems has largely been developmental in nature, the humanitarian community could play an important role in aligning with and complementing these efforts where appropriate and consistent with humanitarian principles. As noted, this is already happening in a number of contexts where humanitarian assistance leverages government structures. At the same time, the IASC could promote the strengthening of national systems when these are nonviable for immediate crisis operations, including by devoting a share of humanitarian funding—e.g., a low single-digit percentage—to national systems-enhancing purposes.¹⁴ The IASC could develop guidance on defining such a share in relation to the nature of the context and crises, including taking into account the most appropriate use of limited humanitarian resources.

35. When functional governments exist, there should be much greater engagement and a stronger role for national actors in humanitarian assistance. Many national systems are increasingly cash-based, including a variety of cash programs that operate in noncrisis times. In Africa alone, the number of countries that have introduced an unconditional cash transfer program doubled in four years (from 21 in 2010 to 40 in 2014). As such, they can offer a platform for humanitarians to build upon during crises (e.g., Ethiopia, Lesotho, and the Philippines). National structures will in turn benefit from innovations developed in humanitarian contexts, such as the recent extension by the government of Lebanon of the e-voucher program for Syrian refugees to poor Lebanese citizens.

There are a number of emerging case studies that are building on existing government systems for a faster humanitarian response. In 2014, the response to the super-typhoon Yolanda in the Philippines included leveraging by humanitarian actors of the national conditional cash transfer program Pantawid. The existing delivery platform was used to provide cash by WFP to 100,000 affected households registered in the program. Emergency support was provided for two months and included a negotiation to lift conditionalities of the regular program. Similarly, after massive floods and landslides hit Brazil in January 2011, causing 903 deaths and leaving 17,000 homeless, the national conditional cash transfer program, Bolsa Familia,

provided in-kind and cash benefits to 162,000 families in 279 municipalities within 10 days of the floods. Its preexisting social registry played a central role in helping identify the affected families. In Pakistan, the response to the 2010 and 2011 floods included the government providing cash payments to millions of affected households. The program made a one-time payment of Prs 20,000 (US\$204) to beneficiaries by issuing 2 million prepaid VISA-branded “Watan” cards. The government partnered with a private bank to deliver the cash to beneficiaries via debit cards. The program was later extended to support recovery, delivering two additional payments of Prs 20,000 per recipient, totaling US\$409 million per payment period.

4.7 Preparedness

36. Preparedness refers to the activities carried out prior to a crisis in order to create favorable conditions for a successful emergency response.¹⁵ There is an established and well-developed protocol for in-kind preparedness, including early warning, contingency planning and financing, and pre-positioning of essential items. However, preparedness for cash transfers is at a more incipient stage.

37. There is a need for increased preparedness investments to use cash as a response. This includes anticipating the evolving conditions of markets, ensuring an up-to-date cash-related mapping of service providers, forging pre-agreements with delivery institutions, developing risk financing strategies in advance to ensure funds are available to rapidly respond, and gaining in-depth understanding of regulatory environments,¹⁶ among others. The possibility of a checklist as mentioned in section 4.6 could be one of the outcomes of such preparedness activities. There is also a need for clear incentives and increased funding levels for preparedness. In other words, more work needs to be done to incorporate cash into all preparedness activities.

DFID is funding a collaborative effort with the Office for the Coordination of Humanitarian Affairs (OCHA), UNHCR, UNICEF, and WFP for Strengthening Humanitarian Preparedness in High-Risk Countries. This initiative had set aside dedicated funding for cash and vouchers to provide four prioritized countries (Afghanistan, Burundi, Myanmar, and Niger) with capacity-building activities to increase their ability to better assess and utilize cash-based approaches in their humanitarian response. This has been very useful in helping develop common

approaches such as joint feasibility studies, training, and an overall methodology for a model going forward. One of the outcomes of working through the operational details in a transparent process has been stronger relationships and a high degree of trust.

A successful entry point in Iraq and Nepal has been to focus on developing standard operating procedures to help build the working relationship between the agencies and the joint work done by the four UN agencies on preparedness under DFID funding.

The IASC should build on the recent joint UN agency collaborative work on preparedness and be a strong voice for strengthening investments in preparedness in close cooperation with governments and the private sector.

4.8 Generation and use of evidence

38. An agenda for evidence generation should be promoted to fill evidence gaps on the relative performance of transfer modalities—particularly beyond food security objectives—including their impact on livelihoods opportunities and job creation. There is significant variance in the availability of comparative evidence on cash transfers across sectors, ranging from areas where evidence is substantial (i.e., food security), to where it is limited (e.g., nutrition), and to where not a single comparative evaluation is available (e.g., health, education, and shelter). This imbalance should be carefully considered when devising interventions and reforms that affect multiple humanitarian sectors. However, there are also knowledge gaps in relation to in-kind transfers (e.g., the extent to which they are resold by beneficiaries, their impact on local markets or in achieving agreed-upon sustainable jobs) which are equally important to fill. Higher evidence standards should apply to all modalities, not only cash.

One of the areas that should be prioritized for evidence generation is the provision of cash transfers for shelter purposes. As concluded in appendix A, there are no solid impact evaluations that examined the comparative performance of in-kind housing materials versus an equivalent cash amount. Yet there is experience emerging on cash-for-shelter programming in humanitarian context. For example, in postconflict Sri Lanka, UN-Habitat has promoted the use of cash in lieu of materials. Over 2010–16, a total of

\$125 million was directly provided to support the shelter needs of 30,000 households. These households, in turn, utilized the cash to contract for technical expertise while also contributing their own labor to housing construction. According to implementation reports, the approach proved successful in offering more durable housing solutions than in-kind constructions. Moreover, the program spurred interest among other actors which resulted in the injection of an additional \$250 million in similar cash-for-shelter approaches.

39. Evidence across existing studies shows that cash is, on average, more efficient to deliver than in-kind transfers. However, results should be interpreted with caution because the wealth of nuance is often not captured in standard cost analyses. Efficiency hinges on several factors, such as the scale of intervention, type of humanitarian context, procurement practices, delivery platforms, political economy, and various hidden costs¹⁷ (see appendix A). In addition, costs within and across agencies are not always comparable. The IASC should encourage standardized approaches and work to comprehensively assess the full cost of alternative modalities.

40. Evidence also shows that the efficacy of specific modalities depends on the desired objective of the transfer. In the food security cluster, where evidence is substantial, data show that the relative effectiveness of cash and in-kind transfers is similar on average and depends on the desired objective of the transfer (e.g., calorie availability, dietary diversity) and the indicators used to measure them. Whether in terms of effectiveness or efficiency, the use of combined transfers may be a useful yet undervalued

program model. Regular feedback loops from beneficiaries on preferred modalities should also be promoted.

41. Further guidance is required on the choice and trade-offs between unconditional and conditional interventions. This note has already underscored the need for common definitions that clarify the different interpretations around conditionalities. Overall, whether transfers are provided conditionally or not should be the result of response analysis—i.e., conditionality is a design choice just like transfer selection. The provision of unconditional transfers is likely to be appropriate, among others, during the initial phases of a crisis, although the choice should be driven by the objectives, sectoral considerations, and contextual conditions. Guidance by the IASC on factors to consider in decision making would help address an important information gap.

42. There is a need to clarify the concept and implications of multipurpose cash transfers. In some cases, MPCTs are defined as just cash, with no particular difference from traditional cash transfers, including in terms of transfer size. In other cases, MPCTs are conceived as a way to cover all needs of a household, which may imply transfers of substantial larger size than currently provided. The concept, however, seems to generally assume that beneficiaries are receiving cash from multiple sources and that transfers can simply be consolidated. Yet, in the context of funding shortages, important trade-offs between benefit levels and coverage must be addressed up front. This could best be through commonly identified targeting criteria for different objectives and interventions, and a collegial operational review by the involved agencies. Thus, from a conceptual perspective, MPCT programs hold great promise as a multisectoral intervention, but at the same time present a range of operational and structural implications that need to be carefully clarified by the IASC.

43. Overall, humanitarian imperatives must be reconciled with accelerated applied research to inform decision making. Given the nature of humanitarian situations, it is understandable that in many circumstances action cannot wait for evidence. Yet as crises become more chronic and protracted, there will be increased demands to synchronize response analysis, operations, and an applied research agenda to compare the performance of alternative transfer modalities. Many cases show that such analysis is possible and necessary to serve people in need in the best way possible (e.g., Democratic Republic of Congo, Niger, and the Republic of Yemen). The IASC should promote a renewed drive to gather the broader evidence required to make informed choices regarding cash in humanitarian situations. The IASC should consider developing a global research strategy to fill major information gaps relevant to multiple agencies. This would help coordinate research initiatives currently undertaken by individual actors while still flexibly allowing for such research.

Evidence from 14 comparative experimental and quasi-experimental trials in 11 developing countries shows that cash was most effective in achieving specific objectives in 48 percent of cases and food in 36 percent. Vouchers and combined cash and food modalities were most effective in the remaining 16 percent of cases, which is remarkable, given that those modalities were used only in a few cases. The potential and likely underexplored effectiveness of the mix of modalities mirrors the findings of an ECHO evaluation, which found that combined transfers exceeded the donor's target results in one-quarter of the cases.

When assessing costs or efficiency, it is useful to distinguish between the delivery of assistance and other cost items. In this regard, the cost to agencies to deliver cash to people is generally less than the cost of

delivering in-kind assistance, with cash being between two and seven times more efficient. Four studies that compared the equal value of transfers found that between 13 and 23 percent additional households could have been reached if food transfers had been provided in cash instead. However, depending on the location of the distribution sites, some time and transport costs are shifted from the agency to consumers. Factors affecting the comparative efficiency of cash, vouchers, and in-kind transfers include the scale of the intervention, the type of context and crisis, delivery mechanisms, transfer size, procurement costs, and a range of hidden costs, such as transaction costs by beneficiaries. When all these items are considered, there are cases where in-kind food was found to be more cost-efficient than cash, as in Malawi and the Republic of Yemen.

4.9 Coordination

44. The emergence of over 20 country-level technical CWGs highlights the ability of the humanitarian system to flexibly respond and adapt to change. Ad hoc CWGs have organically blossomed out of operational expediency in different humanitarian contexts to meet technical needs and share experiences. Most of these groups are not affiliated with particular clusters, although a number of them operate under the auspices of the food security and livelihoods cluster. The CWGs represent a remarkable level of innovation and responsiveness under very demanding circumstances, and provide a dynamic basis for strengthened cash coordination. The IASC Principals should work to consolidate these gains by formalizing the role of the CWGs within existing coordination structures.

45. Strong leadership and guidance are required to clarify the rules of the game, the architecture, and the roles and responsibilities that will best facilitate the scaling up of cash by individual agencies as well as identify entry points for common programming. Because cash can be cross-cutting in nature, coordination needs to be able to cut across the horizon of individual sectors. Yet, it is important that, at this critical juncture, no single IASC agency “owns” the cash agenda or has preferential access to cash funding because of mandate or role. As mentioned, cash illuminates wider issues in the humanitarian response architecture, which may limit multisector approaches. There is room to build on the many strong ad hoc attempts to include CWGs in the cluster system through both short- and long-term efforts.

46. There are a number of options to consider in formalizing the role of cash in the humanitarian coordination architecture. In addition to the broader issues being addressed in the context of the Grand Bargain (including recently stated discussions on humanitarian governance), there is a need to make

an explicit distinction between the strategic “what” question (decision making and prioritization) and the “how” (technical issues regarding overall implementation). The current CWGs were primarily formed to deal with the latter; they have not been a forum for prioritizing resources. Below are some initial ideas on possible positioning of CWGs:

- **Clarify the CWG function.** The CWG should be a central point for overall technical support and sharing of information to include functions that support consistent standards, ways of working, and identifying opportunities for common programming approaches. These functions should be encouraged with an emphasis to ensure government is in the lead whenever possible, as in Liberia. Wherever possible, the CWGs should not prioritize resources or be a conduit for resourcing decisions. As a related systemwide issue, CWGs could provide a useful home for response analysis as noted above. As such, *the CWGs could be formalized and replaced by Response Analysis Groups (RAGs) which would act as a help desk for both cash and in-kind transfers across clusters.*¹⁸ Those groups would need to have clear terms of reference geared to provide technical support around aspects to consider to make informed choices on transfer selection across humanitarian objectives. They may also help in identifying options for the humanitarian country teams to consider for efficiency gains through common programming. Representation in the RAGs should be drawn from all clusters, and may include development partners with relevant expertise on social protection.
- **Identify and formalize where the RAG function sits within the current cluster system.** This has been dealt with differently across countries. One option is to allow flexibility for each country to decide where the CWG (or RAG) fits as long as it does not sit exclusively within only one sector. The RAG must meet the needs of all clusters equally. Four other options exist: (1) the RAG is established as an independent body that is neither under a cluster or is at intercluster coordination level (this option may risk developing into yet another sector); (2) the RAG function is embedded within each cluster (the challenge then is how to ensure overall coordination across sectors); (3) the RAG function is embedded within an existing cross-cutting cluster such as logistics (the challenge here again is overall coordination and resource allocation); and (4) the RAG becomes a subgroup of an existing body that coordinates across the clusters (as noted, this is currently the intercluster coordination group). This latter option is the recommended short-term solution.
- **The IASC should build on the many strong ad hoc attempts to include possible RAGs in the cluster system with both short- and long-term efforts.** In the short term, there is a need to strengthen the intercluster coordination function and define clear roles and responsibilities vis-à-vis cash at each level, including the role of the Resident Coordinator/Humanitarian Coordinator.¹⁹
- **Clarify where resource allocation and prioritization decisions are taken.** This systemwide issue relates to but is beyond the cash agenda. As noted, resources are currently prioritized and allocated *within* sectors but not *across* sectors. There is a need to work with donors and governments to develop this capacity and decide where it should be situated in the structure. Commitment is needed from donors to then follow agreed prioritization decisions. These issues are part of the wider structural reform to the humanitarian coordination architecture.

47. In order to make the IASC model fit for the future, it is important that the scope of CWGs be broadened to include response for all modalities under the RAG, thus ensuring that all means of assistance—cash, voucher, and in kind—are symmetrically sustained and coordinated. Continuing focus on cash assistance through CWGs may create an unintended silo effect, and potentially fail to acknowledge and coordinate the broader humanitarian support action in a given context.

48. From a related perspective, the 2015 IASC Reference Module for Cluster Coordination at the country level highlights key criteria for activating cluster coordination. These criteria state that activation is only required if existing national capacity is unable to meet needs due to the scale of need, the number of actors involved, the need for a more complex multisectoral approach, or other constraints on the ability to apply humanitarian principles. In practice, cluster activation appears to be the default, regardless of these factors. There are different levels of government involvement and interaction in existing CWGs.²⁰ These include positive examples such as Liberia that indicate a shift to greater government involvement. In line with previous considerations laid out in this note, more emphasis on government leadership is required.

The response to Ebola in Liberia has featured a prominent role by the government, and points to the need for greater linkages to government systems. Since the first case of the Ebola virus was reported in March 2014, the virus spread quickly, with devastating impacts on the lives and livelihoods of people with strong gender dimensions to the crisis. The number of agencies responding proliferated as the crisis peaked in January 2015, with 19 agencies implementing cash transfers with payments ranging from US\$42 to US\$150 per household per month. The need to coordinate efforts led to government assuming leadership within the cluster system and to a number of lessons: the need to map the 3Ws (who, why, what) early on and to link to a national data set such as the social protection registry, the need to be flexible and not overprescriptive in defining coordination structures, the need for a strategic oversight structure as cash was siloed in two clusters (food security and economic recovery), and the importance of developing standard operating procedures before a crisis hits.

The Haiyan Typhoon in the Philippines pointed to several examples of best practice as well as the challenges of cash coordination. The cash transfer components of the response were approximately 40 percent of the entire relief portfolio and totaled US\$845 million. At least 45 international humanitarian agencies implemented cash transfers. Best practices included (1) building on the existing social protection system, with UNICEF and WFP using the existing social protection registry to quickly scale up; and (2) the use of the CWG as a focal point for 3W mapping, setting standards for cash for work, seeking to harmonize grant sizes, sharing information about market assessments, and working to standardize agreements with financial service providers. Challenges included the lack of clarity of responsibilities and lines of communication for cash coordination, the difficulty of harmonizing approaches (monitoring, targeting, market assessments, approaches to service providers), and lack of accountability of cluster leads to ensure appropriate or joint response analysis with and between clusters.

4.10 Multi-actor agenda

49. Cash is a broad agenda that affects actors in both the humanitarian and development spheres. Its use has demonstrated that there is an increasing potential and demand to actively bridge the gap between these two worlds. However, roles and responsibilities are not clear, nor are incentives aligned to promote multi-actor collaboration.

50. While cash alone will not lead to the transformation required in the overall system, it does provide a window for the IASC to lead a discussion on the roles and responsibilities of different stakeholders. The IASC should advocate for governments to be in the lead and demonstrate that this is required in all contexts, starting with cash in humanitarian situations. Governments should be in the lead in preparing for and responding with cash-based initiatives, with agencies in support and strategically filling gaps. This is a fundamental shift in the way business is currently conducted.

51. Donors also have a key role to play in facilitating the use of cash. Limited upstream donor coordination has been cited as a bottleneck in the enhanced use of cash. An enhanced policy, communication, and technical harmonization among donors will provide needed clarity to operational agencies, particularly around reporting requirements. If much greater time and effort go into collaboratively assessing needs, donors need to increase their efforts to adapt reporting and other requirements accordingly. Similarly, if the IASC agencies produce joint and integrated response plans, donors should be strongly encouraged to not fragment their own funding.

52. Civil society and nongovernmental actors have been a key partner in the process to date and have much to add moving forward. Nongovernmental organizations (NGOs) play an important role in managing transfer programs on the ground, and are often at the front line of implementation and at the forefront of practical innovations. While not an NGO per se, the CaLP is a good example of an active community of practice with wide NGO representation (and beyond) that has been instrumental in sharing lessons, generating documents, and helping engage in coordination.²¹ Civil society as a whole has proven to be innovative and responsive and should continue to play a strong role within an overall joint approach.

53. Finally, the private sector has a major role to play as a partner of humanitarian actors, especially in terms of pipeline planning, assessments, implementation, and preparedness. Partnerships with the private sector can generate significant efficiencies in technical areas such as payments. At the same time, the limits and different incentives of private sector action should be carefully assessed and recognized, particularly in extreme humanitarian situations.

Notes

1. In 2014, more than 90 percent of countries with annual humanitarian appeals had had such appeals for three or more years, and 60 percent for more than eight years.
2. The Grand Bargain negotiations cover the following 10 issues: (1) more financial transparency, (2) more cash-based assistance, (3) more support to national first responders, (4) more multiyear funding, (5) harmonizing and simplifying reporting requirements, (6) reducing duplication and management costs, (7) periodic functional reviews on expenditures, (8) move to joint and impartial needs assessments, (9) more inclusion of beneficiaries in decisions that affect them—a “participation revolution,” and (10) strengthening humanitarian-development linkages.
3. Current practices also include the commissioning of postdisaster needs assessments or postconflict needs assessments that are multisectoral and reflect both humanitarian and development programming and financing needs.
4. The assessments should encompass broad sectoral issues with an emphasis on underlying core vulnerabilities, deprivations, and potential self-reliance of assessed populations. The inclusion of multimarket assessments should also be considered as part of a larger shift from *needs* to overall *context* analysis.
5. Data should be as comparable and interoperable as possible.
6. Some of these issues are starting to be addressed, including, e.g., under the multi-agency-designed Operational Toolkit for Multipurpose Cash Grants. This toolkit delineates the many assessment methods available and provides a useful toolkit for multisector analysis. Situation and response analysis should include vulnerability analysis, the minimum expenditure basket, a multisector market assessment, and an analysis of protection risks and benefits. Other examples of good practice have occurred at the country level.
7. The same principle of checks and balances could also apply to evaluation functions.
8. This issue of lack of confidence in assessments is a sensitive one both for humanitarian agencies and donors: “It appears that, far too often, needs assessments are performed by aid organizations to service their own aid programmes rather than for the purpose of establishing the true extent of what is required, meaning that the real needs of affected communities may not be reflected. Organizations are suspected of ‘appeal inflation,’ overstating requirements because they are unlikely to get 100 percent of what they request from donors. A lack of solid data means that the funding gap is also a credibility and accountability gap” (High-Level Panel on Humanitarian Financing Report to the United Nations Secretary-General, *Too Important to Fail—Addressing the Humanitarian Financial Gap*, New York: United Nations, 2016, p. 2).
9. A separate issue relates to postdisaster needs assessments, including how those assessments centering on physical damage of assets (such as infrastructure) and loss of income streams (such as private sector incomes and livelihoods) can be better connected to “people-centered” needs assessments. This becomes particularly compelling for urban crises as well as recovery needs.
10. In particular, unconditional cash transfers that are directed to health expenditures implicitly acknowledge the need to pay user fees when seeking health care. It has been noted that this may be in contradiction with international principles that primary health care should be provided free of charge at the point of delivery.

11. These strategies can include varying distribution locations (balanced with the need for transparency and enabling beneficiaries to plan), smaller/more frequent transfers, or distributions to reduce the amount of money transported at once.
12. Data protection is an important factor here. There are legal limitations to which entities and how different actors can collect, store, and share personal data relating to vulnerability, especially if linked to ethnicity, location, migratory status, etc.
13. See ALNAP, *The State of the Humanitarian System* (London: ALNAP, 2015). An additional research area could be to explore circumstances that had the potential to channel resources through governments, but did not in practice.
14. Efforts by humanitarians could be matched with larger resources from development partners. This would send a strong positive message to donors in bridging the humanitarian-development divide—which, in turn, may assist with humanitarian resourcing.
15. 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. This requires long-term, comprehensive engagement in the framework of disaster risk reduction (DRR). DRR activities include strengthening early warning and preparedness, and mobilizing and coordinating international disaster assistance. Priority Five of the Hyogo Framework for Action highlights the essential role of disaster preparedness in saving lives and livelihoods, particularly when integrated into an overall DRR approach (<http://www.unisdr.org/we/coordinate/hfa>).
16. This might include discussions with central banks as overseers of overall payment systems.
17. In some extreme humanitarian conditions, efficiency may not be the primary driver of transfer selection for life-saving purposes.
18. The RAGs would to some extent mirror the work of the global “Engine Room” at the country level. The global Engine Room, which was instrumental in producing and reviewing this note, was comprised of technical staff drawn from different agencies that, as part of a wider initiative, collaborated to inform transfer selection processes. This may require further discussion among the IASC Principals to develop consensus on which options to take forward.
19. In some countries, the Resident Coordinator assumes the additional role of Humanitarian Coordinator; in others, there is a separate Humanitarian Coordinator appointed depending on the scale of the crisis. The overarching role of the Humanitarian Coordinator as stated in the 2009 terms of reference “entails building consensus among relevant organizations involved in humanitarian action and actively facilitating cooperation among them, recognizing that the ownership of coordination rests with all relevant organizations.”
20. The CaLP has developed various materials on the matter, including taxonomies of governments with regular, sporadic, or no engagement in working groups.
21. See <http://www.cashlearning.org/about-us/overview>.

Appendixes

Evidence paper

Humanitarian Cash and In-Kind
Transfers across Sectors:

Selection, Performance, and
Research Priorities

Background paper for the Inter-Agency Standing Committee (IASC)

The World Bank Group

Executive summary

This paper reviews the existing evidence on the performance of alternative modalities across humanitarian sectors, including cash, vouchers, and in-kind (food and non-food) transfers. The analysis focused on the *comparative* performance of transfers, that is, on robust studies assessing transfers against each other in the same context and objectives. Based on existing evidence, our analysis points to five main findings.

First, there is large variance in the availability of comparative evidence across sectors. This ranges from areas where evidence is substantial (i.e., food security) to realms where it is limited (i.e., nutrition) or where not a single comparative evaluation was available (i.e., health, education, and shelter). This unbalance should be carefully considered when devising interventions and reforms that affect both single and multiple humanitarian sectors.

Second, where evidence is substantial, like for the food security cluster, data shows mixed results for cash and in-kind transfers, that is, their effectiveness is similar on average. Specific differences among cash and in-kind transfers are not very significant and depend on sub-objectives (e.g., calories availability, dietary diversity) and indicators used to measure them. Also, transfers' performance and their difference seem a function of the organic and fluid interactions among a number of factors (e.g., profile and "initial conditions" of beneficiaries, capacity of local markets), instead of inherent merits of a modality.

Third, while the effectiveness of cash and in-kind is similar, the efficiency is generally in favor of cash. Cash transfers seem more efficient to *deliver* than in-kind modalities, suggesting it might be *on average* more cost-effective. However, results should be interpreted with caution, including because of the wealth of nuance that is often not captured in standard costs analysis. Delivery is only one dimension of cost assessments, and overall costs would hinge on the scale of interventions, crisis context, procurement practices, and hidden costs. Approaches for cost calculations are often not standardized and display high variance in the depth and breadth of analysis. More consistent and robust approaches are required so that efficiency analyses match the high-standards of effectiveness as offered by the examined impact evaluations. Whether in terms of effectiveness or efficiency, the use of combined transfers seems a promising and yet under-evaluated program model.

Fourth, the appropriateness of transfers cannot be predetermined—there are no “first-best” options from the outset; rather, the best modalities are context and sector-specific and emerge from response analysis. A range of factors should be considered for appropriate selection of transfer modalities. These have been extensively discussed the empirical and operational literature and include program objectives, the level of market functionality, predicted cost-effectiveness, implementation capacity, the management of key risks such as on protection and gender, political economy, beneficiary preferences, and resource availability. The depth and breadth of response analysis would range from basic analysis in the immediate aftermath of disasters, to more sophisticated and comprehensive processes as emergencies get prolonged and protracted.

Finally, it seems possible to reconcile humanitarian imperatives with solid research to inform decision-making. Given the nature of humanitarian situations, it is understandable that in many circumstances “action cannot wait for evidence.” Notwithstanding humanitarian imperatives, as crises become more chronic and protracted there is an important case to be made to synchronize careful response analysis, operations, and a solid applied research agenda to compare performance of alternative transfer modalities (especially where the evidence base is unavailable or limited). Many of the cases in challenging environments presented in the note, e.g. DRC, Niger, and Yemen, show that such analysis is possible and necessary to serve people in need in the best way possible.

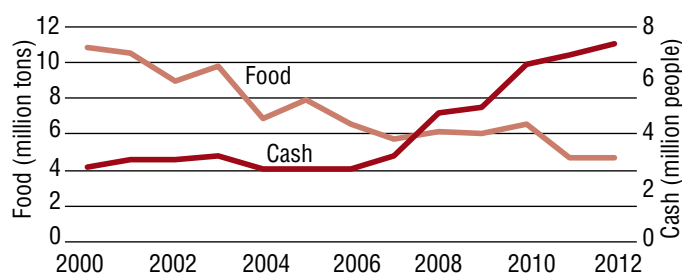
1. Introduction¹

Cash transfers are among the most rigorously evaluated fields in social sciences, including with a proven track record of performance in attaining intended objectives and second-round multipliers.² Cash-based programs are now present in 130 developing countries, including representing between 30 and 70 percent of total safety net spending in those contexts (World Bank 2015). The basic question that this paper addresses, however, is not whether cash transfers work in general, but whether and when they do so *relative* to other transfer modalities. In particular, the paper examines such question with a humanitarian lens and across the sectors that form the humanitarian architecture.

Three modalities of transfers are here considered, namely cash, in-kind and vouchers. Cash transfers provide people with money, while in-kind transfers include the distribution of items as procured internationally or locally-sourced. Vouchers are also known as stamps or near-cash transfers and can be used in predetermined locations, including selected shops, supermarkets, retail stores and fairs. Vouchers take two forms: on one hand, “value-based” vouchers restrict choice of items as available in the chosen outlet; on the other hand, vouchers can be “quantity-based,” or tied to a pre-defined bundle of goods. Therefore, vouchers are a hybrid form of transfer that display features of both cash (value-based vouchers allow for some level of choice) and in-kind transfers (quantity-based vouchers are very similar to a decentralized system of local in-kind procurement). This basic taxonomy holds whether “in-kind” and vouchers refer to food, agricultural inputs, shelter, or other goods.

Somewhat unsurprisingly, the highest-quality evidence around the comparative performance of transfer modalities is generated in non-emergency contexts. The humanitarian situations in which multiple actors operate, characterized by the scale and urgency of required actions and the nature of impediments often present, is different from the conventional sphere of development interventions. Yet the field of humanitarian response is evolving rapidly, leading to greater focus on the generation of rigorous data on effectiveness, including solid impact evaluations. As part of this evolution, there is a growing use of cash transfers in humanitarian settings, including as a complements or alternatives to in-kind transfers. For example, as of 2012 cash transfers reached 6.8 million beneficiaries (and 5.6 million in 2014), up from 2.4 in 2000. Over the same period, the quantity of global food aid halved, dropping from 10.9 to 4.7 million metric tons³ (figure 1).

Figure 1: Trends in in-kind food and humanitarian cash transfers



Source: CaLP-Cash Atlas and WFP-FAIS online databases (accessed January 2016)

Indeed, humanitarian practitioners are increasingly called upon putting cash and in-kind transfers on an equal footing. This basically entails a more systematic consideration of alternative transfer modalities for a range of objectives and, as a result, across the sectors around which humanitarian assistance is “clustered.” This is an important step since most of the eleven humanitarian clusters have limited experience with cash-based programs.

¹ This paper only concerns demand-side transfers; as such, there are other areas of research and evidence that are beyond the scope of this paper but still relevant, like a range of supply-side issues and results-based financing. For more information on those matters, see for example WHO (2010, 2008).

² For example, see <http://www.fao.org/economic/ptop/home/en/>.

³ The year 2012 is the last one for which data on food aid deliveries is recorded in the global Food Aid Information System housed by WFP.

This imbalance in practice (and evidence) is important to recognize. When it comes to choice of transfer, sectors may share a range of common principles, but they may also face specific implications. While the literature on food assistance mostly antagonizes transfers as alternative modalities, there is some a priori reservations in, for example, considering cash in lieu of vaccines, therapeutic nutrition, or shelter. In other words, “how far should cash go” in being considered as an alternative or complement to in-kind assistance is a key strategic, operational and empirical question for the humanitarian community. Within such context, efforts are underway to ensure that the use of a certain transfer is not driven by reflexive approaches, that all transfer modalities should be considered more systematically, and that any choice is the result of careful response analysis. This paper, therefore, intends to contribute to the broader movement around making choices contextual, objective-oriented, and evidence-based.

The paper is organized as follows: the next section discusses the economics transfer modalities. In section 3, we assess the comparative impacts and costs of transfer modalities documented in solid impact evaluations. The discussion there revolves around food security, livelihoods, nutrition, health, education, shelter, and cross-sectoral approaches. Based on the available evidence base, section 4 lays out key issues to consider for transfer selection. Section 5 identifies evidence gaps and research priorities, while section 6 concludes.

2. Choice and paternalism: the economics of transfer selection

Before assessing the evidence on comparative effectiveness, it is important to briefly discuss a set of cross-cutting issues affecting all transfer modalities. Among these, the issues of “paternalism” and choice permeate the debate in a way that makes is sometimes not only technically contentious, but even philosophically polarizing. This suggests the need for a short review of the economics of the cash versus in-kind debate, including with a view of shedding light on those thorny quandaries.

Standard economic theory predicts that cash is a preferable and first-best option, that is, cash is more “utility-maximizing” than in-kind transfers. This is a mainstream view in economics and has solid empirical grounds: for example, a survey showed that 84% of economists agree with the statement that “cash payments increase the welfare of recipients to a greater degree than do transfers-in-kind of equal cash value.”⁴ This stems from the basic feature that cash is flexible and provides people with choice on how to spend it. Relatedly, cash may not only transfer income, but transfer power as well. As it was put by Devarajan (2013), “...cash transfers have the potential to shift not just poverty-reducing policies but also the balance of power between government and its citizens, in favor of the latter.” In other words, the normative argument in favor of cash is straightforward: cash is fungible and empowers, hence it is “transformative” or “redefinitional.”⁵ While these are important considerations, the economics of the quandary is more nuanced.

Indeed, an economic case for in-kind transfers can also be made on the grounds of taxpayer utility functions, interdependent preferences, externalities, and information asymmetries—all of which somewhat rest on the notion of “paternalism” (Currie and Gahvari 2008). Part of the concept postulates that while members of society care about the worse-off and disadvantaged, the modeling of taxpayer functions can vary. For example, under one assumption taxpayers maximize their own utility when the poor are allowed to maximize their own happiness, i.e., freely spend tax dollars. Under other assumptions, taxpaying voters

⁴ See <http://gregmankiw.blogspot.com/2009/02/news-flash-economists-agree.html>.

⁵ Paul Niehaus, keynote address at the event “Cash Transfers: The New Benchmark for Foreign Aid?” hosted by the Center for Global Development (9 May 2014, Washington, DC). Videos and materials of the event are available at: <http://www.cgdev.org/event/cash-transfers-new-benchmark-foreign-aid>.

typically exhibit a more parental form of altruism: they would like poor families to access a select few basic items (e.g., food and housing) in adequate amounts, but specifically would not favor the poor to use tax-financed subsidies to purchase whatever goods and services.⁶ In other words, the preference among voters for bestowing on the poor benefits-in-kind rather than cash transfers may well rest in good part on that characteristic of the typical tax payer's utility function (Reinhart 2013).

From another standpoint, the notion of paternalism revolves around “over-provision” of goods.⁷ This involves informational, principal-agent, or behavioral arguments that often provide the foundations for much of the debate around conditionalities (Fiszbein and Schady 2009). In broad terms, the theory suggests that the expected externalities of an in-kind transfer would be desirable when there is a private under-investment—say, in nutrition or health—below an optimal social (or even private) level. Hence in-kind representing a vehicle to influence behaviors, especially when people may not be well informed, may have inconsistent preferences over time, and there are coordination failures (De Mel et al. 2012). This is the case, for example, when there is a discrepancy between perceived and expected returns, for example, to nutrition or education, which challenges the assumption that “people always know best.”⁸ For example, an experimental study by Jensen (2010) showed that students provided with information on returns to education completed 0.2 more years of schooling over the next 4 years compared to students without information.

From another perspective, there are questions around the core concept of “choice” by beneficiaries: is choice just the ability to freely dispose of a given transfer (e.g., cash), or should such definition also include the opportunity to choose what to get in the first place (e.g., cash or food)? This is related to the thorny issue of what people prefer.⁹ While it is difficult to generalize preferences, some stylized patterns can be discerned: for example, in-kind transfers tend to be preferred in the context of high or volatile prices, including due to seasonal or more unpredictable shocks (Sabates-Wheeler and Devereux 2010). Gender and intrahousehold decision making processes tend to be another key factor in shaping preferences, including the control that women exert over household in-kind or cash resources. Finally, people's preferences can be shaped by very pragmatic considerations, such as implementation performance of programs. In India, where the public food distribution system worked poorly people preferred cash, while they preferred food where existing food distributions were timely (Khera 2013). Somewhat relatedly, in some Indian states the

⁶ This has been referred to as “specific egalitarianism” and postulates that while many people have no problem with income inequality per se, they would like to see that all individuals receive adequate food, medical services, or housing (Tobin 1970). See also the early work by, among others, Garfinkel (1973) and Amacher and Sandler (1977) exploring issues around paternalism and interdependent preferences.

⁷ In a stylized form, consider two individuals: for one, an in-kind transfer is defined as “extramarginal” because it is provided for an amount greater larger than the person would have normally consumed in the absence of the transfer; conversely, for another individual an in-kind transfer is inframarginal since it is smaller than the amount consumed by recipients. In other words, these two individuals are positioned in different points in the frontier of consumption possibilities. According to microeconomic models, an inframarginal in-kind transfer and a cash transfer of equal value would have the same effect in bolstering household food consumption—i.e., beneficiaries' marginal propensity to consume food out of an additional income out of an in-kind or cash transfer should be the same. Put it differently, there is only an “income” effect and no “price” effect associated with inframarginal transfers. However, if in-kind transfers are extramarginal, then food consumption out of in-kind transfers would be larger than for an equal cash transfer due to the price effect. For an elegant exposition, see Mankiw (2011).

⁸ For various examples in the health sector, see Dupas (2009), Duflo and Saez (2003), Hastings and Weinstein (2008), and Nguyen (2008).

⁹ Note that the issue of expressing and capturing preferences is notoriously difficult, including due to a number of factors that may distort feedback such as how the question is posed, who conducts the survey, and expectations by beneficiaries.

use of technology in distribution has allowed beneficiaries to choose not necessarily what to get, but to select the service provider of preference¹⁰ (Gentilini 2015).

In other words, “paternalism” is not necessarily a pejorative feature and can even be justified on economic grounds. Perhaps more generally, paternalism as an approach seems less related to modalities per se and more to processes to provide them. For instance, it can be argued that whether an intervention is paternalistic may hinge on the extent to which it considers beneficiaries as key stakeholders throughout the life of the program, ¹¹including balancing what might be desirable to provide from a public perspective and what beneficiaries would prefer to receive.

3. Comparative performance

Food security

Programs intended for food security have played a dominant role in shaping views on cash versus in-kind modalities, albeit through a narrower “cash versus food” lens. For instance, *over 2010–2015 a total of 788 projects* were implemented by the humanitarian community, including reaching *29 million beneficiaries* for a value of over US\$3.9 billion. Out of this portfolio, over half or 56% were implemented around the food security sector.¹²

We examine the complete set of robust impact evaluations that, to our knowledge,¹³ have been published over the last decade, 2006–2016 (Gentilini 2016). These include 14 comparative experimental and quasi-experimental trials in 11 developing countries that have deliberately compared alternative transfer modalities under the same evaluation framework. The specific design parameters of the programs are presented in annex 1. Some of the case studies include stable contexts, such as Bangladesh, Cambodia, Malawi, and Mexico, but most of them are particularly relevant to inform humanitarian debates. These

¹⁰ The Chhattisgarh state in India has undergone a major reform of its Public Food Distribution (PDS) program. Between 2004 and 2010, the program was able to cut the share of people that “reported no PDS purchase” from 75 percent to 32 percent, hence expanding coverage among eligible beneficiaries. Also, the diversion of PDS grains was reduced from 51 percent to 10.4 percent. Compounded with political commitment and other factors, a key ingredient behind Chhattisgarh’s progress was the introduction of an automated system (COREPDS) in each participating fair price shop. This included the equipment of PoS devices with GPRS connectivity, biometric authentication scanner, and smart card slot. The piloting of such system commenced in 2007, including 151 shops and 170,000 beneficiaries in Raipur city. Differently from the previous models, it allowed beneficiaries to choose the shop where to access the benefits. In other words, benefits were made portable. This introduced a strong element of competition among shopkeepers and, as early evidence shows, a number of challenges with underprovision were eliminated. While comprehensive evaluations are underway, the experience suggests that technology alone can improve but not fully address issues of transparency. The pilot instead shows that the empowerment of participants through choice (as provided by portability) was a key determinant in elevating people “from beneficiaries to customers,” hence letting market mechanisms and competition to largely address previous inefficiencies.

¹¹ For example, in 2006 a combined cash and food transfer program was implemented in rural Malawi. The follow-up evaluation explored participants’ preferences over one or both transfers and found that “...most beneficiaries were very satisfied with receiving both food and cash” (Devereux 2008). Yet, the redesign of the project in 2007 only envisaged cash transfers.

¹² CaLP Cash Atlas online database (accessed February 2016). The figure also includes livelihood interventions.

¹³ A new experimental study by Ahmed et al. (2016) will soon be released, including comparing cash, food and several combined modalities (and with and without nutritional information campaigns) in Bangladesh.

include evaluations fielded in Uganda’s fragile Karamoja region, Ecuador’s periurban program for Colombian refugees, the project in the Democratic Republic of Congo (DRC) for internally-displaced populations, crisis-affected regions in Yemen, Ethiopia’s high food prices-induced emergency, drought-hit regions in Niger, and post-tsunami Sri Lanka (Ahmed et al. 2010, Aker 2015, Barker et al. 2014, Cunha 2014, Gilligan and Roy 2013, Hidrobo et al. 2014a, Hoddinott et al. 2014, Leroy et al. 2010, Schwab 2013, Sharma 2006, Skoufias et al. 2008).

A summary of the impacts is proposed in table 1, including displaying the most effective transfer modality according to different dimensions. The absolute differences in impacts are reported in Annex 2. Overall, cash was most effective in achieving specific objectives 48% of the time, and food was so in 36% of the cases. Vouchers and combined cash and food modalities were the most effective in the remaining 16% of the times, which is remarkable given that those modalities were used only in few cases. The potential and likely underexplored effectiveness of mix of modalities mirrors the findings by Maunder et al. (2015), including reporting that combined transfers exceeded a donor’s (ECHO) target results in one-quarter of the cases.¹⁴

Table 1: Summary of impacts from comparative studies

| | TRANSFERS PROVIDED | MORE EFFECTIVE MODALITY | | | | | | | |
|-----------------|-------------------------|-------------------------|----------------|----------|-------------------|---------|--------|--------------------|-----------------|
| | | FOOD CONSUMPTION | CALORIE INTAKE | FOOD GAP | DIETARY DIVERSITY | POVERTY | ANEMIA | CHILD MALNUTRITION | CHILD MORTALITY |
| Bangladesh | Cash, food | Cash | Cash | – | – | Food | – | – | – |
| Cambodia | Cash, food | Cash | – | – | Food | – | – | – | – |
| Dem. Rep. Congo | Cash, vouchers | Vouchers | – | – | Cash | – | – | – | – |
| Ecuador | Cash, food, vouchers | Food | Food | – | Vouchers | – | – | – | – |
| Ethiopia | Cash, food | | | Food | | – | – | – | – |
| Malawi | Cash, food, cash + food | – | – | – | Cash | – | – | – | – |
| Mexico | Cash, food | Cash | Food | – | – | Food | – | – | – |
| Niger* | Cash, food | – | – | – | Food | – | – | – | – |
| Niger** | Cash, food, cash + food | | | | | | | Cash + food | Cash + food |
| Sri Lanka | Cash, food | Cash | Cash | – | – | – | – | – | – |
| Uganda | Cash, food | – | – | Cash | – | – | Cash | – | – |
| Yemen | Cash, food | Cash | Food | – | Cash | – | – | – | – |

Note: – = impacts of modalities are either similar or not reported; dietary diversity is measured by the dietary diversity index, except for Cambodia and DRC where it was measured by food consumption scores and household dietary diversity scores, respectively; Niger* = Hoddinott et al. (2014), Niger** = Langendorf et al. (2014), see nutrition section.

One of the most widely used indicators in the examined compilation of evaluations is food consumption. Collected in 7 out of the 11 countries, food consumption was measured in terms of expenditures or value of

¹⁴When provided individually, transfers didn’t exceed targets.

food consumed at household level.¹⁵ Only in Ecuador impacts of food consumption were larger for food-receiving beneficiaries, including relative to both cash and voucher transfers. In Yemen, Cambodia, Mexico, Sri Lanka and Bangladesh the impacts on food consumption are higher for cash than for food-beneficiary households. In the case of Bangladesh, one possible explanation is that the size of the cash transfer was 70 percent higher than the food transfer. In Yemen, Cambodia, and Sri Lanka, the difference in percentage points was double digit. However, the difference in impacts is statistically significant only for Yemen and Sri Lanka. In DRC, cash households spent approximately US\$ 0.34 less than voucher households on food, or about US\$ 0.11 less per capita. This was largely due to the fact that vouchers were commodity-based.

Measures for quantifying calorie in-take may present additional information regarding the difference in impacts on food availability at household level. In contrast with measures of food consumption, food transfers tend to have a larger impact on calorie in-take relative to cash in most contexts. In Ecuador, the larger effect on calories from food was mainly due to larger increases in consumption of cereals (which represented 41 percent of households' caloric intake). In Yemen, higher caloric consumption from food stemmed from the basket composition, including wheat and oil. In the case of Sri Lanka, cash had a larger impact than food. Such effect can be explained by a change in diets, i.e. a shift in consumption from highly caloric foods to diets of higher-quality (e.g., eggs, meat). In the case of Mexico, the result is consistent with another study by Leroy et al. (2010) showing that, compared to the cash group, the effect of food was higher for total energy, energy from animal-source foods, and energy from cereals and legumes. According to the authors, this was most likely due to the fact that the food basket contained relatively large quantities of grains and legumes.¹⁶

Another reviewed indicator is the food gap, which measures months of food shortage by households. In the case of Ethiopia, a two year exposure to food rations led to less months of food shortage compared to household participating in cash transfers. In Uganda, among cash and food treated household there was a reduction of 0.6 and 0.4 months of food insecurity respectively. However, the difference is not statistically significant.

In order to explore the quality of consumption patterns and diets, evaluations have analyzed dietary diversity indicators. Three include the Dietary Diversity Index (DDI), Food Consumption Scores (FCS) and Household Dietary Diversity Score (HDDS).¹⁷ Results on FCS in Cambodia, Niger (July and October), Ecuador and Yemen. Results are mixed, with cash being more effective in three cases (Ecuador's cash and vouchers arms and Yemen), and food in the other three (Cambodia and Niger, both seasons). In Ecuador, the larger

¹⁵ Food consumption can be measured in terms of consumption or expenditures. Food expenditures are the amount of money spent on food in any given time period, while food consumption is the value of food actually consumed during the given time period. Food consumption/expenditures can be constructed in reference to daily, monthly or yearly values.

¹⁶ Leroy et al. (2010) recommended that in order to avoid overconsumption of energy, "programs should not be implemented without an effective behavior change communication component... [and] the use of low-fat milk...or the use of micronutrient supplements not containing energy, such as micronutrient sprinkles, should be considered as alternatives in this program" (p. 616).

¹⁷ The Dietary Diversity Index (DDI) is the number of different foods or food groups consumed over a given reference period. The Food Consumption Scores (FCS) index is calculated using the frequency of consumption of 8 food groups consumed by a household during the seven days before the survey. The Household Dietary Diversity Score (HDDS) is a proxy indicator of household food access. The score is calculated by summing the number of food groups consumed in the previous seven days from 12 groups. It differs from the DDI in that frequency is measured across standardized food groups instead of individual food items. Among other factors, it differs from the FCS in that the reference period is one day and not seven, and it does not take into account the frequency of food consumption (and it is not weighted).

increase in dietary diversity for vouchers was mainly due to larger increases in the number of days consuming vegetables, eggs, milk and dairy. Similar effects of transfers were noted for the DDI, which included the same sample of countries except Cambodia. One reason that the cash recipients had less diverse diets lies in their choice of using a significant proportion of their transfers to buy grains in bulk, the least expensive form of calories present on local markets. As it was pointed out by Hoddinott et al. (2014), such purchasing strategy was a reflection of uncertainty regarding future food prices (as well as being easier at harvest).

The two studies in DRC and Ecuador also allowed for comparing dietary diversity among cash and voucher-receiving arms. In the former, cash households used their transfer to purchase a more diverse set of food and non-food items. In particular, cash program recipients were significantly more likely to purchase staple grains (a 24 percentage point increase), beans (a 38 percentage point increase), condiments (a 27 percentage point increase), as well as oil, meat and vegetables as compared to the voucher group. Vouchers, instead, directed or restricted household purchasing decisions toward specific food items, including voucher recipients being 10 percentage points more likely to purchase other grains (namely rice) and 13 percentage points more likely to purchase salt than cash recipients.

In Ecuador, the impact among cash and voucher recipients was considerably lower. Bearing in mind the difference in the size and frequency of the voucher transfers,¹⁸ cash-receiving households not only invested large share of the transfer for food (83%), but the money was used to purchase various foods across 7 groups (roots and tubers, vegetables, meat and poultry, eggs, fish and seafood, pulses and legumes, and milk and dairy). Yet vouchers led to increases in 9 out of 12 food groups and, compared to cash, it sparked an increase in the frequency of consumption of fish and seafood, and pulses and legumes. Instead, in the Democratic Republic of Congo vouchers were used for a variety of food purchases, while cash transfers were more likely to be used for alternative purposes, such as for paying for school fees or being saved.¹⁹

Finally, a key dimension of food security is “access” to food, hence being closely related to income and monetary poverty issues. The evidence showed that both food and cash transfers reduced poverty in Mexico and Bangladesh. In Mexico and Bangladesh, estimates on the impacts of cash and food transfers on the extreme poverty headcount ratio show that food had larger impacts, with a difference on 3.8 and 1.9 percentage points in Bangladesh and Mexico, respectively (Skoufias et al. 2008, Ahmed et al. 2010). The overall impacts of transfers on the poverty gap are larger. In the context of Mexico, food transfers decreased the poverty gap by 22.3 percent and cash transfers by 18.9 percent; moreover, the severity of poverty decreased by 27.8 percent and 22.9 percent, respectively.

A number of factors affect the comparative efficiency of cash, vouchers and in-kind transfers. These include the scale of the intervention, the type of humanitarian crisis, delivery mechanisms, transfer size, procurement costs, and a range of “hidden” costs. We’ll briefly discuss these factors individually. For example, in a comprehensive evaluation of ECHO’s cash and vouchers portfolio, Maunder et al. (2015) assessed the cost-efficiency of 163 transfer projects through the use of an index called Total Cost-Transfer Ratio (TCTR). Such indicator measures the cost of delivering one dollar worth of transfer to a beneficiary, that is,

¹⁸ In DRC, the size of the voucher transfer in the first distribution was over twice that of Ecuador (US\$90 versus US\$40), while the subsequent two installments were half the Ecuador’s value (US\$20 versus US\$40). The Ecuador project envisaged 6 monthly distributions, while the ones in the Democratic Republic of Congo only three over 7 months (see table 2). Also, in the latter vouchers could be freely spent on foods available, while in Ecuador there were caps on spending by food groups (e.g. out of US\$40, a maximum of US\$10 could be spent on cereals).

¹⁹ In the first of three distribution cycles, vouchers could be used for food and non-food items, while in the latter two for food only. Under the project, vouchers could be freely spent on all foods available in the fairs, while in Ecuador there were caps on spending by food groups (e.g. out of US\$40, a maximum of US\$10 could be spent on cereals).

the more the TCTR exceeds unity, the less cost-efficient the program is.²⁰ The analysis by Maunder et al. (2015) estimated that larger-scale projects were in general more efficient than smaller projects. Because in-kind projects were between 6 and 16 times larger than other modalities, the *average* TCTR for sampled in-kind programs was lower than for other modalities. However, the data suggest that, once at scale, cash transfers are more efficient than in-kind transfers (table 2).

Table 2: Cost of transfer modalities by scale of operations

| BENEFICIARIES ('000) | CASH | VOUCHERS | IN-KIND | COMBINATIONS | TOTAL |
|----------------------|------|----------|---------|--------------|-------|
| <10 | 2.72 | 3.23 | 2.40 | 1.82 | 2.74 |
| 10–50 | 1.46 | 1.87 | 1.86 | 2.08 | 1.70 |
| 50–100 | 1.30 | 1.44 | 1.55 | 2.37 | 1.70 |
| 100–500 | 1.28 | 1.36 | 2.05 | 1.68 | 1.60 |
| >500 | – | – | 1.63 | – | 1.63 |
| Average | 1.93 | 2.11 | 1.84 | 2.03 | 1.96 |
| Number of cases | 76 | 34 | 30 | 23 | 163 |

Source: Maunder et al. (2015)

Also, the evaluation showed that the operating context can significantly influence the average TCTR of the different modalities. Overall, TCTR values were highest in complex emergencies, followed by slow onset natural disasters (e.g. drought), then rapid onset natural disasters (e.g. other extreme weather events, earthquakes) and lowest in refugee responses. It is hypothesized that the high costs of complex emergencies are related to increased operating costs (such as security), whilst well established refugee settings allow the greatest opportunity for cost savings through forward planning and longer term distributions. A possible explanation for rapid onset disaster response having a lower TCTR than slow onset is that the former tend to occur in countries with less developed infrastructure and markets. Whilst cash transfers usually have the lowest TCTR in most contexts, data shows it has the highest TCTR in complex emergencies. The TCTR for vouchers is also significantly higher in responding to sudden onset disasters (table 3).

Table 3: Cost of transfer modalities by humanitarian context

| CONTEXT | CASH | VOUCHERS | IN-KIND | COMBINATIONS | TOTAL |
|-------------------|------|----------|---------|--------------|-------|
| Complex emergency | 2.81 | 2.11 | 1.86 | 2.33 | 2.37 |
| Slow onset | 1.64 | 1.54 | 2.44 | 1.96 | 1.81 |
| Sudden onset | 1.39 | 2.72 | 1.46 | 1.61 | 1.62 |
| Refugees | 1.15 | 1.81 | 1.48 | 1.40 | 1.44 |
| Average | 1.93 | 2.11 | 1.84 | 2.03 | 1.96 |
| Number of cases | 76 | 34 | 30 | 23 | 163 |

Source: Maunder et al. (2015)

²⁰For example, a project costing a total of EUR 30 million delivers US\$20 million in transfers to beneficiaries (and spends US\$10 million on administrative costs), the TCTR is 30/20 or 1.5.

When assessing efficiency, it is also useful to distinguish between the delivery of assistance and other cost items. Delivery is here defined as encompassing costs related to “moving” transfers from the agency to beneficiaries. These may include transportation, handling and storage of food, as well as costs related to benefit payment, e.g., debit card fees per transaction, printing of vouchers or issuance of magnetic cards. In this regard, our findings corroborate those of Cabot Venton et al. (2015) in that cash, when compared to in-kind approaches, consistently emerges as more efficient to *deliver* (see table 4). Put it differently, Margolies and Hoddinott (2015) estimated that at the particular levels of transfers in four studies that compared equal value of transfers, between 13 and 23 percent additional households could have been reached if the food transfers were in cash instead.

Table 4: Summary of efficiency from comparative studies

| | TRANSFERS PROVIDED | MORE EFFICIENT MODALITY | | |
|-----------------|-------------------------|-------------------------|---------------|--------------------|
| | | DELIVERY COST | TRANSFER COST | OVERALL EFFICIENCY |
| Bangladesh | Cash, food | Cash | – | Cash |
| Dem. Rep. Congo | Cash, vouchers | Cash | – | Cash |
| Ecuador | Cash, food, vouchers | Cash | Cash | Cash |
| Yemen | Cash, food | Cash | Food | Food |
| Uganda | Cash, food | Cash | – | Cash |
| Niger* | Cash, food | Cash | – | Cash |
| Niger** | Cash, food, cash + food | Cash | Food | Food |
| Malawi | Cash, food, cash + food | | Food | Food |
| Mexico | Cash, food | Cash | - | Cash |

Notes: Niger* = Hoddinott et al. (2014), Niger**= Langendorf et al. (2014).

In terms of cost of “transfers” as opposed to just delivery, it is important to contrast the cost for agencies and the local value of such transfer for beneficiaries. For cash transfers, the issue is straightforward: the cost of the transfer and its local value are always the same, that is, the procurement cost of cash is exactly the amount of cash provided to beneficiaries. Indeed, in most food assistance projects the size of cash transfers is generally calculated as the monetary value of a bundle of food commodities on local markets.

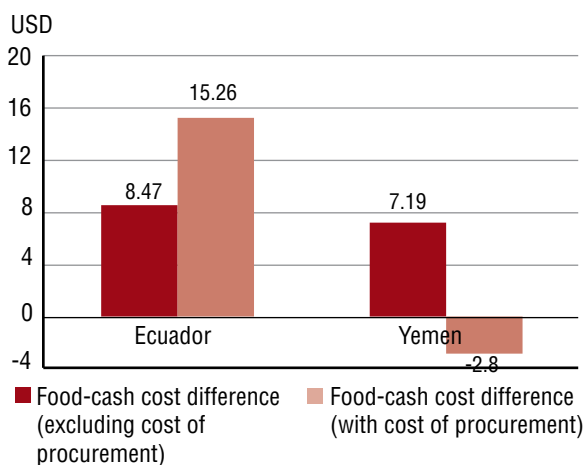
When it comes to food transfers, costs for agencies and local market values may not be the same. Specifically, there might be economies of scale from purchasing large quantities of commodities from producers, wholesale traders, and, in the case of vouchers, small retailers.²¹ In other words, under the right circumstances agencies can “buy low and transfer high:” if the difference between the purchase cost and the recipient transfer value is large enough, such differences can offset possible delivery cost savings from cash transfers, such as observed in Malawi, Niger, and the West Bank and Gaza (Creti 2011; Audsley et al. 2010). An illustration with data from two projects is proposed in box 1.

Devising robust and standardized tools and methods for identifying, collecting and analyzing cost data should be a key priority for the transfer debate. In this regard, it’d be important that cost calculations

²¹ Cabot Venton et al. (2015) document that, in Ethiopia, the cost of local food is typically lower than international food aid in the harvest season, but international food prices can be cheaper than local prices in the lean season. In the Philippines, local procurement was 27% less costly than overseas food aid once transport was considered; in Lebanon, instead, the cost of hygiene items and non-food items is much cheaper when procured internationally in bulk.

Box 1: Procurement versus delivery costs: evidence from Ecuador and Yemen

Let's illustrate these considerations by contrasting results between two countries. In Ecuador, the procurement costs for food were higher than their local market value: indeed, accounting for the local procurement of most of canned fish, rice, lentils and oil, and including the international procurement of some oil and lentils, it turns out that it cost US\$46.76 to provide a transfer that is locally-valued at US\$40. This led to a total cost of providing food of US\$58.25 (US\$46.76 plus 11.46), which even exacerbated the cost differences – that is, total cost for cash is US\$42.99 while for vouchers is US\$43.27 (the value of both voucher and cash transfer is, by definition, US\$40). Indeed, the difference between food and cash is now US\$15.26 per transfer compared to US\$8.47 (i.e., US\$11.46 minus US\$2.99) when transfer values were excluded. In Yemen, instead, the market conditions were such that it was possible to procure for US\$39 a food basket locally valued at US\$49. In this case, the cost difference between food and cash cost even reversed, with cash being US\$2.8 more expensive than food (figure 2).



in addition to it (i.e., when agencies can operate both cash and in-kind delivery system). For example, a refugee program in Ethiopia replaced a portion of the in-kind basket with cash. Data suggest that cash was 25–30% cheaper to deliver than in-kind aid (Cabot Venton et al. 2015). Many of the gains of cash transfers arise because the agency delivering food did not set up a separate system for cash, but rather maintained efficiency by using the existing food delivery system. Similarly, in Lebanon WFP's corporate relationship

are based on a more nuanced understanding of supply chains and agricultural markets. Indeed, implementation models can vary considerably pending on the specific approaches and actors involved at different points in supply chains. For instance, Gelli and Suwa (2014) noted that "...different approaches can even co-exist within the same country, where, for instance, programme implementation is owned by decentralised institutions (e.g. individual states in Brazil or India), or where agencies...are complementing the national programmes (e.g. Ghana and Kenya), [or models] linking the provision of goods and services for school feeding to smallholder farmers and the community." Those nuances need to be taken into account for comprehensive cost analyses, and so would a range of hidden costs.

Indeed, one key issue for program efficiency relates to the time, forgone income and transportation costs that people may incur to access the benefit. For example, Margolies and Hoddinott (2014) estimated that in Yemen, cash was more efficient than food for the agency, but not for beneficiaries: it cost 2.7 hours of travel/waiting time and high transportation costs (8.6% of transfer value) to access cash, as opposed to 1.9 hours and 2% of transfer's value for transportation cost for accessing food. This is because food was distributed closer to people's villages, which increased the cost for the agency and lowered that of beneficiaries. In Ecuador, instead, food distribution sites were located farther than cash and voucher payment points, hence increasing private costs (in terms of both time and income); in Uganda and Niger, there appears to be no difference in transaction costs since both transfers were distributed at village-level.

In general, there appears to be a trade-off between costs for the implementer and those for beneficiaries: as payment or distribution points get closer to beneficiaries, costs for the implementer get higher, while the transaction costs for beneficiaries dwindle. In other words, programs that seem less expensive could be so because the cost of accessing transfers had been shifted from the implementer to the beneficiary.

Efficiency is also influenced by whether cash is provided as a substitute for in-kind assistance or whether

with Mastercard and the bank with which it partnered resulted in waived fees for certain costs, and economies of scale and competition led a card service company working with UNHCR partners to reduce costs associated with ATM-distributed cash.

In a range of circumstances, beneficiaries receiving food transfers may resale them in full or in part in local markets. This may happen not necessarily because food was not needed per se, but because the need to meet non-food expenditure priorities (e.g., medicines) or for buying foods of different quality. While a comprehensive review of resales of commodities may not be available, anecdotal evidence suggest that the practice may occur in a number of contexts. Given that resales may entail transaction costs by beneficiaries and sales may occur at prices below market ones (and at a cost below that of procurement incurred by the agency), it would be important to document and quantify those practices more systematically and include them in cost analyses.

Finally, the potentially large logistics costs entailed by food-based programs, including procurement, transport, storage, and distribution, may posit particular risks for accountability, transparency and “leakages.” In India, for example, it was estimated that, in the early 2000s, about 58 percent of the food under the PDS program did not reach the intended beneficiaries (World Bank 2011). Such losses throughout the logistics chain should also be accounted for comprehensive cost-effectiveness assessments of alternative modalities.

Livelihoods and entrepreneurship

In order to gauge the appropriateness of providing cash grants to enhance earning opportunities, it's important to identify key constraints faced by the poor. These might include market failures around labor markets (e.g., information to match skills and job opportunities), credit and capital constraints, lack of coordination among different actors involved in job markets, and low individual capacities (e.g., lack of information, cognitive and psychological limitations). These represent forms of barriers that may demand distinct government interventions (Almeida et al. 2012).

Specifically, the choice between cash and in-kind transfers for livelihoods tends to occur when people's main constraint is lack of capital or an individual limitation. In other words, “in-kind” here refers to physical capital, assets, materials, or training.²² A range of interventions providing mostly-cash or mostly in-kind grants have been implemented and evaluated, often as part of “graduation” approaches (see box 2). These are not necessarily “pure” cash or in-kind grants, but provide a blend of cash and in-kind interventions in different proportions.

As in the food security realm, evidence from a direct comparison of cash versus in-kind transfers within the same intervention is more limited and available only for a handful of countries (see table 5 for a summary). These found that cash grants alone were not always the most effective modality, while in-kind or combinations of modalities could at times do better. A limitation of these studies is that many of them have insufficient statistical power to rule out large differences between cash and in-kind. Comparative cost analysis is also rarely available.

In particular, in Uganda Fiala (2013) evaluated a program for business owners who were randomly selected to receive loans, cash grants, business skills training or a combination of these programs. Six and nine

²² The question is part of larger investigation around how people behave in the presence of poverty traps and under-investment, if there are “self-control” problems and time-inconsistent preferences (e.g., if an individual prefers that tomorrow he or she reinvests profits in the business, but when tomorrow comes prefers to spend the money), or the occurrence of coordination failures, such as when there is a discrepancy between perceived and expected returns to training (De Mel et al. 2012).

Box 2: Cash and in-kind-based grants

Among cash-oriented grants, the Northern Uganda Social Action Funds Uganda targeted mostly young males (mean age of 25), underemployed, and with above median wealth and education (75% had primary school education) in a credit constrained environment (Blattman et al. 2014). Participants formed groups of 20 individuals and submitted investment proposals, with selected ones receiving an average transfer of US\$382 per group. This was not an unconditional cash transfer per se, since proposals should include training and capital investment components. After 4 years, large improvements were shown in skilled trade, work hours and earnings. However, a similar program in Tanzania targeted to ‘vulnerable households’ did not have same success (Ozler 2015). Also, less pronounced findings for cash grants to young people were found in Liberia (Blattman et a. 2015).

Among in-kind-oriented grants, a prominent one is the Multifaceted Graduation Approach (MGA). This provides ‘ultra-poor’ beneficiaries with productive assets (e.g., livestock), training and support for those asset, life skills coaching, consumption support with cash or food for about a year, access to savings accounts, and health information and services. In other words, as opposed to cash-oriented grants, MGA offers intense ‘hand-holding’ towards graduation and mostly through in-kind transfers. After a year from the program’s end, Banerjee et al. (2015) assessed 6 country case studies and found significant effects across the board (consumption, income, food security, asset accumulation, mental health, political involvement, etc.). Yet the size of the effect sizes were modest[2] (0.05–0.25 SD). The total program costs for the full duration of the program ranged from US\$1,455 per household (India) to US \$5,962 (Pakistan). Transfers accounted for about a third of total direct costs, but with high variation (19% in Ghana to 63% in India). After two years from program completion, a study by Bandiera et al. (2013) for Bangladesh found similar effects on asset accumulation, expenditures, earnings, and life satisfaction. They also found a significant shift from wage labor to self-employment, with growing hours worked and hourly wages increasing. A simulated comparison to a hypothetical equal-valued cash grant was favorable to an in-kind MGA.

Table 5: Summary of evidence from comparative studies

| COUNTRY | TRANSFERS PROVIDED | MOST EFFECTIVE MODALITY | COMMENTS |
|------------|--|-------------------------|--|
| Uganda | Cash, loans, in-kind (trainings), combinations | Loans + in-kind | Program designed for business owners |
| Ghana | Cash, in-kind (equipment, materials) | In-kind | Effects only for larger business-owners |
| Sri Lanka | Cash, in-kind (training), Cash + in-kind | Cash + in-kind | Effects only for women already in business |
| Bangladesh | Cash, in-kind (full graduation package) | In-kind | Estimates for cash based on simulations |

months after the interventions, men with access to loans with training report 54% greater profits. The loan-only intervention had some initial impact, but this dissipated by the nine month follow-up. No significant impacts were found from the unconditional grant interventions but the confidence intervals allow for relatively large effects.

In urban Ghana, Fafchamps et al. (2014) randomly gave cash and in-kind grants to male and female-owned microenterprises. For women running subsistence enterprises, there were no gains in profits from either treatment. For women with larger businesses, only in-kind grants caused growth in profits, suggesting a flypaper effect whereby “...capital coming directly into the business sticks there, but cash does not.” However, for men the authors cannot reject that cash and in-kind grants have the same effect.

Finally, two different experiments were conducted in Sri Lanka. In the first one, De Mel et al. (2008) evaluated the effects on firms of the provision of capital stock on business profits. The median firm owner in the sample was 41 years old, had 10 years of education, and had been running his or her firm for 5 years. Participants were provided with capital in cash or in-kind (equipment). The study found that those forms of capital had similar effects and increased profits of microenterprises by over 5% per month, or at least 60% per year. However, these effects only occurred for men, with no impact of either in-kind or cash grants for women.

In the second experiment, De Mel et al. (2012) assessed the performance of business training with and without cash grants among two groups of women: one operating subsistence enterprises and the other who were out of the labor force but interested in starting a business. After 2 years, for women already in business, training alone had no impact on business profits, sales or capital stock. In contrast, a mix of training and grant led to large and significant improvements in business profitability, although impacts dissipated over time. For women interested in starting enterprises, business training accelerated labor market entry but showed no increase in net business ownership. Both profitability and business practices of the new entrants are increased by training, suggesting training may be more effective for new owners than for existing businesses.

In general, this brief discussion points to the importance to understand which constraint binds: cash or in-kind grant programs can likely be effective when the key constraint is lack of capital or of information/skills, but not others. Also, objectives and targeting matter: some of the most successful grant programs (e.g., Uganda) targeted relatively educated and wealthy youth. Programs targeting the poorest and vulnerable generated more limited impacts. Finally, only a handful of programs have deliberately compared cash and in-kind interventions, and relative cost-efficiency data is limited.²³

Nutrition

The determinants of child malnutrition are multifaceted and involve a range of issues around access to food, feeding practices, and broader environmental and sanitary conditions. This is important to underscore since transfers should be mostly interpreted in relation to the component around access to (nutritious) food as a key cause of malnutrition. In this regard there is a significant research gap in exploring the ability of alternative transfers to achieve nutritional goals.²⁴

Indeed, as laid out by Webb et al. (2014) the specific interventions to pursue those goals largely or almost entirely include in-kind approaches. These include general food assistance, management of severe and moderate acute malnutrition, delivery of micronutrient, infant and young child feeding in emergencies, treatment of diarrhea with oral rehydration therapy/zinc, prevention and treatment of vitamin a deficiency, food and nutrition assistance for people living with HIV, the psychosocial components of nutrition, and nutritional care for groups with special needs. Similarly, a recent Cochrane review by Page et al. (2015)

²³ This, again, doesn't mean that evidence for individual interventions is limited. As noted, for a review of the multiplier impact of cash transfers, see FAO (2015) and <http://www.fao.org/economic/ptop/home/en/>.

²⁴ Objectives of nutrition actions in emergencies typically include reducing levels of wasting (GAM and SAM with or without oedema) to below conventionally-defined emergency rates or thresholds; reducing and/or preventing micronutrient deficiencies, because these markedly increase mortality; (reducing the specific vulnerability of infants and young children in crises through the promotion of appropriate child care, with special emphasis on infant and young child feeding practices; and preventing a life-threatening deterioration of nutritional status by ensuring access by emergency-affected populations to adequate, safe and nutritious foods that meet minimum nutrient needs; these should be assessed in relation to the prevailing disease burden, pre-existing nutrient deficiencies, temperature considerations, and others.

concluded that “...compared with in-kind food, there was no evidence that cash influenced the chance of child death or severe acute malnutrition.”

However, some studies present data on relative impacts of transfers on short and longer-term nutrition-related dimensions. In Mexico, both food and cash transfers increased the in-take of micronutrient (iron) amongst children by 1.61 mg and 1.10 mg, respectively. However, the difference is not statistically significant. The same pattern holds for increases in zinc and vitamin C. Anemia prevalence was reduced by 2 percent in food-receiving households and 4 percent in the cash arm. In Uganda, cash decreased anemia by about 10 percentage points among children (at 10 percent confidence level). In this context, food transfers had no significant impact. In Cambodia neither treatment modality in the food-cash scholarship program had significant impacts on anthropometric indicators, possibly because of the small transfer size and short exposure to treatment.

The most robust and recent study in humanitarian settings includes a perspective study in Niger’s region of Maradi (Langendorf et al. 2014). The study compared several types of cash and food combinations—including a range of different high-quality foods (e.g., lipid-based supplements and fortified cereals) as well as more traditional ones (oil, pulses)—with the objectives to reduce severe and moderate acute malnutrition as well as mortality rates among children. The findings indicated that combining food and cash transfers reduced the incidence of malnutrition at about twice the rate compared to either a cash transfer or to supplementary food alone.

Health

Just like nutrition, the determinants of health are complex and multidimensional. Health can be considered a broader domain than nutrition, with issues such as morbidity and child malnutrition being key causes of child health and mortality. Those domains underscore the importance of the quality and availability of services: while the cash versus in-kind transfer debate is largely about “demand-side” issues, there is a much wider agenda around the supply-side of services, with health being at the center of it (UNHCR 2015). In other words, the issue is closely related to the debate around conditionality in transfers, including when they are appropriate, the type of conditions, and degree of enforcement.²⁵

While an extensive discussion on conditionality goes beyond the scope of this note, the issue stresses the importance of understanding causality chains and the role of transfers within them. In other words, transfers cannot replace services, and when it comes to health, their quality and availability are key in influencing the effectiveness and efficiency of transfer-based interventions—whether in cash or in-kind. For instance, while transfer programs have been successful in increasing utilization of health services, the subsequent link that programs improve the health of the population is not always evident in the data (Meier et al. 2011).

Although in the nutrition field we were able to document at least a few comparative studies of alternative modalities, in the health sector there seems to be a dearth of relative evidence. Although some experience exists (see box 3), a comprehensive evaluation concluded “...there is no documentation on the cost

²⁵ Conditional cash transfers (CCTs) may vary considerably in terms of level of planning, monitoring, and enforcement of compliance. For example, the World Bank (2015) distinguishes four categories of conditionalities with respect to education-related conditions: (i) explicit conditions on paper and/or encouragement of children’s schooling, but no monitoring or enforcement (an example is Ecuador’s Bono de Desarrollo Humano); (ii) explicit conditions, monitored with minimal enforcement (examples are Brazil’s Bolsa Familia and Mexico’s PROSPERA); (iii) explicit conditions with monitoring and enforcement of enrollment condition (an example is Cambodia’s CESSP Scholarship Program); and (iv) explicit conditions with monitoring and enforcement of attendance condition (examples are Malawi’s SIHR CCT arm and China’s Pilot CCT program).

efficiency or cost-effectiveness of using cash transfers, vouchers or value-based vouchers in providing health services during humanitarian crisis” (Gorter et al. 2012). This might be due to the unfamiliarity among health workers with these tools, the complex determinants of health, and the need to ensure quality in provision.

Education

Many of the considerations advanced for health and nutrition can apply to education as well. Being a service, also education rests on both supply and demand-side issues: where the former include things like classrooms, text books, and quality of education, the latter includes transfers that incentivize the usage of a specific service (i.e., schools). Also in this case, we find that sequence and preconditions matter—there is little rationale (beyond political economy) to implement a conditional transfer if the supply of services is unavailable or of inadequate quality.

On a related point, in Tanzania there is extensive experimental evidence documenting the effectiveness of national CCT programs (Evans et al. 2014). However, polls show that 92% of a sampled Tanzanian voters would rather spend government revenues on supply-side services (including education) rather than cash transfers (Sandefur et al. 2015). One reason respondents cited for favoring government services over direct distribution was that social services encourage a collective voice that helps increase accountability, while transfers would focus people on private interests. These are important factors that complement more technical considerations when gauging the overall supply versus demand approaches.

That said, the demand-side of the in-kind versus cash debate can be summarized by school feeding versus CCT programs, both of which are largely geared toward education objectives. School feeding programs are among the largest education-related, in-kind transfer schemes globally. The volume of spending is about US\$75 billions annually and these programs have been widely used also in humanitarian contexts: for example, during the 2007/08 food and fuel crises at least 38 low and middle income countries scaled-up their school feeding schemes (WFP, 2013). These interventions, which can take the form of school meals and take home rations, are currently present in 131 countries and reach 105 million beneficiaries in India, 47 million in Brazil, and 26 in China—and about 375 million people around the world. Conversely, CCTs are implemented in

Box 3: Vouchers for emergency health and sanitation

Vouchers for reproductive health in Syria were implemented by UNFPA and funded by ECHO. The vouchers enabled women to obtain free-of-charge maternal and obstetric services at the Obstetric University Hospital and Syrian Family Planning Association clinics. The vouchers widened the spectrum of health centers, which increased the chances of beneficiaries to get services. In 2012 and 2013, UNFPA distributed around 40,000 vouchers in violence-affected areas through outreach mobile teams or medical volunteers providing reproductive health services and information. The distribution was systematic and focused not only on shelters for Internally Displaced Persons (IDPs) but also in most needed communities through NGOs mobile teams and medical professionals working in the most affected communities in the targeted governorates in Damascus, Rural Damascus, Homs and Aleppo. The services covered by RH vouchers include mainly emergency and life-saving activities (C-section, hysterectomy, bleeding). In Gaza, a voucher was introduced in 2012 over a three-month period to cover the drinking water needs of 696 households. In particular, the voucher provided access to 6.5 liters of chlorinated and desalinated water per person/day provided by water vendors (truckers). In Lebanon, Syrian refugees families sharing household latrines (270 latrines, each shared by 3 families) were given a \$30 commodity voucher that enabled them to empty their latrines via a local contractor (market actor) identified by NGOs and their partners. In the aftermath of the 2010 Haiti earthquake and following a market assessment, a commodity voucher program was introduced to provide 440 households with essential hygiene items through local shops. The vouchers could be exchanged through 7 contracted shops for a fixed quantity of specified hygiene commodities. In Jordan, about 3,000 households were provided with a voucher value of US\$21. This could be redeemed in 11 contracted shops against a relatively broad selection of hygiene items, including soap, buckets, baby diapers, and others.

Source: Maunder et al. (2015)

64 countries, with the largest-scale schemes reach 49 million beneficiaries in Brazil, 26 million in Mexico and 19 million in the Philippines (World Bank 2015).

Just like CCTs, school feeding can generally pursue a mix of objectives in enhancing education as well as nutrition, provide an income transfer, and more recently in promotion of agriculture through “home grown school feeding” (Sumberg and Sabates-Wheeler, 2011). The first of these objectives is regularly met, including in terms of attendance and reduction in school-drop out (Bundy et al. 2011). Nutritional impacts, however, are less often documented, in part because the age group reached directly is less at risk of undernutrition than are younger children. Moreover, given trends in obesity, it is not even clear what gains should be monitored. There are similar findings emerging in the extensive empirical literature around CCTs (Ravallion 2016; World Bank 2014; Fiszbein and Schady 2009).

As Alderman and Bundy (2012) put it, school feeding “...is a plausible candidate for a social protection investment on a par with CCTs.” Precisely for this reasons, it is remarkable that, considering also the massive scale of the programs, there is virtually no comparative impact evaluation that contrasts school feeding to CCTs in attaining educational goals.

Shelter

According to a recent position paper, the increasing momentum behind cash transfers in general, and unconditional multi sector grants in particular, does not take into consideration some of the specifics, complexities and technical challenges of shelter programming (GSC 2015). One key issue concerns the stage in crisis. While providing cash can allow people to find short term rented accommodation or purchase materials for temporary or emergency shelters, cash approaches for the medium-term have raised concerns. This centers on risks, liabilities and quality standards related to construction of more permanent shelter as part of the early recovery and reconstruction phases (Juillard and Opu 2014).

Relatedly, the high-value payments that result from “cashing-out” shelter support may amplify protection risks. As in other sectors, there is a strong need for monitoring, communication and engagement with communities to ensure a clear understanding program objectives beyond getting families “under a roof,” including forging a shared vision between communities and humanitarian actors. Some initial pilots, however, show that some of those challenges can be overcome with incentives-based design (see box 4).

An overall national housing market encompasses a constellation of individual markets, and it is essential to gain an understanding of their dynamics. This includes the capacity of the construction industry, the volume of usable housing stock for purchase or rent, availability of land, key construction materials, skilled and unskilled labor, credit, loans, mortgages and other housing finance mechanisms. In crisis contexts, tracking key shelter markets such as the rental sector has proven significantly complex, and the shelter sector and, at the moment, the broader humanitarian community does not seem to possess the means or capacity to produce such assessments in any systematic manner. However, the same set of considerations can apply to in-kind provisions, that is, in-kind transfers for shelter should also be informed by market assessments.

Cross-sectoral or “multi-purpose” transfers

The concept of multi-purpose cash transfers (MPCT) is a recent innovation envisioning the provision of cash to individuals for an amount large enough to cover several needs that transcend sectoral boundaries (e.g., food security, health, education, shelter). Arguably, several contextual factors driving cost efficiency and effectiveness around food security transfers, for example, can be extended to MPCTs. Also, some of the evidence presented around livelihoods could be relevant for this transfer model. For instance, the grant programs described in box 2 provide a range of interventions that add-up to a grant, but these are generally geared to pursue a core objective, not a multitude of them.

Box 4: Piloting cash for shelter needs

In urban contexts in Jordan, a cash grant was designed to cover shelter needs for 4,000 Syrian refugee households. It is using a combination of the following: (i) a phased conditional cash grants for landlords who are asked to complete unfinished buildings or rooms and to host Syrian refugees for a year and a half (for free); and (ii) unconditional payments to refugee households to cover move-in fees and basic furniture.

In the Philippines, an NGO implemented a cash grant for shelter. After implementation, monitoring data highlighted that much of the grant intended for shelter was being spent to cover household's food needs. This led to restructuring of the intervention as follows: a single transfer of PhP 5,000, for food and basic needs to be determined by the household; a conditional cash grant for shelter, delivered in three tranches, with later tranches provided once progress in the construction of the shelter was confirmed; and a single livelihoods grant of PhP 6,700, provided after attendance at skills training and development of a business proposal. Subsequent monitoring found that 96% of families then spent their shelter money on shelter and that the household didn't have other unmet needs.

During the peak of the Haitian displacement crisis, more than 1.5 million people were living in over 1,500 camps; in early 2013, these were reduced to 320,000 people living in 385 camps. The Rental Support Cash Grant aimed to help closing the cycle of displacement and putting families back to living conditions comparable to those pre-earthquake. Despite the huge scale of the displacement, the program enabled over 500,000 Haitians to leave unplanned displacement camps. In particular, it provided financial payments to displaced families/individuals for a fixed-term lease in accommodation rented from a private-sector landlord. Housing conditions were subject to rigorous assessment, including only allowing those classified as viable or 'green' to be part of the program. Cash grants included \$500 per family, \$25 for transport costs, and an unconditional \$125 if the family was still in the rental property 6–8 weeks after the program. A decision was made early on to assess vulnerability and needs using camps as the unit of analysis. In other words, if a camp was judged to be a priority for assistance, all the families inside that camp would benefit from the program. After a process of registration and communication, implementing agency staff guided the beneficiary to a low cost rental property of choice. The agency member may choose to pay beneficiaries through banks, or through mobile phone money applications. The next step is the relocation, and the need to dismantle tents and closing the camp to avoid among other, security and health risks. Haitian protection teams were however mainstreamed into all steps of the process.

As a result, multi-sectoral programs present specific features, including in terms of design, monitoring, reporting, coordination, and evaluation parameters. While a discussion of the conceptual and operational feasibility of such programs goes beyond the scope of this paper, we note that there is a limited, if any, evidence on comparative impacts relative to in-kind grants.

Following Maunder et al. (2015), "...no quantitative evidence was found from research, evaluations or comparative studies—reflecting the relatively new status of both MPCTs and cost efficiency analysis—and there is a need to generate more quantitative evidence." In addition, the authors further argued that "...not all needs can be effectively addressed through a single consolidated transfer—certain, specific needs may be more appropriately addressed through single sector transfers as a complement to MPCTs—such as shelter and nutrition. Consequently a need for multiple agencies and programs may remain and cost efficiency gains will be limited."

4. Factors to consider in transfer selection

Against the background of the previous sections, we distill six main factors to consider for appropriate decision-making in selecting between transfer modalities. These have been extensively discussed in the literature and include program objectives, the level of market functionality, predicted cost-effectiveness, implementation capacity, protection and gender, and political economy (Gentilini 2016; Levine and Bailey 2015; WFP 2015; DFID 2013; ECHO 2013; UNHCR 2012; Harvey and Bailey 2011; Lentz et al. 2013).

Objectives and initial conditions

Setting clear objectives is key for gauging performance as they are the lens through which effectiveness and efficiency are examined. In a number of cases, programs can pursue multiple objectives and it would be important to lay them out as specifically as possible as well as prioritize them. For example, just pursuing “food security” objectives may not be very informative, and practitioners may consider focusing on specific dimensions such as calories availability or dietary diversity. In the case of cash, the setting of specific metrics becomes key to ensure appropriate performance measurement: while cash is fungible, fungibility is not an impact per se but a feature of the modality.

The setting of objectives should also be closely aligned with beneficiaries’ profiles. Accounting for “initial conditions” plays a key role in clarifying the objectives of the cash or in-kind program and interpret results. This is closely related to considerations around targeting and setting realistic expectations for what a modality can achieve for people with different characteristics. Our discussion around livelihoods showed that it is harder to achieve entrepreneurial results when cash or in-kind grants are provided to the poorest. Similarly, the starting point of beneficiaries in terms of, say, calories availability, may likely affect the size of impacts: where the initial level of calories is very low, we may probably observe an impact of larger size compared to the effects on households whose initial level of calories is higher (Leroy et al. 2010; Asfaw 2006). Hidrobo et al. (2014b) present evidence on this relationship: based on a meta-analysis of evaluations of transfer programs, the authors show that impacts tend to decrease by about 2 percent every increase in 100 kilocalories at baseline.

Finally, the setting of objectives should be the result of a nuanced understanding of the determinants of a given problem. It can be argued that the humanitarian imperative motivating the provision of cash or in-kind assistance in the 2–3 weeks following a disaster poses particular pressure for swift action. This implies that the depth and breadth of response analysis would range from basic analysis in the immediate aftermath of disasters, to more sophisticated and comprehensive processes as emergencies get prolonged and protracted. Those approaches should be nested within a theory of change on why and how transfers will affect a given dimension, particularly around nutrition, health, education and shelter issues. In other words, the setting of objectives should be closely intertwined with a process of understanding the causes of the problem at hand and how to address it.

Understanding markets

Turning “needs” into “effective demand” is a key rationale for cash transfers. Yet this might be challenging in presence of weakly-integrated or poorly-competitive markets. In those contexts, price transmissions across areas might be fragmented and hampered by policy or physical bottlenecks (e.g., trade policy, damage of roads and infrastructure, limited information, or hoarding practices), and localized cash injections may result in price spikes leaving consumers or net buyers worse-off. In other words, there are circumstances where local markets may perform poorly, food prices may be excessively high or volatile, and private traders may not have incentives to supply commodities. In those contexts, a cash transfer may neither lead to more choice nor purchasing power, and in-kind food may be a more appropriate response (i.e., it ensures both availability of and access to food). From this perspective, a basic level of market functioning is a *prerequisite* for the effective provision of cash transfers and to enable local economic multipliers.

The discussion on market analysis has important practical implications for program design, implementation and efficiency. In some cases, price forecasts may be particularly uncertain in the program design stage. These could turn a program that was efficient in the planning phase into a cost-inefficient one during implementation. Indeed, keeping purchasing power constant in the wake of sharp price increases may escalate costs due to extensive use of contingency funds, such as shown in Zambia (Harvey and Savage 2006). Similar issues are also faced in contexts of more predictable price dynamics: in Malawi, for example, analysis on price trends over 20 years shows mean inter-seasonal price fluctuations in the order of 60 percent (Ellis and Manda 2012).

While understanding food markets, supply chains and demand dynamics is no easy task, standards and tools are being developed to measure a “working market” and link it to response analysis (Michelson et al. 2012; Barrett et al. 2009). As cash is becoming more “intersectoral” and used to pursue multiple objectives across traditional sectors, this raises the question of how to ensure a comprehensive assessment of markets beyond food, and including for example shelter markets.

Expected cost-effectiveness

The expected cost-effectiveness of alternative transfers is challenging to predict. But as evidence is increasing (i.e., for food security), decision-makers can begin observe a mild tendency on what to expect from a given transfer. This would help anticipate the likelihood of objectives being achieved. New tools are now being developed to help inform such ex-ante decision-making process of calibrating anticipated effectiveness (Ryckembusch et al. 2013).

Clearly, the effectiveness equation has many variable, and many of them would depend on a host of design issues. These may include the characteristics of targeted beneficiaries (see discussion on objectives), the size of transfers, the duration of programs, the timing and frequency of payments, household expenditure patterns, the commodities that constitute the composition of food baskets, and how manages resources at household level. These decisions may actually shape effectiveness more than the modality of transfers (Levine and Bailey 2015). Potential negative impacts should also be anticipated and managed—e.g., on food prices or intracommunity relations (MacAuslan and Riemenschneider 2011)—as well as possible externalities such as economic multipliers (FAO 2015).

As we have seen, the issue of cost can be less straightforward than often assumed. The nuances around scale of interventions, the presence of common programming approaches, type of humanitarian crisis, procurement costs, and a host of hidden costs all call for more comprehensive costs assessments than those based on sole delivery costs²⁶. Also in this case, costs should be interpreted against objectives. Especially when it comes to humanitarian situations, there might be circumstances where higher costs could be justified on life-saving grounds, but these should take into account alternatives more systematically.

Both effectiveness and efficiency considerations should take into account risks. Different transfers might entail different risks, including around security, corruption or diversion, delays in providing transfers and market failures, or protection (see point discussed below). If a transfer modality was rejected because of identified risks, decision-makers should consider whether these or comparable risks existed for other choices, if the risks could be managed, and whether an unjustified degree of risk aversion was shown and hindered program cost-effectiveness.

²⁶This is particularly compelling for health and other objectives that may envisage the use of social services.

Implementation capacity

A number of humanitarian actors may have more experience managing in-kind transfers than other modalities. There is, though, a responsibility to provide appropriate assistance, and so choices should not be justified based only on pre-existing skills and experience. However, it might be unreasonable to expect capacity to deliver “new” transfer types to be built up immediately or during a massive, urgent emergency response.

Also in this case, the global trends in humanitarian situations being increasingly protracted suggests that crises should be dealt with a longer operational time frame, not just with a 6–12 months lens. Two considerations emerge: on one hand, there is a clear opportunity to link with existing national safety nets when possible. This would imply a nuanced analysis of local government implementation capacities across the delivery spectrum. On the other hand, technology is helping to leap-frog a number of traditional bottlenecks that hamper operational processes.

Yet innovations in identification through biometrics, the use of smart cards and phones for payments, and e-tools for monitoring affect all modalities, whether food, cash or vouchers. For example, a growing share of vouchers are now digital and delivered through phones (e.g., Syria and Zambia) and swipe cards (e.g., the West Bank and Gaza), hence sharply reducing the administrative burden that paper-based models entailed (Omamo et al. 2010). Food transfers increasingly use satellite technology to map and track movements throughout supply chains;²⁷ at the same time, the delivery of cash transfers is also increasingly moving away from hard cash, on-site distributions to various versions of digital payments. In other words, the backbone of technology across delivery systems is increasingly putting transfers to somewhat an equal footing, and particularly so when it comes to compare cash transfers and voucher. This doesn’t mean that differences cease to exist, but it puts even more pressure on quality of design as a key aspect in spurring comparative effectiveness and efficiency (see previous discussion).

Protection and gender

The transfer and delivery mechanism should be acceptable and accessible to those who face constraints, including issues related to gender, age and other factors that might affect access to assistance. The effect of transfers on the safety, dignity and integrity of recipients should have been constantly considered. No intervention can guarantee an absence of risk, but decision-makers should be able to show that they have considered risks related to protection (i.e. social tensions, intra-household dynamics) and balance those considerations against the short and medium-term effects on empowerment and social norms.

Political economy

Although technical considerations should be the first-order considerations, political economy factors play an important role. This may not only include societal values and interests among both donor and receiving governments, but also specific preferences by beneficiaries. We briefly discussed this point in section 2,

²⁷ The Logistics Execution Support System (LESS) is a new tool launched by WFP that is able to locate food commodities in real-time, including when they are shipped, unloaded in ports, stocked in warehouses, or distributed to beneficiaries. LESS covers the entire food supply chain by integrating programmatic, financial, procurement and logistics functions. With real-time tracking capabilities, LESS provides precise information on food stock quantities and locations, which is key for planning and preparedness for scale-up in emergencies. The information allows better management in many areas. For example, it keeps track of best-before and use-by dates on food stock. This helps managers to intervene earlier to avoid waste by diverting underutilized stock in a particular project. LESS can also assist in the event of a product recall since it can track exactly in which warehouse, or even on which truck, a specific batch from a vendor is located. The system was successfully adopted in Afghanistan and Pakistan in October 2014 and by the end of 2016 it will be mainstreamed worldwide (WFP 2015b).

including how those preferences are not fixed over space, time and individuals. This is also related to the more prosaic question of resource availability: while in an ideal world technical decision-making process would determine transfer modalities, in practice the availability of certain modalities may influence decision making by tilting it toward what's feasible instead of what's desirable. This is particularly compelling for large scale, humanitarian operations that often find themselves relatively underfunded compared to needs.

5. Evidence gaps and research priorities

In order to identify evidence gaps and applied research priorities, we consider a basic metric of “level of evidence” as measured by the number of comparative randomized controlled trials, quasi-experimental evaluations, and other robust quantitative methods utilized for the generation of evidence. This, of course, should be interpreted with caution, including due to the possible limitations stemming from external validity (or generalization of results), and because of the inherent limits of conducting scientific research in humanitarian contexts. At the same time, where such evidence level is relatively rich, we observe the emergence of somewhat consistent patterns in findings. We also notice recent efforts to bolster evidence-generation in the humanitarian space or in similar challenging circumstances. This seems promising especially for protracted crises, although it holds obvious limitations for sudden, covariate disasters and areas affected by conflict.

Against this background, we define as “substantial” the evidence base informed by more than 10 solid comparative evaluations that contrast cash, in-kind and/or vouchers. In cases where such number is between 5 and 10, the evidence can be considered “emerging,” while if only a handful (or lower than 5) it may be deemed “limited.” Where no evaluations were available, evidence is clearly “absent” (table 6).

Table 6: Relative level of comparative evidence

| NUMBER OF EVALUATIONS | LEVEL OF EVIDENCE |
|-----------------------|-------------------|
| None | Absent |
| From 1 to 5 | Limited |
| From 6 to 9 | Emerging |
| 10 and above | Substantial |

What is the level of evidence across the examined objectives? It can be reasonably argued that food security objectives have an overall substantial evidence base, although stronger for impacts than for costs. For livelihoods objectives, the general state of the evidence is emerging, although also in this case with relatively larger gaps in comparative cost assessments (table 7). The issue of comprehensive and comparative cost analyses in food security objectives should be carefully considered given the sheer size of interventions in that domain.

Table 7: Level of comparative evidence by objective

| OBJECTIVE | OVERALL EVIDENCE BASE | IMPACTS OR EFFECTIVENESS | COSTS OR EFFICIENCY |
|---------------|-----------------------|--------------------------|---------------------|
| Food security | Substantial | Substantial | Emerging |
| Livelihoods | Emerging | Emerging | Limited |
| Nutrition | Limited | Limited | Limited |
| Health | Absent | Absent | Absent |
| Education | Absent | Absent | Absent |
| Shelter | Absent | Absent | Absent |
| Multisector | Absent | Absent | Absent |

For nutrition, we have documented some comparative studies, including in relation to micronutrients and child severe and acute malnutrition. Based on the available studies, the evidence based is defined as limited. For the “services-oriented” objectives of health and education, there is a clear evidence gap in both impacts and costs, with the resulting evidence base being absent or unavailable. Comparative evidence is equally lacking for shelter and multisectoral approaches such as multi-purpose cash transfers.

6. Conclusions

This paper reviews the existing evidence on the performance of alternative transfer modalities across humanitarian objectives or sectors. The analysis focused on the *comparative* performance of transfers, that is, to studies that employed robust statistical methods to assess transfers against each other. This allows not only to understand how transfers work in general, but which works best relative to the other. We did so for a variety of objectives which generally match the humanitarian clusters. Based on existing evidence, we identified possible criteria for transfer selection and key priority areas for future research. Taken together, our analysis suggests five main conclusions.

First, there is large variance in the availability of comparative evidence across sectors. This ranges from areas where evidence is substantial (i.e., food security) to realms where it is limited (i.e., nutrition) or where not a single comparative evaluation was available (i.e., health, education, and shelter). This unbalance should be carefully considered when devising interventions and reforms that affect both single and multiple humanitarian sectors.

Second, where evidence is substantial, like for the food security cluster, data shows mixed results for cash and in-kind transfers, that is, their effectiveness is similar on average. Specific differences among cash and in-kind transfers are not very significant and depend on sub-objectives (e.g., calories availability, dietary diversity) and indicators used to measure them. Also, transfers' performance and their difference seem a function of the organic and fluid interactions among a number of factors (e.g., profile and “initial conditions” of beneficiaries, capacity of local markets), instead of inherent merits of one modality over the other.

Third, while the effectiveness of cash and food is similar, the efficiency is generally in favor of cash. Cash transfers seem more efficient to *deliver* than in-kind modalities, suggesting it might be more cost-effective *on average*. However, results should be interpreted with caution, including because of the wealth of nuance that is often not captured in standard costs analysis. Delivery is only one dimension of cost assessments, and overall costs would hinge on the scale of interventions, crisis context, procurement practices, and hidden costs. Approaches for cost calculations are often not standardized and display high variance in the depth and breadth of analysis. More consistent and robust approaches are required so that efficiency analyses match the high-standards of effectiveness as offered by the examined impact evaluations. Whether in terms of effectiveness or efficiency, the use of combined transfers seems a promising and yet under-evaluated program model.

Fourth, the appropriateness of transfers cannot be predetermined—there are no “first-best” options from the outset, but rather first-best options are context and sector-specific and emerge from careful response analysis. We distilled main factors to consider for appropriate decision-making in selecting between transfer modalities. These have been extensively discussed the empirical and operational literature and include program objectives, the level of market functionality, predicted cost-effectiveness, implementation capacity, the management of key risks such as on protection and gender, political economy, beneficiary preferences, and resource availability. The depth and breadth of response analysis would range from basic analysis in the immediate aftermath of disasters, to more sophisticated and comprehensive processes as emergencies get prolonged and protracted.

Finally, it seems possible to reconcile humanitarian imperatives with more and better research to fill key information gaps. Given the nature of humanitarian situations, it is understandable that in many circumstances “action cannot wait for evidence.” Notwithstanding humanitarian imperatives, as crises become more chronic and protracted there is an important case to be made to synchronize careful response analysis, operations, and a solid applied research agenda to compare performance of alternative transfer modalities. Many of the cases in challenging environments presented in the note, e.g. DRC, Niger, and Yemen, show that such analysis is possible and necessary to serve people in need in the best way possible.

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Annex 1: Features of comparative impact evaluations of food security modalities

| PROGRAM | COUNTRY | PROGRAM TYPE* | MODALITY | CASH SIZE (US\$) | SIZE AS % OF ORE-PROGRAM HH EXP. |
|-------------------------------------|------------------------------|---------------|---------------------------------------|------------------|----------------------------------|
| PAL | Mexico | CT, UT | Cash, Food ¹ | 13 | 11.5 |
| Zinder project | Niger | PW, UT | Cash, Food ² | 50 | 11.5 |
| Acute malnutrition intervention | Niger | UT | Cash, Food, Cash + Food ¹¹ | 59 | n.a. |
| PSNP | Ethiopia | PW, UT | Cash, Food ³ | 16.2 | n.a. |
| Early childhood development program | Uganda | CT | Cash, Food ⁴ | 10.2 | 12.7 |
| Colombian refugees project | Ecuador | CT | Cash, Food, ⁵ Vouchers | 40 | 10 |
| IDPs project | Democratic Republic of Congo | UT | Cash, Vouchers ⁶ | 18.5 | 18.96 |
| Unconditional safety net | Yemen | UT | Cash, Food ⁷ | 49 | n.a. |
| Scholarship pilot program | Cambodia | CT | Cash, Food ⁸ | 5 | 2.5 |
| Cash transfer pilot program | Sri Lanka | UT | Cash, Food ⁹ | 9.8 | 26.3 |
| IGVGD, RMP | Bangladesh | UT, PW | Cash, Food ¹⁰ | 19.7 | 30 (cash) 15.5 (food) |
| Cash and Food for Livelihoods Pilot | Malawi | | Cash, Food, Cash + Food ¹² | n.a. | n.a. |

¹ Seven basic items — enriched corn flour, rice, beans, dried pasta soup, biscuits, fortified milk powder, and vegetable oil—and two to four supplementary items (including canned sardines, canned tuna fish, dried lentils, chocolate, breakfast cereal, or corn starch).

² 3.5 kg of grain (primarily maize in the first transfer period and sorghum in the second), 0.72 kg of pulses (cowpeas, red beans, or lentils), 0.14 kg of vegetable oil, and 0.035 kg of salt.

³ 3 kgs of cereals, plus pulses and oils.

⁴ Food basket of approximately 1,200 calories, includes corn soy blend (“CSB” – highly fortified with iron among other nutrients), vitamin-A fortified oil, and sugar.

⁵ The food basket was valued according to regional market prices at US\$40 and included rice (24 kilograms), vegetable oil (4 liters), lentils (8kilograms), and canned sardines (8 cans of 0.425 kilograms) (voucher: The list of approved foods consists of cereals, tubers, fruits, vegetables, legumes, meats, fish, milk products, and eggs).

| TRANSFER FREQUENCY | HH SIZE | EXPOSURE | DELIVERY MECHANISM | SAMPLE SIZE (HHS AT ENDLINE) | EVALUATION METHOD | REFERENCE |
|-------------------------------------|---------|-------------------|--|-------------------------------------|---------------------|---|
| Monthly (cash), bi-monthly (food) | 4.2 | 1 year | Biometric debit cards | (a) 5,028 (b) 5,851 (c) 5,823 | DD DD DD | (a) Cunha (2014) (b) Skoufias et al. (2008) (c) Leroy et al. (2010) |
| Bi-weekly | 7 | 6 months | Mobile ATMs, smart cards | 2,209 | SD | Hoddinott et al. (2014) |
| Monthly | Na | 5 months | n.a. | 5,395 | Prospective cohort | Langendorf et al. (2014) |
| Monthly | 5 | 6 months per year | n.a. | 960 | SD | Sabates-Wheeler and Devereux (2010) |
| 6–8 week cycle | 6.2 | 12 months | Mobile money cards | 2,461 | ANCOVA | Gilligan and Roy (2013) |
| Monthly | 3.8 | 6 months | ATM card | 2,122 | ANCOVA | Hidrobo et al. (2014) |
| Bi-monthly | 5.5 | 7 months | Bank accounts | 252 | Fixed effects | Aker (2015) |
| Bi-monthly | 7.9 | 6 months | ID card via Postal Savings Corporation | 1,581 | SD, ANCOVA, DD, DDD | Schwab (2013) |
| Monthly | 6 | 10 months | On-site manual distribution | 4,091 | DD | Barker et al. (2014) |
| Bi-weekly (cash), bi-monthly (food) | 3.8 | 3 months | Samurdhi Bank | 1,357 s | DD | Sharma (2006) |
| Bi-monthly (cash), monthly (food) | 4.6 | 2–4 years | Public banks | 1,200 | PSM | Ahmed et al. (2010) |
| Monthly | | 8 months | MSB ATMs | 3,542–4,006 | RCT | Audsley et al. (2010) |

⁶ Three food fairs, where participants could get palm oil, sugar, cassava flour, beans, rice, vegetable oil, dried fish, salt, potatoes and peanuts.

⁷ For an average household size of seven persons is 50 kg of wheat flour and 5.0 liters of vegetable oil.

⁸ 10 kg of rice per month.

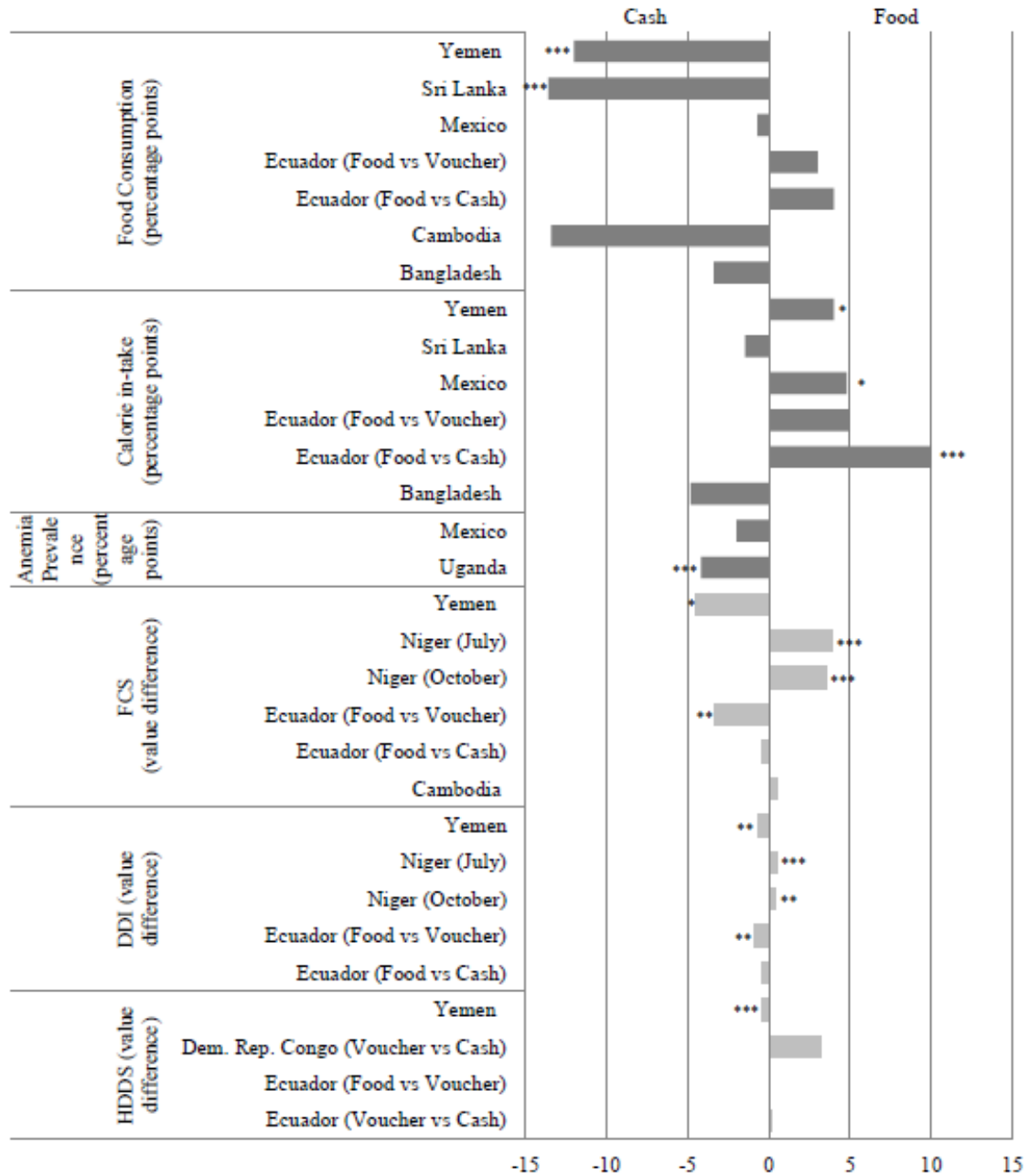
⁹ 1.4 kg Rice, 1.4 kg Wheat flour, 0.42 kg Pulses, 0.14 kg Oil, 0.14kg Sugar, 0.14 kg Corn soy blend.

¹⁰ Up to 20 kilograms (kg) of wheat or 16 kg of rice per month.

¹¹ food included lipid-based nutrients and fortified, super-cereals (50kg), pulses (7.5kg), oil (2.5kg).

¹² Cereals (50kg), pulses (5kg). CT= conditional transfer, UT = unconditional transfer, PW = public works.

Annex 2: Absolute differences in impacts in food security (percentage points)



Note: bars in dark-gray refer to difference in percentage points, light-gray bars refer to changes in specific indicator values. Level of significance in differences is indicated by the asterisks (* at 90 percent level, ** at 95 percent level, *** at 99 percent level).

Terms of reference

Background

Upon request of the Inter-Agency Standing Committee (IASC) Principals at its meeting on December 11, 2015, the World Bank will coordinate a process of reviewing key issues and options for significantly greater use of cash transfers (including digital cash and vouchers) in the humanitarian space. The request was made against the backdrop of the DFID-supported report, “Doing Cash Differently: How Cash Transfers Can Transform Humanitarian Aid” (ODI, 2015).

The work will be conducted under the auspices of an inter-agency Strategic Cash Task Group (SCTG), including with membership at the organizations’ principals level or senior officials identified by them.

Under the guidance of the Office of the President, the Social Protection and Labor Global Practice was tasked, in consultation and partnership with other Global Practices and staff, to spearhead such work within the World Bank. This ToR sets out the activities, deliverables, timeline, qualifications and arrangements for a senior consultancy to support the endeavor.

Activities

- Map out key building blocks, instruments and decisions points of the humanitarian system necessary to significantly scale up and effectively coordinate the use of cash. Building blocks may encompass, for example, needs assessments, planning and implementation of interventions, monitoring and evaluation, and coordination mechanisms.
- Obtain information from designated officials from participating agencies, including through questionnaires, interviews, tele/video-conferences, and face-to-face meetings.
- Identify existing or emerging agency-level and country-level arrangements and innovations that advance and improve the humanitarian system’s performance in some or all building blocks of the process.
- Participate in meetings/VCs with the World Bank team and SCTG.

Deliverables

- Note on strategic options for consideration to significantly enhance cash programming in humanitarian settings.

Timeline

- February 8, 2016, draft questionnaire produced
- February 8–18, interviews/remote consultation with individual SCTG members
- February 22, draft strategic note submitted
- March 10, meeting with SCTG to review draft strategic note
- March 21, webex call with SCTG team
- March 25, submission of final strategic note.

Minutes of IASC– World Bank meeting

Reviewing options for significantly scaling up the use of cash transfers in the humanitarian space, on February 2, 2016.

Attendees

Colin Bruce (Chair, World Bank)
Daniel Gustafson (FAO)
Mohamed Abdiker (IOM)
Jodi Nelson (IRC)
George Fenton (WVI)
Toby Porter (HelpAge)
Kyung-wha Kang (UN OCHA)
Astrid van Genderen (UN OCHA)
George Okoth-Obbo (UNHCR)

Kelly Clements (UNHCR)
Amir Abdulla (WFP)
Rick Brennan (WHO)
Andre Griekspoor (WHO)
Geeta Rao Gupta (UNICEF)
Jehan Arulpagasam (World Bank)
Andrew James Roberts (World Bank)
Ugo Gentilini (World Bank)
Matthew Hobson (World Bank)

Context

Upon request of the Inter-Agency Standing Committee (IASC) Principals at its meeting on December 11, 2015, the World Bank agreed to coordinate a process of reviewing key issues and options for significantly scaling up the use of cash transfers (including digital cash and vouchers) in the humanitarian space. IASC Principals members met on February 2, 2016 in order to review an initial Scope of Work prepared by a World Bank technical team. The meeting was intended to reach consensus on the scope of work, the expectations of the technical team, the timelines and the deliverables.

Summary

Context-setting. The proposed activities are very timely and come at a time of vast interest, including as enshrined in recent papers (ODI paper and the joint “non-paper” by FAO, WFP, UNHCR). While not all agencies have endorsed these papers, they play an important role in the discussion to date.

Approach to the work. It was agreed that the work should be conducted in a collaborative manner, to maximize comparative expertise and ownership of the final outputs. Also, the proposed output would be

of strategic nature that facilitate country-level operations and empower Country Teams, and do not stifle programs and innovations unfolding at field level.

Role of strategic coordination is key. There are a significant number of cash coordination mechanisms in the field (27 at the most recent count) but they are fragmented and operate with ad hoc and different procedures; a system-wide, strategic message on how to significantly scale up the use of cash transfers in the humanitarian space is required. The team should specifically recognize the role of governments in cash preparedness and cash delivery systems, as well as links to existing safety nets.

Original purpose of the work, including level of ambition. While the issue of coordination is key, it was underscored that the original purpose of the task was to ensure that enhanced programming would be achieved within an ambitious framework that attempts to bolster the use of cash when and where possible.

Cash as a modality, not as a theme. There was wide agreement that cash should be considered as a modality to respond to a sector's needs, not as a sector in its own right

Barriers or impediments for wider use of cash. Barriers should be explored across the cycle of operations and implementation. Identifying barriers to increasing the use of cash, and what the scope is for increasing cash generally, needs to be central to the deliverables.

Evidence and evidence gaps. While evidence exists regarding the impacts and use of cash in development contexts, there remains a need to ensure that the evidence available is applicable to the humanitarian context. In addition, there is a need to understand where evidence is thin in certain sectors. Evidence on key factors to consider for appropriate transfer selection will be identified.

Timeline. It was agreed that, while the paper was originally intended as an input to the next IASC meeting in June 2016, it would be beneficial to have this paper ready for the World Humanitarian Summit (WHS) in May 2016. The final deliverable should be submitted to the SCTG by March 31, 2016. Some flexibility in the proposed timeline was also granted.

Draw on, but do not repeat previous work in this space. Agencies recognized the important work completed by others in the lead-up to the WHS. The intention is to complement that work.

Next steps

- Principals will assign technical focal points, or “Engine Room”
- World Bank will produce and send minutes of the meeting
- OCHA will provide the World Bank list of country-level Cash Working Groups
- The World Bank team will start consultations with both engine room and country-level teams

Staff and agencies consulted

Global-level interviews

Andre Griekspoor, WHO
 Ciara O'Malley, HelpAge
 David Cales, FAO
 Natalia Winder Rossi, FAO
 Dina Esposito, USAID/Food for Peace
 Danielle Mutone-Smith, USAID/Food for Peace
 George Fenton, World Vision
 Keith Chibafa, World Vision
 Alesh Brown, World Vision
 Jeremy Konyndyk, USAID/OFDA
 Laura Meissner, USAID/OFDA
 Joseph Ashmore, IOM
 Kenn Crossley, WFP
 Tahir Nour, WFP
 Silvana Giuffrida, WFP
 Loretta Hieber Girardet, OCHA
 Juliet Lang, OCHA
 Sophie Tholstrup, OCHA
 Massimo Larosa, ECHO
 Radha Rajkotia, IRC
 Greg Mathews, IRC
 Sarah Bailey, ODI
 Sibi Lawson-Marriott, UNICEF
 Tim Waites, DFID
 Waheed Lor Mehdiabadi, UNHCR
 Annika Sandlund, UNHCR
 Paul Spiegel, UNHCR

Country-level interviews

Agnes Maria Agnes Palacio, OCHA, Philippines
 Rowena Dacsig, OCHA, Philippines
 Daniel Gilman, OCHA regional office, Bangkok
 Samantha Orr, OCHA regional office, Bangkok
 Alexandra Lazau-Ratz, OCHA regional office,
 Bangkok
 Farman Ali Khilji, OCHA, Pakistan
 Gabriel N. Fernandez, Ministry of Gender, Children
 and Social Protection, Liberia
 Gemma Sanmartin, OCHA, Somalia
 Masae Shimomura, WFP, Myanmar
 Soilenge, WFP, Myanmar
 Norwin Schafferer, OCHA, Myanmar
 Peter Rees-Gildea, RC Office, Nepal
 Samuel Clendon, WFP, Afghanistan
 Charlotte Ashley, OCHA, Afghanistan
 Sinem Kara, OCHA, Iraq
 Lisa, Mercy Corp, Iraq
 Jasmine, UNHCR, Iraq
 Yannick Martin, OCHA, Lebanon

Appendix E

Compilation of interview responses

| BOTTLENECK | AREA OF IMPROVEMENT |
|---|---|
| OVERVIEW OF GENERAL EXPERIENCE | |
| <ul style="list-style-type: none"> ▪ Cash has the same challenges as any multi-sector programming—and holds a mirror up to the larger issues. ▪ Fragmentation is one of the biggest issues overall that runs throughout all of the building blocks and processes. ▪ Some of the major bottlenecks identified are political including attitudes, government policy and political agendas, and agency positioning. Many agencies flagged programmatic barriers (when to use cash or not, under which conditions, at what value, what is the result intended, etc.). An additional major bottleneck identified was capacity and systems related. ▪ Donors are calling for more transparency, better metrics, and a serious commitment to scale up cash. There is variability amongst the donors on the speed of the scale up and the extent to which cash is a first response versus as opposed to one of the tools equally at play. ▪ Those donors advocating for a “why not cash?” approach are looking to shift the debate from having to prove that cash is necessary, to proving why in-kind is necessary. ▪ Many agencies including donors do not have a marker to measure cash internally. ▪ There is a common attitude across many agencies at the senior management that cash is very risky. This stems from a reported general lack of awareness of cash, and that the current systems, operational experience, and institutional incentives are all aligned to in-kind modalities. ▪ There is very little information to date on cash outside of the food and livelihood sector such as health (“we are late to the game and trying to catch up” Health sector agency). ▪ The incentives to continue with the current status quo in-kind response are powerful and deeply ingrained in each agency and in the system as a whole. Agencies also tend to use methods they are experienced in and have systems for. | <ul style="list-style-type: none"> ▪ Many of these issues are broader than cash and link to SG’s recent agenda which is important to build upon: <ul style="list-style-type: none"> – reinforce, do not replace, national and local systems – anticipate, do not wait, for crises – transcend the humanitarian-development divide by working toward collective outcomes, based on comparative advantage and over multi-year time frames. ▪ The choice of when to use cash depends on the context and requires proper assessment and analysis which must be broader than the norm to take into account more factors. ▪ Need to ensure we measure cash properly including a metric for accounting for cash across all programming. ▪ Recognize the political nature of agencies jockeying for position and developing their own capacities to implement cash; stronger coordination needed to move beyond agency positioning to building common systems with each within their area of comparative advantage. ▪ Focus on changing the mindsets which underpin the existing in-kind modality as you make structural changes. They must go together. This requires a shift in attitude, corporate culture, and ways of working. ▪ Develop clear principles on how to use cash that can be agreed by all. ▪ Recognize that cash raises concerns y within many IASC agencies because it could affect market share, the way agencies operate, and many individuals whose careers are invested in the old ways of working. A plan is required to address these head on so that all have incentives to work in the new ways that cash implies. ▪ Change will be complex and requires a clear change management strategy. |

| BOTTLENECK | AREA OF IMPROVEMENT |
|---|--|
| OVERVIEW OF MULTIPURPOSE CASH EXPERIENCE | |
| <ul style="list-style-type: none"> ▪ The basic definitions and terms around cash are not clear. We do not have a common definition of MPCT (multi-purpose cash transfers) or a host of other terms around the use of cash. For instance, two of the major cash donors have strong divergent opinions on whether cash includes vouchers or not. ▪ A risk is that people perceive all health needs are covered under multi-purpose cash which could mean less money for other programming, especially on the systems side. ▪ In Somalia, they have established a minimum expenditure basket which is what they are using to set transfer levels. This is meant to have enough to invest in livelihoods otherwise it leads to dependency. However, it means that even in emergencies one has to look beyond the min expenditure basket to make linkages to development financing. Using MPCT does not solve the issue of lack of services. | <ul style="list-style-type: none"> ▪ IASC leadership is needed to set common principles and to facilitate the development of clear definitions including the role of vouchers and conditionality (there are strong opinions around vouchers and conditionality). Clearly define the parameters around vouchers and conditionality, and the definition of key terms such as MPCT. ▪ In the move toward the use of unconditional cash, it is not about just giving cash and walking away but must be a clear link to other levels of complementary services. In protracted situations, cash should be evaluated as a way of stimulating job creation and increasing livelihood opportunities. ▪ Building the “infrastructure” for effective use of cash is critical. A transfer to access health services is of limited value to better health outcomes if the service is not available, is of poor quality, and if there are other demand-side barriers (such as socio-cultural ones) that undermine/prevent equitable access (there is an additional issue of cash transfers potentially leading to de facto user fees that could undermine efforts to develop prepaid health insurance schemes). “Cash programming is only one element in the wider paradigm shift required and is an entry point to increase quality and coverage of services and away from traditional humanitarian programming and into long term. Financing is part of a set of principles to reach that end point. Cash is only one part.” UN agency. |
| NEEDS ASSESSMENT AND ANALYSIS | |
| <p>Main Findings</p> | |
| <p>A common and comprehensive understanding of need is fundamental before determining the modality of response. More collective work is needed to build better overall assessments that can account for multiple sectors and markets in one overall assessment that is not too complex. The goal is to meet all needs—the goal is not to use cash. Be evidence based.</p> | |
| <ul style="list-style-type: none"> ▪ Needs assessments are often fragmented and sector based which leads to unnecessary duplication between sectors—and tend to be biased toward in-kind responses. Within assessments, there is not enough attention paid within existing assessments to market dynamics, nor to broad vulnerability criteria. ▪ There is a difference between consumables and commodities which adds a layer of complexity. Consumables such as food are less complicated to assess than more complex markets such as shelter and health. Nutrition is a particular challenge as it is a basic need but there is no specific market associated with it. ▪ When cash is used to access services (such as health and education), the quality of the service must be considered including the investments needed to ensure adequate quality and prevent other types of barriers such as social-cultural ones. There is a worry that funding MPCTs could displace some of the needed development investments. ▪ There is a lack of complementary multi-sector assessment tools that can incorporate household level analysis with the market assessment and associated analysis needed for cash transfers; and to do this at speed. As part of this, there is a need to incorporate more broad based vulnerability criteria into assessments. | <ul style="list-style-type: none"> ▪ Advocate for one joined up assessment process that covers all sectors and modalities. This requires a much greater investment in preparedness and much stronger links to existing systems (such as social protection registries). This also requires strong direction and leadership to shift the sector led approach to assessments. ▪ Encourage agencies to work together to develop common assessment tools that capture the requirements for cash programming and can guide post-distribution monitoring to see the impact and the gaps. More collective work is needed to build better overall assessments that can account for multiple sectors and markets in one overall assessment that is not too complex. Many agencies are working on this separately but need to be brought together. ▪ Data needs to be complementary and should wherever possible link to existing data sets, such as social registries, or help build links to the development of such data sets on the recovery side. A particular gap is in post-distribution monitoring. ▪ Cash analysis is not just about market assessments. Cash feasibility studies are also required as well as an thorough understanding of the government regulatory framework, cross-border dynamics, the landscape of available financial service providers, and the nuances of different markets. |

| BOTTLENECK | AREA OF IMPROVEMENT |
|---|---|
| <ul style="list-style-type: none"> ▪ Some donors are concerned about the risk of a conflict of interest for those agencies who both assess and implement. As part of a general push to involve the private sector more, the idea of contracting this function to a third party has been raised with a focus on the private sector. ▪ There is a concern about how to meet both humanitarian standards and regulations such as data privacy. ▪ There appears to be a higher standard for assessing and using cash than in-kind responses. In-kind transfers will also have impacts on markets but are not held to the same standard. There is a perception that cash is more fungible so needs a higher threshold of evidence. ▪ The low levels of capacity and understanding of enumerators and other staff working with cash is a major gap and links to the need for more investment in preparedness. | <ul style="list-style-type: none"> ▪ Ensure assessments are neutral. Consider de-linking the assessment and implementation functions so that agencies that assess do not also respond leading to a possible conflict of interest). In Iraq, they are working to contract out assessments to a third party. Look to see where the private sector can play a larger role in assessment and analysis. ▪ Several agencies suggested an approach be adopted where different agencies lead in different areas of a joined up multi-sector assessment based on their comparative advantage. For example, one agency for M&E, one for registration, one for market assessments, etc.. ▪ In the Philippines, the cluster systems worked with the government to develop assessment tools for a common approach. The lesson is that these need to be developed in advance with a phasing in methods for the first 72 hours (largely based on observation) and beyond that. Remember to consult with beneficiaries, and monitor closely to continuously adjust as you go. ▪ There was a strong message to be cautious of a modality first approach—to not predetermine the response. Instead, focus on understanding needs and flexibly responding with the best combination of modalities based on the context and objectives. ▪ Innovate and push boundaries with strong leadership but do not “fail to scale” with poor assessments, poor preparedness, or siloed implementation. The risk is that the overall approach can be discredited. Balance strategic level urgency with pragmatic operational steps. As one donor noted, “walk before you run.” ▪ Be aware that there are many needs that cash alone cannot meet. ▪ Meeting needs in different sectors often requires more than a cash transfer, especially those related to service delivery. For example, for health, in a shift to multi-purpose cash, it is better that the amount for health does not go to the beneficiary but into a prepayment scheme. To do this you estimate the min package of health services required and pool that into a common health insurance fund. Conditionalities may also be required in areas such as behavior modification to reach health outcomes. ▪ Focus on expenditure data; “follow the money” and understand what households spend their cash transfers on. “What we really need is expenditure data and where they put their money is where we see their immediate needs. Very important starting point for more targeted and streamlined approach overall.” Iraq ▪ A sensible process moving forward could be: <ul style="list-style-type: none"> ▪ Assess all markets together and develop common criteria to inform the response ▪ Identify the basic needs for survival that are beyond any one sector; aim for a compilation of all basic needs into one transfer ▪ Determine if markets can meet those basic needs ▪ Asses other needs such as protection, gender, infrastructure, access to quality services, etc. |

| BOTTLENECK | AREA OF IMPROVEMENT |
|---|---|
| STRATEGIC PLANNING | |
| Main Findings | |
| <p>The current humanitarian planning process is sector based which is a barrier to planning for cross-cutting responses such as cash. There is a need to shift from planning by sector to planning based on overall objectives and outcomes. Within the cluster system, there is a lack of clarity where decision making rests for prioritization and allocation of scarce resources—an issue which MPCT shines a direct light on.</p> | |
| <ul style="list-style-type: none"> ▪ Planning time frames are too often dictated by funding parameters which tend to be less flexible than required to adjust for cash, and are sector based. For example, the Humanitarian Response Plan is done at the end of the year but many donors set their priorities months ahead, and this may not sync with government planning frameworks. ▪ The trade-off between benefit levels and coverage are strongly brought to light with cash transfers. These trade-offs need to be more explicitly discussed, especially in cases where there is little convergence of sector inputs on the same affected households. ▪ Other trade-offs to discuss include the increased efficiencies of cash versus the cost of changing systems to assess, implement and monitor cash transfers. ▪ The divide between humanitarian and development remains a big barrier to wider sector based planning. Humanitarians are often accused of operating as if they are dealing with a blank slate in terms of existing systems. ▪ The question of where the decision on which modality to use is taken is unclear. In practice, these decisions are taken at the sector level and not at a higher cross sector level. ▪ It is unclear where to situate put cash in an HRP/HRD. In some cases it is presented as a separate chapter but then there is the challenge of how to shoe-horn it back into the sectors where implementation takes place. | <ul style="list-style-type: none"> ▪ The cash debate is a potential opportunity for the IASC principles to address gaps in the current cluster system around resource prioritization in the humanitarian context. ▪ This would require greater engagement with donors and exploring a wider range of financing options such as pooled funds and insurance funds and other risk financing instruments. ▪ There is a need to make more explicit linkages between short term humanitarian plans and longer term development planning; they too often exist in separate worlds. Bridging the gap between humanitarian and development efforts requires clear inter-sectoral architecture. This requires us to be bold and to be ahead of the curve (to lead rather than be pushed into reform). ▪ In Iraq, the HRP had a separate chapter dealing with MPCTs while each sector chapter dealt with sector based cash. The CWG then provides an overall forum almost like a cluster for technical support but also for pooled funding applications. They feel this “double identity” allows them to transcend the sectoral divide. ▪ There are pros and cons of having the technical support and coordination role together. The pros are that there is one place to build consensus and common approaches as “much is about building buy-in” Country Interview. Keeping the two functions separate has pros as well as it ensures independence and neutrality, and reduces the burden on one institution. ▪ Plan in a more holistic manner based on holistic multi-sector joined up assessments. ▪ Shift to multi year planning in protracted crises more closely aligned to longer-term planning and objectives of social protection programs. Overall planning must shift to outcome based planning as opposed to sector based planning. ▪ Need to engage much more with governments and their planning systems (again through preparedness). This includes planning to scale up existing programs as a first response using existing mechanism (starting with government systems such as SP). ▪ Clarify where in the architecture the decision on modalities will be taken (in the short term) and what the best future architecture should be in the medium term. ▪ To change mindsets champions need to be developed. It must be driven by very high level buy-in at the executive level. There is a need for a high-level strategic team that can cross all sectors (as required for any multi-sector approach). |

| BOTTLENECK | AREA OF IMPROVEMENT |
|--|---|
| RESOURCE MOBILIZATION | |
| Main Findings | |
| <p>Resource mobilization is still very sector driven and often donor driven, despite the rhetoric. Funding modalities much match the expected outcomes, and not work against them. Cash is still under-funded compared to in-kind transfers. Accountability remains a concern with pooled funding and new coordination mechanisms, as does attribution if donors expect reporting on a sector basis. There is a push for new funding instruments from the donor side including pooled funds, and new risk financing instruments such as insurance.</p> | |
| <ul style="list-style-type: none"> ▪ Funding is currently not strongly linked to outcomes, which is a concern at the donor level. ▪ Cash is under-resourced compared to in-kind. ▪ In practice, many donors promote a siloed approach despite the rhetoric around multi-sector processes. The commitment to cash varies significantly amongst donors and between HQ and the field. ▪ The perception is that the process is still very donor driven as donors set conditions and terms according to their priorities. ▪ Current funding modalities increase competition amongst agencies as that is how the incentives are aligned. ▪ Too much programming is driven by donor agendas. Conditional versus unconditional decisions are often donor driven. ▪ In-kind response is still easier to resource than cash. ▪ WFP is opposed to a global pooled fund as this separates accountability from those who decide and those who have to deliver. ▪ Currently results frameworks are designed around sectors; we need to learn from SP efforts such as the PSNP in Ethiopia ▪ The prioritization of humanitarian resources is expected by donors but does not happen in practice (one of the consistent donor concerns is that the HRD is not prioritized amongst the sectors). OCHA officially has the mandate for coordination but not for resource allocation. In practice, OCHA does not have the power to make the necessary decision around the allocation and prioritization of resources, nor does the HC/RC have this explicit mandate. | <ul style="list-style-type: none"> ▪ There is a need to advocate for flexible funding that can adapt to meet shifting needs across sectors. This includes the flexibility to adjust the levels and modality of response based on post-distribution monitoring (which is another area that requires strengthening). ▪ Donors should be positively challenged to better coordinate funding amongst themselves in order to align funding mechanisms and incentives in the direction of multi-sector approaches, and MPCTs in particular. Donors need to commit to greater flexibility, harmonization, and to work to address attribution issues in MPCT. Donors need to work toward common impact and outcomes. ▪ One suggested funding benchmark is to re-balance funding to 50/50 cash and in-kind as a starting point. ▪ There is a need to decide where the decision on modality choice is taken instead of each donor proposals driving it. ▪ Explore new financing mechanisms such as insurance and pre-positioned contingency funds. However, pay attention to ensure that “control” over these decisions do not rest with any one agency. ▪ In the health sector, the latter is the new strategic direction that moves away from user fees. There is concern that cash payments to access health services may inadvertently support a user fee based system. The recommendation in this case would be to have that portion of the payment directed to a prepayment pooled insurance scheme, and/or the use of vouchers for certain health services (such as maternal health). ▪ Don't earmark cash by sector but instead according to need. ▪ Increase investments in preparedness as a critical issue for implementing cash based responses in emergencies. |

| BOTTLENECK | AREA OF IMPROVEMENT |
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| IMPLEMENTATION AND MONITORING | |
| Main Findings | |
| <ul style="list-style-type: none"> ▪ As with all interventions, cash must be people centered and grounded in the reality of complex beneficiary needs, many of which exceed a transfer to meet basic needs. Cash does not replace the wider programmatic support needed to ensure issues such as access to essential basic services. It is not a panacea that can replace more complex development needs. ▪ A major bottleneck is the uneven levels of ownership at the strategic leadership level, and the attitude and cultural barriers up and down the IASC organizations. In-kind responses are deeply ingrained in the operations and culture of agencies, and the incentive structures line up to support an “in-kind first” response. ▪ The use of cash must be systematically considered along with in-kind responses. This is an awareness and capacity issue in the first instance. It requires staff members in the field that are well informed, comfortable with the modality, and equipped with the right tools. ▪ Flexibility is required in cash based responses in order to continually monitor and adjust the response to evolving needs. | |
| <ul style="list-style-type: none"> ▪ It is very difficult to coordinate implementation if the assessment and planning processes are not jointly done. This is further complicated by the competitive nature of agencies who are looking to increase their market share in the cash space, which in turn is partially a response to the way interventions are funded and partially a response to incentives within the current cluster system. ▪ In-kind mindsets remain a bottleneck at all levels with in-kind often the first choice. ▪ There are still many operational details that have not been worked out for cash. For example, is there adequate liquidity or financial service providers available? ▪ Cash can carry a high overhead, especially for vouchers (and more so for physical vouchers). Overall efficiency gains are not automatic. ▪ The capacity to implement cash is a major bottleneck—systems are aligned toward in-kind and can be self-perpetuating. Cash will be systematically considered on par with other responses only when staff members in the field are informed, able, comfortable, and provided with the right tools. ▪ Questions of accountability are not unique to cash, but cash brings up additional concerns about defining accountability very clearly, especially in an environment of multiple funding sources and multiple implementers including government, the UN, NGOs and the private sector. ▪ M&E is also conducted in silos. Results reporting including post-distribution must go beyond amount transferred to look at the impact of the cash and what people spent it on. Attribution remains a big issue with MPCT if the donor requests sector specific reporting on a multipurpose transfer. Much of this will come down to what donors are happy with and if they can accept outcome level reporting. A unified donor position on this would be very useful. ▪ Attribution remains a major challenge to MPCT. The majority of donor funding and the systems for reporting on that funding are aligned around sectors. Attributing sector outcomes within a broad MPCT remains a challenge. | <ul style="list-style-type: none"> ▪ Strong leadership is needed to encourage a shift from old sector based in-kind responses. This requires shifting incentives within organizations and for donors to re-align their funding incentive structures to “reward” collective multi-sector efforts. ▪ Put people’s needs at the center—not agency priorities. Be driven by need first, not by the modality. ▪ A positive challenge to donors could be communicated by the IASC principals to suggest that donors develop unified positions on issues such as M&E requirements, and pooled funding. ▪ Encourage a flexible approach to implementation to allow for conditionalities if the situation warrants (e.g. behavior modification or attending a clinic for prenatal care) while keeping the principles of choice for beneficiaries (and the other core benefits of cash). ▪ Invest more in ensuring that any instances of dependency or market distortion are being captured, and invest more in general risk mitigation. ▪ Accountability must be addressed at all levels to ensure it rests at the right levels, and that we are accountable as directly as possible to the beneficiaries. ▪ Monitoring must “follow the cash” and include analysis of what people have spent their cash transfers on. For MPCT, clarify what results are expected, what tools will be used (e.g. a composite index?) and whether donors accept this; this links to the attribution issue. ▪ Ensure all sectors and agencies are held to the same standards to show impact; this includes the private sector. ▪ In Lebanon, progress has been made in harmonizing six different transfer cards for refugees into a one card platform with different wallets as required. Discussions are still under way around conditionality which remains a final barrier to the one card system. ▪ Cash is not a replacement for strengthening service delivery, building systems and capacity, or investing in core development actions. |

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PEER REVIEW AND EVALUATION

Main Findings

Cash based evaluations are still relatively rare, and meaningful peer review processes rarer still. The overall evidence base for cash is weak, especially in terms of the use of cash outside of the food security and livelihoods and displacement sectors.

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| <ul style="list-style-type: none"> ▪ Donors are increasingly asking for impact evaluations, and higher standards for reporting on results. ▪ However, many view this as under funded in relation to the expectations. The view is that donors under-estimate the cost of rigorous impact evaluation and reporting on results in general. ▪ Few peer mechanisms are in place and competition between agencies means that there are few institutional incentives to evaluate together. | <ul style="list-style-type: none"> ▪ IASC members should advocate for more joined up evaluations, especially in the case of multi purpose cash interventions. ▪ Peer review mechanisms should be encouraged with the aim of sharing lessons learned and developing common operating standards. ▪ There is a need further evidence in areas such as nutrition, and the whole area of service delivery to ensure that cash alone is not seen as the answer when multiple levels of support are required (e.g. a cash transfer for health will not work if the clinic is not operating). ▪ Expand evidence base to look at the quality of services provided when cash transfers are given to increase access. ▪ Ensure that operational experience is the main guide for improving and expanding the use of cash—ensure it is not driven by ideology. ▪ Need to explore new ways of reporting on overall results—can we have a “results basket” for example? ▪ The overall push in multipurpose cash should be for one lump sum with different wallets for the different modalities and transfers. Each wallet may have extra standards or training required which needs to be clearly specified up front, and not assumed to be taken care of within the cash transfer itself. ▪ It is important to schedule a lessons learned exercise after each major disaster. |
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COORDINATION

Main Findings

- There is consensus in the view that cash is not well coordinated at the strategic as opposed to the technical level. Specifically, cash requires coordination at the cross-sectoral level that transcends the sectors while still enabling sectors to act.
- The IASC principals should consider the role of the HC/RC in cash specifically but in multi-sector coordination in general. The cluster system would be strengthened through providing greater clarity and guidance on what that role should be in terms of cash coordination across the clusters.
- There is a political dynamic to the use of cash that needs to be recognized, both in terms of the importance to individual agencies, but also to the coordination and development of the system as a whole (including how the humanitarian to development divide is addressed). It is important for the cash to be a modality that can be used by all, and that the agenda (and funding) is not “owned” by any one agency.

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| <ul style="list-style-type: none"> ▪ The cluster architecture is not fit for purpose in terms of the multi-sector approaches which MPCT highlights; it is very difficult to look at cross-cutting or multi sector issues within the current cluster system. ▪ Each of the 20 Cash Working Groups (CWGs) have grown organically from in-country needs, but there is no consistency in how they relate to the overall cluster system. ▪ Many CWGs are strictly technical level, or originated from the need to address technical issues. This often means the CWGs have relatively junior staff attending which can be a barrier for taking on more of the coordination function, or to address more strategic issues. | <ul style="list-style-type: none"> ▪ There is consensus in the view that cash is not well coordinated at the strategic as opposed to the technical level. Specifically, cash requires coordination at the cross-sectoral level that transcends the sectors. Suggestions include elevating the CWG to its own sector, elevating cash to the inter-sector coordination platform, or linking cash to one of the existing cross-cutting clusters such as logistics. One of the key tensions is how to balance the need for each cluster use cash as a modality but to have overall coordination at a higher level? “Hard to conceive of a solution in the current architecture.” ▪ Strengthen the inter-agency cluster coordination mechanism and equip it to be able to coordinate multi-sector approaches (starting with cash) and explicitly mandate it to link with the development architecture. In Nepal, a new group was formed to oversee intercluster coordination called the “Information Coordination Platform.” It was an entirely independent group which was seen as a positive way to share information. In Lebanon, the CWG has merged with the Basic Assistance Working Group so that NFIs and in-kind approaches are addressed together. |
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| <ul style="list-style-type: none"> ▪ There is a concern that coordination of cash will also mean control including control of resources, be it within a sector or at the higher strategic levels. ▪ The big challenge is to see cash as a modality within each sector, while still having the oversight of a multi-sectoral approach. ▪ Coordination is very dependent on the quality of the leadership in-country, and cash is no different. However, when the senior leadership does not fully understand cash or sees it through old biases, it makes coordination especially challenging. ▪ In some countries, the cluster system can view development actors as competition, especially when it threatens to take over humanitarian functions (such as prefinanced response funds). ▪ The mechanics of working together takes a great deal of time, especially when you go to scale with cash. In Lebanon it took three months to agree on what disbursement systems to use. Combining beneficiary lists is also very time-consuming. ▪ Some view the current global debate as unnecessarily divisive—more work needs to be made to bring all stakeholders together that connects policy statements to the reality of implementing. Some argue that we have jumped too quickly to architecture issues while others say not fast enough. ▪ It is not clear which sectors are covered under a multi-sector grant. For instance, the health cluster does not currently engage in significant MPCTs beyond supporting access and basic survival requirements. ▪ In Somalia, the issue of how to maintain a CWG during non-emergency periods has become an issue. After one of the first major cash interventions in the 2011 famine, the cash consortium began dying out in 2013 as the technical role dwindled as knowledge was transferred. It was eventually absorbed into the regional CaLP group with ECHO and IRC now trying to re-activate it at country and regional level. | <ul style="list-style-type: none"> ▪ Whichever coordination structure is selected, it is important that the concern be addressed of coordination equating control of resources. This stems from the practice where in some clusters the lead can control which proposals are submitted to donors. Some agencies argue that this type of coordination gives control without accountability. No one agency should own the cash agenda or have proprietary access to cash funding through its coordination role. ▪ Don't de-link accountability from coordination; clearly define this at each level. ▪ Ensure that there is not just one winner in terms of agencies in cash. It is a modality that everyone needs to use and have ownership of. ▪ There is a view that any changes to the architecture in the short term should be transitional while we learn more about cash and work through the larger systemic issues. ▪ How to decide who should coordinate? Some agencies prefer that the coordinator has some technical expertise as well, but need to avoid agency interests coming to the fore in the coordination role. ▪ The “ultimate answer” suggested by some is that the government coordinates and the cluster system supports and works to subsume itself under those structures. Currently, there are few incentives for pushing in this direction. ▪ Be clear on coordination for what? Is it a matter of just ensuring technical coherence, or is it a matter of deciding on and prioritizing overall needs? This should be explicitly addressed. ▪ Don't rush into this—Let changes be driven more organically from current experience rather than imposing a radical new structure (HCR, WFP, WHO and UNICEF view). First figure out the core principles and who is accountable. ▪ Cash should not add extra burdens to an already cumbersome process, nor should it be a parallel process. ▪ Government has the key role in terms of coordination but as often challenged to play this role. Make much stronger linkages to government systems such as social protection. Ensure government is in the lead—supplement and do not replace government leadership. ▪ Government also plays an important part in regulating the financial service providers with the right regulatory environment. In the Philippines and in Haiti, Government was able to wave “know your customer” regulations because of the crisis. ▪ In Kurdistan, Government stepped in to insist on common approaches in the same area and that the government was the owner of the beneficiary data. ▪ Elevate the current technical level CWG to the strategic level at the RC/HC level, while maintaining a strong technical forum somewhere within the architecture. “The discussion must be elevated to a higher level where decisions can be made with donors and governments on the choices between cash and in-kind responses” UN agency. ▪ Elevate cash to be on the same footing as other modalities. |

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| | <ul style="list-style-type: none"> ▪ Work needs to be done on collecting the best practice of the 20+ CWGs as the first step to producing guidance on how to engage in crosscutting issues and cash. One option is to let form follow function and to then be informed by the operational agency experiences at the country level. ▪ Strike a balance between providing enough clear structural guidance on where cash is coordinated at the strategic level, with allowing flexibility to adapt to country specific situations at the technical level. ▪ Need to develop common principles and guidelines for coordinating cash ▪ Invest in building collaborative coordination skills at the strategic level and insure independence. ▪ Approach the issues of coordination a transition. For example: <ul style="list-style-type: none"> ▪ Short term: leave cash in each sector but strengthen and give decision making authority to the inter-sector coordination unit under the HC ▪ Medium term: find a structural solution based on a more systematic gathering of country experience and propose changes within wider re-structuring between humanitarian and development structures. ▪ More work needs to be done to determine the added value of each agency and to possibly assign responsibility for specific areas (e.g. registration). ▪ Encourage more innovation and technology with greater collaboration across the silos and between agencies. |

SYSTEMS STRENGTHENING

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| <p>Main Findings</p> | |
| <ul style="list-style-type: none"> ▪ There is a disconnect between humanitarian actions and long term development initiatives. Humanitarians often arrive and begin implementing with their own systems without understanding what systems are already in place. ▪ There is a need to layer finances, budgets and instruments across the development/humanitarian divide. ▪ Aim to deliver cash through national systems as much as possible. Look to piggy back on existing systems as the first response (and combine this with a strong preparedness investment) ▪ Preparedness is critical in terms of cash programming in particular in order to ensure all of the efficiencies of cash are realized. | |
| <ul style="list-style-type: none"> ▪ The overall humanitarian system is not structured to adequately deal with cash as a flexible multi-sector instrument. As suggested by one actor in Nepal “the existing systems worked against cash at every level.” ▪ There is a donor view that the key issue for IASC in the medium to long term is how to re-structure the humanitarian system to make stronger linkages to the development efforts and to capitalize on existing systems. Despite efforts and statements on this issue, the view is that business as usual will not work any longer and strong moves are required. ▪ The shift in roles for using cash, for managing pooled money, and for working toward quality assurance of services implies a big shift in the way humanitarian actors engage and operate. In most cases this has not been explicitly discussed at the strategic level and is addressed only at the technical level. | <ul style="list-style-type: none"> ▪ Linking humanitarian efforts to development is key and must be a strong lens for all actions. Need to embed this in all discussions with the link to the use of existing systems. ▪ Wider structural issues are not an immediate fix: separate between short and medium term action required to address the various issues. Many commented on the need to act decisively, but to also recognize the structural and attitude barriers that are in place. The suggestion is that the process moving forward can’t be simply top down and must be sensitive to the need to bring everyone on board in a collaborative manner. It will be a challenge to both act decisively and sensitively. ▪ Need to layer finances, budgets and instruments across the development/humanitarian divide. Work in Ethiopia on the “continuum of response” is a positive step forward in this regard. |

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| <ul style="list-style-type: none"> ▪ Social protection is an obvious starting point for humanitarians, especially in terms of building on existing registries, targeting systems, and delivery infrastructure. However, it is very difficult to do this from scratch, especially in a fast onset emergency. | <ul style="list-style-type: none"> ▪ In Pakistan, the government is ahead of the other agencies in terms of using cash and has developed a cash based response model for emergencies with the UN. Consequently, the CWG was designed to work closely with the Government to further build the model and ensure strong links to social protection. The private sector also played a key role in the displacement and were able to impose strict financial controls with less leakages which they could leverage, especially through electronic transfers. ▪ Some donors suggest that cash debate signals a broader shift in how humanitarian aid will be delivered in future. There will be less direct implementation for international agencies with a shift to bearing witness, facilitating, and strengthening systems and capacity (of governments, the private sector, and other key local stakeholders). The implication is that the sooner the international agencies make this shift, the more relevant they will be moving forward. ▪ Need to engage much more with social protection systems in advance on a broad range of issues including targeting, registration, and monitoring so that in the event of a shock, the SP system can surge as a first response, and that the systems are fit for purpose as a base for further humanitarian action that may be needed. ▪ There are positive examples of humanitarian actors building on existing systems. In post-earthquake Nepal, UNICEF topped up the government's child benefit scheme, while in the Philippines, WFP used the government social protection registry and system to initially respond. In Lebanon, work is underway to align the humanitarian cash program with the government social protection program. ▪ In Liberia, the government National Social Protection Coordinator played a key role in the cluster system coordination. He has been proactive in using the Ebola crisis to help build a common social registry and MIS system to address the needs of both emergencies and development. ▪ This requires bringing together stakeholders before an emergency to discuss a number of issues. Can existing systems be strengthened to flex and respond? Can current systems be used? Are some systems too political or inefficient to use? How can we maximize public private partnerships? What technology will need to be strengthened and systematized? ▪ Capacity needs to address cash are huge both within agencies and within national systems. Capacity needs are large across all of the processes/building blocks. |

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| PREPAREDNESS | |
| <ul style="list-style-type: none"> ▪ Cash will only be effective and deliver on its efficiencies if the ground work is done before the emergency hits. ▪ There are insufficient incentives and funding for preparedness. It is not seen as a priority and it's not funded in a meaningful way by either the donors or the UN. Much more work needs to be done to incorporate cash into all preparedness activities. | <ul style="list-style-type: none"> ▪ Preparedness is a critical necessary complement to cash programming and must be grounded in existing systems and their ability to flex and surge. ▪ Need a much better understanding in advance of what development donors such as the Need to shift the concept of “pre-positioning” to include needs assessments skills and tools (with market analysis), mapping of service providers, agreements and regulations addressed in advance, etc. ▪ World Bank are doing to support major systems such as social protection and to make these linkages in advance. ▪ Aim to have one “Continuum of Response” that sequences all available instruments across time starting with flexing existing systems (for example, how much can existing health services flex as a first response?). ▪ Focus on setting the ground in advance including establishing a strong role for government and the private sector. ▪ Strongly encourage donors to fund preparedness and make it an IASC priority. ▪ Initially focus on developing Standard Operating Procedures (SoPs) to also help build the working relationship between the agencies (based on the experience of 4 UN agencies doing the same under DFID funding. WFP, OCHA, UNHCR and UNICEF are working to strengthen humanitarian preparedness in high risk countries using cash based transfers. This has been very useful to help develop common approaches such as joint feasibility studies, training, and an overall methodology for a model going forward. ▪ The Philippines is a good example of the CWG working to develop standard agreements between financial service providers and the aid community. |
| LESSONS LEARNED AND INNOVATIONS | |
| <ul style="list-style-type: none"> ▪ Cash shines a light on what does not work in the overall humanitarian architecture. This includes the ability to plan and assess jointly and to operate in an inter-sectoral manner. Cash may help us become more efficient with better responses through streamlined systems. Should we fit cash into a system that must change, or should it be part of a new system? ▪ The role of the private sector is key moving forward. If IASC systems can't deliver, then the private sector will more and more be the first choice. Work needs to be done to develop a single entry point to the private sector so that there are clear points of engagement. ▪ This evolution needs to be seen within an overall humanitarian system that is more accountable, more joined up, with better links to development, where thinking outside of the box is valued. This is far beyond the issue of cash. ▪ “UN agencies can overcome any barrier inherent in this debate as long as we ensure that we have a transparent process, strong relationships, and a high degree of trust.” UN agency. ▪ Need to find ways of encouraging innovation without competition—those developing a common platform should be encouraged to allow all to join and should link to the government or private sector systems as much as possible. ▪ Need to push experience in other forms of risk financing such as insurance, and contingency funds/budgets such as in the PSNP in Ethiopia. ▪ More work needed on understanding remittances. ▪ A lesson from Liberia is to make WWW more rules based in terms of asking donors and implementers to then adhere to common standards and rules; and to encourage donors to make funding contingent upon following the agreed standards. ▪ In Iraq, the MPCT strategy is an innovation in the HRP as it grew out of the needs on the ground. The process of collaboration started with the rapid response mechanism from UNHCR and WFP. Together they worked with cash actors to solidify and then built on this by deciding to go further with joint targeting to identify the most vulnerable. The strategy evolved organically out of the local context and now 2016 it includes returnees and protracted displaced. The collaboration now includes defining a common minimum survival expenditure basket with a weighted average for the transfer value. | |

Workshop outputs

A one day workshop was held with the IASC “Engine Room” on 21 March 2016 in Washington, DC to discuss this draft Strategic Concept Note. The Engine Room consists of the technical level representatives of the IASC principal agencies.

The attendees were:

Joseph Ashmore, IOM
Jehan Arulpragasam, World Bank
David Calef, FAO
Keith Chibafa, World Vision
Kenn Crossley, WFP
Andre Griekspoor, WHO
Ugo Gentilini, World Bank
Loretta Hieber-Girardet, UN OCHA

Matt Hobson, World Bank
Juliet Lang, UN OCHA
Sibi Lawson-Marriott, UNICEF
Waheed Lor Mehdiabadi, UNHCR
Benard Muinde, IASC Secretariat
Radha Rajkotia, IRC
Annika Sandlund, UNHCR
Stephen Anderson, Consultant

| FACTS CAPTURED? | AGREE WITH FINDINGS? | IMPLICATIONS APPROPRIATE? |
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| CONCEPTS AND DEFINITIONS | | |
| <ul style="list-style-type: none"> ▪ On key terminology an inter-agency process has taken place and concluded under the ERC Grant → This should be included in the report | <ul style="list-style-type: none"> ▪ Findings agreed. ▪ The issues/experiences are well captured with differing views on the level of boldness in the recommendations [the broad consensus appears to be to make the recommendations bolder, although some were pushing to maintain a balanced approach in light of the general strong push for cash] | <ul style="list-style-type: none"> ▪ An accelerated and collaborative research agenda is required that can both look across the sectors, and also note the differences between sectors (e.g. between the provision of goods and services which ▪ Recommendation to IASC principals to endorse the terminology as defined in the work done under ERC Grant. A second group recommended building on the CaLP/DFID work done on recommendations. ▪ Cash & protection is an area that requires more attention with clear linkages to the group working on protection. |
| EQUITY IN CONSIDERATION | | |
| | <p>Agreement on the facts with some comments:</p> <ul style="list-style-type: none"> ▪ Differences between sectors should be better captured, especially in reference to sectors that deliver goods readily available on the market, and those dealing with access to services which is much more complex. ▪ Not all services are or should be market driven. Quality analysis is needed regardless of cash/ in-kind modality. ▪ The emphasis on efficiency and effectiveness may vary depending on the stage of the crisis (e.g. fast onset vs protracted crisis) ▪ Equity in access should be emphasized. ▪ Agreement on recommendation: consider cash equally. | <ul style="list-style-type: none"> ▪ Proposed action is agreed assuming is it needs based and grounded in the context. ▪ The language could be bolder while short of a “cash is preferred” statement. |

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| NEEDS ASSESSMENTS | | |
| <p>Facts are agreed</p> | <p>Findings are agreed</p> <ul style="list-style-type: none"> ▪ However, the needs assessment process in general requires us to dive deeper. We should not just reaffirm existing approaches where that haven't worked. ▪ Recommend having <u>one</u> risk/poverty and vulnerability analysis to inform planning. This should recognize that sectors have individual needs but there should still be one overall analysis as the base. ▪ Needs assessments currently look at needs, but not the modalities needed to meet those needs (the how).. Assessments are already to some degree multi-sector but this can go further and be strengthened. ▪ Needs assessments need to shift to include the wider context that can inform the response and the choice of modality ▪ Services cannot be replaced simply by a cash transfer and form a much more complicated part of the assessment process. Assessments need to capture this complexity. ▪ The shift from needs to include context in assessments is welcome ▪ System analysis should also be included (to understand the state of service delivery in health, education, etc.). This should include capacities and vulnerabilities. | <p>Implications:</p> <ul style="list-style-type: none"> ▪ Government has the responsibility as long as they adhere to humanitarian principles. Don't want assessments to be contingent on government. [A discussion agreed that the default position is to establish clusters regardless of what state government leadership is in] ▪ Busan has made it clear that even in fragile states, government ownership and accountability is key ▪ Switch sequence of recommendations—emphasize the inclusion of markets as the primary next step with the larger systems issue related to the wider reform agenda ▪ There is a need for a broader “frame” of information needs that different agencies and sectors can feed into. This includes a greater emphasis on response analysis that can continue to inform implementation ▪ There is a need for one central compilation of assessment results, and this may require a high level body within the IASC; but if so where does it sit? There is a model already (ACAPS) but it does not have the mandate to be the needs assessment agency as it is not high enough within the system. ▪ Response Analysis is key and is a missing element in the structure. One suggestion is to reform the CWGs as response analysis units that serve to provide the analysis, in addition to the needs assessment process, to decide on which modality to chose. ▪ Prioritization is the bigger issue that is not being addressed ▪ UNDAF experience: trying to prioritize but failing ▪ The wider question is whether it is really always the UN's fault? There is a need for balanced accountability with clear demarcation of shared responsibility including donors and governments. ▪ In addition to needs assessment, a process of response analysis is required to look more systematically at the how. |

| FACTS CAPTURED? | AGREE WITH FINDINGS? | IMPLICATIONS APPROPRIATE? |
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| <p>The need for an Independent needs assessment is not agreed.</p> | <p>Issue of Independence and potential conflict of interest:</p> <ul style="list-style-type: none"> ▪ Can the needs assessment process be within IASC? Can it be a common needs assessment process? ▪ Can it be an independent internal mechanism? If so, how would it work? This requires clear checks and balances within a shared assessment process (a joint needs assessment). ▪ But how to ensure checks and balances? <ul style="list-style-type: none"> – Start with a joint assessment process – Need to develop other mechanisms to ensure no conflict of interest – Ensure assessments are open, transparent and easily shared – Recognize that it is a political discussion that involves donors as well. All the transparency in the world does not matter if there is no response – Change language that emphasizes the how (market and systems included) – Issue of parity—emphasize throughout <p>Bigger problem is the prioritization (and costing) issue.</p> | |

| FACTS CAPTURED? | AGREE WITH FINDINGS? | IMPLICATIONS APPROPRIATE? |
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| COMMON PROGRAMMING APPROACHES | | |
| <ul style="list-style-type: none"> ▪ Definition of “Platform” should be unpacked in relation to a “Joint Programming” framework ▪ Fragmentation throughout the program cycle including delivery is one of the key issues to be stressed ▪ Compatibility of info collected and how this informs targeting is a fundamental starting point as there is currently an “database interoperability” where there is no common database or registry. ▪ Not clear on next steps/recommendations ▪ Data protection laws and principles standards/protocols are all key issues to address moving forward. This should include an understanding of where the decision points are (for the IASC principals as well). ▪ Fact check the Lebanon example on some details | <ul style="list-style-type: none"> ▪ Agree on need to have common approaches. Within the current structure, this would require country-specific approaches; Entities can be UN, govern; NGOs. ▪ Joint programming approaches are required rather than having just a narrow cash focus. Highlight this over the delivery mechanism. ▪ There is often too much emphasis on transfer mechanisms when the emphasis should be more on the common approaches. ▪ Efficiency is not just related to the type of costs and should be more broadly defined ▪ There tends to be an over-simplification in the discussion on transfer arrangements, particularly when there are complex issues when dealing with services. ▪ Common approaches can carry the risk of stifling innovation so efforts to protect innovation are required. ▪ Use of standards are the bedrock of common platforms. Need to learn from the development side and social protection with common databases. ▪ Empower the HCT, the HC and Govt to make decisions that lead to a common platform. This requires: <ul style="list-style-type: none"> – a clear decision point – a common understanding of vulnerability and context ▪ There is a myth of efficiencies that common must mean more efficient. It still requires effort and has implicit costs. At the end of the day, donors still need to fund. ▪ Would be helpful to draw on a broader pool of examples and not just from MICs | <p>Implications:</p> <ul style="list-style-type: none"> ▪ Principles for how we approach implementation is a central implication ▪ Focus on economies of scale. For example, if UNHCR is the first on the ground, they can negotiate arrangements such as with financial institutions for all. Common agreements should start with the first agency in. |

| FACTS CAPTURED? | AGREE WITH FINDINGS? | IMPLICATIONS APPROPRIATE? |
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| NATIONAL SYSTEMS | | |
| | <p>National systems:</p> <ul style="list-style-type: none"> ▪ Building systems requires an investment in order to link development and humanitarian efforts. The link to cash should be stressed in this context ▪ The financing to do this in humanitarian contexts is a major barrier. ▪ Can IASC advocate for a systems strengthening premium to be added to humanitarian funding (e.g. 10% extra?) ▪ Different sources of funding may be required but it could open up the bridge to mix humanitarian and development funding more explicitly. ▪ Requires a clarity of objectives to ensure that humanitarian principles come first, but that the linkages are important to development and broader systems. Impartiality is still a key tenant to uphold. ▪ Development partners should engage from the beginning. | <p>Build on National systems?</p> <ul style="list-style-type: none"> ▪ Yes, in some contexts, but be careful about impartiality in many contexts. <p>What can IASC do for these wider issues?</p> <ul style="list-style-type: none"> ▪ Articulate a threshold for investment in existing systems that can be added to humanitarian funding. Donor buy-in for acceptable levels of loss vs investment in local systems is key to moving forward on this agenda; a shared responsibility. ▪ A clear understanding of risk is important before engaging in systems strengthening. ▪ Clarity is required around the temporary nature of humanitarian-led systems and the limits to systems strengthening which requires more sustained engagement. This includes both rapid onset, and complex protracted crisis; it is important to differentiate. ▪ Important to remember that current UNDAF guidelines do state that governments will take responsibility to fund protracted emergencies out of their own budgets. |
| PREPAREDNESS | | |
| | <ul style="list-style-type: none"> ▪ Not bold enough: <ul style="list-style-type: none"> – Cash/markets need to be systematically integrated into ERP, MPA & APA. (minimum and advanced preparedness action) within the overall IASC Process. This is low hanging fruit. – Linking development + Humanitarian begins in preparedness and must be included (for instance with risk financing) – Early investment = lower cost – Risk management process—not unique to cash – Joint triggers are need to lead to joined-up action | <ul style="list-style-type: none"> ▪ Capacity to implement quality cash transfer needs to be strengthened. (Capacity building.) ▪ Include a reference to Government-run social protection systems that need to become shock-responsive using cash review. IASC's existing guidance on preparedness to include cash. ▪ Review IASC's existing guidance on preparedness to incorporate cash ▪ As a general rule, start with low hanging operational fruit and build momentum from there. |

| FACTS CAPTURED? | AGREE WITH FINDINGS? | IMPLICATIONS APPROPRIATE? |
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| EVIDENCE | | |
| <ul style="list-style-type: none"> ▪ While over 200 evaluations may have been conducted, they are very difficult to compare ▪ Be cautious and aware of these limitations <p>Standardization</p> <ul style="list-style-type: none"> ▪ Cost should be seen more broadly and should include the opportunity cost and the political cost. ▪ Value should also be seen more broadly. For example, delivery through national systems has its own value and benefit that must be recognized and not lost in terms of measurement and valuation. <p>What can cash be used for?</p> <ul style="list-style-type: none"> ▪ Be positive where we do know there is evidence <p>Conditionality:</p> <ul style="list-style-type: none"> ▪ It is not enough to have access to services if the services are not functioning or of inadequate quality. There are also non-financial barriers to services that need to be considered. ▪ MPCT should be defined in terms of objectives and should include both conditional and unconditional options ▪ 2 weeks ago UNICEF issued a statement that the agency is against conditions based on evidence ▪ Introduce the concepts of MPCT and conditionality earlier in the paper (reference this in the definition section). <p>Caution</p> <ul style="list-style-type: none"> ▪ Cash is new and the overall sample is limited ▪ Initial costs will be higher with cash and volume matters (things will get cheaper over time and as it goes to scale) <p>Transfer value</p> <ul style="list-style-type: none"> ▪ Adequate vs inadequate is a factor that must continue to be studied and monitored to ensure beneficiaries receive what is due to them. ▪ Seasonality and changing market value plays a role and can affect the net benefit to beneficiaries. <p>Thresholds?</p> <ul style="list-style-type: none"> ▪ Can we develop thresholds for the use of cash (“Go or no go”)? ▪ Can we help determine where and when scale matters in terms of cost-effectiveness and efficiency? | | |

| FACTS CAPTURED? | AGREE WITH FINDINGS? | IMPLICATIONS APPROPRIATE? |
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| COORDINATION | | |
| <p>Sensitive issues:</p> <ul style="list-style-type: none"> ▪ Who manages cash (as pass through). This function carries at least a 7% admin fee so there will be one agency that gains. ▪ How do we ensure sectors receive adequate \$ for the supply-side? ▪ Who makes decisions re priorities? ▪ Should coordinating fall to the agency with expertise OR the one which has the coordination mandate OR none of the above such as the World Bank? <p>Suggestions:</p> <ul style="list-style-type: none"> ▪ The HC training must ensure there is an understanding of cash from multiple sectors; ▪ Development actors need to be at the humanitarian table and vice versa. <p>Issue:</p> <ul style="list-style-type: none"> ▪ Need to separate coordination from control over cash being introduced in a country. <p>Strategic:</p> <ul style="list-style-type: none"> ▪ Who decides what modality should be used? = HCT? ▪ Include in TOR? | <p>Facts:</p> <ul style="list-style-type: none"> ▪ Agreed ▪ TOR to include CASH ▪ No change to clusters ▪ Should fit into current coordination effort (ICCG + CWG?) <p>Issue:</p> <ul style="list-style-type: none"> ▪ Don't have a separate cash silo through separate cash coordination structures <p>Avoid:</p> <ul style="list-style-type: none"> ▪ Separating responsibility for managing resources ▪ Having a structure that is parallel to other sectors <p>Intercluster system</p> <ul style="list-style-type: none"> ▪ Curtail HC/HCT role as this is really not working ▪ This is part of the wider need to change the system in a way that looks at all resources (cash, in-kind, etc.) ▪ Where will the CWGs report? <ul style="list-style-type: none"> – Report to HC? – Report to HCT? – Report to intercluster? <p>Fear →</p> <ul style="list-style-type: none"> ▪ Cash can't change the Humanitarian coordination system ▪ CWGs → control resources ▪ →Control operations ▪ Important to address this directly <p>Inter-agency cluster</p> <ul style="list-style-type: none"> ▪ Doesn't control resources of clusters ▪ Has authority to guide firmly but is not in practice. <p>Evolution of CWG</p> <ul style="list-style-type: none"> ▪ Gender could provide an example where the evolution led to having a gender person embedded in each cluster <p>Where does joint planning etc. happen?</p> <ul style="list-style-type: none"> ▪ Intercluster is where it must happen ▪ With technical support to this ▪ Make CWG part of the structure | <ul style="list-style-type: none"> ▪ Need more explicit recommendations on coordination that are both strategic and technical ▪ Cash to be integrated in all sectors/clusters make modality discussion mandatory ▪ In the short term, strengthen intercluster coordination and have a clear split between the what (needs) and the how (technical coordination) ▪ Need to separate the coordination function from the control over cash being introduced in the country ▪ Propose a combined response analysis and coordination group <p>Integrate cash throughout each sector</p> <ul style="list-style-type: none"> ▪ And have intercluster coordination over top ▪ Not CWG reporting to HC but reporting to intercluster coordination. ▪ Development partners should be encouraged to be in CWGs and any common platform groups. |

| FACTS CAPTURED? | AGREE WITH FINDINGS? | IMPLICATIONS APPROPRIATE? |
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| MULTI-ACTOR AGENDA | | |
| | <p>Political economy</p> <ul style="list-style-type: none"> ▪ Need to be ground our actions in a thorough understanding of these political realities (e.g. USAID have limits on the use of cash based on the Farm bill) ▪ Are there limitations to the depth of the engagement? For example, there may be limits to the use of the private sector in difficult circumstances. | <ul style="list-style-type: none"> ▪ Need to align incentives for coordination between development and humanitarian agencies too. There needs to be active efforts to create a connection at the broad level, but also by bringing actors within each sector and cluster together |
| <p>Parking Lot Issues</p> <ul style="list-style-type: none"> ▪ Security & Accountability; these are two issues that should run clearly through the whole cash agenda ▪ Implications for NGOs; these should be spelled out moving forward, especially given the strong role they have played to date ▪ Conditionalities vs Unrestricted; more work and discussion is required with the need to keep space open for the wide and complex set of circumstances we deal with ▪ Government leadership; this is an area requiring greater effort moving forward | | |
| <p>Summary Issues (what are the main message for the IASC Principles?)</p> <ul style="list-style-type: none"> ▪ A balanced, realistic + cohesive approach to transfer modality is required ▪ Role of government and the links to SP must be strengthened and prioritized ▪ Whatever the final structures, there should still be enough space for innovation (need a “license to innovate” built into the process) ▪ Be careful not to rush to define systems that are not necessarily based on reality. There is a need to test and experiment with the structures before (“enjoy dating before marriage”). ▪ One size does not fit all as there is complexity that must be recognized ▪ Joint + comprehensive understanding of need is a critical component combined with response analysis including the capacity to respond ▪ Coordination should be seen in the short and long term with flexibility to respond and the ability to “look across the horizon” | | |

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