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The politics of cash: a case study on humanitarian cash transfers in Ukraine

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Key messages

- Cash transfers were an important part of the humanitarian response in government-controlled areas of Ukraine. The majority of cash programmes aimed to meet a variety of basic needs through 'multipurpose' transfers.
- Humanitarian agencies' lack of experience in Ukraine and the country's complex bureaucracy hindered cash transfer programming. International aid agencies also had differing opinions on the coordination of cash transfers and the inclusion of cash transfers in the 2016 Humanitarian Response Plan.
- Strategy and coordination became highly political, mandate-driven and largely removed from analysis on the best way to assist people. The lack of clear, global guidance on where cash transfers fit in humanitarian coordination and planning enabled agencies to contest arrangements that did not favour their institutional interests.
- Embedding cash transfers as a more strategic and effective tool in humanitarian assistance will require cooperation and coordination from the beginning. Donors should encourage aid agencies to compete for resources based on their ability to form effective partnerships, their analysis of how best to engage with the government and their capacity to deliver appropriate and efficient programming.

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Executive summary

This case study examines the evolution of cash transfers in the humanitarian response in Ukraine. Cash-based assistance constituted an important component of the response from the outset, accounting for between a quarter and a third of international assistance. Although donors funded cash programmes with diverse objectives, the majority of transfers eventually had similar design features and transfer values based on a minimum expenditure basket, and by 2016 the Humanitarian Response Plan (HRP) included a dedicated line for multipurpose cash transfers to meet a variety of basic needs. The UN Office for the Coordination of Humanitarian Affairs (OCHA) deployed a dedicated Cash Coordinator alongside an active Cash Working Group (CWG), and the main donors supporting cash transfers – ECHO, DFID and USAID – all advocated for cash transfers from the beginning. The Humanitarian Coordinator advocated for strategic approaches to cash transfers, and Cluster coordinators in relevant sectors, such as shelter and food security, also viewed cash as an appropriate tool.

Alongside this undoubtedly impressive picture, there were a number of challenges, both externally and internal to the aid system itself. Technical hurdles included an unfamiliar and complicated bureaucracy for registering for permission to operate in Ukraine and opening bank accounts. The capacity of international aid agencies to provide cash transfers was initially weak, and basic questions – such as when cash transfers are an appropriate response – took up important time in coordination meetings and similar forums. Access was a major obstacle. Very few aid agencies were permitted to work in non-government-controlled areas, and as of late 2016 most humanitarian assistance, and all humanitarian assistance using cash transfers, was concentrated in government-controlled areas.

Internally, the novelty of cash transfers in Ukraine and conflicting views among aid agencies around coordination and technical and operational issues made for a bumpy road. Low capacity among aid agencies meant that some fell below standards of good practice when it came to monitoring and assessment, particularly in the early phases of the response. Energy that could have been spent progressing technical issues through the CWG was instead spent justifying the legitimacy of OCHA's involvement in coordinating cash transfers to clusters and UN agencies. Four agencies took their concerns around coordination and objections to multipurpose cash transfers to the humanitarian leadership – first the Humanitarian Coordinator, then the Inter-Agency Standing Committee principals and the UN Emergency Relief Coordinator. Views on the programming and coordination of cash transfers became highly political, mandate-driven and removed from response analysis. The global-level failure to ensure appropriate and predictable coordination of cash transfers in the humanitarian system has created ample space for agencies to contest arrangements that do not serve their institutional interests.

The use of cash transfers in Ukraine brought out the best and worst aspects of the international humanitarian system. On the positive side, cash transfers became a central part of the humanitarian response in areas controlled by the government. The majority of the cash response aimed to meet a variety of basic needs, and the importance of multipurpose cash transfers was reflected in the small but dedicated budget line in the 2016 HRP. However, the limited capacity of humanitarian agencies, their lack of experience in Ukraine, heavy bureaucracy and inter-agency politics made for a difficult journey.

Uncertainty over where cash fits into the humanitarian architecture – and whether multipurpose cash transfers even have a place – was a significant hindrance to the strategic use of cash transfers in Ukraine. This could largely be resolved if three principles are agreed at the global level. The first is that cash working groups should have dedicated and predictable resources. The second is that the agency or entity in charge of humanitarian coordination in a particular context should play a role in the coordination of cash transfers unless it lacks the technical capacity to do so. The third is that cash transfers to meet basic needs should have a budget line in humanitarian response plans when they are an appropriate intervention.

While measures such as these would enhance humanitarian cash programming, in themselves they will not advance the High Level Panel on Humanitarian Cash Transfers' vision of using cash in more transformative ways to truly enable better humanitarian assistance. Embedding cash transfers as a more coherent and effective tool in humanitarian assistance will require donors to go beyond the usual approach of funding individual partners and then later, when fragmentation predictably occurs, encouraging them to coordinate. Rather, donors will need to cooperate and coordinate from the beginning, and agencies will need to compete for resources based on their ability to form effective partnerships, their analysis of how best to engage with the government and their capacity to deliver appropriate and efficient programming.

1. Introduction and background

Cash transfers are increasingly seen as a practical way to improve assistance, and even as a means to transform the humanitarian system. In 2016, the then UN Secretary-General stated that cash-based responses should be the default approach to assistance where they are appropriate (Ban, 2016); the High Level Panel on Humanitarian Cash Transfers has called for increased and coherent cash transfers (High Level Panel on Humanitarian Cash Transfers, 2015), and the High Level Panel on Humanitarian Financing has recommended that the provision of unconditional cash in humanitarian settings be rapidly scaled up. However, while these calls to action have resonated among humanitarian organisations, donors and individuals, cash and voucher programming still constitutes only a very small proportion – estimated at 6% – of overall humanitarian assistance (ibid.). Clearly, there is some way to go before the full potential of cash in humanitarian assistance can be realised.

This case study examines the evolution of cash transfers in the humanitarian response in Ukraine. The aim is to identify the barriers to using cash transfers in ways that take advantage of their potential to enable more flexible, effective and efficient assistance. Ukraine was chosen as a case study because (unusually) cash transfers accounted for a large proportion of the response in areas controlled by the Ukrainian government, and because the Ukraine Humanitarian Response Plan (HRP) was one of only four strategies globally to include a separate budget line for cash in 2016. There is much to learn about the use of cash in the Ukraine response, including the political and institutional forces that shaped it and the links between this case and global debates on the leadership and coordination of cash transfers.

1.1. Methodology and structure

The case study research centred on a literature review and interviews with 23 staff from UN agencies, donors, NGOs and the Red Cross Movement. In May 2016, a call was issued to the Ukraine Cash Working Group (CWG) to inform its members of the case study and solicit input via email or interview. The case study also includes inputs from the former Office for the Coordination of Humanitarian Affairs (OCHA) Cash Coordinator in Ukraine. All of the interviews were conducted remotely by the ODI researcher leading the study. This report is one of a series of case studies building on the findings of the High Level Panel on Humanitarian Cash Transfers. The other case studies look at the Democratic Republic of Congo, Iraq, Nepal and refugees in Mozambique.

The report uses ‘cash transfers’ and ‘cash grants’ to mean giving people money. ‘Vouchers’ refers to paper coupons or digital credit that must be spent on specific goods and services supplied by certain specified vendors. ‘Cash-based responses’ includes both cash and vouchers, though the High Level Panel on Humanitarian Cash Transfers emphasises that cash transfers and vouchers should not be conflated as they present quite different opportunities and constraints.

The remainder of this section provides background to the crisis in Ukraine and the humanitarian response. The evolution of cash transfers is examined in Section 2. The third section focuses on the coordination of cash transfers and multipurpose cash transfers in the HRP. Finally, Section 4 offers conclusions on the dynamics shaping cash transfers and the implications for taking cash forward.

1.2. Background to the crisis

Following Russia’s annexation of Crimea in March 2014, demonstrations in eastern Ukraine rapidly escalated into intense fighting between May and September. Despite multiple attempts to promote adherence to a ceasefire between the Ukrainian government, Russia and non-state actors, violence has continued, with indiscriminate shelling in the non-government-controlled areas of Donetsk and Luhansk and along the contact line between Ukrainian forces and Russian-backed separatists. The situation has been compounded by economic downturn, inflation, political instability, fragile reforms and widespread corruption.

Since the start of the conflict, over 8,500 people have been killed and at least 18,000 injured (OHCHR, 2015). According to the 2016 Humanitarian Needs Overview, 3.1 million people are in need of humanitarian assistance in Ukraine, the vast majority of whom are elderly, women and children (OCHA, 2015a). Of most concern are the 800,000 people living close to the contact line and the 2.7 million in areas outside of government control in Donetsk and Luhansk, who face severe movement restrictions, protection risks and limited access to humanitarian aid and services (*ibid.*). A temporary order introduced by the Ukrainian government in January 2015 limited freedom of movement and introduced a ban on services to non-government-controlled areas. As a result, civilians there have lost access to basic services such as hospitals and schools, pensions and social benefits and access to financial services. A commercial ban instituted in June 2015 has disrupted markets and limited trade into non-government-controlled areas. The government has also suspended social payments and pensions to displaced people (IDPs) in government controlled areas until applicants' addresses can be verified.[1] Meanwhile, the situation at the contact line has raised major concerns for civilians' safety, with the mining of roadsides, long queues and passage time, overcrowding and bribery.

Humanitarian access has also been hindered by bureaucratic constraints, with the government running a pass system that restricts the flow of humanitarian personnel and goods between government and non-government-controlled areas. Meanwhile, in July 2015 the de facto authorities in Luhansk and Donetsk required all UN agencies and international non-governmental organisations (INGOs) to register. Humanitarian agencies were forced to suspend their operations while applications were reviewed – most of which were eventually denied. As of mid-2016, only six UN aid agencies and three international aid actors directly implementing assistance had permits to work in Donetsk, and even fewer in Luhansk. Uncertainty around access has been compounded by frequent changes of leadership within the de facto authorities.

1.3. The architecture of the humanitarian response

The UN launched a Preliminary Response Plan in August 2014, with the Strategic Response Plan (SRP) following in December 2014. An HRP was released in February 2015 with a budget request of $316 million for 5 million people. The 2016 HRP requested $298 million to assist 2.5 million people with needs related to protection, emergency assistance and recovery. Humanitarian needs remained concentrated around the contact line and in areas outside of government control.

OCHA formed a CWG in October 2014, initially co-chaired by rotating agencies with cash expertise. The UN cluster system was activated in December 2014 with eight clusters (Food Security, Emergency Shelter and Non-Food Items, Education, Health and Nutrition, Protection, Livelihoods and Early Recovery, Logistics and Water, Sanitation and Hygiene). The head of the UN Development Programme (UNDP) and Resident Coordinator became the Humanitarian Coordinator in January 2015. In 2016, 133 entities reported their activities through the cluster system, 94 of which were national NGOs.[2] The majority of humanitarian actors have been concentrated in Kharkiv, Donetsk and Luhansk *oblasts*, which have hosted the highest numbers of displaced people, and to a lesser extent in Dnipropetrovsk and Zaporizhia.

A review of the humanitarian architecture in Ukraine conducted in March 2016 recommended that the CWG be scaled down, the deactivation of the Education, Logistics and Health and Nutrition Clusters and for other clusters to develop plans to hand over to the Ukrainian government and relocate from Kiev to Kramatorsk and Severodonetsk (GCC Mission to Ukraine, 2016). By early 2017 deactivation had not occurred because the humanitarian response was ongoing, and the clusters maintained their presence in Kyiv to enable coordination and advocacy there. Owing to continued conflict and humanitarian needs, an HRP was issued for 2017 requesting $214 million.

1. In October 2016 Ukraine's High Administrative Court ruled that the benefits suspension was illegal, though there has been no clear communication on a process for reinstating payments.

2. See www.humanitarianresponse.info.

2. Cash transfers in the humanitarian response in Ukraine

Ukraine is a clear example of a humanitarian context where cash transfers are a logical approach to meeting the needs people face as a result of displacement, lost income and disruption to government welfare programmes. Markets are vibrant and basic services plentiful in areas controlled by the government. The banking sector in Ukraine is extensive, with nearly 11,000 branches, and a majority of Ukrainians have bank accounts (Shvakman et al., 2016).[3] Markets are fully functional in most areas controlled by the government – albeit high inflation since the start of the conflict has made life more expensive – and by 2016 markets around the contact line were showing signs of recovery, where previously shops were closed and shelves empty. There was also strong donor support for cash transfers. Although the OCHA Cash Coordinator, the World Food Programme (WFP) and aid agencies have discussed delivery options in non-government-controlled areas, cash transfers have been limited to government-controlled areas. The Ukrainian National Bank has ceased banking operations outside government controlled areas, moving money across from Ukraine is illegal and moving money through banks in non-government-controlled areas (which have very limited reach or capacity) risks violating international sanctions on Russian financial institutions. Very few aid agencies are authorised to work in non-government-controlled areas.

In the 18 months between the start of 2015 and mid-2016, aid agencies distributed about $58 million in cash and $11 million via vouchers. To give a sense of the proportion of cash transfers in the overall response, international humanitarian funding during this period was approximately $399 million.[4] Thus, about 14% of international funding ended up directly in the hands of Ukrainians as cash, and 3% was redeemed by Ukrainian businesses as vouchers.

While 14% might at first glance appear low, Ukraine has probably been one of the most 'cash-centric' humanitarian responses by international aid agencies to date. The 14% figure only includes funds actually distributed, not the costs of getting that cash to people; it therefore does not represent the total proportion of humanitarian financing of cash transfer programmes. A rough estimate based on the amount of money distributed suggests that the total cost of cash programming may have accounted for 24–36% of international humanitarian funding to Ukraine. Voucher programmes may have represented an additional 4–7% (see Box 1). By comparison, humanitarian funding for cash-based programming in the 2011–12 response to the Somalia famine – the first large-scale provision of cash transfers by international humanitarian agencies – totalled $470 million (Hedlund et al., 2013), or 21% of the $2.2 billion in international humanitarian funding to the famine response.

2.1. Evolution of cash transfer programming in Ukraine

Cash transfers have a long history in Ukraine through social protection programmes, for instance targeting families with children or foster families, people with disabilities and the elderly. The government has also used cash transfers to help people displaced by the conflict. In October 2014, the cabinet of ministers passed Resolution No. 505 providing all registered IDPs with a cash payment of $22 per able-bodied family member, collected at Ministry of Social Protection (MoSP) offices. However, the process from registration to disbursement was very slow, with many IDPs waiting months to receive the money, and unregistered IDPs were excluded from these payments.

3. A third of branches belong to the state-owned Oschadbank, and a fifth to the commercial PrivatBank. The next largest bank in terms of branches, Raiffeisen Bank Aval, has fewer than 6% (National Bank of Ukraine, 2016). Post offices are also major outlets for banking services.

4. The estimate of $399 million over 18 months is calculated using data from OCHA's Financial Tracking Service, accessed in November 2016, based on international humanitarian funding during 2015 ($285 million) and half of international funding for 2016 (50% of $227 million = $113.5 million). The figure includes operational costs and funds for staff and offices, as well as funding for coordination and logistics and sectors that do not provide much cash or in-kind transfers (e.g. health, protection).

Box 1. What portion of the humanitarian response in Ukraine was in the form of cash?

Establishing the proportion of the response that was in the form of cash programming is difficult because CWG tracking looked at the amount of money distributed via cash and vouchers, and not total programme costs. OCHA's Financial Tracking System (FTS) considers total programme costs but does not indicate the type of transfer provided – a huge obstacle to tracking cash transfers, vouchers and in-kind aid.

It is possible to do a rough approximation of the proportion of the international humanitarian response accounted for by cash by estimating total programme budgets (including staff and overheads) based on the amount of money distributed. An ECHO evaluation in 2015 found that, in general, the value of the cash transfer was, on average, about 50% of the total programme budget. This estimate was based on 76 ECHO-funded cash transfer projects globally (Maunder et al., 2015). If the money distributed by aid agencies in Ukraine was around this average and accounted for 40–60% of total programme budgets, then cash transfer programmes would have cost $96 million to $144 million (respectively 24–36% of all international humanitarian funding). Using this same range, the total cost of voucher programmes would have been $19 million to $29 million (4–7% of the international humanitarian response).

However, these figures are informed speculation. In the ECHO evaluation, cash distributed was 91% of the total budget in the Syrian refugee response, meaning that $0.91 of each ECHO dollar went to refugees and $0.09 to administrative/operational costs. By contrast, in the Democratic Republic of Congo the money distributed accounted for 22% of the total budget (i.e. $0.22 of each ECHO dollar was distributed to beneficiaries, and $0.78 covered other costs). The large range between programmes reflects different operating environments (DRC is logistically complex), transfer mechanisms (Syrian refugees are being reached by efficient electronic transfers), scale, programme duration, the size of the transfer, whether agencies already have systems in place and whether the cash transfer was accompanied by other activities (e.g. training, research). Operational costs in Ukraine may have been on a par or even higher than average. Prior to the crisis, few aid agencies had a presence in the country and had to set up programming and office infrastructure from scratch. The challenges of estimating the total cost of cash and voucher programming in Ukraine underscores the importance of adopting more systematic ways of tracking cash, vouchers and in-kind assistance.

The United Nations High Commissioner for Refugees (UNHCR) was operational in Ukraine before the conflict and was the first international agency to turn to cash transfers (specifically unconditional cash transfers delivered through regional MoSP offices and the MoSP's bank account). UNHCR later opted for pre-paid debit cards because the MoSP approach was slow and excluded people not registered as IDPs. WFP began a food voucher programme in September 2014 through supermarkets and began providing unconditional cash grants in September 2015, though vouchers remained the main modality.[5]

By late 2014 several other international agencies had begun using cash to support displaced people. A group of ECHO-funded agencies, including several NGOs and the International Organisation for Migration, began a large round ($12 million) of unconditional cash transfers for winterisation in November 2014. In May 2015 the UK Department for International Development (DFID) formed an NGO consortium hosted by the Danish Refugee Council and comprising Save the Children, People in Need, HelpAge International and the Norwegian Refugee Council to provide multipurpose cash transfers. Around the same time, the US Agency for International Development (USAID) Office of Foreign Disaster Assistance (OFDA) began funding NGOs including Mercy Corps, People in Need and GOAL to provide cash transfers for winterisation, shelter and livelihoods.

As Table 1 shows, money distributed as cash transfers was five times the value of the assistance people received through vouchers. Both cash and vouchers in the Ukraine humanitarian response took a variety of forms:

- **Unconditional** cash transfers for basic needs (i.e. multipurpose), winterisation, rent, shelter, food and medical expenses, which accounted for 80% of cash-based responses.
- **Conditional** cash transfers for livelihoods, shelter, cash for work and some medical fees, accounting for 4% of cash-based responses.
- **Vouchers** for food, non-food items, pharmaceutical products, shelter and multipurpose vouchers, accounting for 16% of cash-based responses.[6]

5. An evaluation of WFP's programme questioned why WFP preferred electronic vouchers over other modalities and argued for the use of multipurpose cash transfers (Gardner et al., 2016).

6. Data from the CWG as of May 2016.

Box 2: What are multipurpose cash transfers?

Cash transfers in both humanitarian assistance and social protection programming have long been described as 'unconditional' or 'conditional' depending on whether actions needed to be taken to receive them (e.g. sending children to school). Most cash transfers in humanitarian response are unconditional because conditional transfers tend to have long-term behaviour change and poverty reduction objectives. However, conditions are still sometimes attached to cash transfers in nutrition programmes or larger grants for shelter and livelihoods, whereby governments or aid agencies verify that recipients take certain steps (e.g. rebuilding part of a house) before distributing the money or another instalment of the transfer.

In 2014, some humanitarian donors and aid agencies began using the term 'multipurpose' or 'multi-sector' to describe humanitarian cash transfers. This label emerged out of discussions on cash-based assistance to Syrian refugees in Lebanon, where dozens of aid agencies were providing cash and vouchers within individual sectors. Donors, particularly DFID and ECHO, wanted to encourage aid agencies to use cash transfers more broadly to meet basic needs that spanned sectors (i.e. for multiple purposes), rather than choosing only one set of needs (e.g. food, winter supplies).

In March 2015, the European Union adopted '10 Common Principles for Multipurpose Cash-Based Assistance to Respond to Humanitarian Needs'. The principles state that 'humanitarian responses require needs to be met across multiple sectors, assessed on a multi-sector basis and provided to meet basic needs', and that 'multipurpose assistance should be considered alongside other delivery modalities from the outset'.

Table 1: Overview of cash and voucher programmes in Ukraine, June 2014–February 2016

Type	Total distributed (US$)	%
Multipurpose cash	34,598,352	50.0
Winterisation cash	14,409,466	20.8
Food vouchers	9,964,132	14.4
Unconditional cash for food	5,944,152	8.6
Cash for rent	1,306,771	1.9
Vouchers (multipurpose)	945,547	1.4
Conditional cash for livelihoods	640,752	0.9
Conditional cash for shelter	468,727	0.7
NFI vouchers	333,455	0.5
Cash for medical assistance	269,128	0.4
Pharmacy vouchers	130,876	0.2
Cash for work	89,100	0.1
Shelter vouchers	79,050	0.1
Total	69,179,507	100

* Multipurpose includes programmes that were described by agencies as 'multipurpose', 'stabilisation' and 'winterisation/multipurpose'.

Table 2: Unconditional cash transfers, conditional cash transfers and vouchers

Type	Total distributed (US$)	%
Unconditional cash (multipurpose/winterisation/food)	54,951,969	80
Conditional cash transfers	2,774,478	4
Food vouchers	9,964,132	14
Other vouchers	1,488,927	2
Total	69,179,507	100%

Multipurpose cash reached about 280,000 people to address their basic needs for up to six months. Most multipurpose cash grants were provided initially with a monthly value of $17 per person per household, increasing to $30 per person in August 2015 and $33–$40 per person in May 2016, following reviews of the transfer value by the CWG.[7] Winterisation was the next most popular objective, and more than 64,000 people were given $90 per household per month as either lump sum grants or instalments. Of the total cash-based responses, 14% was in the form of food vouchers of $20 per person per month for up to four months; these reached around 173,000 people.

The diversity of these categories masks the fact that many programmes shared similar features and objectives. Multipurpose and winterisation cash grants became virtually indistinguishable, as both types of programmes provided unconditional cash transfers of similar value. In fact, winterisation cash from 2014–2015 was re-categorised by the Shelter Cluster in programme reporting as

7. The average household size used in Ukraine was three members.

'multipurpose' cash because post-distribution monitoring found that households spent the money on goods and services corresponding to a range of sectors. Thus, despite varying objectives – or agencies' varying interpretations of semantics – most of the unconditional cash transfers looked very similar. As shown in Table 2, unconditional cash transfers comprised 80% of cash-based programmes, and most had the same transfer values in 2015 and 2016.

Vouchers were the main outlier to this coherence, because they had to be spent at designated stores and voucher values corresponded to specific goods and services. The WFP food voucher programme, for example, was based on calculations of how much money was required for people to meet food needs. Since it covered only the food portion of household needs, the monthly voucher amount was less than the multipurpose cash transfers. WFP voucher beneficiaries who also received multipurpose/winterisation cash assistance therefore obtained more assistance than those receiving cash alone; those who didn't received less.

While some agencies did share beneficiary lists informally, there was no systematic sharing through the CWG, which made it difficult to get a sense of how extensive gaps or overlaps were. The limited data-sharing was at least in part due to concerns about Ukrainian data protection laws. There was discussion on bringing in an expert to help agencies understand the legal territory but this never materialised, so it came down to individual organisations' interpretations. The CWG did develop targeting guidance for multipurpose cash transfers, which was eventually adopted by several partners, but harmonised targeting criteria alone cannot address duplications or gaps in the absence of data-sharing.

2.2. Delivering cash transfers: public and private sector

Post offices and banks were the main avenues aid agencies used to get money to people (both through bank accounts and remittance services not requiring accounts). In November 2014, the CWG recommended a remittance service through Aval Express and Raiffaisan Bank, following an assessment of options including banks, remittances, post offices and electronic vouchers at supermarkets (similar to gift cards). The recommendation was intended to encourage partners to choose the same providers, creating the opportunity to harmonise contracts and negotiate for reduced fees (the selected remittance agency, Aval Express, had shown interest in this arrangement). However, the recommendation was only taken up by ECHO-funded agencies.

Other agencies had already decided to use other transfer mechanisms or preferred to do their own analysis, opting for remittances, pre-paid cards and transfers to bank accounts at the state-owned bank Oschadbank and PrivatBank. Aside from the bureaucratic complexities involved in opening them, one problem with accounts was that some banks (PrivatBank was one) could automatically deduct money deposited by aid agencies against credit owed to the bank. One NGO got around this by giving the option to people with debt at PrivatBank to wait until an Oschadbank contract had been negotiated; the majority of beneficiaries opted for Oschadbank and received their funds slightly later. Post offices, an integral part of financial services in Ukraine, offered rural coverage and a pre-existing role in delivering pensions. Most agencies chose one main service provider, with a few using more depending on their presence in different areas. The limited liquidity at branches meant that agencies had to coordinate among themselves to ensure that banks did not run out of cash – a practical area of coordination that took place largely outside of the CWG. Agencies using the same provider also shared contacts, contracts and advice with each other.

2.3. Technical challenges

In many ways, Ukraine was ideal for cash programming, with functioning markets, a strong banking system, several delivery options and financially literate people. Yet cash for humanitarian purposes was not a concept familiar to many professional or high-ranking Ukrainians, particularly the older generation, who were more accepting of assistance typical of the Soviet Union, which was state-driven and largely provided according to criteria based on affluence. In many people's eyes, including local government officials', cash was associated with dependency and risks related to corruption, anti-social behaviour and price inflation. This made it necessary to regularly advocate for, defend and reaffirm the appropriateness of cash and its benefits within CWG discussions, although resistance to cash transfers was not significant enough to seriously hold back their use.

A second obstacle was the skills, experience and capacity of humanitarian agencies. Most of the international aid agencies engaged in the humanitarian response in Ukraine have significant cash transfer experience globally. However, staff initially deployed to the country were not necessarily familiar with cash transfers, most likely because agencies prioritised finding Russian-speakers and because staff who did have relevant experience were also being deployed to Nepal and countries hosting Syrian refugees. As a result of this lack of capacity, some basic questions on cash transfers – such as when cash is appropriate – had to be covered in coordination meetings and other fora.

For some agencies the learning curve was steep. For example, one aid agency originally planned to hand out cash in envelopes at banks even though some recipients had bank accounts (envelopes were abandoned when it became clear that banks were unwilling to allow their premises to be used for activities not linked to their banking processes). In another instance, an aid agency delivered transfers through a bank that did not have the capacity to serve the number of beneficiaries planned for on a given day, resulting in long queues. As the use of cash increased throughout 2015, agencies started to deploy personnel with more cash experience. Capacity gradually improved as programmes were implemented, and as evidence from results created more support for the increased use of cash.

The final major obstacle was bureaucracy and Ukraine's complicated legal system. To deploy cash transfers aid agencies needed to have bank accounts in Ukraine and to follow the relevant regulations. However, only UNHCR and UNDP were operational in Ukraine prior to the crisis, which meant that most UN agencies and NGOs faced an unfamiliar and complicated bureaucracy around registering for permission to operate in Ukraine, opening bank accounts and negotiating contracts. Many relied on their (largely newly recruited) national staff, whose connections and knowledge were essential to accomplishing what in other countries would be basic tasks.

Laws on data protection and taxable income also complicated the use of cash transfers. It was not clear whether and in what circumstances people receiving cash assistance had to report it as taxable income. Legal interpretations of the law often vary, making a common reading problematic. The NGO consortium, in conjunction with the Danish Refugee Council (DRC) and People in Need, worked with a lawyer who analysed tax law and explained how it could be interpreted for humanitarian cash assistance; this was then shared with CWG partners.

2.4. Social protection systems

Global discussions are encouraging humanitarian actors to 'piggy back' on or channel funds through existing social protection systems. Indeed, the High Level Panel on Humanitarian Cash Transfers recommended linking up with social protection systems where possible, and while the CWG and some international agencies discussed whether this would be advisable, few conducted in-depth analysis. Most aid agencies determined early on that working with social protection programmes was not going to be a quick win and would be very difficult to promote within the timeframe of the response. Initial analysis by both UNDP and WFP showed that the social protection system was stretched to its limit. While it had a broad and impressive array of benefit packages, there was limited ability to adapt targeting or transfer values or take on any further increases in caseload. Some agencies used MoSP registration lists as their starting point for cash transfer beneficiary lists, but found that they required verification and contained inaccuracies – one UN agency eliminated about 40% of the people on the list through its own verification process. MoSP lists also did not include people who had not registered as IDPs. Only UNHCR delivered cash transfers through the MoSP, though it later switched to debit cards to increase speed and include non-registered IDPs.

There were also concerns that delivering cash benefits through the government would result in transfer values that were too low to achieve humanitarian aims. The government bases its benefits on a national 'survival minimum' threshold (i.e. minimum income) of $53 per able-bodied person. Although this figure is meant to be revised every five years it had not been updated since 2001. A small increase was made from $53 to $61 in December 2015, but this did not keep up with inflation and was generally viewed as far below the real cost of living (for comparison, the May 2016 CWG-recommended transfer value was based on a minimum expenditure basket of $165–$201). Some people believed that the minimum figure was kept deliberately low so that the government could include more people in the national social protection scheme, favouring a broad but shallow approach (WFP, 2015; UNDP, 2015).

3. Contested territory: coordination and multi-purpose cash transfers

The coordination of cash transfers and the inclusion of cash transfers in the HRP became the main arena in which agencies' competing interests on cash transfers played out. Since humanitarian reforms in 2005, coordination of the humanitarian system has revolved around the clusters. As a result, the way cash transfers have been coordinated has varied from place to place because cash does not have a specific home in this system. The tendency has been for aid agencies to form a CWG to exchange ideas and information on technical issues and intervention areas. CWGs have been coordinated in various contexts by NGOs, clusters, UN agencies, the Cash Learning Partnership (CaLP) and OCHA. In Ukraine, a CWG was established and eventually led by an expert deployed by OCHA whose sole task was to coordinate and advise on cash transfers, but cash transfers were also coordinated within clusters, notably in the Shelter Cluster.

The High Level Panel on Humanitarian Cash Transfers recommended that, where possible, cash transfers should be a primary component of HRPs. Yet as of early 2016, neither OCHA nor the Inter-Agency Standing Committee (IASC) had provided a formal indication of how cash transfers should be treated in a response plan, the main strategic document outlining the international humanitarian response, allocating actions by sectors with input from each respective cluster. Cash transfers (and, specifically, multipurpose cash transfers) had specific budget lines in HRPs for Iraq and the DRC. As we illustrate in this section, the intention to do the same in Ukraine provoked heated debate.

3.1. Coordination

3.1.1. CWG

The CWG was originally established by OCHA in October 2014, but it took until April 2015 to recruit a Cash Coordinator. For its first three months the CWG was co-led by various agencies, including Save the Children, DRC, UNHCR and WFP. From January 2015, the UNHCR-led Shelter Cluster played a key role in cash coordination because most cash transfer programmes at the time had a winterisation objective that fell under the cluster's remit. The CWG was reinstated in April 2015 when the OCHA Cash Coordinator, funded by DFID, arrived. The Coordinator was a recognised expert on cash transfers with several years' experience of designing, monitoring and providing technical assistance on cash transfers.

From April 2015, the CWG was the main coordination home for cash transfers. Transfers with objectives within a specific sector (e.g. cash for food or rent) were still coordinated by and reported to the relevant cluster, with the CWG aiming to track transfers and promote a more coherent approach. This was in line with OCHA's evolving global approach to cash coordination, and allowed clusters in-country to maintain oversight of their 'sector-specific' cash programming. Once the Cash Coordinator was in place, multipurpose transfers were solely under the CWG (with the exception of some multipurpose/winterisation grants in the shelter sector).

The limited experience of many aid agencies in Ukraine meant that CWG meetings often focused on justifying the appropriateness and basic tenets of cash transfer programming, rather than on more substantive issues such as coordinating programming. The CWG provided technical training in Kiev for agency staff in September 2015, supported by a Geneva-based OCHA Cash Advisor and using training materials developed by the International Red Cross and Red Crescent Movement and CaLP. Early CWG meetings also included informal capacity-building through presentations on key steps in a typical cash project. Several key informants described being surprised that people in CWG meetings repeatedly had to justify the use of cash to those unfamiliar with cash transfers – especially given the obvious appropriateness of cash in government-controlled areas.

The role of the CWG in relation to individual clusters was sensitive from the beginning. Some cluster leads opposed OCHA's leadership of the group on the grounds that the IASC had not defined OCHA's role and authority in cash coordination and due to a lack of clarity on whether the CWG was a recognised body in the formal coordination

Box 3: Establishing a survival minimum expenditure basket (SMEB) and common transfer value

In late 2014 and early 2015, first ECHO and eventually other donors strongly encouraged aid agencies to harmonise their transfer amounts rather than continuing with bespoke amounts of money based on their own programmes. However, arriving at common transfer values was a challenging process.

In February 2015, the Shelter Cluster suggested a transfer value of $51 per household (or $17 per person) per month for six months – totalling $306 per household (or $102 per person), paid in two instalments. Following the arrival of the Cash Coordinator, some agencies and donors lobbied the CWG for a revision of the transfer value out of concern that the previously established level was inadequate. The CWG worked with the NGO consortium to determine an amount based on the minimum expenditures that a household needed for food, housing and access to basic services.

The process took three months because of the opposition the CWG received from some cluster coordinators and agencies – one did not think the multipurpose cash amount should be higher than the government minimum survival amount and other analysis differed on the amount to give. As the CWG approached a consensus, ECHO asked it to review its decision because an extensive assessment by the ICRC had produced a different transfer value. One donor described it as ‘an impossible task that no one wanted to agree on’.

In the end, the CWG reached agreement on an SMEB, which then became the basis for the transfer value of most multipurpose and winterisation cash grants. The amount determined was $90 per household ($30 per person) per month. In May 2016, the CWG-recommended value was increased to $40 per person per month. The new value took into account inflation and variations in prices across the country. The increase had support from CWG members and donors. ICRC assessments resulted in a similar value, and on that basis the ICRC adjusted its transfer value to the CWG value.

system. The CWG’s role became more strongly contested as the amount of multipurpose cash transfers – and therefore the importance of the CWG – increased. Some cluster and UN agency staff believed that a CWG led by OCHA – and not by a cluster – was problematic because OCHA could not act as ‘provider of last resort’, which is one of the functions of a cluster. There was also a sense that clusters have direct lines to technical experts within their agencies in a way that OCHA does not.

Donors and NGOs generally viewed OCHA as the most appropriate leader of the CWG. OCHA was seen as a neutral broker compared to UN agency-led clusters, which were perceived by some as having incentives that encouraged cash programming in line with their own mandates. The Humanitarian Coordinator stated unequivocally that the CWG role should sit with OCHA. However, some informants also cautioned that OCHA is not an operational agency and should not take on responsibility for operational decisions (for example, determining allocations of funding for cash transfer programmes). One key informant suggested separating out the ‘coordination’ and ‘technical expert’ roles in CWGs in future crises to avoid politicising the coordination function.

The CWG’s focus on explaining cash transfers and justifying OCHA’s role took up space that otherwise could have focused on good practice and strategy. Even organisations outside of the UN that did not have a stake in the discussion were affected because these debates consumed time and reduced the effectiveness of the CWG. The CWG still made substantial progress in coordinating cash transfers and providing technical support by:

- establishing an SMEB that major donors, UN agencies and NGOs recognised, which was used as the basis for a harmonised transfer value for most multipurpose cash transfers by UN agencies and NGOs;
- generating agreement on targeting criteria for multipurpose cash transfers;
- leading training on cash transfers attended by 19 agencies, including national NGOs, INGOs, the UN and the Red Cross;
- undertaking a joint WFP/CWG assessment of the feasibility of cash transfers and possible delivery mechanisms in non-government-controlled areas;
- analysing delivery mechanisms in government-controlled areas;
- establishing an overview of cash transfer programmes in 2015;
- setting up an inter-agency market price monitoring system, which was used to create geographical SMEBs based on prices in different locations;
- creating a matrix of ‘who what where’ for all forms of cash and vouchers;
- holding monthly Kiev- and field-based CWG meetings; and
- setting up thematic task forces on vulnerability targeting (co-led with DFID’s NGO consortium), delivery (co-led with WFP) and markets/transfer values (co-led with GOAL).

Some tasks planned by the CWG were not fully implemented. A comprehensive ‘who what where’ (3Ws) matrix of multi-sector cash and cash within sectors was finalised by the Cash Coordinator only after she had left her post. Data was gathered from several agencies against a common post-distribution monitoring tool, but ambitions to analyse the monitoring data across multipurpose cash transfer interventions were not realised. Some agencies developed their own targeting approaches when tools to implement targeting criteria were not forthcoming.

In December 2015, OCHA decided to stop funding for the Cash Coordinator position after May 2016. In March 2016, a Ukraine 'humanitarian architecture review' team recommended that the CWG scale down and dissolve the thematic groups, indicating that it was no longer required and had done its job. However, some interviewees felt that the review discounted the CWG's important technical role, and that the Cash Coordinator's departure was premature. It is unclear whether and why the CWG may have been singled out more than other coordination bodies, but its lack of official status within the humanitarian system may have been a factor. Partners lobbied the CWG to ensure continued coordination. After discussions amongst OCHA, operational UN agencies and NGOs, a CashCap request was made for a co-funded Cash Coordinator position to be hosted by OCHA. WFP, UNHCR and GOAL jointly took over leadership of the CWG.[8]

Most people consulted viewed the CWG as important if not instrumental in advocating for cash transfers, educating aid agency staff on cash, providing technical support and bringing some coherence to transfer values and targeting (in the case of multipurpose transfers). According to several key informants, the main reason that the CWG accomplished what it did was because OCHA put in place a coordinator with substantial expertise on cash transfers, who worked to generate support from donors and agencies and understood the diverse experiences and interests of these different actors. The Cash Coordinator's technical knowledge enhanced the legitimacy of OCHA's cash coordination role and increased the CWG's influence. However, this may have contributed to the issues operational UN agencies had with OCHA's leadership and territorial concerns about cash transfers. One donor reported a colleague as saying that 'Part of the problem is that [the Cash Coordinator] is good at her job'.

OCHA's recruitment of an expert in cash transfers is not the same as having the institutional capacity to coordinate cash transfers. Basic measures – such as having a 3W matrix template, dedicated information management capacity and an agreed process of information-sharing with clusters and partners – would have greatly facilitated basic tasks such as tracking cash transfers in the response. In a context such as Ukraine – where low levels of cash experience combined with the significant use of cash in the response – there should have been a resource team working with a coordinator. However, the bigger problem remains that the role of a CWG and its leadership can easily be contested in the absence of clarity from the IASC Principals on cash transfer coordination.

3.1.2. Donors

The main donors supporting cash transfers – ECHO, DFID and OFDA/USAID – were also three of the four largest donors to the overall humanitarian response. These donors all advocated for cash transfers from the beginning, and supported multipurpose cash transfers (even if they described them slightly differently). They were also instrumental in harmonising transfer values. ECHO and DFID promoted common targeting criteria for their multipurpose grants, and some OFDA partners also used these targeting recommendations.

There were still some differences among donors. Each chose partners with which they were familiar. ECHO directed substantial funding to the ICRC, and DFID opted for an NGO consortium. OFDA cannot fund food assistance, so OFDA partners described their grants as 'cash transfers for non-food items (NFIs)' and 'multipurpose/winterisation grants' (while ECHO and DFID partners tended to describe them as 'multipurpose cash grants').

Donors' efforts to promote coherence were also in response to more typical divisions arising from funding different partners and consortia, each with their own transfer values, monitoring frameworks, targeting approaches and delivery systems. Diversity is not inherently bad; for example, HelpAge provided elderly people with cash assistance and considered this demographic's particular needs when deciding to work through post offices, which could deliver the money to people in their homes. At the same time, diversity can also enable aid agencies to work on their own terms and resist compromise, even when doing so is in the interest of avoiding confusion, duplication and the use of different assistance values for people with similar needs. Donors could have set out to coordinate approaches from the beginning, rather than each choosing partners with whom they were familiar and then helping rein in the fragmentation that ensued.

3.1.3. The NGO cash consortium

The DFID-funded NGO consortium served as an important vehicle for cash coordination, mainly among its partners but also with the CWG. Although the consortium was formed at DFID's suggestion, rather than being an initiative from NGOs themselves (one key informant described it as a 'forced marriage'), it did succeed in promoting more coherent programming. The consortium created tools and processes to support its members, such

8. CashCap is an initiative funded by ECHO and DFID and hosted by the Norwegian Refugee Council's Expert Deployment, NORCAP. It deploys senior cash experts to strengthen capacity within the humanitarian sector to undertake cash transfers.

as assessments, targeting criteria, monitoring tools and a basis for transfer values. The consortium co-led the CWG transfer value and targeting task forces. The role that the consortium played in the CWG suggests that consortia (or other large programmes) can serve as 'technical anchors' in cash transfer responses by developing transfer values and tools that other agencies can use.

3.2. The politics of multipurpose cash transfers

The concept of multipurpose cash transfers – unconditional cash transfers designed to meet basic needs spanning sectors – did not feature in the humanitarian response in Ukraine until April 2015 (see Box 2). The shift occurred with the formation of the NGO consortium and following the results of post-distribution monitoring by the Shelter Cluster of cash transfers for winterisation, which showed beneficiaries using their cash overwhelmingly for purposes other than winterisation (predominantly rent/NFIs (60%), healthcare (20%) and food (15%)). At this point, the Shelter Cluster began categorising all cash reported to it as 'multipurpose'.

The switch in terminology from winterisation cash to multipurpose cash resulted in some confusion. Many agencies new to cash programming in Ukraine (including some donors) assumed that all cash transfers were 'multipurpose' regardless of the objective. Some were under the impression that 'multipurpose cash' was another term for 'cash transfers'. Although some interviewees felt that the term 'multipurpose' was unnecessary and superfluous, more believed that it added value – once the concept was clearly explained (mainly via the CWG) – in helping donors and other aid agencies understand and communicate that the cash transfer was designed to meet multiple household needs.

Using cash transfers to meet a variety of basic needs would emerge as a central recommendation of the High Level Panel on Humanitarian Cash Transfers in its September 2015 report. By May 2015, mapping of all cash activities by the CWG showed that cash was being used for multiple objectives in different sectors. Suggestions by the OCHA Cash Coordinator that expanding multipurpose cash transfers would make sense were immediately met with concerns among the clusters and UN agencies that OCHA risked moving into operational territory outside of its coordination mandate. This reaction prompted the Cash Coordinator to adopt a more nuanced position; clusters should continue coordinating 'single sector' cash and OCHA would aim to track and support technical coherence in cash transfers across sectors, while also coordinating multipurpose cash transfers. However, perceptions that OCHA was promoting multipurpose cash stuck and were affirmed when OCHA proposed including multipurpose cash in the 2016 HRP.

3.2.1. Multipurpose cash in the Ukraine HRP

In October 2015, OCHA proposed including a dedicated multipurpose cash transfers section in the 2016 Ukraine response plan. If coordination was the arena where the different interests of UN aid agencies were unfolding, then the proposal to include multipurpose cash transfers in the HRP was the flare gun that focused attention. The decision on whether and how to include multipurpose cash transfers in the HRP for 2016 evolved into a difficult discussion spanning several weeks.

The logic behind including multipurpose cash transfers was straightforward. Assessments and monitoring showed that cash transfers were appropriate to meet a wide variety of basic needs (e.g. food, rent, utilities, household goods, clothing) (IRC, 2015; Ukraine NGO Forum, 2015; International Organisation for Migration, 2015). Post-distribution monitoring of multipurpose cash conducted in early 2015 showed high levels of beneficiary satisfaction (International Organisation for Migration, 2015). Multipurpose cash transfers were already becoming a central part of the Ukraine humanitarian response. Inspiration was also taken from the HRP in Iraq, where a separate section on multipurpose cash was included.

Clusters raised concerns about OCHA's proposal on the basis that cash was a modality and not a sector; cash transfers should, therefore, appear under relevant cluster(s) and not separately in the HRP. The issue was deferred to the HCT. The Humanitarian Coordinator requested a presentation from the CWG gauging the views of various agencies to enable the HCT to make a more informed decision. In a survey of CWG members, 70% saw a clear need for a dedicated space for multipurpose cash in the HRP (the remaining 30% did not respond). Donors were also in favour. CWG partners gave a variety of reasons for wanting a dedicated space in the strategy:

- cash transfers are multi-sector in nature;
- the coherence of multipurpose cash tools and approaches would be improved;
- a separate section offered opportunities to promote standardisation and good practice;
- multipurpose cash transfers lacked a clear channel for reporting on activities;
- a dedicated section could enable better monitoring and improved transparency; and
- increased clarity on multipurpose cash transfers in the strategy would help integrate them into donor strategies.

The survey results were presented to the HCT. Most of the 28 HCT members (as well as donors) were in favour of including a separate multipurpose cash transfer section in the response plan. WFP, UNHCR, UNICEF and the World Heath Organisation (WHO) were against including the section, citing the lack of IASC endorsement of the use of multipurpose cash transfers. The Humanitarian Coordinator made clear that he viewed multipurpose cash transfers as an innovative and beneficiary-focused approach that should be recognised within the HRP. While a vote among HCT partners would have overwhelmingly fallen on the side of multipurpose cash transfers, the Humanitarian Coordinator was unwilling to approve a path that would be opposed by four large UN agencies. The issue was left unresolved and potential options were to be presented at a subsequent HCT meeting.

The issue was elevated to the highest levels of humanitarian leadership. The four agencies wrote a letter to the Humanitarian Coordinator outlining their opposition. Executive directors became involved. UN agencies later wrote a note to the IASC Principals and the chair of the IASC, the Emergency Relief Coordinator, stating their concerns about a separate multipurpose cash chapter (stemming not only from Ukraine but also from concerns around the coordination of cash transfers more broadly). This opposition strongly questioned the reasoning behind multipurpose cash transfers. It also highlighted the extent to which multipurpose cash transfers were seen as a challenge to UN agencies' roles and mandates.

In search of a compromise, a task team was convened among CWG organisations, relevant cluster coordinators and UN agency staff. A negotiated model for cash in the HRP was finally agreed and presented to the HCT. The decision by the HCT was to include a separate cross-sectoral budget line in the HRP for multipurpose cash transfers, with a caveat that it was not a cluster or a separate section, but was instead a cross-cutting modality of assistance. ECHO, DFID and OFDA were also in agreement. The HCT determined that the arrangement was transitional and would be reviewed if guidance came out from global IASC discussions on cash transfers. All HCT members endorsed the final decision except for UNHCR (reportedly citing its headquarters' position). The Humanitarian Coordinator, who had developed into an advocate for cash transfers, was instrumental in finding this eventual compromise.

The HCT created a Cash-Based Steering Committee with key cluster leads and agencies engaged in multipurpose cash transfers, led by the Humanitarian Coordinator. This committee was to act as the decision-making body for HRP project allocations and overall oversight, with support from the CWG. In the absence of any IASC guidance on multipurpose cash transfers in HRPs, the committee was formed to ensure the coordination and use of multipurpose cash transfers with cluster support.

The arrangement signalled that multipurpose cash transfers were a recognised element of the response and that an adapted architecture was required to enable funding via the HRP. Despite this recognition, funding for multipurpose cash transfers in the 2016 HRP was still less than 5% of the total budget (OCHA, 2016b). The process of getting multipurpose cash transfers into the HRP showed that views on cash programming and coordination were highly political, mandate-driven and removed from a technical response analysis.

4. Conclusion

The use of cash transfers in Ukraine brought out 'the good, the bad and the ugly' of the international humanitarian system. The 'good' was that cash was at the heart of the humanitarian response in areas controlled by the government, as it should have been, given that cash was much more appropriate than in-kind assistance. The majority of cash transfers were designed to meet a range of basic needs and were not solely, or even mainly, divided among different sectors. Multipurpose cash transfers got their own line in the HRP; many aid agencies harmonised their transfer values based on the amount of money required to enable households to meet their basic needs; and the largest donors promoted coordination and encouraged a more coherent approach using harmonised transfer values.

The 'bad' was that humanitarian agencies' lack of experience in Ukraine and its bureaucratic intricacies made deploying cash transfers a struggle despite a context favourable to their use. It is striking how international humanitarian agencies that have used cash transfers globally debated some basic tenets of cash in Ukraine. That cash would be an appropriate response in government-controlled areas should have been evident enough for international agencies to rapidly confirm the analysis and focus efforts on how much money to give, how to give it and for how long and the extent to which they would work through government systems and national partners, as well as how to navigate the complex bureaucracies and ensure support from the government and Ukrainian charitable organisations. Instead, aid agencies' experience with cash transfers elsewhere took time to translate into capacity within their Ukraine country programmes, and much energy was spent on basic capacity-building. There were, of course, exceptions, and despite the obstacles agencies made important progress. Nevertheless, the general environment meant that most international aid agencies did not hit the ground running with cash transfers.

The challenges were not always specific to cash transfers. The arrival of the 'international humanitarian system' in Ukraine was no less strange to Ukrainians than it would be to Italians following the 2016 earthquake in central Italy. Donetsk is not Dadaab camp, yet humanitarian agencies acted in similar ways: activating clusters, undertaking assessments and designing programmes. Handing out money to people in need was a foreign idea, despite social protection programmes that did precisely that.

The 'ugly' was the politics and competing visions around cash transfers. UN agencies in particular supported cash transfers as a humanitarian tool, but wanted cash programmed and strategised in ways that corresponded to their sectors, missions and mandates. They resisted steps that would require them to cede control even though this could drive more coherent and appropriate assistance for affected people. Clusters contested OCHA's role in coordinating cash transfers, and the inclusion of multipurpose cash transfers in the HRP was met with fierce resistance from several operational UN agencies. The three major donors of cash transfers, together with NGOs, OCHA and the Humanitarian Coordinator, were in favour of including multipurpose cash transfers in the HRP; WFP, UNHCR, UNICEF and WHO were against it.

The fact that these concerns about coordination and multipurpose cash transfers rose to the highest levels of the international humanitarian system is evidence of how political cash transfers have become. The greatest advantages of cash transfers – that they can cross silos and sectors and enable recipients to buy what they wish – are disruptive to humanitarian architecture and threatening to established ways of working. Had the Humanitarian Coordinator not taken a stand on multipurpose transfers, it is uncertain whether they would have been included separately in the Ukraine HRP. This may not have fundamentally altered matters given that programmes were under way, but strategies are important because they validate approaches and guide the actions of the donors that channel money through plans. If Ukraine was a test of the willingness of these operational UN agencies to support the use of cash transfers in flexible ways that cross sectors, or only support cash within individual sectors, then they clearly opted for the latter.

This should not be interpreted as meaning that these agencies do not take their responsibilities seriously; that their own programming of cash transfers was not good; or that their staff were not dedicated to helping people in the best way they could. Their resistance to multipurpose cash transfers in the HRP would not have changed the fact that DFID and ECHO were funding interventions, and their concern that cash transfers could become an end in and of themselves is an important one. Rather, the challenge is that each agency has incentives to implement cash transfers on their own terms.

Providing multipurpose grants does not mean that money is all people need, or that cash transfers should not still be used in other sectors where they are appropriate. However, it does mean that, where interventions are addressing basic needs and people's minimum expenditures

– such as helping people buy food and clothing, pay rent and access basic services – all of these needs should be considered; that is, agencies should look at needs beyond their mandate. To the credit of donors, the CWG and agencies in Ukraine, most agencies eventually calculated the value required to meet basic needs even when their particular focus was on food and winterisation.

The uncertainty around where cash fits into the humanitarian architecture – and whether multipurpose cash transfers even have a place – was a major hindrance to the strategic use of cash transfers. This could be largely resolved if three basic principles are agreed:

1. CWGs should be given dedicated resources and they should, typically, not be under a specific cluster, given that cash spans clusters and sectors.
2. The agency or entity in charge of humanitarian coordination in a particular context – be it OCHA, UNHCR or the government – should play a role in the coordination of cash transfers (for example, leading or co-leading the CWG or housing a cash coordinator) unless it lacks the technical capacity to do so. This may require dividing up the 'coordination' and 'technical assistance' roles in CWGs.
3. Cash transfers to meet basic needs (whether described as multipurpose cash, subsistence grants, unconditional cash transfers or simply cash transfers) should have their own budget line in HRPs. A section should also be included that indicates precisely which needs the cash transfers are intended to cover and how they relate to other responses.

Taking these steps could improve coordination and encourage the use of cash transfers in ways that are based on people's diverse needs. However, any progress would still only tinker with existing constraints, and we would still be some distance from the High Level Panel's vision of using cash transfers in more transformative ways that truly enable better humanitarian assistance. Achieving this would require donors to look past their usual approach of funding individual partners with which they are comfortable, and instead coordinate or combine forces from the beginning. Agencies would need to compete for resources more positively on the basis of their ability to form fruitful public and private partnerships; their analysis of how best to engage with the government and social welfare systems; and their evidence on how they will deliver effective and efficient programming. In 2016, the EU launched a €348 million cash transfer programme in Turkey, and DFID and ECHO jointly issued a call for proposals for cash transfer programming in Lebanon. Arrangements such as these could lay the groundwork for alternative approaches in future responses.

This report did not delve deeply into the important question of whether aid agencies and donors gave adequate consideration to supporting social protection systems and working more closely with the government. More analysis would also be useful on what resources could have been leveraged to better work with financial service providers and deal with the intricate and vague regulations agencies faced. The most useful resources appear to have been national employees and contacts with access to authorities and key institutions such as banks. Another challenging topic is whether cash transfers could have been used in areas controlled by separatists, who have not permitted many agencies to deliver aid. This difficult question is wrapped up in the much larger issue of access. With limited ways to get money to people, and with authorities paying very close attention to money moving across the contact line, the few agencies that have access to non-government-controlled areas have determined that cash is not a possible response, at least not yet. This case study is not in a position to cast judgement on this decision. However, it does recognise that aid agencies have not simply defaulted to in-kind aid and have analysed the feasibility of cash transfers in non-government-controlled areas on several occasions.

The criticisms in this report in no way detract from the successes of cash transfer responses. Several people interviewed with years and even decades of experience in humanitarian assistance described how setting up humanitarian operations amid the complex political, bureaucratic and security dynamics in Ukraine made for an extremely challenging operational environment. Almost $70 million ended up in the hands of Ukrainians and Ukrainian businesses thanks to the creativity and hard work of international and national humanitarian organisations, and the donors funding them. The prominence of cash transfers was aligned with the vision of the High Level Panel on Humanitarian Cash Transfers – that cash transfers should be central to responses where appropriate. Yet the experience of Ukraine also reveals a tendency to fit the square peg of cash transfers into the round hole of the humanitarian system. Those with the most power in the system – primarily donors, but also Humanitarian Coordinators and aid agency leaders – need to promote the use of cash transfers in ways that best correspond to the needs of those they assist.

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