gFSC - Cash & Markets WG meeting 22 May

Activities & Achievements/Status

• MPC Reporting Guidance for FSCs – draft being circulated to FSCs, some inputs received, finalization by June 2019
• Cash for Work Guidance – Finalization by May 2019
• Webinars: one webinar conducted in May 2019 on Protection and CBT for the FS Sector – 4 speakers – 100 attendees!
• Participation in other workstreams/projects – ongoing
Grand Bargain
Cash
Workstream
Update
Grand Bargain
Cash Workstream Meeting

• 2 day workshop focused on progress to date and ensuring we are on target
• 6 sub workstreams to date
• Global state of play on cash
• More tangible progress in 2018, with some areas to focus on
Ensuring We Are on Target

• What have we missed?

• Additional areas for targeting work
  • Linkages with other workstreams
  • Improving partnership with private sector, local and development actors
  • Political Influencing on cash coordination
  • Digital delivery and data protection
  • Focus on quality through tracking CVA
  • Better link to markets as a crosscutting effort

• Next steps
  • Merging tracking cash and CE2HA
  • Partnership sub workstream
  • Advocacy Hub on cash coordination
ICCG TORs – CWGs as sub-groups
  - Majority formally linked to ICCG - different levels of engagement

GCCG Task Team on Cash (established 2017)
  - WASH, Shelter, Food, Education, Protection, OCHA
  - Three key documents/research
    i. Functional mapping
    ii. CWG TORs
    iii. Guidance – CashCap and CaLP
HPC strengthening

- HPC Revision for 2020 planning cycle

- Inter-agency/organizational working group – process of engagement and consultation

- Draft templates developed and cleared via IASC (OPAG – April 2019)
KEY CHANGES

• Multi-sectoral nature of needs and response required

• Understanding causes, level of severity and evolution to linked to development interventions

• Concise response boundaries - groups or areas

• Results based strategic objectives defining changes we wish to see in the lives of people

• Importance of monitoring and inclusivity
CHANGES FOR CASH

- Reflection of MPC under Strategic Response Priorities, as part of emphasis on multi-sectoral response options
  - Coordination and interaction with sectoral responses
  - Feasibility considerations
  - MEB
  - Consolidated financial requirements
  - Partners involved in coordinated use of MPC

- Transparency and accountability through info on:
  - Overview of coordination
  - Feasibility of response options
  - Focus on preferences
  - Modality overview and use within sectoral plans
## Updates on Coordination: Information Mgmt

| Sector of activity: For multi-sector activities or Multipurpose cash, select multisector | Is it in-kind assistance, service delivery, cash transfer programming (cash or vouchers), or mixed? | Are there conditions for the beneficiaries to access aid? For instance, do they need to work, or to send their children to school? | Is there a restriction as to what the transfer can be used to buy or where it can be used? Vouchers are restricted transfers. | How much cash/assistance is given in total, per household and per month, in US dollars? | How often is there a transfer/distribution? It can be a one-off, weekly, monthly, or other type of transfer? | What cash/transfer? | Cluster/Sector | Organization | Implementing Partner | Programme Name | Activity Description | Donor | Modality | Conditionality (optional field) | Restriction (for cash) | Transfer Value Per Hh Per Month (Usd) | Frequency of Transfer | Deliverable Frequency |
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CVA and Risk
CaLP
Our Vision is that humanitarian assistance creates the greatest value, choice and dignity for people in crisis.

Our Mission is to radically increase the scale and quality of CTP as a tool for humanitarian assistance.
CaLP

The Cash Learning Partnership (CaLP) is the global partnership for cash transfer programming in humanitarian assistance. We are a catalyst for accelerating change. We bring organizations together to address the most pressing collective issues for cash. Since 2005, CaLP has been at the forefront of promoting and improving cash transfer programming.

**PARTNERS**
We work with many partners to integrate cash transfer programming into existing materials, procedures, and structures for humanitarian aid.

**MEMBERSHIP**
CaLP members are united by our shared mission to radically increase the scale and quality of cash transfer programming as a tool for humanitarian assistance.

Our members include donors, UN agencies, international NGOs, private sector, and individuals. Together, our members deliver the vast majority of cash and vouchers in humanitarian aid worldwide.

**SECRETARIAT**
CaLP is supported by a global secretariat with a presence in West Africa, East Africa, the Middle East, North America, and Europe.

**GOVERNANCE**
Members also govern CaLP through our Board and Technical Advisory Group. The Board and secretariat are accountable to the membership.

**BOARD**
CaLP's mission and strategies are shaped by our Board, made up of representatives from the CaLP membership. See page 2 for current members.

CaLP Strategy
We work together in pursuit of our strategy for 2017-2022 which lays out four objectives:

1. Provide specialist capacity building services and advice. See page 10 for our work in this area over the past year.
2. Make the evidence base easily accessible, improve it and apply it through standards and tools. See pages 11 for our work in this area over the past year.
3. Provide support to coordinating bodies. See pages 12-13 for our work in this area over the past year.
4. Ensure influential policy processes advance CTP and the Global Framework for Action. See page 14 for our work in this area over the past year.
CVA and Risk
State of the World’s Cash Report

• What progress has been made in delivering the Grand Bargain commitments on cash?

• How much humanitarian aid is provided as cash and vouchers?

• Which organisations are leading the way, and why?

• What are the barriers and what will drive more progress?
In 2016, CVA represented 10% of delivered humanitarian aid.

State of the World’s Cash Report identifies donors and implementing agencies’ perception of risks as the main barriers to the increased uptake of CVA.

**Perceived risks**

- Insecurity
- Leakage
- Inflation and negative market distortions
- Influence of gender and power relations
- Unintended expenses
- Leaks of beneficiaries’ personal data
Risk WG
Risk WG

- Data and risk / Data protection / Data responsibility
- Counter-terrorism, compliance and financial mgmt
- Beneficiary-related risks
Cash & Voucher Assistance and Risk

To ensure Cash and Voucher Assistance (CVA) is routinely considered by humanitarian actors when designing an intervention, we must address the perceptions and myths that it is a riskier form of response than others.

Why is this theme important?

One of the main reasons why humanitarian actors are not routinely considering cash

Resources

For a comprehensive list of key resources on this theme, please visit the [Resources and Tools] section of the website.
Case Studies
Case studies on CVA and risks in challenging contexts
**Mali: Humanitarian situation**

- 175th country out of 188 in the Human Development Index.
- Armed conflict and military coup started in 2012 in the northern part of the country leading to an acute crisis.
- Since then, insecurity and violence have spread from the northern to the central regions.
- Half of the population living below the poverty line, and 4.1 million people in need of assistance

**CVA in Mali**

- Humanitarian actors have been using CVA in Mali at least from 2010 onwards
- Despite increased perceived risks since 2012, CVA continued and often scaled.
- Humanitarian actors in country explain the increased uptake of CVA by:
  - The limited physical access to beneficiaries; and
  - The diversification of needs among the population requiring humanitarian organisations to cover multiple sectors throughout their interventions

**Yemen: Humanitarian situation**

- Since March 2015, the dramatic escalation of the conflict has resulted in Yemen now being described as the world’s worst humanitarian crisis
- 75% of Yemenis (22 million people) are in need of some kind of humanitarian assistance or protection
- > 2.3 million people have been displaced since 2015
- 18 million people are food insecure
- 8 million severely food insecure (this is projected to increase to 11.3 m)

**CVA in Yemen**

- Before March 2015, the Yemeni government’s social protection programme (the Social Welfare Fund), reached about 1.5 million households totaling 8mio
- Cash programming has scaled up significantly in Yemen since 2015
- Yemen shared 5th place with Sierra Leone in total value of CVA, as both received 4% of total CVA funding in 2015 and 2016.
- In terms of proportion, humanitarian organizations in Yemen were implementing the greatest percentage of CVA at 33%, which is well above the second-placed country, Syria, at 12%
Identified Risks – north Mali

Comparing identified risks of CVA vs in-kind interventions, a majority of stakeholders reported that risks were context-specific and not modality-specific.

- **Insecurity**: cash is considered more tempting, fungible, and easier to steal than in-kind or vouchers but also less visible and easier to carry home by beneficiaries. The number of reported attacks and incident for each modality was equivalent.

- **Misappropriation and diversion of aid**: it was reportedly easy for intermediaries to tax in-kind products and to divert portions to be sold for cash. Cash is also easier to count and, as a result, easier to claim if the expected amount is not received.

- **Inflation and market distortions**: Some implementers considered in-kind as potentially more detrimental than cash especially if in-kind products are not bought locally.

- **Leaks in personal data**: the risk was considered slightly higher for CVA compared to other modalities because CVA-beneficiary lists are more complex and require more personal data that need to be checked by a more significant number of individuals.

- **Influence on power and gender dynamics and unintended expenses**: risks were considered more CVA-specific but they were also the risks given the lowest ranking in terms of probability and severity.

- International counterterrorism measures aimed at preventing terrorist financing did not seem to have a constraining effect on the use of CVA by humanitarian actors.
Shifting delivery mechanism

- Refusal of FSPs to continue operations in some northern localities or sharp increase in commission rates to compensate higher security risks
  - Implementers moved (first) to distributions by local NGOs or traders
  - And then (second) to the use of vouchers and electronic mechanisms

Great attention given to communication and acceptance - 2 opposite approaches:

- Full transparency with all stakeholders, including AOG leaders, about objectives, targeting, transfer values -- not go against their personal goals, and that they had no interest in stopping the delivery
- Be as invisible as possible towards armed groups and various forces whose presence was identified as a threat (e.g. not displaying the name or logo of the organization or donors on distribution sites, using rental and unbranded vehicles, not making public the list of beneficiaries, and keeping the distribution site and time secret until 24 hours beforehand).
Mitigation Measures – Mali (2/2)

Subcontracting CVA distribution to local actors.

- A local anchorage through the choice of partners was considered the best way to mitigate security risks of delivering cash.

This is also linked to the nature of the crisis in northern Mali, where AOGs are numerous and rooted in communities. Most organizations consulted chose to partner with local actors to move and distribute cash to beneficiaries. Traditional FSPs were not present in the most remote villages of northern Mali, so humanitarian organizations partnered with traders and even with smaller NGOs. Humanitarian organizations conducted regular context analyses in order to remain updated about the power dynamics in the area of intervention, which, therefore, sometimes resulted in a change of sub-contractor.
Identified Risks – Yemen

The **key risk factors that emerged from the research for CVA are as follows:**

- weaknesses/failures in national banking system or currency
- volatile market functionality
- poor quality/limited quantity of service providers
- security issues related to the conflict
- general operational issues, e.g. technology, security and access
- political context
- aid diversion
- protection
- monitoring challenges
- challenges in ensuring programme integrity
- targeting

Few of the risk factors identified are specific to CVA; most impact a wide range of programmes. **Those that were very specifically relevant to CVA were related to the quality and integrity of financial service providers, the quality and value of bank notes, price volatility, the movement of money, the use of cash grants, and the impact that CVA has on the market and the conflict.**

Most threats had materialized, to some extent or other, in Yemen between 2015 and 2018, and were experienced across all programmes – not just CVA.
Mitigation Measures - Yemen

Organizations reported using a wide range of mitigation measures to counter identified threats, but the most common and effective mitigation measures for CVA-specific risks included:

• using service providers enabling the transference/sharing of risk related to financial transactions, security and monitoring.
• carrying out a careful assessment of banks; sharing whitelists and blacklists of banks and service providers.
• varying strategies on managing the risk of bank collapse and liquidity, such as making smaller and more frequent transfers to banks.
• conducting programme monitoring, particularly post-distribution monitoring, and using third-party monitoring and follow-up.
• working with CMWG and CashCap advisers on issues such as a
Findings – Yemen (1/2)

• An effective CMWG, with a committed, multisectoral membership, contributes to reducing risk through joint initiatives on risk assessment, monitoring and potential mitigation measures.

• Remote market monitoring works, including monitoring from outside the country.

• CVA is possible, despite a volatile currency, if the right analysis and approaches are deployed.

• Frequent communication with donors is key in managing perceptions of risk. Donors’ concerns can be alleviated, they understand the context better and it makes them more receptive to any modifications.

• Scaling up CVA in very high-risk, heterogeneous and constantly changing contexts requires considerable investment.

• Selecting a financial service provider should be an iterative process.

• Clear procedures help staff and agencies manage facilitation payment risks.

• ‘Risk transfer’ can be a misleading term as only some risks can be transferred, while others can be shared and some remain due to legal and contractual liabilities.

• Embedded experience counts in the scaling up of CVA, and the prior experience of CVA and the context in Yemen were major enabling factors.
Findings – Yemen (2/2)

- Contextual adaptation to distribution protocols can promote gender equity, and inclusion.
- **Extreme need appears to minimize diversion.**
- The process of including and excluding beneficiaries is inherently political but can be managed if approached consistently and with strong principles, which are ideally shared by all humanitarian actors.
- **Innovations in technology continue to be beneficial for CVA, including for risk management.**
- **Volatile operating conditions need nimble and adaptable approaches, with agencies and donors prepared to shift plans and modalities.**
- Economic risk factors (e.g. banking systems, exchange rates, markets) require national and international interventions by governments outside Yemen, and this is influenced by advocacy driven by strong and consistent collaboration between donors and humanitarian agencies.
- It is very challenging to speak to the overall picture of CVA in Yemen, and to advocate effectively (on CVA and risk management), in the absence of sufficient, standardized and comprehensive data on CVA.
Common Findings

- **Lack of access**: CVA can be a solution
- **Risk Analysis**: Strong and systematic risk analysis for all modalities
- **Coordination**: risk management and risk analysis should be coordinated and shared among CVA implementers, but also within organisations
- **Innovations** in technology are beneficial for CVA, including for risk management
- **Stay flexible and adaptable**, to be able to adjust to changing context
- **Financial service providers**: using service providers enabling the transference/sharing of risk related to financial transactions, security and monitoring.
Recommendations - Mali

- **Develop a strong risk assessment protocol** for each modality and delivery mechanism.
- Sensitise the departments involved in risk assessment to the specificities of CVA.
- Emphasise coordination and knowledge sharing between CVA implementers.
- **Develop a network of reliable local partners.**
- Prepare for CVA ahead of the emergency.
Recommendations - Yemen

• The approach to risk identification and analysis should be a systematic and collective process amongst humanitarian actors in volatile and complex settings, with more openness and consistency (Yemen).

• Donors should also agree to accept a common risk identification and analysis approach, and categories of risk analysis, asking only that agencies clarify their mitigation approach to each.

• Humanitarian agencies need to clarify and strengthen their processes for reviewing incidents, threats and contextual issues against their risk management plan, and adjusting their operations. They should also consistently share key information with others, as each agency’s operations and safety are affected by the others.

• Collective exchange rate negotiation should be a key shared function in settings with currency volatility and should be resourced collectively.
Current Activities related to CVA & Risk
Other Initiatives

- Organisation specific work on developing **data protection** toolkits and guidance
- Research and guidance on risks related to safely delivering cash in challenging contexts
- Scoping study on cash and risks in financial management and compliance
- Thematic webpage on cash and risk, including corresponding blogs
- Roundtable discussions and webinars
- Work on complaints and feedback mechanisms
- Joint UN project looking at mitigating the risks of abuse of power on behalf of the private sector in cash assistance
A JOINT UNHCR-WFP PROJECT

MITIGATING RISKS OF ABUSE OF POWER IN CASH ASSISTANCE
The issue:

- Recipients are ‘captive customers’
- Vulnerability exacerbated through low financial and digital literacy
- Increasing use of FSPs with different ways of working

The main objective: Ensure that recipients of cash assistance feel protected and empowered as real clients of financial service providers, with financial services extending beyond the mere receipt of cash assistance.
AT COUNTRY LEVEL

Financial service providers
- Banks
- Mobile money operators
- Traders
- Remittances companies
- Micro finance institutions

National and regional regulators
- Central banks
- Relevant ministries

Users
- Vulnerable / displaced persons receiving humanitarian cash assistance
- Consumer associations

Influencers
- Donors

Agencies contracting financial service providers
- UNHCR, WFP and implementing partners
- Cash working group members
- Government-led social safety nets
The toolkit

Compilation of international tools and tools developed as part of the project framed around identified risk mitigation strategies

Do You Have a Complaint? Seek Redress

Call the toll free help line
0800 210 210 (WFP)
0800 323 232 (UNHCR)

or Visit the Litigation Desk

UNHCR - The Refugee Agency

Overview

This guide describes the client protection assessment option available to financial institutions, walks you through the assessment process, and explains how to use your assessment once it’s complete. Anyone can use this guide. This guide is and all of its resources can be found on the Smart Campaign website: www.smartcampaign.org/certificationassessments

- Why should you conduct a client protection assessment?
- What is the client protection assessment process like?
- What do you do with the assessment?
- Evaluation of client protection policy and practice
STEERING COMMITTEE
Q & A
Are there any gaps?
Which risks are currently not covered? What is needed to address them?

Localization – how can implementers avoid transferring risks to local actors?
Group sessions
Group 1
Gaps: Which CVA-specific risks are currently not covered and what is needed to address them?

Group 2
Local structures: "develop a network of reliable actors; but be careful with transferring risks": Working on localization, how can the FS implementers avoid transferring risks to local actors?
Group 3

**Coordination:** Based on the findings and recommendations of the case studies - "emphasise coordination and knowledge sharing about between CVA implementers": **How can the FS-sector facilitate coordination, exchange and knowledge sharing around risk management?**

Group 4

Stay flexible and adaptable, to be able to adjust to changing context: **How to make sure to be able to switch between modalities (CVA, in-kind, etc.) when contexts change?**