

»» FAST FORWARD

A DISCUSSION PAPER ON THE FUTURE OF CASH

OCTOBER 2016

Upon request of the World Food Programme (WFP), the Cash Learning Partnership (CaLP) agreed to produce a discussion paper on cash transfer programming for the Annual Partnership Consultations (APCs). Cash is an increasingly important strategic issue for WFP and its partners. This year it will benefit from a dedicated session entitled 'The Transformative Power of Cash: Achieving a Common Vision'.

This discussion paper will be shared with APC participants prior to the meetings, and guide discussions on the day. It has been co-created by CaLP with input from its members during the month of September 2016 and revolves around the potential effects of a future model of cash at scale on the way WFP engages with its partners: Governments, companies, NGOs and other UN agencies.

This discussion paper briefly describes one of the most ambitious reform proposals to implement cash transfer programming at scale. It goes on to discuss the major implications it would have for WFP and its partners. While propositional, the aim of this discussion paper is to provide a point of departure for the discussions taking place during the APCs. Does the proposed systemic change to deliver cash at scale make sense to WFP and its partners? Who should do what to best shape how cash transfer programmes are delivered in the future?

A model for the future

The World Humanitarian Summit and the Grand Bargain crystalized a reform proposal to implement cash transfer programming at scale. Informed by the recommendations of the High Level Panel on Cash, this reform proposal is based on a model for the future focused on efficiency and disaggregation of functions for implementation. It represents a significant shift in the way donors procure, or commission, humanitarian aid.

Rather than funding a variety of small programmes implemented by different operating agencies using different systems, the alternative vision of this reform is to

deliver large scale cash programmes through competitive tendering and a consolidation of programming and delivery infrastructure. Humanitarian agencies would be encouraged to create new partnerships with the private sector and development actors in order to separate functions across the programme cycle based on competitive advantages.

Implications of the model

While the argument for increased efficiency is powerful, other perspectives must also be considered when building models for the future of cash.

WFP and its partners will need to ensure that a focus on efficiency and scale will not entail a corresponding loss in terms of quality. The Agenda for Cash – a vision for cash of more than 40 practitioners prepared for the WHS – calls for a plurality of approaches to scale-up cash, favoring quality and appropriateness to its specific context. This is particularly important when responding in conflict and fragile settings.

WFP is in an important position as a humanitarian actor that can provide cash at scale and should therefore leverage its role to ensure quality programming in large-scale responses. What is the role of standards in ensuring quality for cash programming? What current gaps point towards opportunities for the future? Where are WFP and its partners best positioned to fill those gaps?

The assumptions of efficiency and effectiveness gains underpinning the reform proposal for the future need to be tested. This model is based on the assumption that increased coordination and clear division of roles between implementing agencies for assessment and implementation will lead to increased efficiency and effectiveness. There is currently no robust body of evidence to back this notion. In fact, there are no universal models for collaboration. Coordination of cash transfer programming has so far been dictated by context.

The proposed model for the future is also based on the assumption that private companies are more efficient than humanitarians in delivering actual cash transfers. There is a clear need to understand the drivers for efficiency through evidence. Piloting and a commitment to learning should be a priority for WFP and its partners to ensure the model for the future is built on solid foundations.

The systems upon which the humanitarian sector operates are not set up to operate like this, so agencies and donors alike would need to engage in a process of real transformative change. WFP and its partners should evaluate what is the political will within them and amongst them to make this happen, and the resource implications of such a change. New models for tendering would have to be developed, incorporating appropriate standards and safeguards, to ensure appropriate procurement of large scale transfers.

The model for the future of cash described above has the potential to transform the entry point for providing humanitarian assistance through cash, so it has important implications for the ways of engagement between WFP and its partners.

Implications for other implementing agencies (INGOs and other UN agencies)

The proposed model for cash scale up presents a different way of doing business for INGOs and other UN Agencies providing humanitarian assistance through cash. A model for the future based on competition creates important incentives for corporate growth and increased capacity for implementing agencies. The allocation and prioritisation of resources will be key to determine the configuration of any future model of cash transfer programming at scale. WFP and its partners should examine the role of upstream coordination with donors and the shape it could most appropriately take.

WFP and its partners should also agree clear guiding principles for the division of labor based on a shared commitment to impact. This will allow conversations and future investments to focus on achieving programmatic results instead of concentrating efforts on the logistics of organising inputs. Clarity will be particularly important for those implementing agencies that can't access funds through this approach. WFP and its partners should ensure that when constructing a model for the future, the rules for new actors entering the system, outliers and specialists are transparent and collectively acknowledged. Funding for experimentation and innovation should be made available to ensure variations in design, which larger programs may not have the dexterity to test, are still possible.

While the proposed model for cash scale up presents a different way of doing business, it allows traditional humanitarian actors to play significant roles. While it could potentially create a race to the top, where only a small number of large agencies prevail, it is not necessarily a zero sum. This is an opportunity to potentially deliver quality cash assistance through a higher degree of specialisation. For instance, some agencies could focus on areas such as social inclusion, targeting, links with local actors (including civil society) and monitoring. These are significant roles. A clearer division of labor could enable deeper expertise and clearer responsibilities across them.

Implications for the private sector

When appropriate, agencies should move away from contractual relationships to partnering with the private sector to innovate together. Humanitarians and private sector actors should recognise each other's drivers to build a platform that is predictable, reliable and delivers quality cash programming while delivering return on investment for both. A useful division of labor between humanitarians and the private sector could be an opportunity to be more efficient and leverage the respective strengths of both. Such a model will require an increased level of transparency between WFP and its partners in the selection of private sector providers and the functions they could perform. Rapid response will require operating partnerships to be developed ahead of time, potentially on a national, regional or global basis.

NGOs believe that their competitive advantage is boosted by interventions before and after the delivery of a grant. This includes technical expertise, strategic thinking, assessment and context analysis skills, partnerships with local actors and unique links to communities – which are crucial for targeting and accountability. The private sector has a competitive advantage in the delivery of the grants themselves, especially when taking cash to scale.

There also needs to be a recognition that effective humanitarian assistance is not only based on efficiency. Humanitarian principles, access and protection issues will have to guide the division of labor to ensure implementing agencies continue to play key a role in relation to the beneficiary that the private sector is not equipped or designed to provide. NGOs can also operate in conflict and fragile contexts where the private sector struggles to engage. Humanitarians should therefore aim to establish predictable shared value relationships with the private sector that fit a wide variety contexts and find a solution for the exceptions that is lean and flexible.

Implications for host Governments and local actors

A model for the future of cash at scale based on a consolidation of actors could entail potential tradeoffs for diversity and inclusiveness of local actors. To mitigate this, complementarity and investment in capacity should be the guiding threads for establishing new relationships with Governments and local actors.

Host Governments have a central role to play in the scale up of cash transfer programming. These range from establishing linkages with existing social protection mechanisms to other forms of preparedness, and creating an enabling regulatory environment that supports rapid action to meet urgent humanitarian needs. An increasing number of States have invested in cash as a tool for achieving social impact by increasing the number of national social protection systems that adopt it as a key component. This not only facilitates the linkages between humanitarian and development approaches for coherence, but also represents an opportunity to increase efficiency by avoiding duplication and the constant reinvention of systems for delivery.

The regulatory environment comprises various related areas, such as: oversight of international and domestic financial systems, anti-money laundering legislation and data protection. As many host Governments arguably become more muscular in their engagement with the international humanitarian system, these factors are likely to assume greater operational importance. At a local level, government offices may also play a significant role in enabling or accompanying transfers.

Associated with this, as well as the significant issues and resources involved, formal and informal political structures inevitably become involved. This should be welcomed for the opportunities it brings, though on terms that are compatible with core humanitarian principles and standards. Alongside their involvement, it is likely that local media will play a stronger role in enhancing transparency and accountability, similar to their role in relation to other public services. Both traditional and social media have a significant role to play, allied to other mechanisms for public engagement and accountability.

There is a clear need to build strong local NGO leadership and true local operational and fiduciary capacity with the ultimate aim of reducing UN and INGO footprints.

Stakeholders consulted for this paper agree that local NGOs and community based organisations should be key partners of WFP in the construction of potential models for the future of cash. WFP and its partners should ensure local NGOs and community based organisations have the availability to access technical, financial and human resources directly. Commitments and principles for engagement in relation to localisation should follow the lines set by the Charter4Change, the Grand Bargain and the Agenda for Cash. Local actors play a key role in the delivery of cash transfer programming in protracted crisis, fragile states and conflicts worldwide where WFP and its partners cannot operate directly.

There is a clear need to reinforce existing national and local mechanisms. How can humanitarians and development actors build sustainable relationships that transcend the output delivery? This could be achieved by investing in preparedness to deliver cash at scale by supporting local financial ecosystems, building shared skillsets between humanitarian and development actors and the creation of shock-responsive social safety net systems.

When possible, harmonization and coordination of cash transfer programming should start with Governments.

This represents a significant challenge to humanitarians' established ways of working. Are humanitarians ready to be co-ordinated by states and to only provide supplemental programming with governments in the lead? How can this be adapted to fragile states and conflict? Global multilateral forums have proven to have limited success for humanitarians to meaningfully engage with Governments at this level. How can bodies like CaLP, as representative and independent networks, support collective efforts to address these issues at the global level?

WFP and partners can strengthen local systems by routinely assessing their quality, robustness and accessibility, ideally on a collective basis and by using existing infrastructure and systems as feasible and appropriate before building new ones (whether in preparedness or response).

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The Cash Learning Partnership (CaLP) is a global partnership of humanitarian actors engaged in policy, practice and research within cash transfer programming (CTP). Formed of a community of practice including over 150 organisations and more than 5,000 individuals in the humanitarian sector, CaLP is based on learning, knowledge sharing, networking and coordination around the appropriate and timely use of CTP in humanitarian response.