INTRODUCTION

The great increase in the use of cash assistance has been one of the humanitarian sector’s success stories. Cash transfers have changed power dynamics by recognising the right of affected people to make decisions about their own lives. They have a documented track record as a means of assistance that respects people’s agency, and now account for nearly 20% of all humanitarian aid.

As the proportion of aid delivered through cash transfers continues to grow, awareness of the importance of specialised support for this form of assistance has increased. Just as cash offers more flexibility for affected communities, it demands more ingenuity from the humanitarian sector. With the modalities of cash programming now receiving attention at the highest levels of the sector, this is the right time to raise our ambitions for cash coordination reform.

This independent think piece explores the opportunity for radical reform in cash coordination, building on and reaffirming the existing momentum to have accountability to affected populations (AAP) at the centre of the process. The paper proposes a framework of opportunities for effective and accountable cash coordination, recognising the context of the current moment. It is based on a review of recent documentation, conversations with key stakeholders and intentional reflection. It draws on HAG’s experience in promoting AAP and supporting localised approaches to strategic change.

AN OPPORTUNITY FOR RADICAL REFORM

Today the humanitarian sector stands at a crossroads, making decisions that will have a powerful impact on the mechanisms and success of cash programming in the future. This moment – which has been strongly advocated for and is a hugely positive step – has been created through the collective work of aid agencies, donors, and affected communities who have shared their experiences of cash, its strengths and transformative potential. But it is not only about cash transfers. A bold approach to reforming cash mechanisms could encourage the wider sector to place accountability to affected people (AAP) at the heart of decision-making.

Responsibility for navigating the crossroads lies with the Cash Coordination Caucus, established by Jan Egeland (Grand Bargain Eminent Person) in November 2021. Caucuses in the Grand Bargain process are intended as a flexible tool for resolving issues that cannot be addressed through technical means. The Cash Coordination Caucus has been asked to develop ‘an agreement that provides accountable, predictable coordination of humanitarian cash, including how it relates to response analysis, within the broader humanitarian coordination architecture.’ Accountability to affected people (see Box 1) is at the centre of this initiative. But what the different pathways would mean for AAP in the long term, and which one will be taken, is yet to be decided.
Box I. Elevating accountability to affected people

AAP is an active commitment to use power responsibly by taking account of, giving account to, and being held to account by the people humanitarian organisations seek to assist.

In international humanitarian action AAP has several goals, including responsible use of power, active participation of crisis-affected people in the decisions that impact their lives, inclusion of diverse perspectives and groups, effective two-way communication and sharing of critical information, and the establishment of feedback mechanisms that work.

Source: Humanitarian Horizons Practice Paper, ‘Accountability to Affected People: Stuck in the Weeds’

AGREEING ON A DESTINATION – AND WORKING OUT HOW TO GET THERE

Cash coordination is not merely an end in itself – a way of improving on what agencies are already planning to do. It is a means to a much more ambitious end: to ensure that humanitarian responses are determined by and accountable to communities affected by crises, in all their diversity. To deliver on this goal, the sector needs a clear vision of what effective cash programming looks like from the perspective of affected communities. It needs to identify and overcome the barriers to achieving that vision, and to develop concrete steps to get everyone from where we are now to where we need to be – in the short, medium, and long term (Figure 1).

Figure 1: Agreeing and the destination and planning short- to long- term actions

While there is a range of potential models for cash coordination, they all must include the three elements shown in Figure 1. It is important to note that these elements interact; for example, taking short-term steps can leverage enablers to help resolve current difficulties, opening up previously unexplored possibilities for the medium- and long-term phases. Reflection is essential to learn from experience and adapt the strategy to new opportunities and challenges.

Cash stakeholders in the sector have worked hard to understand where efforts for improvement should be targeted. From the perspective of affected communities, coordination issues result in day-to-day difficulties in accessing and using cash in a way that best helps them and their families. This can mean delays in the establishment and implementation of cash programs that may result in assistance arriving too late. In some cases, multiple cash programs are set up in the same community, making the system difficult to navigate. With different resources associated with each project (e.g. sometimes food and sometimes winterisation packages), systems can become complicated and may reduce people’s ability to prioritise what they need most.
As the Cash Coordination Caucus moves from strategic dialogues to the more technical discussions led by the Senior Technical Working Group, the call for more radical reform has the backing of a wide base of stakeholders. This was demonstrated in June 2021, when 95 organisations, including donors, non-governmental organisations (NGOs), Red Cross and Red Crescent entities, private sector organisations, and technical and standards-setting bodies, signed a letter to the United Nations Emergency Relief Coordinator (ERC) calling for strengthened cash coordination. The letter urged the Inter-Agency Standing Committee (IASC) to decide on the scope and leadership of cash coordination. It argued that:

**In a context where conflict, climate and COVID-19 are exacerbating humanitarian needs globally we can no longer ignore the cost and implications of the lack of cash coordination and the clear opportunities for improving the efficiency and effectiveness of humanitarian responses.**

This appeal urged acceleration of earlier efforts, with the first global cash community events designed to progress cash coordination occurring in 2012 (see the timeline below, or a fuller version in CaLP’s live timeline). This conversation and process have led us to the crossroads we are at today.

**22 Nov 2021:** Statement from the Eminent Person’s Office: recognised the need to find a timely solution that can provide a system for accountable and predictable cash coordination

**25 Oct 2021:** Proposed strategy for the Cash Coordination Caucus

**22 Oct 2021:** Response to the Call to Action sent to the Emergency Relief Coordinator expressing support to resolve the issue.

**Sep 2021:** Meeting of senior leaders to discuss the development of a future-ready cash coordination architecture.

**June 2021:** A Call for Action, signed by 95 organisations, is sent to the Emergency Relief Coordinator (ERC) calling for a decision on the leadership and scope of cash coordination

**2019:** Grand Bargain Eminent Person Sigrid Kaag called for the IASC’s commitment and leadership on cash coordination

**2019:** a sub-workstream on tackling political blockages to effective humanitarian action is established with cash coordination as a priority

**2018:** Release of the UN Common Cash Statement

**2018:** Release of a joint NGO position statement on cash coordination

**2017:** The CALP Network publishes a joint White Paper exploring lessons from various cash coordination models

**2016:** Some international NGOs establish the Common Cash Delivery Network

**2007-15:** As CVA grows to become a major part of humanitarian response, options to coordinate cash are developed. Global cash community events designed to promote coordination begin in 2012.
EFFECTIVE AND ACCOUNTABLE CASH COORDINATION

This framework presents opportunities to improve cash coordination based on the experiences of affected populations. It structures these opportunities according to five priority areas, each corresponding to an existing challenge. Links with the OECD Development Assistance Committee criteria for evaluating humanitarian action (which promote better response outcomes) are highlighted in the framework, along with explanation of why this matters from the perspective of affected communities, examples of good practice, and considerations for implementation. It is not intended as a model for coordination but as a tool to support reflection on what such models should enable.

AREAS OF OPPORTUNITY

1. **Timeliness and predictability (++Effectiveness)**
   - Create a clear and transparent process to identify a context-relevant coordination lead and mandate

2. **A holistic approach to people’s needs (++Relevance)**
   - Ensure a space for assessing and addressing economic insecurity and basic needs provision as a whole

3. **Appropriate resourcing and capacities (++Efficiency)**
   - Plan for appropriate resourcing of coordination mechanisms that effectively link local and national systems and retain technical sector expertise and services

4. **Context-led coordination (++Sustainability & Efficiency)**
   - Connect to existing local capacities and support local leadership and long-term vision for social protection

5. **Accountability and transparency (++Impact)**
   - Create clear lines of accountability, including towards affected people
1. Timeliness and predictability (++)Effectiveness

Opportunity: create a clear and transparent process to identify a context-relevant coordination lead and mandate

Cash assistance can be slow to reach the people who need it.

Lack of clarity on leadership and mandate for cash coordination can result in significant delays in setting up effective coordination mechanisms.

Research into the challenges of cash coordination in Lebanon and the Ukraine concluded that the lack of a standard model for cash coordination leads to resource shortfalls, delays, gaps in the response, and duplication of activities, while negotiating the structures and leadership creates tensions between agencies (CaLP, The State of the World’s Cash 2020).

Short- and long-term considerations for implementation

- The need for fast response requires a predictable, clear and transparent process to identify a coordination lead and mandate in context.
- The model could include default options, allowing the exploration of known contextual factors that must be considered in choosing a coordination lead and mandate. For example, if local government is not in a position to lead or co-lead the coordination of cash assistance, a pre-defined default option for leadership would be preferred.
- Invest in local cash coordination mechanisms that are resourced adequately and facilitate rapid decision-making.
2. A holistic approach to people's needs

Opportunity: Ensure a space for assessing and addressing economic insecurity and basic needs provision as a whole

People continue to be presented with multiple sectorial cash programs in contexts where multipurpose cash would be appropriate to meet their various basic needs.

A sectorisation of cash (cash for...) and fragmentation of needs is often the default approach, driven by a multitude of actors operating within specific sectors and sector-specific coordination mechanisms.

Cash for food often co-exists with other cash programs such as cash for winterisation, or shelter. People are free to spend the cash received as they wish to meet their various basic needs, yet cash transfers are for specific intent. In Cameroon, people were offered 2 phones linked to cash transfers provided by 2 agencies for 2 purposes, shelter and food. Beyond the confusion and obvious inefficiencies, such settings ultimately tend to undermine people's agency.

Comprehensive need and context analysis should form the basis for defining needs and appropriate means of the response (whether in-kind assistance, multipurpose cash assistance, conditional cash or a mix of approaches).

Local actors need to be able to influence decisions about assistance and therefore need equitable involvement in, and access to, needs assessment data and analysis.

Whilst multipurpose cash is growing and shows a shift toward more comprehensive need assessments and response, there is a need for cash coordination to be fully integrated and connected into the broader humanitarian architecture, and to appropriately inform joint response planning.

The diversity of people's needs and voices should be monitored and acted on, as well as any change in context.
3. Appropriate resourcing and capacities (++)Efficiency

Opportunity: Plan for appropriate resourcing of coordination mechanisms that effectively link local and national systems and retain technical sector expertise and services

Unreliable and unpredictable access to cash undermines people’s ability to provide for their immediate needs and plan on the medium term.

Ad hoc and under resourced cash coordination has led to inefficiencies in use of resources, duplications of activities, resource shortfalls, and gaps in the response.

At the Asia CWG regional learning event 2019, participants strongly agreed on the need for a solution to the global coordination debates. Coordination is not adequately resourced anywhere in the region, with a tangible impact on the effectiveness of CWGs’ efforts to ensure preparedness, reduce duplication and link humanitarian activities appropriately to the government (CaLP, The State of the World’s Cash 2020).

Financial and human resourcing of cash coordination should be appropriate to a given mandate and allow for engagement as part of joint response plans, including multi-year strategic planning.

Technical expertise must be built, retained and effectively used to support effective and coordinated response at local and national levels.

Coordination leads should have the capacity to engage all stakeholders (e.g. government, traditional humanitarian actors, and the private sector) and advocate on the behalf of affected people.

Local actors should be able to directly access funding to participate in and influence the direction of coordination mechanisms.

Local coordination mechanisms should receive multiyear and predictable funding.
Opportunity: Connect to existing local capacities and support local leadership and long-term vision for social protection

4. Context-led coordination (++)Sustainability & Efficiency

**People’s access to cash is being hindered by changes in systems and/or the establishment of unfamiliar systems for accessing cash.**

The lack of involvement of local actors and governments can cause delays and blockages, squandering local opportunities for efficiency, and hindering longer-term development and resilience.

In Jordan, Syrian refugees were given automatic teller machine (ATM) cards before it was realised that some didn’t know how to use an ATM or had safety or accessibility concerns about using them.

- Engaging and respecting the leadership of local actors is critical to the success of humanitarian action. They often are the first responders and will remain active long after international humanitarian actors have departed.
- Coordination mechanisms must be flexible to adapt to existing national structures and contextual dynamics.
- We must learn from the numerous examples of pre-existing systems for cash transfers to both urban and remote areas being used to reach affected people in the most efficient and user-friendly way.
- Discussions and development of social protection mechanisms are highly relevant to cash assistance, and ways to work together should be supported.
- Guidelines on strengthening participation, representation and leadership of local and national actors in IASC humanitarian coordination mechanisms offer practical tips and indicators to progress inclusion of local actors in international coordination structures.
5. Accountability and transparency (++Impact)

Opportunity: Create clear lines of accountability including towards affected people

<table>
<thead>
<tr>
<th>The problem</th>
<th>People face continuous and repeated challenges in accessing cash assistance around the globe, including during protracted crises.</th>
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<tr>
<td>The cause</td>
<td>Lack of a clear line of accountability for cash coordination and political blockages in facilitating cash coordination.</td>
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<td>Example</td>
<td>Ground Truth Solutions’ Cash Barometer initiative found few recipients of cash and voucher assistance understand and/or feel consulted in the process. In Central African Republic, only 32% of recipients reported feeling that their views were taken into account, 31% knew how to make a complaint or suggestion, and 14% declared that they understand how people are chosen to receive aid.6</td>
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<td>Short- and long-term considerations for implementation</td>
<td>▶ Develop clear lines of accountability and coordination performance measures tied to a given mandate, as well as standard coordination performance expectations for the sector. ▶ The coordination lead must be free from conflict of interest and operate a clearly communicated mandate; this implies an independent monitoring and evaluation function. ▶ Coordination should support AAP, consider communication outreach capacity and accountability mechanisms towards affected communities, amplifying voices and promoting people-driven decision-making.</td>
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ENDNOTES

2 https://interagencystandingcommittee.org/grand-bargain-official-website/criteria-establishing-grand-bargain-20-caucuses
5 https://player.captivate.fm/episode/ac606662-3cb5-488b-9b8c-4f8220b8f144
6 https://groundtruthsolutions.org/our-work/cash-barometer/