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Helpdesk Research Report

# Cash transfer platforms in humanitarian contexts

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28.09.2017

## Question

- *What is the rationale for using multi-purpose cash transfers and single platforms? What is driving donor agency positions on these issues?*
- *What is the evidence that single cash platforms are more efficient and effective than multiple platforms?*
- *What are the (unforeseen) negative consequences of moving to a single platform?*

## Contents

1. Overview
2. Cash transfer programming (CTP)
3. Coordination of CTP
4. Single cash transfer platforms
5. ECHO/DFID single agency proposal
6. References

## 1. Overview

**Use of cash transfer programming (CTP) in humanitarian contexts has increased significantly in recent years**. Experience of programmes to date has shown that many of the risks associated with them – theft, corruption, spending on vice goods and so on – do not materialise in practice. Moreover, cash transfers can be more cost efficient and effective than in-kind assistance; better meet beneficiaries' needs; boost the local economy; and promote coherence between humanitarian and development responses.

**A second 'trend' is increased use of multipurpose cash transfers**: unconditional grants which allow beneficiaries to prioritise spending. Multipurpose cash transfers are by definition cross-sectoral, and thus challenge the traditional humanitarian system based on sectoral clusters.

As CTP has grown in number and scale, as use of multipurpose cash transfers has increased, and as the range of actors involved has expanded, so **the need for effective cash coordination has become ever more important**. **Despite this, there is currently no standard model in place for coordinating CTP at country or local level**. Cash working groups have been set up in many emergency contexts, but as part of an ad hoc approach designed to meet the specific needs of a particular context. There is similar disjointedness at regional and global level, with no clearly designated, single coordination body for CTP. This has led to significant shortcomings in CTP coordination, including delays in setting up cash working groups, duplication, inter-agency tensions and gaps in strategic coordination functions. These problems are exacerbated by weaknesses in wider humanitarian coordination, notably the lack of collaboration across sectors and amongst aid agencies with different mandates and missions.

**The 2016 World Humanitarian Summit and the Grand Bargain agreed there, committed the top donors and aid agencies to making humanitarian aid more efficient, and generally endorsed a shift towards greater use of cash transfers**. However, with the exception of a few NGOs as well as the UK and Italian governments, no firm targets were set for this. A World Bank Group note prepared for the Inter-Agency Standing Committee (IASC) laid out initial ideas to increase cash coordination, including that this should be cross-sectoral rather than linked to or owned by any single sector, and should retain flexibility to allow for context-specific adaptations. But progress on taking these ideas forward has been slow.

Use of multiple cash platforms by multiple agencies leads to increased costs and inefficiency, and heightened potential for duplication and fraud. These issues could be addressed through **use of single cash platforms** (the same delivery mechanism for cash transfers from different agencies and for different objectives). Single cash platforms would also be far more convenient for beneficiaries.

**The only example this review found of a wide-scale shift from use of multiple to a single cash platform was Lebanon.** At one point 30 different agencies were providing cash transfers to Syrian refugees in the country for 14 different objectives (Barder, 2017). In December 2015 WFP launched the OneCard scheme to provide a single delivery mechanism and thereby reduce the costs of transfers to refugees in Lebanon. OneCard allows beneficiaries to receive food vouchers and cash assistance through the same card. An NGO consortium began using the OneCard in early 2015, and in July UNHCR came on board. As of January 2016 a wide range of humanitarian actors were using OneCard, and its use had also expanded to Jordan. Benefits of the OneCard include improved cost efficiency and coordination for humanitarian actors, and convenience for beneficiaries. Limitations of the OneCard included some technical issues, and the fact that agencies such as UNHCR had to go through the platform manager (WFP) to access the service provider - creating inefficiencies in communication and implementation. There were also fears among beneficiaries of losing all their benefits in case of loss/damage to the card.

**Experience of CTP from other contexts suggests that a single delivery mechanism is not always essential or appropriate.** A review of inter-agency collaboration on CTP, looking at case studies in Afghanistan, the Philippines, Ukraine and Iraq, found that agencies were able to negotiate good deals with financial service providers simply through coordination, and did not need to have a single delivery mechanism. Moreover, a large-scale cash transfer programme in Zimbabwe *had* to use multiple financial service providers because no one financial service provider (FSP) could provide the required coverage. This points to the need to be context-specific in identifying optimal delivery mechanisms.

**In December 2016 ECHO and DFID announced a tender for a USD 85 million cash transfer programme in Lebanon. The tender calls for a *single* agency to be responsible for cash transfers through a *single* platform,** and for a separate single agency to handle all other functions (including targeting, monitoring and evaluation). It thus goes further than the ‘multiple agencies-single platform’ approach currently being used by WFP, UNHCR and others in Lebanon. The ECHO/DFID plan is designed to promote harmonisation and efficiency, but has raised questions and concerns among both NGOs and UN agencies. There are fears that the approach could create monopolies with the lead agency exerting undue influence, and that a 'one size fits all' approach to transfers could leave out vulnerable groups, as well as stifle innovation in finding ways to get cash to people in humanitarian contexts. Resistance to the plan is particularly strong among UN agencies, which fear losing influence.

**The evidence on use of multipurpose cash transfers is limited; that on use of single platforms for cash transfer delivery even more so.** One of the concerns raised about the ECHO/DFID plan is that, before pursuing it, far more evaluation of multipurpose cash transfers and single platforms should be carried out to fully understand the effects and benefits. This review certainly highlights the lack of research on these aspects of CTP. It also points to the importance of being context-specific in identifying suitable approaches and delivery mechanisms for cash transfers.

# 2. Cash transfer programming (CTP)

## Rationale for cash-based response

The humanitarian sector is increasingly turning to cash-based forms of assistance – rather than commodity-based assistance – for populations affected by humanitarian crises. Cash-based response is defined as the use of cash or vouchers as a means of enabling households to meet their basic needs for food, non-food items and/or services or to buy assets essential to resume economic activity (OECD, 2017: 1).

The benefits of cash-based response include (OECD, 2017: 2-3):

- When used in the right context, cash-based response can be more efficient and effective than in-kind assistance. Evidence also shows cash-based transfers are usually cheaper and support local market recovery.
- Cash-based response gives the aid beneficiary more control of their life. It can promote dignity, choice and the ability for recipients to prioritise their own needs. In contrast, when people receive in-kind commodities that may not meet their priorities, they often sell them, which in turn can distort local markets.
- Digital payments and technologies, such as mobile transfers and card-based systems can also bring distinct benefits to humanitarian response and usually provide a safer and more efficient way to deliver cash.
- Cash-based response has huge transformative potential in the opportunities it creates for improving humanitarian assistance. Humanitarian cash provides opportunities to link with developmental cash (i.e. safety nets and social protection systems) – building coherence between humanitarian and development responses. This can promote locally owned systems and help deliver a more sustainable impact.

Nonetheless, 'risk aversion still prevails with cash' (OECD, 2017: 9). Risks in relation to cash transfer programmes include diversion or theft of funds, corruption in the selection of beneficiaries and in transfer of cash, collusion in corruption by aid agency staff and/or money transfer staff, fraud, and security risks to staff and beneficiaries (Idris, 2017). There is also the risk that beneficiaries will misuse the cash, wasting it on 'vice goods' such as alcohol and drugs, and that cash transfers could have inflationary effects on local markets, pushing up prices of key goods.

A review of evidence of the above risks materialising in practice, found such evidence to be very limited (Idris, 2017):

- *Diversion, theft and corruption* – the literature suggests that in most contexts cash can be delivered safely, efficiently and accountably to people. Moreover, in some ways (e.g. being less bulky and visible) cash transfers are less prone to diversion and corruption.
- *Misuse of funds* – there is strong consensus in the literature that beneficiaries do not spend cash transfers on vice goods such as alcohol and drugs.
- *Targeting* – overall (despite the greater attractiveness of cash), targeting of cash interventions is no more challenging or problematic than in-kind assistance.
- *Inflationary effects* – in general cash transfers were not found to lead to inflationary effects, though there were exceptions where markets were not well-connected or people wanted similar goods. There is also some evidence that cash transfers have positive multiplier effects on local economies.
- *Women* – there appears to be no evidence that cash transfers are more controlled by men and hence disadvantage women.

Overall, the evidence indicates that the risks associated with cash transfers are no greater than those associated with in-kind assistance. 'Both can be stolen, diverted, or put staff and recipients at risk' (OECD, 2017: 9). And as seen, in some contexts, cash is less risky than in-kind aid and can provide advantages, e.g. it is usually more discrete to deliver (e.g. through mobile phones), and can be transferred digitally, which increases transparency and minimises fraud. Moreover, many risks associated with cash can be mitigated by putting appropriate measures in place (Idris, 2017; for examples of risk mitigation measures see OECD, 2017: 10).

## Rationale for multipurpose cash

Although the nature of cash means it's generally not possible in practical terms to restrict how it is spent, a cash transfer may be described as restricted where it is intended that the cash be spent on particular goods/services, which is reflected in an intervention's objectives, design and targeting.[1] Multipurpose cash grants (MPGs) are cash transfers (either regular or one-off) corresponding to the amount of money a household needs to cover, fully or partially, a set of basic and/or recovery needs (CaLP definition[2]). MPGs are by definition unrestricted cash transfers. According to CaLP, MPGs place beneficiary choice and prioritisation of his/her needs at the forefront of humanitarian response. In appropriate contexts, the benefits of multipurpose cash transfers include that they (UNHCR, 2015: 3-4):

- Lower transaction costs, thereby ensuring better value for money;
- Allow beneficiaries a wider and more dignified choice of assistance, based on their preferences;
- Empower vulnerable groups;
- Support local markets and hence can enhance communities' economic recovery, preparedness and resilience;
- In certain cases complement existing social protection systems;
- Can contribute to more successful sector-specific interventions by enabling crisis-affected persons to utilise in-kind goods and access services as they were intended in addition to receiving cash assistance for basic needs.

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[1] http://www.cashlearning.org/downloads/calp-updated-glossary.pdf
[2] http://www.cashlearning.org/ctp-and-multi-sector-programming/multipurpose-cash-grants

The literature stresses the empowering function of multipurpose cash: 'MPGs recognise that people affected by crisis are not passive recipients of aid who categorise their needs by sector. Any provision of direct assistance (whether cash, voucher or in-kind) is a form of income for aid recipients, who must make difficult decisions to prioritise various and changing needs over time' (UNHCR, 2015: 4). It also points to the risks involved in not using such an approach: 'Assistance that is less fungible risks being sold or converted to meet other, more pressing needs. When people are not able to meet priority needs, they engage in negative coping mechanisms to increase their income or reduce their expenditures, such as taking on dangerous or illegal work or taking children out of school' (UNHCR, 2015: 4). The same report concludes: 'Currently MPGs are the only aid modality designed to offer people affected by crisis a maximum degree of flexibility, dignity and efficiency commensurate with their diverse needs' (UNHCR, 2015: 4).

# 3. Coordination of CTP

Initially cash transfer programming was carried out in pilot interventions, and the focus was on establishing whether these could be appropriate (Bailey, 2013). The issue of coordination did not arise because the pilots were few in number and small in size. However, as the use and scale of CTP has increased, greater attention has been paid to coordination. Current trends in humanitarian response all point to a need for improved CTP coordination (CaLP, 2013: 5). Such trends include:

- Increases in the amount of CTP and scale at which it is undertaken;
- The use of CTP in different sectors and as a cross-sectoral tool ;
- Expanding range of actors involved in CTP, including private sector actors;
- Stronger role of national governments in disaster responses and increased use of cash transfers by governments in domestic responses;
- Greater attention to addressing risk, such as through resilience, disaster prevention and social protection.

## Shortcomings in CTP coordination

Steets and Ruppert (2017: 7-8) note that currently, there is no standard model in place for coordinating cash transfer programmes at either the country or local level. As long as cash transfer programmes were relatively few and concentrated in a particular sector of the response, they were typically coordinated by those sectors or clusters, e.g. food security cluster, shelter cluster. But as the scale of CTP has increased, and the number of agencies involved, cash working groups have been set up in many emergency contexts. With most humanitarian organisations new to cash transfer programmes and still lacking the relevant technical experience and expertise, these cash working groups often focus on facilitating mutual learning and building the technical capacity of members.

Generally, a broad range of actors are involved in leading or co-leading cash working groups at the country level, either permanently or in rotation (Steets & Ruppert, 2017: 7). This includes UN agencies such as the World Food Programme (WFP), the UN Office for the Coordination of Humanitarian Affairs (OCHA), the UN Refugee Agency (UNHCR), and the UN Children's Fund (UNICEF), as well as NGOs like Oxfam, Action Contre la Faim (Action Against Hunger), Save the Children International, Catholic Relief Services, and the Norwegian Refugee Council. In a few countries, governments – at times supported by development organisations – have also been involved in chairing or co-chairing national cash working groups.

The disjointedness of CTP at the country level reflects a similar situation at the global and regional level. There is no clearly designated, single coordination body for cash transfer programmes; instead, various fora and initiatives exist that are either dedicated to cash coordination or exercise certain functions related to cash coordination. Examples include the Inter-Agency Standing Committee (IASC) Strategic Working Group, Cash Working Groups of different global clusters, and the Cash Learning Partnership (CaLP).[3]

This ad hoc approach enables cash working groups to be created only where aid agencies see a need for them, and to be set up in a way that fits a particular context. Steets and Ruppert (2017: 12-15) identify major shortcomings in the current approach to cash coordination:

- **Delays and gaps:** As cash transfer programming is not part of the standard humanitarian coordination architecture, cash working groups can be set up too late or not at all. In Myanmar, for example, aid organisations started providing cash transfers in 2008, as part of the response to Cyclone Nargis, but a cash working group was only created in 2013. Bailey (2013: 8) adds that the lack of strategic decisions on where CTP fits within existing coordination mechanisms 'makes it virtually impossible to prepare for the future coordination of programmes using cash transfers ahead of crises'.
- **Duplications:** Sometimes several cash coordination fora are created in parallel. Following the 2010 floods in Pakistan, for example, a technical cash working group was set up. Meanwhile, an ECHO-funded food security consortium of six NGOs coordinated their cash transfer programmes separately. Duplications and fragmentations like this are not only costly and inefficient, they also create confusion about roles and responsibilities and make it difficult to harmonise approaches.
- **Resource gaps:** The absence of a predictable setup means that no organisation is responsible for mobilising the resources needed for effective cash coordination. As a result, many cash working groups at the country level struggle to find sufficient resources or to remain active once dedicated donor funding for coordination runs out.
- **Inter-agency tensions:** The process of setting up cash coordination groups at country level and deciding who should lead them can create tensions between aid agencies, straining harmonisation and collaboration. In Iraq, the lack of global guidance led to extensive discussions and disagreements around how cash should be coordinated and who should lead the working group, instead of focusing on the practicalities of effectively delivering cash.
- **Limited leverage and gaps in strategic coordination functions:** While many of the current cash working groups provide good technical coordination and enable learning, they are seen as lacking in important strategic coordination functions, such as analysing where cash transfer programmes are appropriate or engaging and advocating with the government.
- **Dominance of a single sector, lead agency, or type of cash intervention:** In many contexts, organisations working on food security have the strongest experience in delivering cash programmes. Thus, they are often found to dominate cash coordination at the national level, reducing ownership and buy-in from other sectors, and potentially causing the coordination forum to neglect other aspects of cash programming.

[3] 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.

- **Missing links to social protection systems and local civil society:** current cash coordination arrangements have been criticised for not creating adequate links to longer-term social protection programmes and the governments and/or development actors responsible for them.

## Shortcomings in humanitarian coordination

Coordination challenges in relation to CTP also have wider causes. Bailey (2013: 5) notes that: 'Generic weaknesses of humanitarian coordination also pose obstacles to undertaking CTP to the extent to which it is appropriate'. She argues that the most striking obstacle to CTP is the lack of collaboration across sectors and amongst aid agencies with different mandates and missions. The greatest advantage of cash programming is that it can be used to meet a variety of needs that span different sectors. Second, Bailey identifies sector-based coordination through the cluster system as hindering efforts to coordinate cash transfer responses across different sectors. While the cluster approach has improved coordination within sectors, evaluations have found significant weaknesses in inter-cluster coordination (Bailey, 2013). 'Clusters have also fallen short in providing platforms for timely and informed discussions on the appropriateness of taking forward cash transfer responses' (Bailey, 2013: 6). A third issue is leadership and strategic coordination: these are necessary to overcome these silos and bring different humanitarian actors together around common types of transfers, but both are weak points in humanitarian response.

## Policies and commitments

As evidence of the effectiveness of cash transfers has come in, aid organisations and donors at the global level have increased their commitment to CTP. In the past few years, there has been a concerted, system-wide push to increase CTP – particularly multipurpose cash transfers which can be used to cover a variety of needs. The World Humanitarian Summit held in Istanbul in May 2016 and the Grand Bargain agreed there, generated an increased commitment to offer multipurpose cash rather than vouchers or cash transfers intended for a single objective.

The Grand Bargain, signed by the top 30 donors and aid agencies, committed them to making aid more efficient, including harmonising time-consuming donor proposals and reporting, reducing overhead costs, introducing collective needs assessments, and earmarking less funding to specific projects. The signatories generally endorsed a shift towards greater use of cash transfers as aid: *Commitment 3.1* - 'Increase the routine use of cash alongside other tools, including in-kind assistance, service delivery (such as health and nutrition) and vouchers', and *Commitment 3.6* - 'Aim to increase the use of cash programming beyond the current levels, where appropriate' (OECD, 2017: 3). However, specific targets were limited to individual pledges rather than collective agreement, and more so among NGOs than governments (with the exception of the UK and Italy). World Vision and the International Rescue Committee, for example, pledged that one half and one quarter of their programming respectively would be in the form of cash by 2020 – up from the sector average of 6%.[4] As well as the lack of firm targets to expand the use of cash transfers, the Grand Bargain has come under criticism for its seemingly contradictory language. On one hand, it says 'using cash helps deliver greater choice and empowerment to affected people and strengthens local markets, but remains under-utilised'. On the other, the paper calls for further research 'to better understand its risks and benefits'.[5]

Nonetheless, the overall trend towards increased CTP has increased the need for effective cash coordination. In 2016 the World Bank Group prepared a *Strategic Note: Cash Transfers in Humanitarian*

[4] http://www.irinnews.org/analysis/2016/05/26/world-humanitarian-summit-winners-and-losers
[5] http://www.irinnews.org/analysis/2016/05/24/grand-bargain-big-deal

*Contexts* for the Principals of the Inter-Agency Standing Committee. The Note laid out the following 'initial ideas' in relation to cash coordination (cited in Steets & Ruppert, 2017: 18):

- Cash coordination should not be linked to or owned by any single sector, but needs to cut across, involve and provide support to various sectors.
- Cash coordination should tackle not only technical, but also strategic questions, such as decisions between different response modalities and setting priorities. Coordination should therefore be provided by "response analysis groups" that consider and provide advice on all response modalities, including cash and in-kind.
- The cash coordination body should not prioritise resources or take decisions on resource allocation.
- Cash coordination should place greater emphasis on government leadership.
- Cash coordination should be linked to the cluster system. The note considers various options for doing so and recommends, for the short-term, to link it to the inter-cluster coordination group.
- Cash coordination structures should not be too prescriptive and retain a certain level of flexibility to allow for context-specific adaptations.

Progress on taking these ideas forward has been slow: 'As of early winter 2016, the IASC Strategic Note and the consultation and discussion process around it had shown little effect in practice. The vast majority of consulted stakeholders did not refer to the note as authoritative guidance. The debate, especially at the global level, remained heated and politicised: stakeholders continued to consider all possible forms of cash coordination as eligible in principle, and no noticeable changes in cash coordination structures were reported' (Steets & Ruppert, 2017: 18).

# 4. Single cash transfer platforms

## Rationale for single cash transfer platforms

The increased use of cash-based responses has seen a proliferation of platforms for distributing cash by different agencies – UN and NGOs. In Lebanon the High Level Panel on Humanitarian Cash Transfers found that 30 different agencies were providing cash transfers to refugees in the country for 14 different objectives ranging from food to legal assistance (Barder, 2017). Having multiple cash transfer platforms clearly leads to increased costs (each platform has its own set-up and running costs) and inefficiency, and carries potential for duplication and fraud.

'By their nature, multipurpose cash programmes do not belong to any single response sector and therefore call for coordination between or beyond those sectors' (Steets & Ruppert, 2017: 8). This applies to delivery mechanisms as well. Use of a single platform for cash transfers from different agencies and for different objectives would improve cost efficiency, promote coordination of assistance, and prevent fraud or abuse. It would also be far more convenient for beneficiaries – instead of multiple cards, they would only need one (Steets & Ruppert).

It is important to note that the concept of efficiency with regard to cash delivery, also applies to other aspects of CTP such as assessments and monitoring. Multiple agencies could be conducting several assessments, each looking at similar issues. Or multiple agencies could be monitoring the same population, but asking different questions. There are obvious efficiency gains to be made through harmonisation of these other aspects of CTP. Bailey & Harvey (2017: 6) stress that, 'focusing on the delivery component of cash transfer programming should not obscure other equally important parts of the assistance process, including assessment, response analysis, identification, registration, targeting, monitoring, beneficiary feedback and evaluation'. These are beyond the scope of this report, which focuses on cash delivery mechanisms, but a holistic approach to promoting efficiency would entail looking at these too.

## Case study: Lebanon

In Lebanon a common card, the OneCard, has been used to provide coordinated humanitarian assistance to Syrian refugees in Lebanon since 2014. It features a re-usable and re-loadable plastic prepaid card with a magnetic strip. The platform was launched by and is managed by WFP, and enables financial transactions in partnership with the private sector/banks. It allows beneficiaries to receive both cash assistance and electronic vouchers from different agencies. They can thus cover food, non-food and cash needs through one single electronic prepaid card.

### *Background*

In December 2014 WFP launched the OneCard scheme to provide cash and food vouchers respectively to Syrian refugees in Lebanon; UNHCR joined later with a three-month pilot of the OneCard initiative. WFP had been providing food assistance to vulnerable Syrian refugees since late 2013 through electronic vouchers (e-cards). Each month, e-card beneficiaries received transfers which could be exchanged for food of their choice in over 410 WFP-contracted shops across the country. As of September 2015 some 200,000 e-cards had been issued. UNHCR had been providing multipurpose cash assistance to Syrian refugee families since August 2014. The Multipurpose Cash Assistance Programme (MPAP) initially targeted 7,000 families, with a further 850 families added each month. Since November 2013 UNHCR had been providing cash assistance to about 66,000 Syrian families under the Winter Cash Assistance Programme. UNHCR issued CSC-cards (through CSC Bank) to beneficiaries for both the MPAP and the Winter Cash Assistance Programme.

In December 2013 discussions started to harmonise humanitarian programming by UN agencies (notably UNHCR), WFP and NGOs in Lebanon. These led eventually in December 2014 to roll out of the OneCard, a single electronic card with a point of sale (POS) and an ATM wallet activated, thereby allowing beneficiaries to receive food assistance through POS terminals at partner retailers, as well as cash assistance through ATM machines. The rationale behind the OneCard was to provide a single delivery mechanism and thereby reduce the costs of a variety of transfers from several humanitarian actors to Syrian refugees in Lebanon. The Lebanon Cash Consortium (LCC), comprising NGOs including Save the Children, joined the OneCard in December 2014 and began distributing cash through it. UNHCR came on board in June 2015, with implementation of its cash assistance through the OneCard starting on a pilot basis in July 2015.

### *How OneCard works*

In terms of platform arrangement, WFP entered into an agreement with Banque Libano-Francaise (BLF) whereby the bank would provide a prepaid card system as a means to deliver humanitarian assistance in Lebanon. While BLF provides and operates the card system, WFP is the platform manager and also a direct platform user. As manager, WFP is the focal point for reporting loss, theft or damage of the card. It also takes appropriate action to prevent card-related fraud, and provides supports services to partner agencies using the platform. Save the Children, lead agency in the Lebanese Cash Consortium, is an indirect platform user gaining access through a sub-account, and giving other NGOs in the LCC access to the platform. UNHCR is a direct platform user and gains access through its own dedicated account. This arrangement was put in place because UNHCR could not authorise another agency (platform manager) to manage its funds.

In the platform, each card was issued with four wallets (or sub-accounts), assigned to different humanitarian actors for various types of assistance. In Lebanon there were two for point of sale transactions (voucher wallets) and two for ATM cash withdrawals (cash wallets). However, technically it is possible to have an unlimited number of wallets. During the UNHCR pilot phase two wallets were activated: one voucher wallet for use by WFP, and one cash wallet for use by UNHCR.

### *Partnerships as of January 2016*

Use of the OneCard has expanded, both with more agencies/partners coming on board and expansion to Jordan. As of January 2016 OneCard was being used as follows:

- Government of Lebanon – to provide assistance to 5,075 vulnerable Lebanese households registered under the country's social safety net programme;
- UNHCR – to provide unrestricted cash assistance to 266 Syrian refugee families, who were also targeted by WFP food assistance;
- World Vision International – since July 2015 to provide cash assistance to an estimated 170 Lebanese households and 630 Syrian households, some of which are WFP e-card beneficiaries;
- Mercy Corps – to target 1,100 Syrian and Jordanian families in Jordan under a multipurpose cash project;
- IOM – to deliver non-food item vouchers to 574 single parent-headed households in Jordan. These households also receive WFP food assistance;
- UNICEF Jordan – to provide one-off cash grants to over 51,000 children under the age of 18 in Jordan's two main refugee camps, Za'atari and Azraq, as part of UNICEF's Winterization Programme;
- UNICEF Lebanon – in December 2015 UNICEF joined the OneCard in Lebanon to deliver one-off cash assistance for winter clothing to 75,000 Lebanese children under the age of 15 and around 91,000 Syrian children;
- Lebanese Cash Consortium (LCC) – to provide unrestricted cash assistance to approximately 17,000 households, some of which overlap with WFP e-card beneficiaries.

### *Benefits of using OneCard*

A WFP factsheet lists the benefits of using the OneCard as follows (WFP, 2016: 2):

For participating agencies/partners:

- Improved cost efficiency by reducing overhead costs (shared set-up, running costs, contract with a single bank);
- Focus on core activities without worrying about logistics and administration;
- Flexibility and control (WFP funds are restricted to food purchases from contracted retailers, thus maintaining control over beneficiary spending choices while also allowing beneficiaries to access cash through ATMs);
- Coordination of assistance to reduce the potential for duplication;
- Improved monitoring mechanisms and overall verification, ensuring greater accountability to stakeholders and preventing fraud or abuse;
- Streamlined and consolidated information to facilitate analysis and reporting.

For beneficiaries:

- More efficient access to assistance provided by different organisations;

- Only one PIN code to remember;
- Only one helpline to contact if card is lost/rejected or needs to be blocked or replaced;
- Reduced costs, as beneficiaries don't need to travel to distribution sites;
- Enhanced dignity and self-reliance;
- Convenience of using a single card instead of carrying multiple cards for different types of assistance.

An evaluation of the UNHCR OneCard pilot, covering three months from July-September 2015, found it had a number of advantages (UNHCR & WFP, 2015: 25):

- A common card would be the most cost-efficient solution for multipurpose cash transfers in Lebanon, as envisaged by the OneCard pilot. The use of a common card allows for savings of 20% of the card costs. These savings are associated with better prices due to pre-negotiated agreements, aggregate card numbers and shared costs.
- Cost savings are maximised if the common card has multiple ATM wallets activated or if more than one agency contributes to the same ATM wallet. This option, however, implies commingling of funds, which some of the key stakeholders consider not to offer adequate traceability.
- From a programmatic point of view, a common card can promote further efficiencies associated with a potentially enhanced harmonisation in terms of beneficiary communication and training, common implementing partners, data management, coordination with other agencies and better negotiation with service providers.
- On the beneficiaries' side, a common card, tends to be preferred over two separate cards because it is considered is more user-friendly and more efficient.

### *Limitations*

The evaluation of the OneCard pilot phase found that most beneficiaries preferred having one card to two, but some feared that in case of loss or problems with the common card, they would lose both benefits (cash assistance and food vouchers). The evaluation also identified a number of technical issues with implementation of the OneCard scheme (UNHC & WFP, 2015: 25):

- Technological inefficiencies in the way the OneCard deals with the ATM function as compared to the old CSC card;
- Lack of PIN classification and organisation;
- Report sharing by the bank did not meet UNHCR's requirements in terms of timeliness, type and quality;
- Automated mechanisms to ensure data protection and reduce risk of human errors and fraud were not up to CSC standards.

Nonetheless, the evaluation said 'these inefficiencies could have been minimised by the clear and detailed definition of technical standards, roles and responsibilities, and workflows to be included in the SOPs for the ATM component' (UNHCR & WFP, 2015: 26).

Finally, the evaluation highlighted issues stemming from the platform architecture, organised around a platform manager (WFP). It noted that this suited the needs of indirect platform users (i.e. LCC NGOs) which were looking for a simple and user-friendly system. By contrast direct users such as UNHCR 'would expect to have full and direct access to the service provider, but the platform agreement required all communication and decisions went through the platform manager. The additional layer of the platform manager created inefficiencies in communication and implementation, as well as lack of clarity about roles and responsibilities' (UNHCR & WFP, 2015: 26).

In December 2016 WFP launched the Lebanon One Unified Inter-Agency System for E-Cards (LOUISE) platform to manage cash transfers from different agencies.

## Zimbabwe: multiple financial service providers

CARE International in partnership with World Vision International in Zimbabwe recently completed implementing a DFID-funded cash transfer programme in drought-affected southern provinces of the country, which ran from August 2015 to May 2017 (Care, 2017). This large-scale, humanitarian programme reached over 400,000 people**.** Its objective was to meet the immediate food needs of households through the provision of unconditional**,** multi-purpose cash via mobile money. The programme represented the first time that cash transfers had been used as a large-scale alternative to aid in Zimbabwe, and the first large-scale provision of cash transfers through mobile money.

Mobile Network Operators (MNOs), Econet and NetOne, were engaged to facilitate cash transfer payments through their mobile money platforms, Ecocash and One Wallet. The initial plan was to deliver the cash using a single MNO. However, after conduct of a rapid assessment to verify the coverage, it was discovered that NetOne had stronger coverage in two districts. It was then decided to additionally engage NetOne in order to fill this coverage gap.

According to O'Malley (2017), the experience of Care and World Vision in Zimbabwe shows that: 'At times, cash transfer programmes may need multiple different cash delivery systems, whether that is multiple different systems from a single agency, or multiple different agencies delivering cash using different systems based on what is most appropriate for their targeted populations'. In Zimbabwe, two different mobile network operators were used, recognising that no one MNO could successfully deliver cash to all of the targeted communities. Having this flexibility to contract *multiple* financial service providers ensured that communities' accessibility was best supported in terms of geographical reach, network coverage, and familiarity.

## Review of inter-agency collaboration for CTP delivery

A 2016 review of inter-agency collaboration for CTP delivery looked at four case studies in detail: the INGO consortium in Ukraine, the Iraq Cash Consortium, the Emergency Response Mechanism (ERM) in Afghanistan, and the Cash Working Group (CWG) in the Philippines (Smart & Nataf, 2016). The case studies were illustrative of three forms of collaboration model: formal consortia (Iraq and Ukraine), an informal alliance (Afghanistan), and a less formal but highly cooperative CWG (Philippines). The review focused on identifying drivers of efficiency and effectiveness.

A key finding was that, 'The selection of a common delivery mechanism is not necessarily required to achieve efficiency gains' (Smart & Nataf, 2016: 24). None of the cases reviewed relied on a common agreement with a FSP. Consortium members reported that information sharing was sufficient to obtain the same service rates and fees for all members. 'For instance, in the cases of Afghanistan, Iraq and the Philippines fees provided by service providers did not vary significantly based on the planned number of transfers to be completed and therefore agencies had no reason to negotiate a joint contract with a financial service provider' (Smart & Nataf, 2016: 24). While the authors conclude from this that selection of a common delivery mechanism in not necessarily required to reach gains in efficiency when contracting an FSP and information sharing can suffice for coordinated negotiations, this does not take into account the other potential benefits of single cash platforms, notably convenience for beneficiaries.

### Importance of context-specific delivery mechanisms

Experience to date of cash transfer programming - and even the limited evidence of single cash platforms and other delivery mechanisms - points to the need to look at and assess the context before deciding on the most appropriate way to deliver cash. 'The assessment should ideally include weighing the costs and benefits of different delivery options using clear criteria. It is important to examine benefits and drawbacks from the perspective of both the delivering agent and the recipient' (Harvey et al, 2010: ix). The literature stresses the importance of assessing each context individually: 'Choosing which cash delivery option to use must always be a context-specific judgment. It is neither possible nor desirable to make inflexible recommendations about which delivery option is likely to be the most appropriate. Rather, in each context, it is important to assess the strengths, weaknesses and costs of as wide a range of options as possible' (Harvey et al, 2010: ix).

In the case of Syrian refugees in Lebanon, because the population is concentrated in a small area, the issue of duplication and efficiency is especially pertinent in relation to CTP. However, questions about why multiple agencies are needed are more valid in that context than they would be in a much larger country with dispersed population, such as the Democratic Republic of Congo. In the latter, full coverage might be beyond the capacity of a single agency, thereby necessitating multiple agencies dividing the area between them.

## 5. ECHO/DFID single agency proposal

At the end of 2016 the European Commission Directorate General for European Civil Protection and Humanitarian Aid Operations (ECHO) and the UK Dept. for International Development (DFID) announced plans to release a tender for one single delivery agency for a USD 85 million cash programme in Lebanon. ECHO followed this by issuing guidance for partners on delivering middle to large-scale multipurpose cash transfers, where cash makes up a significant part of the overall response (ECHO, 2017). Key points in the guidelines are:

- Separate contracts will be issued for Component A - cash delivery (including financial service providers' fees, card issuance and other financial transaction costs) and Component B - all other implementation functions (including targeting, beneficiary registration, monitoring and evaluation);
- An indicative efficiency ratio of at least 90:10 is to be achieved for the cash delivery component, i.e. at least 90% of the value of this component will directly reach beneficiaries in the form of cash;
- Cash transfers must be designed as a multipurpose response, meeting (or contributing to meeting) **all** of the needs that can be covered through a cash transfer;
- Cash should be delivered in a way that is convenient, familiar, flexible and simple, that enhances protection and upholds the safety, dignity and preferences of beneficiaries.
- ECHO will favour working with a single contracting partner for Component A (cash delivery) and a single contracting partner for Component B, preferably with a different party in order to minimise potential conflicts of interest;
- ECHO is committed to working closely with its traditional partners, while avoiding over dependence on any one partner; however, ECHO is also open to exploring other partnerships, such as with the private sector and or multi-lateral development banks;

- ECHO does not intend to fund different systems for the delivery of cash in response to the same crisis, unless duly justified by operational concerns (security, access, etc.). The key elements of a single delivery system should include:
  - Single registry of eligible beneficiaries, regularly verified and updated.
  - Single card or other similar delivery mechanism, delivering a standardised transfer value, through a single financial service provider and allowing top-ups by other agencies.
  - Single card with distinctive features that looks the same throughout the territory.
  - The transfer amount should be sufficient for the recipient to meet minimum basic needs.

The ECHO/DFID proposal effectively goes one step further from having a single cash platform with multiple agencies as used by WFP-UNHCR-LCC and others in Lebanon, to having a single cash platform with a single agency. Not surprisingly, the proposal has triggered considerable debate.

### *Stakeholder concerns around cash coordination*

A policy paper on cash coordination in emergency situations drew on stakeholder consultations to identify the following concerns associated with cash coordination (Steets & Ruppert, 2017: 15-16):

- Growing budgets for multipurpose cash will reduce the envelopes available for individual sectors.
- The agency leading cash coordination will also single-handedly determine or significantly influence the allocation of resources for cash transfer programmes.
- The agency leading cash coordination will control a common delivery mechanism for cash transfers. While other humanitarian organisations could choose other delivery options, they perceive a risk that this would limit their flexibility and give the lead agency sizeable influence over operational decisions and costs.
- The recent push for large-scale multipurpose cash delivery systems with fewer or only one implementing organisation implies that a significant portion of the total budget will go to actors that are big and competitive enough to manage such contracts. This could lead to a consolidation of actors in the medium to long term. Stakeholders fear that the agency leading cash coordination would become the implementer of choice for large-scale cash transfer programmes.
- Development actors engaged in social protection programmes might take over certain aspects of humanitarian cash transfer programmes.

Steets and Ruppert (2017: 16) write that such concerns contribute to politicisation of the debate and influence the positioning of important agencies on cash coordination. Moreover the recent ECHO/DFID call for single agency provider bids in Lebanon has fuelled these tensions. According to Steets and Ruppert (2017: 16), 'This partly explains the absence of joint efforts since early 2016 to implement the recommendations made in the IASC Strategic Note'.

### *NGO and UN concerns*

A leading NGO, in a position paper on the ECHO/DFID tender and on the subsequent ECHO guidance, acknowledges that, 'at its core, the guidance note speaks in favour of a cost efficient, effective, comprehensive and all-encompassing approach to cash, which seeks to address the fragmentation issue currently observed in many cash-based responses'. However, the position paper raises a number of unresolved issues and pending questions, key among which are:

- **A 'one size fits all' approach to delivering cash – does it work for all beneficiaries?** Having a one size fits all approach carries the risk that particularly vulnerable groups become simply "invisible" in CTP, unable to access assistance because of the specificities of the single platform that might not respond to the group's unique limitations. There should be alternative, back-up delivery systems for identified at-risk groups deemed unlikely to be reached by the main delivery system.
- **A single cash value to meet all basic needs – is this always appropriate?** While it is very important to coordinate as much as possible on transfer values, having one transfer value to cover all basic needs for all targeted beneficiaries in a given country could serve to undermine the effectiveness of cash. Having the transfer value for MPC set by a single agency for the entire country risks isolating the needs of the particularly vulnerable and marginalised. Setting the standard minimum transfer value works best when it is a collaborative approach between aid agencies, donors and government.
- **New direction for MPC - does the evidence support this?** To date there has been no evaluation of this approach to assess whether/ how it is working, what the trade-offs are of adopting such an approach, and how the risks can be mitigated. This learning period is an essential step to take before the approach is rolled out globally. Moreover, the lessons should be actively shared across the broader humanitarian community to facilitate better outcomes for all beneficiaries of emergency cash transfer programmes.
- **Cash coordination structure – does this approach create a parallel to existing systems? What checks and balances will be in place**? More countries every year are establishing national cash coordination mechanisms, which can act as the platform to agree on issues such as targeting, coverage, transfer value, modalities and quality standards, thereby promoting the efficiency and effectiveness of the overall humanitarian response. However, the quality and effectiveness of the response is significantly diminished when there are large CTP structures that operate outside of the cash coordination mechanism. If ECHO and their partners were to meaningfully engage with cash coordination structures this would offer a channel of communication from the wider humanitarian community to raise issues of concern. In this way, there would be peer checks and balances to support a principled and quality MPC response.
- There is a risk that this approach may stifle **competition and novel ways to get money out to beneficiaries during humanitarian crises, and subsequently reduce diversity in the FSP market.** While this may not be so much of a risk with ECHO alone adopting this approach, this risk would become more significant should other donors adopt the same approach or partner up with ECHO for a joint approach.
- Contracting arrangements to one agency or consortium could be a **high risk strategy in some countries**. E.g., Sudan in recent years when agencies were declared Persona Non Grata. If that happens to the single contracted agency or consortiums, then it's a big risk to the response. In addition, the success of component A depends on how responsive component B is, however as there will be **no direct contractual arrangement between component A and component B, how can this risk be overcome?**
- It is important to clarify **who is responsible and has liability for the overall delivery of the project**. Will every project have one coordinating agency?

Ben Parker writes that UN agencies are strongly opposed to the ECHO/DFID plan to use a single agency for cash transfers in Lebanon. 'Opponents believe the move is hurried, the benefits unproven, and that a de facto monopoly will be less effective than the status quo' (Parker, 2017). One of their main arguments is that this will lead to a monopoly, and undermine the 'diversity and comparative advantage' of having multiple agencies as in the current (LOUISE) system. There is thus debate about the relative merits of cost efficiency and scale versus the benefits of diversity and inclusiveness. One senior UN official warns, 'in the longer term a single agency provider will create more problems than it addresses' (cited in Parker, 2017).

### *Support for the ECHO/DFID single agency proposal*

Owen Barder, former chair of the High Level Panel on Humanitarian Cash Transfers, strongly endorses the single agency approach being pursued by ECHO and DFID in Lebanon: 'Providing a single payment will be less burdensome on refugees, more efficient for donors, and remove unnecessary overheads and duplication. It will achieve the biggest bang for the taxpayer's buck, and get the most money to the people for whom it is intended' (Barder, 2017). He adds the caveat that there should not be a single UN agency responsible for managing all humanitarian cash transfers around the world, arguing it is important 'to encourage competition for these contracts between UN agencies, civil society organisations and the private sector, and consortiums of these, to promote innovation and new partnerships, so that we move over time to the most user-centred, cost-effective, secure and technologically-advanced cash transfer systems' (Barder, 2017). Nonetheless, he writes that 'for any particular refugee population at a given time there is clearly no need for multiple organisations to be managing multiple payments to the same person'. Barder calls for donors to run competitions for who will manage a single cash payment in each context.

Referring to the LOUISE model being used by WFP and UNHCR in Lebanon, Barder criticises the agencies for insisting that they both make payments to all eligible refugees. 'There is no reason, other than their own bureaucratic interests, for the UN agencies to insist on this duplication. Each of them wants to be able to boast of coverage of as many of the refugees as possible, and to claim their share of overheads for serving those populations. And neither of them wants to concede ground to the other as a provider of cash payments to refugees. All at the expense of the Syrian refugees for whom the aid is intended' (Barder, 2017).

Barder notes that UN resistance to the ECHO/DFID plan has led to it being deadlocked. He urges ECHO and DFID to remain steadfast, and open up the tender to other service providers, including private sector organisations such as Mastercard and PayPal. This would either lead the UN agencies to improve their offer, or drive them out of the market – an outcome Barder sees as 'better for everyone'.

Barder's views echo those of Amy Keith, former Country Coordinator of the Lebanon Humanitarian INGO Forum. 'In Lebanon, distinguishing between the MPC and food e-voucher programmes – in eligibility or delivery – is not necessary for the refugees; if it is necessary at all, it is only for the sake of humanitarian actors' reporting, mandates or grant obligations' (Keith, 2017). Keith argues that the ECHO/DFID approach represents an improvement over the multi-agency LOUISE platform with regard to harmonisation, transparency and accountability. She concludes: 'Ensuring accountable, efficient and high-quality programming across the full package of monthly cash-based assistance – in a way that is as coherent as possible for refugees – will require us to think much further outside agency mandates, organisational interests and sector silos going forward' (Keith, 2017).

The debate over the ECHO/DFID plan points to a divergence in thinking between donors ('funders') and aid agencies ('on ground implementers'). While the former are focused on achieving efficiency and reducing duplication, the latter appear willing to go as far as increased coordination, but not to ceding their roles completely in favour of just one or two agencies (Bailey & Harvey, 2017).

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## Key websites

- Cash Learning Partnership (CaLP): www.cashlearning.org

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## Suggested citation

Idris, I. (2017). *Cash Transfer Platforms in Humanitarian Contexts* (GSDRC Helpdesk Research Report 1416). Birmingham, UK: GSDRC, University of Birmingham.

## About this report

This report is based on ten days of desk-based research. It was prepared for the Australian Government,  The views expressed in this report are those of the author, and do not necessarily reflect the opinions of GSDRC, its partner agencies or the Australian Government.

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