

JULY 2020

THE STATE OF THE WORLD'S CASH 2020

CASH AND VOUCHER ASSISTANCE
IN HUMANITARIAN AID



THE STATE OF THE WORLD'S CASH 2020 – AN OVERVIEW

Since the first State of the World's Cash Report was published in early 2018, we have seen big developments in cash and voucher assistance (CVA). **US \$5.6 billion in CVA was programmed in 2019, constituting 17.9 percent of total international humanitarian assistance** (IHA) – double the US \$2.8 billion programmed in 2016 (10.6 percent of IHA at that time). And it has not just been about delivering more CVA – there has also been **an increasing emphasis on quality**, along with more focus on **changing roles and partnerships**. While shared measures of programme quality are still lacking, a consensus is emerging that quality is defined by effectiveness, efficiency and accountability, and that **recipient perspectives are a critical measure**.



MEASURING PROGRESS IN CASH AND VOUCHER ASSISTANCE



This report draws on inputs from 254 practitioners, a survey of 34 organisations, 15 regional and country-based focus group discussions, in-depth interviews with 80 CVA experts, and an extensive literature review. It provides **an analysis of progress since the last report and key barriers to further progress, with recommendations to address them**.

As with the first report, progress is tracked against the objectives of the 2017 **Global Framework for Action** (GFA), with new chapters added on three key emerging areas: localisation, social protection and the impacts of COVID-19. In 2017, the GFA rightly focused on humanitarian actors and their processes - with commitments framed in terms of increasing scale and quality, building capacity, routinely considering and effectively coordinating CVA. Now changes go much further, with CVA challenging the ways we work, the partners we work with, and the role of humanitarians vis-a-vis the people we serve. Our **benchmarks for future progress** must be understood:

- (i) **From the recipient perspective:** quality and appropriateness of assistance, ability to influence and hold actors to account; and
- (ii) **In the broader context:** how CVA plays a role in effective humanitarian assistance overall, how it can work with and complement other modalities, and how humanitarian CVA actors can work better with others – governments and other local actors, the private sector, and development actors – to provide financial assistance.

FOUR KEY SHIFTS IN CASH & VOUCHER ASSISTANCE SINCE 2017

This is a rich report, with analysis of many aspects of CVA, with implications for all stakeholders. Looking across the findings, we have seen four key shifts since the first report, all of which have been accelerated and influenced by the COVID-19 crisis:



1. The rise and rise of CVA

- The rapid growth of CVA continues, with a 100 percent increase from 2016 to 2019. Alongside this, 91 percent of practitioners see increased donor support for CVA, and 85 percent believe it is now more systematically considered as a response tool. But barriers persist, particularly in relation to its wider use across sectors.
- We now know more about what makes cash an effective component of humanitarian programming, what is valued by recipients, and how to deliver better. 67 percent of practitioners believe the quality of assistance has improved since 2017, but more than half are concerned there is a risk that quality may suffer as CVA continues to increase in scale.
- As the use of CVA grows, it is reshaping the ways humanitarian actors implement, alone and together. There is a trend towards a smaller number of larger actors delivering a higher proportion of CVA globally, with the share of CVA programmed by UN agencies and their partners increasing annually, reaching 63 percent in 2019.
- The development of new collaborative approaches and operational models provides an opportunity for a systemic analysis of how to programme CVA, build on the best of what we know and embed quality and accountability. But there is also a risk these that processes could be driven more by agencies' preferred ways of working and efficiency considerations than by evidence and recipients' preferences. Common metrics to objectively assess different approaches are needed, with results shared to drive system wide learning and improved outcomes.



2. A multipurpose tool challenging a sector-based system

- We still struggle to fit cash – a form of assistance whose use and outcomes are determined by users – into a sector-based system which organises assistance by its intended purpose. Response analysis which starts with a holistic understanding of needs and market functioning is a prerequisite for more people-centred assistance which saves lives and supports livelihoods.
- The global impasse over CVA coordination, and who should lead and resource it, is symptomatic of this wider issue. While there has been innovation and growing experience in cash coordination at country level, 90 percent of our key informants agree that the lack of clarity and resourcing has real operational impacts. 66 percent of practitioners rank the coordination of multipurpose cash in a sector-based system as the greatest challenge for effective CVA in a humanitarian response.
- Overall, practitioners agree that the coordination system needs to evolve to better support the growth in multisectoral approaches, while retaining valuable sectoral technical expertise.



3. Recipients in the driving seat: in theory but not yet in practice

- Programme quality is increasingly being understood in terms of value for recipients. This entails a stronger focus on the role CVA can and should play in empowering recipients: maximising choices, assessing delivery options from the user perspective, and more responsive accountability mechanisms.
- Many practitioners stress the importance of gathering recipient feedback more systematically, including at the response-wide level, and sharing it transparently as a benchmark for quality and progress. But while there is growing consensus of the vital importance of this, there is limited evidence to date of feedback being used to drive programmatic changes.

- A scale-up in CVA should imply that recipients are increasingly in the driving seat of humanitarian action. And with humanitarian aid being just one financial flow among many, crisis-affected people will increasingly have options for support and recovery. Committing to giving recipients greater choice and influence will require humanitarian actors letting go of some of their traditional roles, necessitating tough choices and significant shifts in mindsets and ways of working.



4. CVA driving a more local, more plural humanitarian system, including stronger links with governments

- CVA is helping to drive a more local, more plural humanitarian ecosystem by strengthening links with governments, the private sector, market actors and local civil society organisations (CSOs).
- There is increasing consensus that localisation is important for sustainable CVA, but there is not yet agreement about what that means in practice or the priorities for action.
- Perceptions of the capacity of local organisations and systemic biases are barriers to change. Changes to ways of working, acknowledging the added value and strengths of local actors, are needed, alongside greater investment in sustainable capacity development using a systems lens, rather than focusing only on strengthening individual organisations.
- Humanitarian CVA actors need to work more effectively with the private sector, governments, development actors, CSOs and affected communities. These partnerships will involve trade-offs around speed, control, and approaches. Humanitarians have a critical role in ensuring that assistance remains principled, needs-based, and equitable, supporting all vulnerable and marginalised groups.
- The COVID-19 pandemic has accelerated efforts to strengthen links between humanitarian CVA and social protection. The devastating economic impacts mean that humanitarians are increasingly playing a safety-net function, working more closely with governments in many contexts. However, in many of the worst-affected countries, social protection systems are weak, under-funded and have limited coverage and the worst-affected people – migrants, refugees and other marginalised groups – are often excluded.
- There is a lot of research around how humanitarians can work more closely with governments to support the shock responsiveness and coverage of social protection systems, but there is limited evidence of effective action.

THE COVID CURVEBALL



The COVID-19 pandemic has upended humanitarian contexts and responses around the globe. This report includes reflections on its possible implications for CVA. The pandemic is likely to drive further growth of CVA, as the only tool able to rapidly save lives and protect livelihoods at scale. However, with rising needs and falling donor budgets, longer term growth is far from certain. It is important that current volatility and uncertainty does not push responders to revert to in-kind assistance where this is not the most appropriate tool for economic recovery. COVID-19 has accelerated progress on several reform priorities, and - in challenging the ways we work – offers the potential for us to build back better in key areas.

CONCLUSION

CVA is now a well-established humanitarian response tool which continues to save lives and livelihoods, and to challenge humanitarian actors to think differently and deliver better. The implications of a CVA-heavy humanitarian response are significant, affecting the roles and added value of humanitarians and the balance of power between provider and recipient.

Our hope for the future is that we'll see more plural, more local and more people-centred responses, in which international humanitarian actors have ceded some control while all humanitarian actors retain a sharp focus on ensuring principled, needs-based and equitable assistance. This means supporting crisis-affected people in ways which maximise their choice and agency while also strengthening local economies.

SUMMARY: INTRODUCTION AND METHODOLOGY

Since the first State of the World's Cash Report was published in February 2018, the use of cash and voucher assistance (CVA) has grown and diversified within a rapidly shifting humanitarian landscape. This new report examines progress, changes, and challenges over the last two years.

THE REPORT PROVIDES:




- ✓ a neutral and critical analysis of the current state of CVA globally, including the extent to which it is contributing to quality in humanitarian programming and outcomes for people in need
- ✓ an assessment of progress against the benchmark data collected for the 2018 report, identifying notable changes, challenges and gaps which may affect further progress
- ✓ practical actions which can be applied – individually, organizationally and collectively – by stakeholders to support further progress and address gaps and challenges
- ✓ an analysis of the emerging implications of the COVID-19 pandemic.

METHODOLOGY:

Primary Research

- 80** key informant interviews
- 15** regional workshops and country-level consultations
- 254** respondents to the practitioner survey in 3 languages
- 34** organisations completed the organisational survey
- 24** organisations completed the CVA volume survey

Secondary Research

-  Review of key documentation published since 2018
-  Analysis of recipient perception data, provided by Ground Truth Solutions
-  Analysis of CVA volume data from the Financial Tracking Service (FTS), provided by Development Initiatives

Focus group discussions in regional and country based consultations with organisations and CVA practitioners around the world



Regional consultations

- Latin America and Caribbean – Panama
- East and South Africa – Kenya
- Middle East and North Africa – Jordan
- West and Central Africa – Senegal
- Asia and Pacific Regional CWG co-leads – Thailand
- Regional Pacific CWG technical advisor – Vanuatu
- Quarterly RCRCM Cash Coordination meeting – Kenya

Country based consultations

- Middle East and North Africa: – Iraq, Erbil FGD – Jordan, Amman Risk Workshop
- West and Central Africa: – Nigeria CWG FGD
- East and South Africa: – Ethiopia CWG – Somalia CWG – South Sudan CWG – Kenya CWG

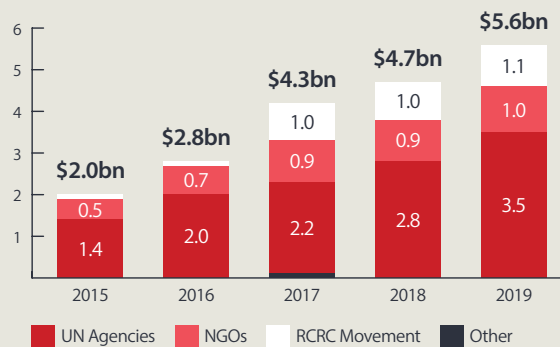
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SUMMARY: FUNDING, POLICIES, VOLUME, AND COLLABORATION

VOLUME AND FUNDING

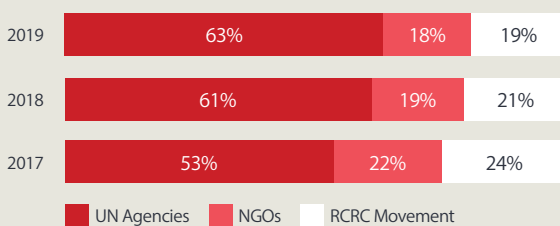
The global volume of CVA reached US \$5.6 billion in 2019, having increased year-on-year from \$2 billion in 2015. CVA also grew as a percentage of international humanitarian assistance, standing at 17.9% in 2019, up from 7.9% in 2015.

CVA programming costs by channel of delivery in USD bn



Growth in the use of CVA is expected to continue. Among other things, the relative efficiency of CVA is likely to promote scale-up, particularly as the gap between needs and funding widens and the pressure to 'do more with less' increases.

Global CVA volumes by organisation type



Growth in the use of CVA remains uneven across humanitarian actors. The proportion of CVA funding programmed by the UN and its partners has increased annually since 2017, reaching 63% in 2019.



The use of cash transfers, relative to vouchers, has increased as a percentage of CVA since 2015, constituting three quarters of the total in 2019.



The tracking of CVA volumes has improved, with reporting requirements agreed. However, significant work and investment is still required to achieve commitments in this area.

DONORS AND POLICIES



Since 2017, agencies and donors have made **more progress towards meeting policy commitments towards increasing the use and quality of CVA.**



Overall, donors' CVA positioning is perceived to be stronger, clearer, and better coordinated than before. However, more consistency on sector issues and at country level would benefit the planning of interventions.



There has been **more focus on supporting collaborative approaches to CVA.**



PRIORITY ACTIONS

- **All humanitarian actors should push for improvements in the quality of CVA across the humanitarian system,** putting ambitions for more and better CVA into practice, building on initiatives such as the Common Donor Approach.
- **Donors should provide more flexible, multi-year funding, enabling better integrated programming** to address basic needs, including supporting sector-specific activities where needed. Operational agencies should be **more propositional and transparent about what effective programming looks like and costs.**
- **All humanitarian actors should build towards more cross-coordination and partnership between collaborative delivery initiatives,** and include a broader **range of stakeholders,** including national and local actors.
- **All humanitarian actors should commit to and work towards the minimum requirements for tracking CVA.** Donors should support the **strengthening of systems for programme and financial management and reporting.**

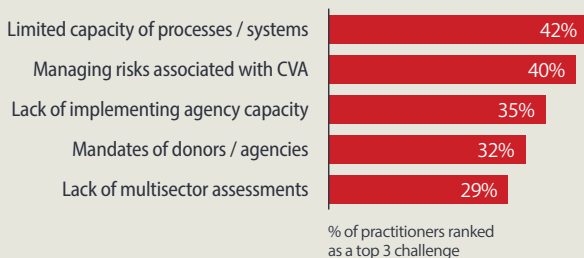
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SUMMARY: MAINSTREAMING CVA – PROGRESS; RISKS & CHALLENGES

PROGRESS AND CHALLENGES

CVA, including multipurpose cash, is an increasingly common and well-understood tool in humanitarian response, but barriers remain to its use.

Main challenges to scaling up CVA



To ensure that CVA is used wherever it is the most appropriate tool, there is a **need for stronger response analysis**, but this faces technical, political, and resourcing barriers. The inclusion of response analysis in humanitarian response plans marks progress, but more is needed, including within the cluster system.



Robust response analysis must be based on strong **multisector needs and market assessments**.

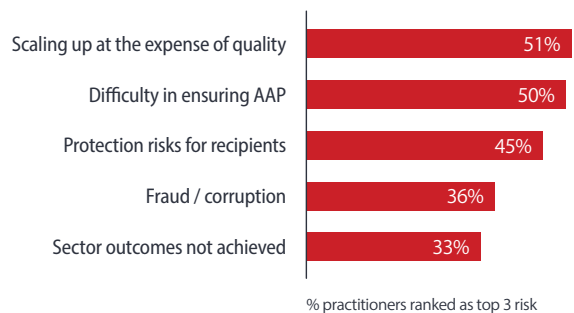


Multisector market assessments are often under-utilized, insufficiently collaborative, and data is not regularly shared.

PERCEIVED RISKS

Sectors have made good progress with the use of CVA but concerns about programme quality and achievement of outcomes remain a barrier for some.

Main perceived risks of scaling up CVA



Cash is not inherently riskier than other types of aid, but perceptions continue to affect the uptake of CVA. **Many of the most significant perceived risks relate to programme quality.**



Perceptions of **digital and data management risks** have increased in prominence. Humanitarian actors need to work quickly to agree what 'doing no digital harm' looks like.



PRIORITY ACTIONS

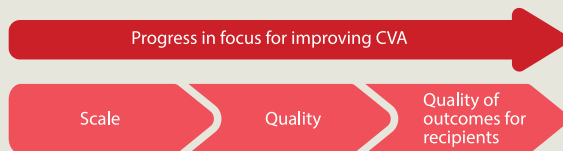
- All humanitarian actors should support the strengthening and systematic use of response analysis underpinned by robust multisector needs assessments. These should incorporate both multipurpose cash and sector specific CVA within an integrated programming framework.
- All humanitarian actors should support the proposed actions of the Grand Bargain Workstream on Joint Needs Assessment to improve resourcing, coordination, and accountability for multisector assessment and analysis.
- All relevant humanitarian actors should work together to further develop evidence for achieving sector specific outcomes through CVA, including multipurpose cash, and routinely consider sectoral CVA response options.
- Where there are **perceptions that CVA is inherently riskier than other types of assistance**, humanitarian actors should challenge these assumptions based on the wide body of existing evidence.
- Operational agencies and donors should prioritise digital data risk management as an area for skills and knowledge development.

3

SUMMARY: QUALITY PROGRAMMING

WHO DEFINES QUALITY IN CVA?

The focus for improving cash and voucher assistance (CVA) has gradually shifted from **increased scale**, to **improved quality** and is now moving towards **quality defined in terms of outcomes for recipients**.



Consensus is emerging among CVA actors on what constitutes quality in terms of effectiveness, efficiency, and accountability.



Aid recipients have **different perspectives to humanitarian actors** on what they value in aid.



Seeking and acting on feedback from CVA recipients and affected communities throughout the programme cycle can improve programme quality. The **question is whether humanitarian actors are both willing, and able, to do this**.



The focus must be on **overall quality programming, not only quality CVA**. Ensuring quality in CVA can be a catalyst or entry point for exploring ways to improve quality across responses.

COLLABORATION FOR CASH 'AT SCALE'



The recognition that CVA implies changes in how humanitarian actors work together has driven **more, new, and evolving approaches to collaboration**. These include consortia, shared payment mechanisms, and efforts to increase the interoperability and integration of systems and processes.



There is **no 'one size fits all' approach, nor is there automatic 'value for money' in collaboration for cash at scale**. Determining the right CVA operational model and what to invest in will depend on contextual factors including the type, duration, and complexity of a response.



There are **trade-offs in quality when delivering cash at scale**. It is necessary to understand where and when quality components (e.g. improved accountability) justify costs in the context of limited budgets.



It is likely that the number of **actors involved in the delivery of cash 'at scale' and end-to-end CVA programming will shrink**. Other agencies will have important roles to play but need to be flexible and develop 'added value niches' that drive quality.



PRIORITY ACTIONS

- Operational agencies and donors should **collaborate and share learning on operational models** and agree on the **benefits and limitations of different models in different contexts**.
- Humanitarian actors should **develop and use common metrics** to assess effectiveness, efficiency, and accountability.
- Relevant humanitarian actors should collaborate to pilot **systemic integration of an independent, people-centred approach to capture recipient perspectives**, and **independent MEAL functions** at response level.
- Operational agencies, donors and researchers should generate **evidence of the benefits and costs of 'quality' components** such as third-party monitoring.
- Donors and operational agencies should **acknowledge the trade-offs between quality and scale and agree on what is possible in different contexts**.
- Donors should revise award guidelines to **recognize and support components which foster quality programming**, enabling agencies to **develop specialized roles**.

4

SUMMARY: BUILD SUFFICIENT CAPACITY FOR CASH AND VOUCHER ASSISTANCE

PROGRESS AND CHALLENGES

Individual and organisational CVA capacities have improved, and are having a positive impact on timeliness and scale. Gaps persist that are impacting the quality of CVA and further scale-up.

Capacity building impacts timeliness and scale of CVA

78% of organisations agree that capacities built so far have allowed them to increase the timeliness of CVA.

80% of organisations agree that capacities built so far have enabled them to increase the scale of CVA.



Recruiting and retaining skilled staff remains a challenge, particularly as demand for specialised CVA skills increases.



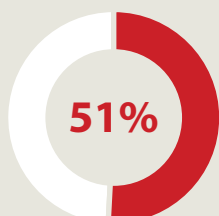
Organisations are building their "cash readiness" but progress is uneven across different staff profiles, organisations, and contexts.



There is need to think about the capacity of the CVA system as a whole and increase investment in local systems and stakeholders.



Dedicated funding for CVA capacity development is generally limited, insufficient and unpredictable for most organisations – national and international.



51 percent of practitioners agree that current policies will be effective in ensuring organisational capacity and readiness for CVA.

EVOLVING CAPACITY DEVELOPMENT NEEDS



There is demand for new, specialized, skills and profiles. This is creating new capacity gaps in relation to: technology, data systems and digitisation of CVA; social protection; accountability and recipient perspectives; relationship management, communication, and coordination.



The availability of, and access to, capacity building opportunities has increased, but more work is needed to ensure opportunities are accessible to all organisations. Training materials need to be adapted to different operational contexts, be available in different languages and online training needs to be strengthened.



PRIORITY ACTIONS

- All humanitarian actors should consider how their **capacity development efforts can benefit others, not just themselves. A stronger system will enable** sustainable progress in terms of scale, quality, and inclusion.
- Donors should **systematically fund capacity development processes** based on clearly **identified needs of individual organisations and shared needs.**
- Donors, international and local organisations should **invest in national cash readiness** based on local actors' needs and priorities.
- Humanitarian organisations should develop **more responsive and adaptable approaches to capacity building and** organisational planning **based on changing needs** in terms of skillsets and systems.
- Course developers and training providers should **adapt trainings to different operational contexts, languages and stakeholders.** They should **reinforce e-learning and self-paced learning** as flexible and accessible approaches.

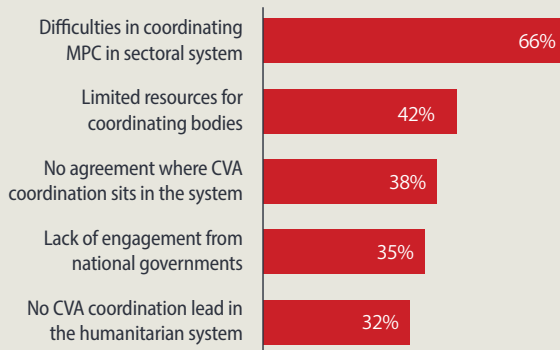
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SUMMARY: COORDINATION

GLOBAL CHALLENGES, IMPACTS AND OPTIONS

There has been very limited progress on agreeing the role, scope, leadership and resourcing of cash coordination since 2017, with particular issues around multipurpose cash.

Main challenges to effective CVA coordination



% of practitioners ranked as a top 3 challenge



90% of key informants noted that the global impasse on cash coordination continues to have real operational impacts, limiting opportunities for collaboration and for improving the quality and impact of CVA.



Efforts to resolve outstanding questions around cash coordination have failed, in part because they have not taken enough account of the factors inhibiting change.



Cash challenges the established coordination and funding architecture. Expecting organisations to make high-stakes changes that are perceived to be against their interest is not realistic; advocacy must better consider incentives for change.



Options to overcome the coordination impasse include (i) assign leadership to the main cash actor in each response (ii) assign an operational agency to lead cash coordination globally (iii) coordinate cash through the inter-cluster coordination group (ICCG) or, (iv) embark on more fundamental, longer term changes to coordination (not cash specific).

PROGRESS AT RESPONSE LEVEL



Despite the lack global agreement, experience in cash coordination at response level is growing, with Cash Working Groups generating new tools, approaches and learning.



Cash Working Groups are contributing to the efficiency and effectiveness of programming but would benefit from better resourcing (e.g. through humanitarian response plans) and inclusion in strategic decision-making at response level.



PRIORITY ACTIONS

- The Grand Bargain Political Blockages Group and Donor Group should continue to advocate for standardising a predictable approach to cash coordination by international actors. Decisions should prioritise what makes most sense for affected populations.
- The Donor Group and Grand Bargain Political Blockages Group should approach the IASC again, with clear options and recommendations.
- Donors and other response level decision-makers should ensure Cash Working Groups (CWGs) are adequately resourced and have strong links to the rest of the response architecture.
- CWG leads, members and other relevant stakeholders should ensure more systematic sharing and capturing of learning between CWGs.

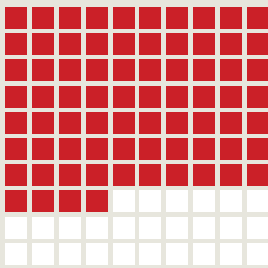
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SUMMARY: EVIDENCE, LEARNING & INFORMATION SHARING

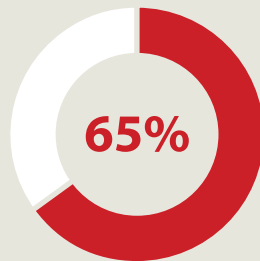
FILLING THE EVIDENCE GAPS

CVA research and learning has moved from proof of concept to a **focus on programme quality** and filling evidence gaps.

Practitioner perspectives



74%
of practitioners have the evidence needed to design quality CVA



65% of practitioners say there is sufficient evidence on the appropriate and effective use of multipurpose cash



Lack of evidence is not generally perceived as an immediate inhibitor of quality programming, though it remains a more significant issue at sectoral level.



Global clusters have made **progress identifying sector-specific evidence gaps** and rolling out plans to address them.



The **evidence base on multipurpose cash has increased**. Equally **gender and CVA**, identified as a critical evidence gap in the last report, **has seen notable progress**.



Greater understanding of issues such as recipient choices, well-being, and outcomes is needed. In addition, **there is limited research on the use of CVA in combination with other aid modalities** i.e. the best use of cash and/or vouchers as part of an integrated programming approach.



The **evidence base for cost-efficiency and cost-effectiveness remains weak and fragmented**, due to a lack of transparency with budget data, shared metrics, and resources.

INFORMATION SHARING AND LEARNING



There is **no shortage of information being produced on CVA**. There is a need to give more attention to **building on findings and integrating learning mechanisms** within programmes.



There is **continuing reluctance to share findings from unsuccessful or challenging programmes**, which could support sector wide learning, due to issues of funding and competition.



PRIORITY ACTIONS

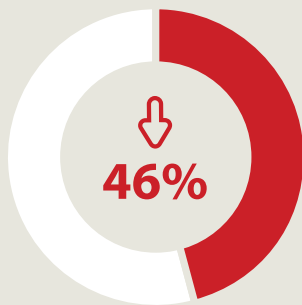
- **All humanitarian actors should ensure greater transparency, treating programme data and findings as 'public goods'**. Donors should not penalize agencies for being open about failures.
- **All humanitarian actors should increase efforts to understand what influences the outcomes of CVA for recipients**, and make systematic use of recipient perspectives in programme design.
- **Relevant humanitarian actors should collaborate to undertake systematic analyses of perceived evidence gaps and identify which are critical to improving the quality of programming.**
- **Relevant humanitarian actors should develop practical syntheses of evidence**, collate learning from different contexts and explore evidence beyond the humanitarian sector.
- **Humanitarian organisations, donors and researchers should improve collaboration and coordination of research and the application of learning**, building on existing platforms.
- **All humanitarian actors should ensure that evidence is used to inform programme design.**

6B

SUMMARY: INVESTING IN INNOVATION FOR CVA

TRENDS AND RISKS

Despite growth in areas such as digital finance, **appetite for CVA innovation has decreased slightly since 2017.**



46% of practitioners think humanitarian agencies and private sector actors are developing effective working relationships in CVA, marking a 9% drop since 2017



Attention given to **understanding and analysis of the value of innovation from a recipient perspective** has increased.



The growth of digital services provides many opportunities, but also demands careful consideration of **potential of real-life harms to recipients given that sensitive data about them is collected and managed.**

There is also need for **greater investment in risk assessment and risk management.**

FINTECH AND CVA



Mobile-based services and the use of mobile money for CVA has continued to grow. 60% of mobile money providers reported partnering with a humanitarian organisation to deliver CVA (GSMA).



There is increasing emphasis on **digital identity provision and management as a critical enabler of access to aid and broader financial services**, with donors, researchers, and implementers investing time and effort. Policy and practice has evolved, including the development of pilot blockchain based ID management platforms that put aid recipients in control of their data, and policies on the use of biometric technology in registration and ID verification processes.



There has been steady growth in **disintermediated (i.e. direct transactions removing intermediary institutions) and token-based financial service models.** However, real-life application in large-scale humanitarian CVA seems to remain some way off.



PRIORITY ACTIONS

- Humanitarian actors, and relevant private sector and research partners, should maintain a **focus on strengthening collaboration and building long-term partnerships between humanitarians and financial service providers, including mobile money organisations**, to ensure solutions are flexible and meet recipients' short- and long-term needs.
- Humanitarian actors, and relevant private sector and research partners, should continue to **explore and invest in innovations that prioritise quality outcomes for recipients and in which recipients find value.** This should build on a shift from 'tech for tech's sake' towards more inclusive technology and people-centered innovation.
- Humanitarian actors should develop **stronger cross-sector collaboration to articulate and agree Data Rights and Governance standards** to ensure that the increasing use of innovations in digital identity and data management comply with the need to **"do no digital harm"**.

7

SUMMARY: CVA INTEGRATION WITH LOCAL SYSTEMS

MAIN FINDINGS

There is a **growing consensus on the importance of localisation within CVA**. But this broad agreement is yet to evolve into a **common understanding of what localisation means in practice and which aspects to prioritise**.

Main challenges for effective participation and leadership of national government and civil society organizations in CVA



Perceptions of the capacity of local organizations remain a barrier to change. Acknowledgement of the added value and strengths of local actors is needed, alongside greater investment in sustainable capacity development.



For rapid and effective response on a sustainable basis, the role of local actors and systems is critical. Making progress on localization requires humanitarian actors to be actively committed to shifting the balance of power. This means changing ways of working, developing equitable partnerships and adapting tools and systems to the context.



Investments in sustainable local capacity should include strengthening cash readiness and promoting the use of local systems. This includes funding local organisations to plan and deliver CVA directly, rather than solely as implementing partners.



Effective CVA localisation entails a **wide range of stakeholders**, including smaller civil society organisations, and representatives from target communities, including aid recipients.



The role of governments and local organisations in CVA coordination structures varies by country but, in most cases, participation remains minimal.



PRIORITY ACTIONS

- All humanitarian actors should agree on clear, measurable and shared priorities for localisation of CVA, and commit to action.
- All humanitarian actors should recognize that progress on CVA localization will mean shifts in power, as well as changes to funding processes, systems and requirements to enable the systematic consideration and strengthening of local systems and structures.
- Donors should increase predictable funding to local structures and systems for CVA planning and delivery.
- All humanitarian actors should make changes to ensure the meaningful participation and visibility of local actors in CVA discourse at national, regional and international levels.
- Humanitarian actors should make changes to CVA coordination platforms to ensure effective participation and engagement of local stakeholders.
- Local stakeholders, international agencies and donors should build true alliances, including for strategic planning and decision-making.

8

SUMMARY: LINKING CVA AND SOCIAL PROTECTION

MAIN FINDINGS

Working with, through and alongside social protection systems is **key to strengthening the humanitarian-development nexus**. Since 2017, action by humanitarians in this space has grown, including pre-shock engagement.

Top 3 challenges to better linking of CVA and social protection



% of practitioners ranked as a top 3 challenge



Robust social protection is a prerequisite to address the drivers of poverty **prior to crises**, respond better to **recurrent crises**, create long term solutions, and support those in need **during crises**. CVA should aim to complement robust social protection systems where they exist and contribute to their strengthening where they are weak or early-stage.



There is **no 'one size fits all' solution** to linking CVA and social protection. **Trade-offs** between efficiency, effectiveness, accountability, and sustainability **must be considered**. The **best approach** will depend on context, existing systems, and timeframe.



Linking will not always be appropriate and social protection systems may not meet all needs. In most contexts, in the short to medium term, **humanitarian programming will be required to fill gaps**.



In some contexts, it may be most appropriate for humanitarians to work independently of government systems.



Linking processes are **currently driven mainly by international humanitarian actors**, especially UN, RCRCM and donors, reflecting a wider challenge of building ownership from governments and other local actors.



Not all humanitarian actors are well placed to engage with social protection systems and linking is likely to be led by a small number. Others will have critical roles in focusing on gaps in coverage and inclusive approaches, particularly for marginalized populations including refugees and migrants.



PRIORITY ACTIONS

- Humanitarian and social protection actors should **start from a focus on outcomes for affected people** when considering if, how, where, and when to link CVA and social protection.
- Humanitarian and social protection actors should build on and collect further evidence to develop a clearer **understanding of the different options for linking, using, or developing the systems that support CVA and social protection**.
- Humanitarian and social protection actors should ensure **better coordination** in response analysis, preparation, sharing of tools, and allocation of roles **between agencies working on social protection and disaster risk management**, including national stakeholders, development, and humanitarian agencies.
- Donors should develop and fund **longer term funding frameworks** that encourage cooperation and coordination between humanitarian and development actors and greater programming flexibility.

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SUMMARY: COVID-19 AND CVA: IMPACTS AND IMPLICATIONS OF THE CRISIS AND RESPONSE

CVA SCALE-UP, NEEDS, AND FUNDING



CVA is being scaled up significantly in response to COVID-19, but the **gap between needs and funding is growing rapidly.**



There is **no evidence that the scale up of CVA to date has impacted the quality of programming.** However, within a context of tightening budgets, it is possible that investments in quality and accountability to affected populations will be compromised.



'NO-REGRETS' ACTIONS IN THE COVID-19 CONTEXT

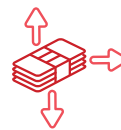
- **Look for opportunities to link with social protection systems** where appropriate. There are many simple entry points along the delivery chain that can make a big difference, and there is need to fill coverage gaps and functions which may not be prioritised by governments.
- **Work with others to build capacities** to create a win-win situation where cash actors throughout the CVA ecosystem are cash-ready.
- When moving quickly to digital and remote programming, consider **complementary interventions and alliance building to address potential exclusionary effects, digital literacy and to get participation and feedback processes right.**
- **Act short term but think long term.** Always have building back better in mind.

OPPORTUNITIES TO BUILD BACK BETTER

The COVID-19 pandemic is having an extraordinary human cost, but also presents an opportunity to redefine the humanitarian system to better serve the needs of crisis-affected people and build back better:



The COVID-19 response and recovery can **accelerate efforts for new and innovative partnerships between international actors and local civil society.** International organisations will need to learn how to be **better intermediaries.**



The COVID-19 response may provide **the momentum to address long-standing cash coordination challenges.** Cash Working Groups have responded quickly, providing critical analysis and guidance, but structural barriers remain, e.g. resourcing and weak links to the formal response architecture.



The COVID-19 response has **accelerated collaboration between social protection and humanitarian CVA practitioners** at the global level. But, in many cases, in-country responses are being impeded by "waiting games", siloes and competitiveness.



The COVID-19 response is driving a **rapid shift to remote and digital channels for registration, delivery and monitoring of CVA.** These shifts may become the 'new normal', bringing opportunities and requiring careful consideration of risks around safe programming and data management.



The COVID-19 response has **highlighted the need for better market analysis and understanding of how humanitarian response can strengthen market systems.** Market recovery strategies should be integrated into programme design and efforts to connect humanitarian and development actors in market-based programming should be increased.



The Cash Learning Partnership

The first State of the World's Cash Report, published in early 2018, provided the definitive benchmark analysis of Cash and Voucher Assistance (CVA), setting out the actions needed to ensure continued progress in the quality of aid provided to people in need. CVA is now a well-established humanitarian response tool which continues to save lives and livelihoods, and which continues to challenge stakeholders to think differently and deliver better. It has implications for the roles and added value of humanitarians and the balance of power between provider and recipient.

The State of the World's Cash 2020 report examines progress, changes, and challenges in the use of CVA within the rapidly shifting humanitarian landscape over the last two and a half years. It includes insights from hundreds of CVA practitioners across the globe. It was commissioned and developed by CaLP, a global network of humanitarian actors engaged in policy, practice and research on CVA. CaLP currently has over 90 members who collectively deliver the vast majority of CVA in humanitarian contexts worldwide.

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