DELIVERING CASH TRANSFER PROJECTS BY UN AGENCIES

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SOCIAL PROTECTION ENGINEERING

Commited to people

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Technical Note

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Once upon a time, in-kind programs or food aid dominated emergency response in social aid. When a natural or humanitarian disaster struck, international assistance programs (such as UNICEF, World Food Program (WFP) and others) would respond by providing assistance to people in need. However, throughout the years and, particularly in recent years, cash transfer programming has emerged as one of the most significant innovations in international humanitarian assistance.[i] In fact, it has been estimated that $2.8 billion was spent on cash and voucher programming in 2016, up 40% from 2015, and 100% from 2014.[ii]

Cash transfer programming is also recognized by other international agencies and governments as a powerful instrument to help vulnerable people living in poverty to increase, not just in the sense of their household income, but also in terms of school enrollment, health and nutrition indicators, in addition to supporting people's choice to spend cash benefits on what they feel they need the most (instead of what the program has decided they need) and thus retain dignity among affected populations.

Now support for the use of cash transfers has increased as it is a more efficient and effective modality in an emergency context. In fact, the debate for the use of cash has now shifted from "whether they may be an appropriate tool" to "how organizations, donors and governments can best use cash transfers[iii] (*multisector or sector specific cash grants*) and have a more transformative effect". Jan Egeland Secretary General of the Norwegian Refugee Council goes further and states that this shift is due to that "we are learning about how best to use cash in different contexts and because it challenges established ways of operating in the humanitarian sector".[iv]

In spite of this, regular cash transfer programming still experiences implementation challenges and even more so in emergency contexts. While a regular cash transfer project is implemented in one to two years; an emergency cash transfer project needs to be implemented in a matter of weeks, but in no more than three months to truly ensure that cash is transferred to beneficiaries in a very short period of time. Operational process designs, software applications supporting the process and service providers need to be ready to operate in a matter of weeks.

In the last few years, different strategies have been developed to overcome and resolve challenges in very short periods of time, but not all have the required success (i.*e. fast response time, as well as a transparent, efficient, as well as effective program*). One such example looks at emergencies in Africa, mainly the Somalia drought response whereby UNICEF managed the emergency and utilized Non-Governmental Organizations (NGOs) to distribute the cash. However, the process was conducted manually and suffered important setbacks[v] including the following:

- Lack of timely response or action from national authorities and the international humanitarian system.
- Compromised quality of targeting the most vulnerable due to inadequate time to negotiate with the local actors, who manage access to minority populations, the distribution of

- Lack of constructive engagement between various cash actors.
- Subject to diversion, corruption, and fraud including misuse of funds and fraud by NGO employees through the creation of ghost beneficiaries and villages as well as local authorities taxing beneficiaries.
- Weak complaints and feedback mechanisms (*capturing only symptoms of problems rather than causes*).
- Inefficient monitoring systems with limited data and collected only at the end of the project.

Another example is the UNHCR Jordan's biometric cash transfer program which provides cash to the most vulnerable Syrian refugees living outside of camps. However, the process was also not without its challenges. These challenges include the following:

- Gaps in financing whereby refugee needs have exceeded UNHCR Jordan's funds.[vi]
- Challenges associated with hosting a large urban refugee population.[vii]
- Limited beneficiary awareness of program targeting.[viii]
- No appropriate case management and grievance redressal processes were implemented and beneficiaries felt as if their complaints were being ignored or did not know whether their complaint had been addressed due to no feedback from project staff.[ix]
- Insufficient cash amount according to beneficiary feedback.[x]
- Inefficient communication strategy.[xi]

A third example is the effort of UNICEF in Yemen to respond in their emergency cash transfer program for about 1.5 million families or approximately 9 million people. Initially, UNICEF hired our consulting firm to design the operation and provide the management information system (MIS), and then using local firms, banks, and NGOs to register beneficiaries and to pay them. Later UNICEF decided to strengthen its own program management unit by hiring experienced consultants to be able to design/make changes and adjustments of the operation and run the MIS within UNICEF itself. In fact, UNICEF made the decision to have a specialized program management unit (PMU) similar to the ones other countries have created in the last few decades to run social protection programs, mainly funded by the World Bank.

The same strategy is being prepared and developed by the WFP, a unit is developing a MIS to be applied for cash transfer programs in emergencies. The goal is to have a standard platform that would be capable to be used in most emergencies requiring to provide cash to affected people. WFP intends to offer and implement programs to respond to emergencies around the world throughout their regional and country offices. In fact, the WFP is currently expanding capacity and recruiting personnel to strengthen its unit and be able to deliver similar services as UNICEF is doing right now in Yemen.

aid, methodological flaws and ease or difficulty of implementation given the context.

- Have the capacity, within the organization itself, to respond to emergencies immediately in a matter of days and weeks with the appropriate instruments and personnel. There is no need to recruit personnel (at least in the initial stages of the emergency) the PMUs can mobilize their resources and respond to the emergency at hand.
- Create and develop internal capacity in matters related to implementation of emergency programs, understanding the fine details and the never ending "what ifs" of a typical operation of this nature. By doing this, the next emergency can be dealt better and with higher efficiency.
- Have a solid operation to consolidate programs providing benefits to the affected people in countries with long standing emergencies, like the cases of Somalia and Yemen. The emergencies can last for few years and it makes sense to keep these PMUs to maximize efficiency and use of resources.

The possible risks of following this approach could be the following:

- This capacity, created and developed through these PMUs, could be temporary. Personnel is hired on a contractual basis and funded by donors who are providing resources to specific emergency programs, not to keep and maintain these operations permanently.
- Management and priorities can change with respect to these PMUs, officials pursuing their own goals may want to move to better paid positions within the system of these agencies, making difficult for these PMUs to have a smooth operation and keeping personnel for long periods of time.
- Operational management of these PMUs can change and unexperienced agents may be in charge of them. This type of situations could lead to internal frictions, demotivation of the personnel and to make wrong decisions.
- Firms and PMUs are able to develop better products and even come up with innovations due to the long presence of the personnel, desire to beat the competition, and learning from mistakes done in the past. On the other hand, if these PMUs, created by international agencies; keep changing personnel, management, priorities and even work methodologies, then the possibility of creating better products and services would not be realistic and could lead to failures in the delivery of their services. At the end, the UN agencies are large and have complicated bureaucratic systems.

The advantages of this approach taken by agencies like UNICEF are the following:

Few consulting firms, including our firm, believe that they can tackle and manage emergency programs, due to their years spent developing **master operational process designs** and **master software application platforms** for emergency projects. This has been possible based on the long experience had by these consulting firms in designing and implementing cash transfer programs in different contexts. However, UN agencies are taking a different approach, they want to create their own capacities, not delegate the design of the operations to private firms to respond to emergencies. The reasons for this approach could be several, including mid and long-term strategies for these agencies; secure their own survival and adapt to new circumstances and thus keep them relevant, mistrust and lack of confidence in the capacity of private firms; overwhelming bureaucratic processes to hire consulting firms in short periods of time; among others.

Given this new trend, there is no doubt private firms also need to adjust their strategies and be able to provide specialized services to agencies like WFP and UNICEF. Private firms should keep developing products and services with added value through innovations. These PMUs, and others run by countries, will need specialized consultants and firms to help them in areas such as operational processes, specialized software applications, introduction of new services and/or products which would be needed upon specific characteristics of the emergency being responded.

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