



# MAKING THE MOST OF CASH AT SCALE

**Policy Paper**

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# INTRODUCTION

Multi-purpose cash assistance has increasingly been recognized as a key assistance tool for people affected by crisis. Where markets remain functional, cash is often deemed an appropriate response tool and is now being used at an unprecedented scale. Cash assistance has demonstrated benefits for recipients, donors, and practitioners.

As the use of cash has expanded, so has the realization that scaling has the potential to improve the efficiency and effectiveness of a humanitarian response. However, while the benefits of scale on cost efficiency have been well researched and evidenced<sup>1</sup>, there are gaps in understanding how scale can impact quality and effectiveness, and whether the consortium model is the most effective way of delivering cash at scale.

Mercy Corps' new study explores the potential of cash at scale to meet increasing humanitarian needs and deliver people-centric response. For Mercy Corps, cash at scale to date has been delivered via consortium models. Over the past few years, Mercy Corps has led cash consortia around the globe, delivering cash at scale with partners to meet critical basic needs. Compared to single-agency led operations, successful consortia generally drive the quality and effectiveness of cash at scale – as such, the consortium model has become integral to ongoing discussions on cash at scale.

Mercy Corps is now reflecting on its learnings and investigating how cash at scale can be used to better support people affected by crisis.

### The new research seeks to help fill evidence gaps by questioning:

- whether the presumed benefits of cash at scale are true and if so, how the sector can capitalize on these moving forward;
- whether the perceived opportunities presented by cash at scale do exist and if so, how they can lead to improvements;
- whether the perceived risks of cash at scale exist and if so, how they can be mitigated.

**Mercy Corps' full technical report is available upon request.**



The study draws on key informant interviews – both from within Mercy Corps and from other international stakeholders – and a supporting literature review. While the study itself is extensive, this briefing note summarizes the key findings and is targeted at cash practitioners, donors, policymakers, and the wider NGO advocacy community.

**Based on this new research, Mercy Corps has also identified several key recommendations for policymakers, included at page 11 of this paper.**



## ➤ WHY DOES CASH AT SCALE MATTER?

**Cash and voucher assistance** refers to the direct provision of cash transfers and/or vouchers for goods or services to individuals, households, businesses, or group/community participants. The definition of 'scale' is still debated, but Mercy Corps proposes that scale is achieved when the numbers reached, the geographic areas covered and/or the total value of cash assistance result in impact for those reached, and cost efficiency and opportunities for effective collaboration between stakeholders.

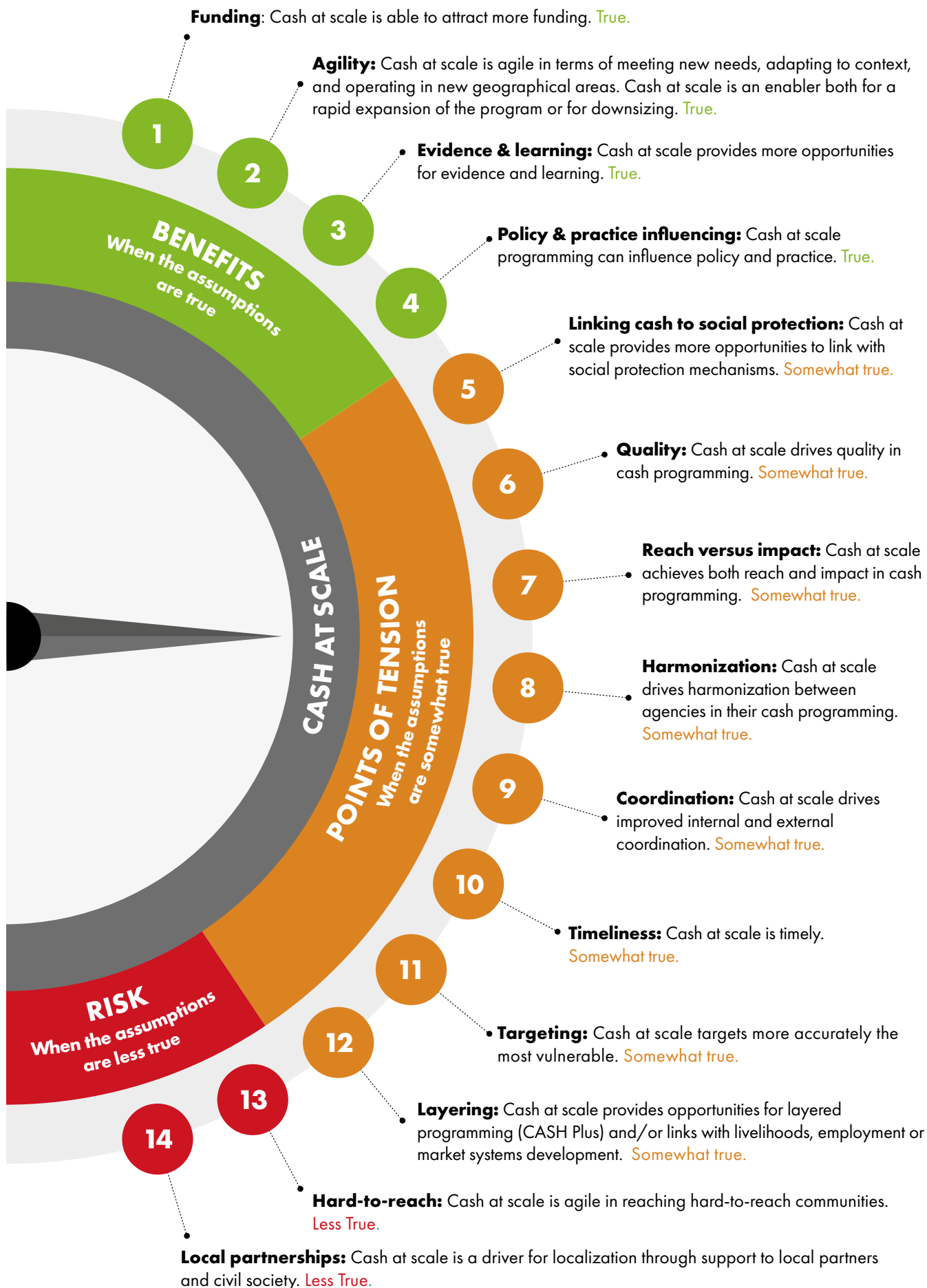
For the purposes of the discussion around scale, Mercy Corps focuses on the use of cash, and not vouchers, as it is the most common modality used at scale (delivered mainly via multi-purpose cash assistance).

The growth of cash at scale shows how far humanitarian response has come in the use of cash as a primary tool. Evidence shows that the majority of people affected by crisis prefer to receive cash or vouchers over in-kind assistance, as it supports local markets and restores dignity by providing flexibility and choice to recipients. Cash also has demonstrated benefits for both donors and practitioners. That said, amid the evident positive outcomes remain some key tensions that must be acknowledged and addressed – something that clearly emerged during Mercy Corps' research process.

Advancing the conversation on cash at scale simultaneously pushes for more people-centric aid and so drives us to think about the changes needed to deliver better, faster, and more effectively. When done right, cash at scale has significant benefits for people affected by crisis. The sector must therefore strive for both scale and scope – reaching more people, and especially those who most need support, with high quality programs.



# KEY FINDINGS – AT A GLANCE



## NEW EVIDENCE & INSIGHTS

Mercy Corps' research has found that cash at scale, particularly when delivered through a consortium of multiple INGOs, has clear benefits such as agility, ability to attract and manage diverse funding, and contribute to evidence and learning, policy and influence. At the same time, the study identified points of tension within cash at scale.

If designed appropriately and with careful consideration these points of tension create an opportunity for better use of cash at scale, including through linkages to social protection, enhanced quality, greater coordination, timeliness, effective targeting, and layering of program activities. Lastly, the study also recognized risks with cash at scale, such as the potential of missing highly vulnerable or hard-to-reach populations and working in parallel to – as opposed to partnership with – local actors and civil society.



### Benefits of cash at scale



### Scale improves the cost efficiency of cash operations.

Evidence shows that cash-based responses offer value for money in terms of improving humanitarian outcomes and reducing the cost of a response. In addition to being more efficient, established cash-at-scale programs can attract more donors, diversify and broaden the program portfolio, and increase the total funding. This is beneficial for both agencies looking to streamline funding sources and management systems as well as donors looking to leverage economies of scale and simplified grant management.



### Example

Since 2015, the Cash and Livelihoods Consortium of Iraq (CLCI) has attracted over 150 million USD from more than four donors, reaching approximately 500,000 individuals with multi-purpose cash assistance.



### Scale allows cash to serve as a shock responsive safety net.

The new Mercy Corps research shows that once systems are in place, cash at scale is agile in terms of meeting evolving needs, adapting to context, and operating in new geographical areas.



### Example

In Colombia during the COVID-19 lockdown, the VenEsperanza consortium almost tripled its reach in two months and assisted a large caseload with emergency one-off cash transfers to prevent evictions.

## **Scale provides more opportunities for evidence and learning.**

Compared to smaller cash operations, evidence and learning can easily be built into large scale awards and draw from large volumes of data – often through consortia models that have dedicated funding – and strongly enables influencing through the use of evidence-based advocacy on the use of cash.



### **Example**

In Iraq, the Cash Working Group adopted key findings and a curriculum on financial health education from the Randomized Control Trial conducted by the CLCI.

## **Scale produces a collective voice to better influence policy and practice.**

The consortium model is key to successfully delivering cash at scale, and the harmonization that comes with it enables collective action, in turn creating significant opportunities for unified advocacy and influencing.



### **Example**

In Iraq, the CLCI influenced the government social protection scheme and worked closely with the Ministry of Social Affairs; the World Bank considered the value opportunity behind CLCI's data and acted as a convener to ensure political support for the humanitarian cash to social protection linkages.



## **Points of tension**

## **Can scale provide more opportunities to link cash with social protection mechanisms?**

The research shows that while cash at scale does provide a competitive advantage in the social protection space, the full potential of these linkages is still not being realized. Experience demonstrates that a lack of common understanding is part of the problem, with linkages meaning different things to different agencies.



### **Example**

In Ukraine, the process of identifying a shared vision and establishing a strategy for the integration of cash with social protection has been complicated.

Given the number of actors responding with cash at scale in Ukraine, leadership of the social protection space has become highly contested between actors. This has been compounded by the complexity of Ukraine's existing social protection system, and the varied available options for integration.

## › Can scale achieve both reach and impact?


While cash at scale programs do reach more people, they do not always cover all needs. The new research shows that growing humanitarian needs, inflation, and currency depreciation have led to lower value cash transfer values, and scaled operations tend to focus on reaching high targets as opposed to covering a higher proportion of the needs for fewer individuals. Cash at scale programs must now navigate the breadth versus depth trade-offs.

### Example

In Colombia, the transfer value was set by the government and is aligned with what the Colombian poor receive through the national social protection mechanism. The humanitarian community has repeatedly advocated for an increase in the transfer value, due to the low coverage of the Minimum Expenditure Basket (approx. 40%).

## › Can scale drive quality in cash programming?

As most people affected by crisis prefer to receive cash or vouchers over in-kind assistance, there is pressure for cash at scale to meet their expectations in terms of quality. But Mercy Corps' study demonstrates that cash at scale does not automatically drive quality – while the consortium model can promote quality standards, build robust systems, and use independent third-party monitoring, there remain several factors (such as time constraints, high targets, and a tendency towards blanket approaches) that can negatively affect the quality of cash at scale programs.

 Quality is achieved when: “The right people receive the right amount of money, on time and through the correct channel, and are able to provide feedback that is acted upon.”

## › Does ‘more’ automatically mean ‘better’?

Here the research shows that while cash at scale may enable greater numbers to be reached, the approach can also fail to target the most vulnerable and those that are harder to reach. These groups can be overlooked due to value for money expectations – with smaller scale emergencies or new displacements requiring more resources per participant and potentially constrained by the support to program cost ratios set by donors<sup>2</sup> – but also due to pressure to reach high targets in a short timeframe. Cash at scale has potential to develop a data driven approach to targeting that capitalizes on common datasets. However, evidence also reveals instances when adopting a blanket approach is preferred due to the nature of the crisis and the pressure to reach more people in need, leading to under-represented members of a community or those in harder-to-reach areas being excluded. This is a growing criticism of the large-scale, one-size-fits-all model of cash transfers, driven primarily by efficiency and scale. The rise in self-registration systems shows that while they permit scale and allow for rapid registration, certain groups may be overlooked or marginalized by others.

### Example

The Ukraine crisis has offered a unique opportunity to digitalize emergency cash programming, with widespread use of self-registration via online platforms and government-led registration. This has allowed agencies to respond at scale in record time, reaching up to 7 million people in 18 months.

## › Can scale drive harmonization between agencies?

The findings reveal that the consortium model is a key driver of harmonization, and it facilitates better oversight and accountability. However, the harmonization of programs, processes and tools between different agencies remains a complex negotiation process that can take time—something that may be concerning to donors prioritizing speed. While harmonization can be seen as central to cash at scale and the backbone of quality programming, the research captures several drawbacks that must also be considered, including the risk of harmonization being uncomfortably slow for donors that are pushing for rapid programming.



### Example

In Colombia, VenEsperanza has a high level of harmonization across consortium partners in terms of program design, monitoring systems and processes, targeting and selection, and has a centralized information management system. In the third year of implementation, the consortium moved to harmonized implementation through common standard operating procedures and a common and harmonized approach with the main financial service provider.

## › Can scale lead to improved coordination?

The consensus is that cash at scale is driving improved coordination, both internally and externally, especially when delivered through the consortium model. That said, when donors and other stakeholders push actors in the same geographical space, there is a risk of overlap and duplication between agencies. The rise in deduplicative efforts is seen as a direct consequence of the increase in cash at scale operations and the high number of actors implementing cash in a set location, or with populations on the move.



### Example

In Ukraine, the duplication rates are extremely high (up to 60% of registrations), resulting in considerable impact on resources, especially for in-person registrations systems.

## › Can scale lead to speedier responses?

It seems that cash at scale programs can be timely – for instance, in responding to emerging needs or changes in context – but only once robust systems are in place, which in turn, take time and effort to build and harmonize. In new emergencies without functioning consortia, there is a clear trade-off between the rapid operational set-up of each consortium partner/timeliness of their response and harmonization. As experience shows, agencies are faster in setting-up their operations when using their own systems, tools, and processes, as opposed to having to adapt new ones.



### Example

In Colombia, it took partners approximately six months to agree on funding, geographical split, common targeting and post-distribution monitoring, and agree on a common information management system. This work was led by two consortia and ultimately resulted in a more coordinated cash response. Once the award started, some of the partners required an additional two or three months to roll-out their implementation, however the consortium structure and initial team were all set-up and functioning.



## › Can scale lend itself to layered programming or Cash Plus?

If done well, evidence shows that cash at scale provides opportunities for layered programming<sup>3</sup> and/or links with livelihoods, employment or market systems development, although this does not happen naturally. Cash at scale lends itself to layering complementary programming in several ways: there is a large number of participants to select from; the use of data driven targeting methods can help with understanding the participants and lead to better targeting; the large-scale programs implemented through consortia might attract additional funding for longer-term programs.



### Example

In Iraq and Colombia, both CLCI and VenEsperanza consortia have layered livelihoods programming onto multi-purpose cash support.

## › How effective is the consortium model?

Delivering cash at scale through consortia is seen as an appropriate way to drive quality, expand reach, and meet set thresholds on cost efficiency. Compared to single-agency led cash at scale operations, consortia driven cash at scale is still perceived by both donors and implementers to be more agile, flexible, accountable, and quality oriented. Large cash consortia have driven sector-wide harmonization, strengthened the Cash Working Groups, and produced evidence and learning to deepen program impact and influence.



## Potential limitations

Mercy Corps' study identifies two primary perceived risks in driving cash at scale and presents recommendations for mitigating these.

## › Can scale reach communities in hard-to-reach areas?

The new research shows that reaching the most vulnerable is not usually the most cost efficient, and while there is an imperative to deliver cash at scale efficiently, operating in hard-to-reach areas or with highly marginalized populations is more costly and takes time. This means that the needs in such areas can be overlooked due to expectations around value for money.

Operating in hard-to-reach areas also depends on the ability to access new geographies, flexible resources and funding, and the risk appetite of implementing agencies.



### Example

The Cash Consortium of Somalia is intentionally set up to be agile and able to operate in hard-to-reach areas. However, operating in high-risk areas is very slow and requires context analysis, access negotiation, and time.

## ▶ Can scale be facilitated by local organizations?

Cash at scale is currently dominated by large-scale cash actors, leaving little decision-making power for local civil society. Mercy Corps' study points out that cash at scale requires robust systems and stringent operational procedures that are difficult for local actors to set up and/or comply with. But the study also notes the significant value that local organizations add, as their competitive advantage lies in their community-led approaches and outreach capacities, particularly for hard-to-reach communities.

### Example

The Ukraine Cash Consortium has so far put strong efforts into localization, with one partner (Mercy Corps) working only in partnership with local organizations, while the delivery of multi-purpose cash is done directly by Mercy Corps. Although the research shows that this is not a full-fledged example of localization, it still shows that there are significant opportunities when cash and local partnerships come together.



# RECOMMENDATIONS

As implementers, donors, and other stakeholders increasingly use cash as a tool to improve development outcomes, they must also apply the lessons they have learned and anticipate new challenges. Exploring solutions to address some of these tensions in particular is critical. As the research points out, we must strive for both scale and scope – reaching more people with quality programs, especially the most vulnerable, when utilizing cash. This requires humanitarians to unpack evidence on scale to date and think beyond cost efficiency and more broadly about what cash at scale means and how we maximize the opportunities and risks. Mercy Corps' learnings provide a helpful starting point to explore these challenges and promote wider discussion on potential solutions. The following recommendations are aimed at policymakers and donors as they consider their engagement with the use of cash moving forward.<sup>4</sup>

1

## Understanding Partnership and Consortium Leadership

Success of cash at scale ultimately depends on the success of the operational model (i.e., consortia) used to deliver at scale. **Leading consortium** requires applying learning from past experiences and ensuring a clear understanding of both the authority and risk associated with such leadership. **Consortium partners**, meanwhile, require time to form trust, build a common vision, promote collaboration and equity, and demonstrate commitment. Finally, **donors and cash consortia partners** share a responsibility to build infrastructure that explicitly supports/enables this vision for successful cash at scale.

2

## Building Evidence, Policy and Influencing

Cash at scale provides an opportunity for data driven collective learning and advocacy. Stakeholders should make greater efforts to research the relationship between scale, quality and accountability in cash programming. Leaders in cash at scale must work to use data, evidence and learning to advocate and engage – collectively and strategically – in cash coordination and policy spaces, speaking with a unified voice and counterbalancing the UN.

3

## Focusing on Quality

Integrated programming, referrals, and layering complementary programs can improve the overall quality of using cash as a modality. **Prioritizing more tailored approaches** to reach highly vulnerable groups or hard to access communities, including the pursuit of meaningful partnerships with local actors, can also drive quality, by extending the reach of the program to include some of the most vulnerable populations in hard-to-reach areas. Digital responses (digital by default), tools, and inter-operable systems as a means by which to address risk, enhance quality and accountability, and reduce costs must be resourced and prioritized.

4

## Enhancing Impact through Layered Programming

One of the greatest potential benefits of cash at scale is layering cash with other forms of assistance, where and when appropriate, enhancing the impact of cash. **Donors should adopt the Cash Plus model as a norm, and implementers [and other stakeholders] should conduct additional research** on what the best balance is between cash and other complementary services, and how to determine the most effective combination of programming to maximize the value of cash assistance.

5

## Supporting Local Partnerships

Cash at scale led by large international agencies has the potential to counteract efforts to capacitate local partners. **Donors and consortium leaders must put local partners at the center of cash at scale**, through equal engagement early on in program design, the creation of equal roles and recomposites in consortia and cash coordination spaces, appropriate resourcing, and a continuous focus on space and support for local actors across the cash project cycle.

Mercy Corps' experience in utilizing cash at scale and leading consortia has demonstrated benefits for all parties involved, but also entails risk for the lead agency to manage and implement on behalf of all parties (donors and implementers). This responsibility, and recognition of the risk carried, should be clear to all stakeholders and shared between partners in cash at scale programs. In an environment where humanitarian and development crises continue to drag on, and in some instances multiply, there is more focus than ever on the most efficient and effective tools we can use to provide sustainable assistance to vulnerable communities. Cash has consistently demonstrated its value in these contexts, yet we must ensure that our efforts to utilize cash also address the tensions inherent in the modality, to bring the same level of quality as we do scale to our operations. This will require the buy-in of donors, both bilateral and multilateral implementers, policymakers, and other relevant stakeholders to create an environment where cash at scale can be successful.

## ▶ END NOTES

1. <https://www.rescue.org/sites/default/files/document/954/20151113cashcefficreportfinal.pdf>; [https://assets.publishing.service.gov.uk/media/5c70274ae5274a0ec72b4896/458\\_Cost\\_Effectiveness\\_Humanitarian\\_Cash\\_Programming.pdf](https://assets.publishing.service.gov.uk/media/5c70274ae5274a0ec72b4896/458_Cost_Effectiveness_Humanitarian_Cash_Programming.pdf); <https://openknowledge.worldbank.org/server/api/core/bitstreams/9bea1bbd-1d26-5080-9733-09c85ca2116a/content>
2. From the donor perspective, there is an expectation that large partners will cover homogeneous groups of participants on a significant scale, while new smaller displacements or those with more specialized needs will be assisted by smaller organizations.
3. Layered programming is also referred to as Cash Plus or complementary programming, where different modalities and/or activities (such as job trainings, childcare, or supplemental nutrition) are combined to achieve objectives. Complementary interventions may be implemented by a single agency or by several agencies working collaboratively. This approach can enable identification of effective combinations of activities to address needs and achieve program objectives.
4. A fuller set of recommendations aimed at implementers, subject matter experts, and other stakeholders is included in the full Mercy Corps report, "Making the most of Cash at Scale."

## **ACKNOWLEDGEMENTS**

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## **ABOUT MERCY CORPS**

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



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