Executive Summary:

Forty-three stakeholders reported on World Humanitarian Summit (WHS) commitments related to cash-based transfers (CBT). Self-reports indicate that cash is increasingly a preferred option, when appropriate, taking into account context and feasibility considerations. Cash programming is being streamlined through inclusion in organizational strategies and the retooling of internal reporting processes. Stakeholders are increasing investments to build awareness and capacity to implement cash programming, both internally and for national partners.

The impact of CBT can be augmented through the harnessing of improved technology, public-private partnerships and supporting countries to establish or enhance shock responsive, cash-based social safety nets. While setting a collective cash target might not be appropriate, efforts to promote innovation, national ownership and build an evidence base may provide greater impetus to bring cash to scale.

Most significant progress made across reporting on cash-based transfers

Forty-three stakeholders provided self-reports on their WHS commitments related to CBT. The breakdown is as follows: 18 Member States; 14 NGOs; eight UN entities; one foundation; one private sector organization; and one academic institution.

Self-reports on cash demonstrate a significant shift in mindset, where cash is seen more and more as a preferred option by donors, decision-makers and implementing organizations. While consideration must be given to context and feasibility, cash-based assistance is increasingly recognized as a potentially faster, safer and more efficient way of delivering humanitarian assistance.

Major inroads have been made in internalizing cash as a key programme implementation modality. Cash has been integrated in strategic frameworks of a number of stakeholders, both donors and aid agencies alike. Sweden’s new strategy for humanitarian assistance, for example, states that it “should encourage partners to consider cash-based support when relevant and possible … in contexts where such interventions are appropriate and effective.” The ACT Alliance, a

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grouping of some 140 NGOs, has integrated cash transfers as one of the main modes of delivery in its revised humanitarian response mechanism. The International Rescue Committee (IRC) has put forward a “Cash First” statement defining IRC policy to systematically use cash. Australia’s humanitarian strategy for 2016 included a recommendation to include cash transfers as a programming option for relief and early recovery where appropriate.

Stakeholders are retooling internal processes to report more reliably and accurately on cash programming to track commitments against targets, monitor effectiveness and provide evidence for organizational learning and sharing. Since the second half of 2016, for example, proposals for European Union funding need to differentiate by delivery modality and identify the amount of the transfer reaching the beneficiary. The World Food Programme (WFP), Mercy Corps and CARE are improving financial tracking to better report on the volume of programming that is cash based, disaggregated by modality. Oxfam is revising templates for country level reporting to include more information on cash.

Those reporting have also indicated a ramp up of capacity-building, both internally and to strengthen local and national actors. Learning and sharing of good practices is being emphasized. For example, in 2016, with financial support from Norway and other countries, NORCAP – the Norwegian Refugee Council’s (NRC) expert deployment capacity - established CashCap, a roster of cash experts for multi-agency humanitarian response. The United Nations Children’s Fund (UNICEF) will finalize its Cash-based Programming in Humanitarian Contexts Framework, and develop technical guidance and tools that will enhance work at country level to strengthen its institutional capacity to respond to cash programming needs at headquarters and in the field. The Women’s Refugee Council is partnering with several NGOs implementing cash-based interventions in three countries to improve guidance, tools and monitoring frameworks used in gender-based violence protection needs assessments.

There is also significant support to broader industry approaches and uptake of cash programs such as the Cash Learning Partnership (CaLP), hosted by Oxfam; the Collaborative Cash Delivery (CCD) Platform; and the European Research Council grants. Private sector payment specialists such as sQuid (the only private sector partner to provide a self-report on cash) are working collaboratively with humanitarian actors to help them leverage technology and deliver cash programmes. The World Economic Forum reported that private sector partners, including Ericsson, Mastercard, PayPal, SAP, Visa and Western Union, were core collaborators in the development of principles on public-private cooperation in humanitarian payments; which will help guide public-private collaboration on the delivery of humanitarian assistance in the form of diverse payments after a crisis.

There is progress in supporting countries to establish or enhance cash-based social safety nets which are also shock responsive. This is evidenced, for example, in the EUR 348 million Emergency Social Safety Net (ESSN) programme for Syrian refugees in Turkey. Implemented by the Turkish Government, Turkish Red Crescent and WFP, the ESSN is a single card social assistance scheme that will allow up to one million refugees to meet their basic needs. Ireland reported an increase in funding for cash transfers in several countries including EUR 10.4 million to Ethiopia’s Productive Safety Net Programme (PSNP) in August 2016. Ireland’s priorities within the PSNP are systems strengthening, including the intersection between humanitarian and social protection. National ownership is seen as essential to support
preparedness, ensure sustainability and link humanitarian cash programmes to development.

Six stakeholders referenced cash targets in their self-reports. The United Nations High Commissioner for Refugees (UNHCR) and the United Kingdom committed to doubling their cash programming by 2020 and 2025, respectively. World Vision set a target of 50 percent for cash-based assistance by 2020, and reported reaching 27 percent in its self-report. Both Mercy Corps and IRC are aiming for 25 percent by 2018 and 2022, respectively; Mercy Corps reported reaching 15 percent in its self-report. The European Union set a target of 35 percent by the end of this year.

Many stakeholders report significant scale up of cash programming in 2016, including through nationally-owned systems. For example, UNHCR provided more than USD 500 million cash assistance in 60 countries in 2016. CBT represented about 26 percent of WFP’s total food assistance portfolio in 2016, increasing from USD 10 million in 2009 to USD 879 million in 2016. World Vision's food assistance delivered as cash increased to 27 percent, reaching 2.3 million beneficiaries by September 2016. Germany funded EUR 500 million in cash-based assistance in 2016.

**The main barriers/ challenges to progress**

Donor earmarking and navigating donor guidelines on cash-specific rules and regulations were noted as challenges to bring cash to scale.

Technological innovation and limited digital delivery options were also highlighted as obstacles, as was poor infrastructure in remote locations. The availability of financial service providers or a means to deliver mobile money is required to ensure security and efficiency. The private sector’s technology expertise, in particular in digital payment systems, will be crucial to bring cash to scale.

Lack of capacity, in particular of national actors, was also cited in several self-reports as a major challenge. Staff and implementing partners need to become familiar with the technological and financial tools that are necessary when working with cash and to systematically consider cash alongside other delivery options.

Some donors have a relatively low risk appetite for cash as opposed to in-kind assistance – serving as obstacles to CBT. Furthermore, stakeholders cited that counter-terrorism legislation may hinder large international money transfers. Banks have increased their risk-management measures, requiring more detailed information on the nature of the transfers. The internal management systems of some stakeholders for CBT are still not IATI compliant, making information on aid spending on CBT hard to track and use.

Some contexts simply do not lend themselves to cash-based assistance, for example, where infrastructure is poor or where there are no functioning markets. Enhancing cash-based national social protection systems which are shock responsive and linking cash assistance to long-term development, remain important issues.
Measuring progress

While most stakeholders rely on existing mechanisms to track cash, several respondents cited the need to improve internal CBT monitoring and reporting systems, especially with regard to integration with project management software. A number of stakeholders have made a concerted effort to better integrate cash in financial, reporting and monitoring systems. Some have initiated baseline exercises to better track progress. For example, the Overseas Development Institute (ODI) has commissioned research to develop a better baseline of the volume of assistance going to cash and voucher responses. ACT Alliance and Sweden have established baseline exercises to track cash, while the United Kingdom has developed internal markers to measure systematically the use of cash.

Gaps between the actions of stakeholders and those that are further needed to advance this issue

Based on the review of reports, there are four areas which require further action in order to advance CBT:

- **Technology:** New technologies (e.g., digital payments) have not reached critical mass in humanitarian response. Stakeholders cited a lack of infrastructure, products, expertise and engagement with the private sector as barriers.

- **Capacity:** While progress has been reported with regard to capacity-building of staff in planning and implementing CBT programmes, there still remains a lack of skills and capacity, especially in terms of people with sufficient experience and seniority to take on strategic and technical leadership of a cash-based response.

- **Preparedness:** Despite progress in the development of internal procedures, capacities and systems that permit design and delivery of CBT programmes, several stakeholders noted a lack of mainstreaming of cash in the preparedness efforts of implementing agencies, donors, national and local governments as hindering progress in scaling up cash.

- **Evidence:** Evidence gathering on the effectiveness of CBT may be limited by a lack of a commonly agreed definition for cash-based assistance and a set of markers to measure the volume and the value of money of different types of transfers (cash, vouchers, in-kind). One stakeholder noted no systematic consolidation of good practice or guidance. More evidence is required to ensure that CBT programming is meeting the needs of beneficiaries.

Highlights of good practice

- Tearfund continues to invest in capacity-building of national organizations to deliver cash transfer programmes through organizational capacity assessments, targeted capacity-building programmes and support in accessing funding. Tearfund is currently undertaking research into the delivery of cash grants in emergencies through community networks.
The European Union adopted Common Principles for Multi-Purpose Cash-Based Assistance to respond to humanitarian needs. The principles guide donors and partners on how to work with multi-purpose assistance and make the link with longer-term resilience building and social protection systems.

German NGO Diakonie Katastrophenhilfe successfully concluded a first capacity-building and learning project, including different workshops and a publication to increase cash knowledge and awareness among German NGOs and key partners.

OCHA is providing guidance to ensure cash is built into all aspects of the humanitarian programme cycle, particularly for assessments, response analysis and planning.

Recommendations

1. **Focus on innovation, capacity and scale**: Financial innovation can revolutionize the provision of humanitarian assistance. There is scope for public and private sector partners to work together to better harness technology to deliver CBT more quickly and efficiently. Over the longer term, this may also address the financial inclusion gap, linking poor and vulnerable people into formal financial services that will benefit them. Humanitarian partners should also consider increasing technical assistance and capacity development to governments to establish or enhance cash-based safety nets which are shock responsive, increasing scale, impact and ownership.

2. **No cash target**: While some stakeholders have set internal cash targets, establishing a global cash target would be counterproductive. Cash is an instrument and not an objective. It is part of the humanitarian toolkit and should be used when and where appropriate. Humanitarian assistance must focus on people in need and humanitarian imperatives.

3. **Invest in evidence and learning**: A greater evidence base is needed on the effectiveness and efficiency of cash to better inform donor decision-making and refine cash-based programming. Stakeholders should improve financial tracking, reporting and monitoring systems to better account for the use of cash. More support should be provided to communities of practice such as CaLP to foster partnership and support learning, knowledge-sharing, networking and coordination.

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**About this paper**

All stakeholders who made commitments at the World Humanitarian Summit (WHS) in support of advancing the Agenda for Humanity were invited to self-report on their progress in 2016 through the Platform for Action, Commitments and Transformation (PACT) (agendaforhumanity.org). The information provided through the self-reporting is publicly available and forms the basis, along with other relevant analysis, of the annual synthesis report. The annual synthesis report will be prepared by OCHA and will highlight trends in progress, achievements and gaps that need more attention as stakeholders collectively work toward advancing the 24 transformations in the Agenda for Humanity. In keeping with the multi-stakeholder spirit of the WHS, OCHA invited partners to prepare short analytical papers that analyze and assess self-reporting in the PACT, or provide an update on progress on initiatives launched at the World Humanitarian Summit. The views expressed in this paper are those of the authors and do not necessarily reflect the views of the United Nations Secretariat.

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