

GOVERNMENT UPTAKE OF CASH TRANSFER PROGRAMMING

Trends, characteristics and
potential implications for
international humanitarian
actors in emergency response

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ACRONYMS

CaLP	Cash Learning Partnership
CTP	Cash Transfer Programme/Programming
DAC	Development Assistance Committee
ECOSOC	Economic and Social Council
HFP	Humanitarian Futures Programme
HIC	Higher-income Country
IASC	Inter-agency Standing Committee
IHA	International Humanitarian Actors
INGO	International Non-governmental Organisations
LIC	Lower-income Country
NGO	Non-governmental Organisation
MIC	Middle-income Country
UN	United Nations
UNOCHA	United Nations Office for Coordination of Humanitarian Assistance
UNHCR	United Nations High Commissioner for Refugees
USAID	US Agency for International Development
WEF	World Economic Forum
WFP	World Food Programme



INTRODUCTION

The project

Since the 2004 Indian Ocean Tsunami there has been a progressive trend within the humanitarian sector at large to use cash transfers as a programme modality both in response to, and recovery from, conflict and disaster contexts. This research project, undertaken by the Humanitarian Futures Programme (HFP) in conjunction with the Cash Learning Partnership (CaLP), builds on this momentum. Based on various understandings of the changing humanitarian operating environment, it presents an analysis of what CTP might look like in the future (2025), and assesses the extent to which CTP and the actors involved are 'fit' for developments in the sector. The project's findings and assumptions are designed to serve as the basis for the development of a forward-looking action agenda, conceived under CaLP's leadership and with support from a group of relevant experts formed to advise the project.

The first phase of the research delivered an analysis of the transformative factors likely to affect humanitarian action in the future and the potential trends in CTP. These factors were subsequently discussed in a Trends Analysis Meeting,¹ and included: the institutionalisation of cash; new actors, relationships and partnerships; the increasing uptake and role of national governments; and advances in innovation and technology. The project's second phase examined the implications of these trends for the future of CTP. It focused on four themes in particular which, following consultation with CTP actors and examination of existing research, were identified as critical topics for the future of CTP. These critical themes included: the potential links between social protection mechanisms and emergency response; coordination systems and CTP; the future of financing CTP; and the use of CTP by governments responding to national emergencies. The latter is the subject of this report. A final, overarching report synthesises the findings from phase 1 and the four thematic elements of phase 2, offering an emerging picture of CTP in a rapidly changing humanitarian landscape.

This report

A focus on government uptake of CTP in emergency response offers an opportunity to further explore some of the critical trends and transformative factors that emerged from the Trends Analysis undertaken in phase 1 of the project. This includes issues related to national sovereignty, the centrality of crises to state interests and the political nature of crisis events. It furthermore provides an opportunity to explore growing state emphasis on the use of national systems for crisis response, of which cash is an emerging modality, and governmental expectations as to the roles of international humanitarian actors (IHAs)² in this process. Government uptake of CTP as a thematic focus also offers further potential to research an overarching issue raised in the Trend Analysis Meeting regarding the use of cash as a development and humanitarian intervention that supports broader objectives of humanitarian effectiveness, risk reduction and resilience building. This issue, for instance, arises in discussion around the integration of emergency response CTPs within existing state social protection systems.

The paper that follows has two principle hypotheses: firstly, that towards 2025, governments in both middle-income (MICs) and lower-income countries (LICs) will be increasingly concerned about maintaining control in humanitarian crises and as a result, will be more inclined to assert authority over humanitarian programmes and devise or utilise their own national or regional systems for disaster response; secondly, and in line with the increased use of CTP evidenced in IHA programming, that such a trajectory will have implications for the use of cash in emergency response, including in which countries it is used, critical issues for future programming, and in particular, the roles to be adopted by IHAs.

¹ See Trends Analysis Meeting report: <http://www.cashlearning.org/2012-2014/-fit-for-the-future->

² This report uses IHAs to refer to international NGOs, NGOs, UN agencies and donor governments.



In response to these hypotheses, the paper has been framed by four key research questions, namely:

1. What types of shifts are we seeing with respect to governmental behaviour in response to humanitarian crises and humanitarian actors?
2. What insights does an analysis of a range of recent government disaster responses highlight with regard to: a) governmental assertion of sovereignty; b) patterns in governmental responses to disaster and cash as a rising response modality; c) critical elements of government-led CTP in emergency response; d) the changing role of international humanitarian actors; and e) tensions/challenges and opportunities related to current roles.
3. Is MIC/LIC governmental use of CTPs in times of emergency growing, and if so, how is it changing and what does this mean for roles of IHAs in the future?
4. In light of related potential shifts, what activities do IHAs need to consider to both prepare for and engage with governments up to 2025, including building and working with existing government capacities.

In exploring these concepts, the paper provides a discussion on the transformative context. *Part 1: Context analysis* outlines trends in increasing state assertiveness of national sovereignty, including in disasters, the subsequent influence on government perceptions of international assistance and IHAs, and the emergence of the use of cash by governments as a response to domestic disaster. *Part 2: Approaching government uptake of CTP* sets out the characteristics of contemporary government CTPs across a selected range of LIC and MIC examples in order to frame deeper analysis in the subsequent section. *Part 3: Potential implications on the role of international humanitarian actors in the future: challenges and opportunities* considers implications of growing government uptake of CTP for IHAs engaged in cash programming. In addition to drawing from the examples provided in part 2, the speculative analysis of 'CTP and IHAs 2025' is informed by a series of key informant interviews conducted throughout the research project. Finally, *Part 4: Looking Forward* summarises present and future challenges and opportunities for IHAs engaged in CTP, with regard to the trend towards growing government uptake of cash as a crisis response modality. This final part ends with a series of recommendations addressed to IHAs as to how they might become more 'fit for the future' in the context of greater application of state CTPs. The recommendations are based on assumptions drawn from the research and opinions solicited during the writing of this report, and can in no way be seen as predictive.

The research recognises that governments are not homogenous and that the applicability of the research findings may vary depending on the specific economic, political and demographic context of the country in question. It therefore does not attempt to present one definitive scenario of what governments' use of CTP in emergency response could look like, nor does it discuss the necessary pre-conditions for how such a response could function.

This thematic research was designed as an eight-day study, drawing on literature and key informant interviews with representatives from a limited number of donors, UN agencies, governments, NGOs and the private sector.³ It is a presentation of the issues the authors consider will be critical for IHAs to consider in this area up to 2025, and is not conclusive or necessarily comprehensive. It should therefore be noted that the findings present one view of what uptake of CTP in emergency response by governments may look like. Such a view may certainly vary were a wider set of interviews and more extensive research conducted.

³ For a list of key informants please see Annex 2 of this report.



PART I: CONTEXT ANALYSIS

Increasing politicisation of crises and the assertion of national sovereignty

Contemporary international law and convention within civil society acknowledge the primary responsibility of the state to protect its population and to respond to humanitarian disaster.⁴ In times of crisis however, governments are subject to substantial scrutiny in discharging this duty and, where they are seen to be failing to adequately meet the needs of their citizens, are likely to invite offers of international assistance that challenge their sovereign competence over internal affairs, perhaps even to an existential degree.⁵ This reality has become particularly pronounced in recent years, as a series of developments have further widened the 'protectionist' humanitarian discourse that accompanied the rise of the INGOs and civil society, international criminal courts, and the augmentation of multilateral peacekeeping missions of the 1990s.

In particular the 'War on Terror', with its reconfiguration of internal instability as threats of external, even global concern (in this case, radicalisation), enlarged the dimensions underpinning state authority over crises almost overnight. In the post-9/11 world, states have become increasingly responsible not only for refraining from warfare, but further responsible 'to international security and stability'.⁶ As illustrated by 'Operation Enduring Freedom' in Afghanistan, where states fail to control domestic crises that pose threats to external actors, state sovereignty may be compromised even if such action has not been sanctioned by the international community.⁷ Preservation of state primacy in crisis response has subsequently become increasingly concerned with meeting a new, internationalised standard that encroaches directly on the previously uniquely sovereign domain of government.

The challenge to state sovereignty represented by such expansion of the humanitarian agenda is equally captured by the concept of the 'fragile state' which, in general, conveys that a state may be unwilling or unable to provide even the most basic services to its population. Representing a degree of fragility that is threatening both to the domestic population and the international community, the fragile state might equally invoke an international response that undermines state sovereignty. This is particularly so given that external responses to fragile states often comprise 'whole of government' or 'whole of society' approaches to stabilisation that encompass, among others, matters of political, economic and security concern.⁸

Indeed, approaches to fragile states mirror relatively recent concern among IHAs that they deliver more than merely short-term solutions. Many now increasingly embrace root-cause issues that were previously internal matters for states and development organisations, such as governance and livelihood programming, as well as increasingly turning their attention to civilian and humanitarian staff protection activities. One might also look to broader recognition of the doctrine of the Responsibility to Protect (R2P) and of international criminal courts as initiatives which explicitly challenge the notion that sovereignty protects governments and their leaders from foreign intervention where populations are subject to grave state deficiencies or neglect. Much has also been written on the erosion of sovereignty by state obligations to international human rights which, in revolutionising the international system and international law, provide 'legal and moral grounds for disregarding the sovereign rights of states'.⁹

Beyond the growing possibilities for the positioning of the humanitarian actor between state and citizen, several general contextual issues have further intensified the external spotlight on the internal affairs of governments over the past decade. One such issue is the rise in number of Internally Displaced Persons (IDPs)

⁴ UN Resolution 46/182. HFA 2005-2015

⁵ Khan & Cunningham 2013, p. S146

⁶ Collinson & Elhawary 2012, p. 14

⁷ Afghanistan may be argued to have set something of a precedent for such forms of foreign intervention; however, as action in Libya and subsequent international hesitancy regarding Syria suggests, it may be that the appetite for such action has decreased somewhat given the concerns of major global actors over the implications for regime change and sensitivities in their own domestic contexts.

⁸ Khan & Cunningham 2013, p. S143

⁹ Shen 2000, p. 435. See also: Aceves 2002, p. 265; Kearns 2001, p.522; Lyons & Mayall 2003, p.9



relative to refugees. The number of IDPs has steadily risen since 1997, and ever since a 2006 UNHCR report highlighted the extent of the phenomenon,¹⁰ IHAs have shifted their attention from the transnational issues affecting refugees to the domestic policies likely to be at the heart of such heightened human displacement. States also operate in a markedly distinct technological environment than that of the 1990s. Permitting real-time and ground-level information transmission, ICT and social media have transformed the 'transparency' of crises and further challenge the exclusive competence of states to control emergencies. As recent Chinese experience notably attests,¹¹ resisting calls for humanitarian action in a context of diminishing state control over media censorship has become an increasingly difficult exercise, both in respect of pressure from their own populations and from international civil society.

The summary impact of these shifts has been for humanitarians to be positioned more closely to those they perceive they have a moral responsibility to assist, and for humanitarianism to increasingly advocate for citizens on issues that traditional state conceptions of sovereignty would regard as the unique preserve of governments. Occurring in parallel with the rising resources now available to and commanded by humanitarian actors, this development has clearly not been amenable to the interests of many governments. This is particularly because many states tend to maintain a rigid conception of sovereignty founded on non-interference in internal affairs and territorial integrity as defined in the UN Charter.

With the nature of the relationship between states and humanitarian actors, even in the least complex crises, widely understood to have soured as a result,¹² states have taken strides to turn the tables on the often inefficient and imperfect practices of the humanitarian machine. Indeed while the rhetoric of partnerships and local capacity building may have become central conceptual orientations for many contemporary humanitarian actors, the model of Western-led (and -staffed) humanitarian intervention still dominates, and remains one which traditional actors are struggling to change.¹³ Even when bypassing the state to directly engage the needs of affected populations, this model remains one which fails to adequately incorporate the views of affected populations.¹⁴

State management of the international humanitarian response

With governments more critical of many traditional IHAs, given the operational and conceptual expansion of these actors as presented above, many crisis-affected states have become less willing to allow international humanitarian agencies the freedom to which they had become accustomed. States increasingly reiterate their sovereign right to assert their primacy where they wish not to be seen as ineffective, or where they may question the motives and implications of international assistance for domestic policy.¹⁵ The political importance of crises to governments in this respect is acutely evident in the difficulties that humanitarian agencies have experienced in obtaining access to authoritarian regimes in particular, as in the case of Myanmar and Turkmenistan,¹⁶ as well as situations of conflict and insecurity, as in the case of the recent Balochistan earthquake in Pakistan.¹⁷ However, as a well-documented trend, one can also observe the role of such sensitivities among states of all types and in a variety of contexts.

¹⁰ UNHCR 2006

¹¹ What has China's Earthquake done to its Internet? Chinese Internet Research Conference, Hong Kong, 13 June. Available: <http://www.slideshare.net/PewInternet/what-has-chinas-earthquake-done-to-its-internet?type=powerpoint>.

¹² Khan & Cunningham 2013; del Valle & Healy 2013

¹³ Bernard 2013

¹⁴ ALNAP 2012

¹⁵ ALNAP 2010, pp. 22. With regard to the latter,

¹⁶ See, for instance: del Valle & Healy, 2013. See also: 'Burma Junta Hands out Aid Boxes with Generals' Names', AP [online], 5 October 2008. Available: http://usatoday30.usatoday.com/news/world/2008-05-10-burma-aid_N.htm. Retrieved: 28/10/2013

¹⁷ Following the recent October 2013 earthquake in Balochistan, Pakistan, no state authorisation for humanitarian actors to conduct operations has been issued, reportedly for fear that external involvement would highlight issues related to law and order in the troubled province. For more, see: Ghumman 2013



In higher-income countries, acceptance of international offers of assistance have for some time been highly selective. This reflects government efforts to ensure that the role of foreign aid is focused on further strengthening generally high existing institutional capacity. Lessons learned from major disasters in the US since the turn of the century evidence this practice, in particular Hurricane Katrina, following which the government developed detailed procedures for communicating the nation's emergency needs to external actors, for requesting situation-specific international assistance, and for reviewing offers of foreign assistance in a timely and diplomatically appropriate manner in support of the state response effort.¹⁸ Although the Deepwater Horizon Oil Spill demonstrated that there is still much work to be done to improve the use of external assistance in the US,¹⁹ the post-Katrina framework nevertheless established the government as the dominant actor in both humanitarian response and in the channelling of international assistance for such efforts.

A changing international system, in which MICs are increasingly leveraging their growing economic and political strengths against the influence of their peers, has further supplemented the more widespread assertion of governmental control over humanitarian relief and recovery.²⁰ Whereas previously the needs they identified may have been side-lined by the prerogatives of developed nations and Western-dominated INGOs, MICs are strengthening their claims for self-prescription in emergency situations. From Thailand's assertion that it had no need of foreign financial assistance in the wake of the 2004 tsunami,²¹ to Chile's claims that its response to the 2010 earthquake was 'firmly in government hands',²² and to India's repeated decline of international offers of assistance given growing response and relief capacities,²³ there are various examples of MICs taking greater responsibility for the financing and coordination of their own disaster response and recovery operations, as well as leading the coordination of the nature and scale of humanitarian assistance they receive.

In part, and as in the cases of Chile, Thailand and India noted above, this change reflects the similar 'stronger' state management of international assistance by more developed countries, generally for reasons of heightened domestic capacity. However the decline, careful management of offers of assistance, or the refusal to provide a disaster declaration permitting international intervention, may also arguably be couched in wider diplomatic considerations associated with establishing greater individual agency, securing global recognition and a desire to strengthen domestic systems for disaster response.

Indeed, developing states have been understood as unwilling to ascribe to norms they may perceive as vestiges of the colonial era or as exemplifying characteristics of 'empire'.²⁴ It should also be noted that delivery of an effective domestic relief and recovery effort presents the unfortunate opportunity to foster national pride, perhaps an important consideration when addressing those states seeking to strengthen national unity, those in which governments are either new or poorly established, or those with colonial histories.

The proportion of funding diverted by Development Assistance Committee (DAC) and non-DAC countries to foreign public sectors is perhaps telling with regard to the above points. As shown in the graph below, non-DAC donors demonstrate a much greater tendency to donate to public sector organisations – including other governments – than DAC donors, and are much less inclined to give to NGOs and multilateral organisations. This may in part be because non-DAC donors are not very well-aligned with international humanitarian financing systems, given their more limited history and scale of involvement in international humanitarian response.

¹⁸ United States Department of State 2013

¹⁹ Baker McNeill et al., 2011

²⁰ Ferris, 2011; Kent 2011, p.952

²¹ Scheper 2006

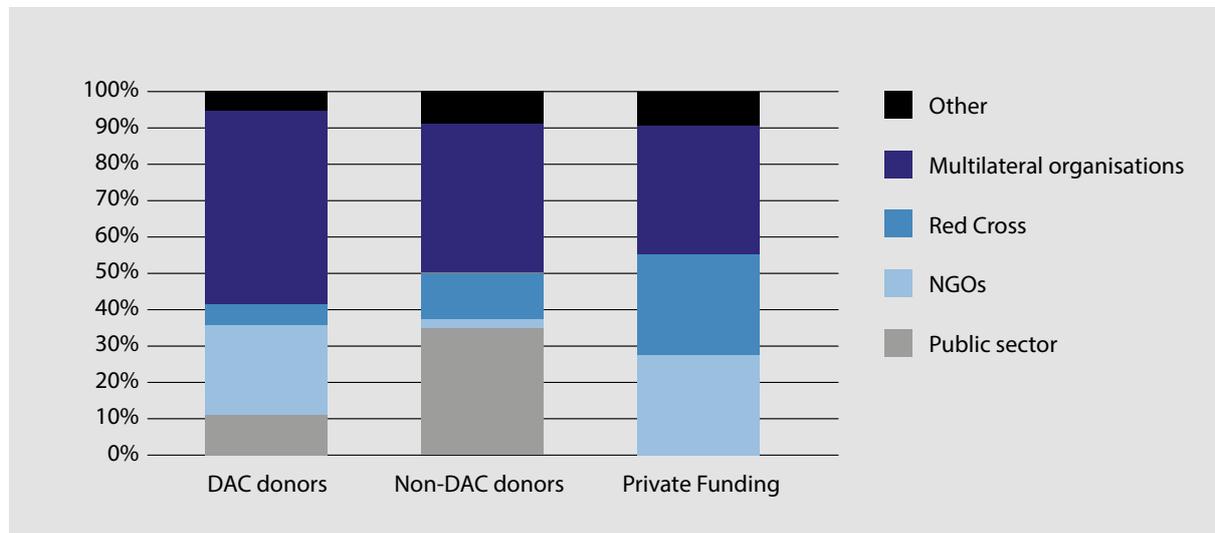
²² Why Chile is not Accepting International Assistance, Huffington Post [online], 15 March 2010.

Available: http://www.huffingtonpost.com/saundra-schimmelpfennig/why-chile-is-not-acceptin_b_499480.html

²³ Refuses Foreign Aid to Fight Disaster, The Times of India [online], 28 December 2004. Available: <http://timesofindia.indiatimes.com/india/Govt-refuses-foreign-aid-to-fight-disaster/articleshow/973923.cms>

²⁴ See, for instance: Khan & Cunningham, 2013

FIGURE I: FIRST LEVEL OF INTERNATIONAL HUMANITARIAN ASSISTANCE BY DONOR TYPE, 2007-2011 ²⁵



Clearly, the limited institutional capacity of LICs can be an impediment to their full assertion of control over crisis-response efforts. That said, some examples do exist. The Bangladeshi government was, for instance, forced to defend its decision to reject foreign aid in the aftermath of the recent Dhaka factory collapse, claiming that not only were state authorities confident that they could manage the emergency, but also that external actors had not provided the equipment requested by the government for the national response.²⁶ It is perhaps also worth noting that, while representative of a political regime particularly sensitive to the interference of external actors, ASEAN's management of international offers of assistance to Myanmar after Cyclone Nargis in 2008 provides a glimpse into a possible future in which regional organisations may help offset the capacity constraints of their low-income members.²⁷

In terms of crisis response, the net effect of a rise in the application of sovereign jurisdiction during crises has been for many states to expect IHAs to respect their authority and support their response and recovery programming.²⁸ In taking this initiative, sometimes to a similar degree to HICs, many MIC governments have sought to develop their own systems for crisis response and, given growing recognition of cash as a complement or alternative to in-kind assistance, particularly food aid, shelter and livelihood support, many of these states increasingly look to receive cash over in-kind aid to support such in-country systems. Although some governments have demonstrated a measure of resistance,²⁹ and capacity constraints may limit state ability to deploy ad-hoc or structured government public assistance schemes,³⁰ growing acceptance of cash as a legitimate and effective modality, as well as technological innovation in financial services and telecommunications, is leading to the emergence of CTPs as mechanisms which governments are increasingly willing to deploy in emergency response.³¹

²⁵ United Source: GHA 2013 p.63

²⁶ *Bangladesh Defends Rejection of Foreign Aid for Collapse*, BBC News [online], 30 April 2013. Available: <http://www.bbc.co.uk/news/world-asia-22347672>. Retrieved 12/11/2013

²⁷ ASEAN 2013

²⁸ ALNAP 2010

²⁹ Mowjee 2013

³⁰ Bailey 2013

³¹ GHA 2012



PART 2: APPROACHING GOVERNMENT UPTAKE OF CTP IN EMERGENCY RESPONSE

The following case studies aim to provide a snapshot of some more recent government responses using cash, summarising some of the issues and lessons learned. The lack of information available leads to a difficulty in drawing absolute lessons or recommendations, but is also telling in terms of the attention IHAs pay to programmes not run by themselves.

Sri Lanka's use of cash in response to the 2004 Indian Ocean Tsunami

The amount of compensation promised by the government following the 2004 Indian Ocean Tsunami for individual losses was far less than the replacement costs of boats, catamarans, nets and other personal property. The Sri Lankan government proposed an assistance package in the form of cash grants as follows:

Category	Assistance	Details
Families who lost family, assets and employment	Monthly cash grant, Cash and food ration	US\$50 (Rs 5,000) US\$3.75 (Rs 375)
40% or more damage to house	Conditional grant given in 4 instalments	US\$2,500
Less than 40% damage to house	Conditional grant given in 2 instalments	US\$1,000 ³²

Issues and lessons learnt

By the end of June 2005, the Task Force for Rebuilding the Nation (TAFREN) reported that almost all the eligible 880,000 beneficiaries were receiving the Rs 375 (US\$3.75) cash and food ration, although earlier independent reports indicate that only 30 per cent of those eligible affected by the tsunami as of 10 February had received any aid. There were also allegations of local officials giving aid only to their supporters, some of whom were not victims of the tsunami. The Sri Lankan government set up a 'Special Complaint Unit' for citizens to record grievances. However, after the first two payments the Ministry of Finance ordered divisional secretaries to revise the lists of eligible beneficiaries, and reduce the number of families receiving payments. Eligibility criteria changed quite regularly, different circulars were sent, and full information was not placed in the public domain. Most tsunami-affected families were not fully aware of the new criteria. The government circulars announcing the revised criteria seemed very broad, offering significant discretion to local government officers and leading to wide variations in interpretation, delays and long back-logs of appeals which created added confusion, uncertainty and anger among the tsunami-affected households. Additionally the selection of beneficiaries for housing grants caused dissatisfaction in some places, due to the lack of transparency.

The scaling back of the US\$50 grant for affected households and the new eligibility rules for grant entitlement seemed to be both inequitable and counterproductive in terms of encouraging affected households to re-engage in income-earning activities. While it may seem equitable to narrow the scope of the grant so that it targets the 'truly needy', in practice the costs of such narrow targeting could exceed benefits. In assessing the changes to this programme, it should be noted that even households with a 'regular' post-tsunami income suffered a major loss of wealth in terms of property and possessions and were cash-strapped.

The sum of US\$50 (Rs 5,000) for a household is also a modest amount even by Sri Lankan standards in the context of Sri Lanka's poverty line, which was Rs 1,526 per capita per month in May 2004. The scale of the disaster, the extent of price inflation, the many costs associated with narrow targeting, and the perverse incentives set up by the new rules justified continuing the grant for longer, and using broader targeting criteria. Stopping the grant

³² *Post-Tsunami Recovery: Issues and Challenges in Sri Lanka*, Sisira Jayasuriya, Paul Steele, Dushni Weerakoon, November 2005



for those in employment effectively penalised not only those who had held on to previous jobs, but perhaps even more importantly, those who had managed to obtain regular employment after the tsunami. Moreover, since bank accounts had been opened for the cash grant transfer, the system was extremely cost effective compared to the high transactions costs of many other tsunami livelihood projects, which often incurred as much as 30 per cent administrative overhead costs. Indeed, some individuals questioned what the Sri Lankan government was doing with 'all the external international disaster aid it had received'. In fact, communities seemed to be placing greater hope and confidence in the efforts of NGOs.³³

The cost escalation in house construction documented in many reports meant that the government grant for repair and reconstruction was far from adequate. While there is an argument for not providing full costs so that households have to make some contribution towards house repairs and rebuilding, the risk is that the poorest households will be vulnerable to debt.

India's use of cash in response to the 2004 Indian Ocean Tsunami

As in Sri Lanka, the amount of compensation provided to individuals following the 2004 Indian Ocean Tsunami did not cover the cost of damage to personal property. In the wake of the tsunami, the government of the second largest, and badly affected, state of Tamil Nadu announced a conditional cash transfer package as follows:

Category		Details
Compensation for families of deceased		US\$2,000 (Rs 100,000)
Livelihood restoration	Replacement of 10,000 gill nets for motorised boats	US\$440 (Rs 20,000) per unit
	Replacement of 20,000 gill nets for motor boats	US\$220 (Rs 10,000) per unit
	Repair/rebuilding of 10,000 motor boats	US\$330 (Rs 15,000) per unit
	Repair/rebuilding of 10,000 wooden boats ³⁴	US\$110 (Rs 5,000) per unit

Although the disaster relief aid provided by the Indian government was insufficient for the short- and long-term needs of the communities, the process seemed much more coordinated and systematic than it did in Sri Lanka. In India, almost all communities had received some type of government aid (a 'standardised' package); in Sri Lanka, it was very common for communities to report that they had received little or none.

Issues and lessons learnt

One of the main problems for the implementation of this programme was the lack of data on the intended beneficiaries. The government had stopped registration of fishermen in 1999, so the official list of people who were to receive compensation was not reliable. Nor would the government register people who had become fishermen since 1999. The contradictory conditions of not registering new fishermen and paying compensation only to the registered ones caused discord. Additionally it was found that the amount of compensation paid to the fishermen was less than the amount that was said to have been paid to them.

Exclusion was not limited to fishermen. Exclusion from social, economic and political spheres based on social, ethnic, religious, gender and other lines has been a dominant feature of Indian development, and is often exacerbated in a disaster.³⁵ There were many examples of populations marginalised from relief and rehabilitation packages, including specific castes, tribal groups and women. Norms within traditional local

³³ EERI Special Earthquake Report — May 2005

³⁴ *Response and Recovery in India after the December 2004 Great Sumatra Earthquake and Indian Ocean Tsunami*. C. V. R. Murty, Sudhir K. Jain, Alpa R. Sheth, Arvind Jaiswal and Suresh R. Dash

³⁵ 'Accountability Lessons From The Tsunami Response In India'. Sandhya Venkateswaran, CARE India, Issue 32 December 2005 *Humanitarian Exchange Magazine*



governance structures in Tamil Nadu, for example, prevented women-headed households from obtaining relief; groups belonging to a certain caste (the Dalits) reported being unable to get anything after the initial relief period. In the region of Karaikal (in the Union Territory of Pondicherry) there was an outcry from both men and women who had not received any government disaster relief aid following the tsunami because they were agricultural labourers (not farmers or fishermen). This situation, combined with the inequities in the distribution of aid among fishing communities, raises a critical question about how governments manage the criteria for qualifying for disaster relief (either cash or in-kind).³⁶ Less obvious exclusions also prevailed. The initial relief entitlements in Tamil Nadu were based primarily on the loss of physical assets such as boats, and so failed to recognise the losses of people such as fish vendors, many of whom are women, whose livelihoods were not based on a central physical asset. Appropriate relief and rehabilitation policies and packages need to include all those whose lives have been affected, whether or not they have suffered a tangible loss.

Bangladesh's use of cash in response to 2009 Cyclone Aila

Following Cyclone Aila, the government of Bangladesh did not make an international appeal, nor any formal request for external assistance. At the time the relatively low number of casualties, the localised nature of the affected areas, and the relief resources available resulted in a predominantly government-led and resourced relief effort.³⁷ The government has responded to recent emergencies by providing both cash and food through Gratuitous Relief (GR), vulnerable group feeding and public works. There are few details about these programmes or of the overall government responses, but the use of cash tends to be justified by the extent of damage to livelihoods in certain disasters, and the opportunities cash offers for beneficiaries to rebuild these livelihoods. However, figures for Cyclone Aila show that cash is still a small proportion of the overall government response.

Type of assistance	Amount
Gratuitous Relief: rice 27951 MT	US\$12.15 million (BDT 85.05 core)
Gratuitous Relief: cash	US\$1.9 million (BDT 12.88 core)
House building	US\$4.28 million (BDT 30.02 core)
Total	US\$18.33 million (BDT 127.95 core) ³⁸

Issues and lessons learnt

People interviewed for a brief study on choices between cash and food assistance said that government relief is often spread very thinly so that large numbers of people receive only very small amounts of food or cash. For example, one interviewee described the government's vulnerable group feeding programmes as a 'sprinkling of resources on an arbitrary basis' with little serious impact on household food security or nutrition.

One concern is that the beneficiaries of even small amounts of government support risk being excluded from other assistance.³⁹ It is likely that these issues are relevant to other government responses – there is a reluctance to target because exclusion is politically difficult, which means that government resources are often spread more widely but more thinly than international relief. A study of the government's responses noted that the lack of a national strategy, policy or law on social protection, and the fact that 13 government ministries operate various social safety net programmes (both food and cash based) means there is little consolidation, coordination or symmetry in responses across the state. The study also noted that targeting should be based

³⁶ EERI (2005)

³⁷ UN joint report (2010) Cyclone Aila Joint UN Multisector Assessment & Response Framework

³⁸ Research Report on a Comparative Study Of Disaster Risk Reduction and Post Disaster Livelihood Recovery Program in Japan and Bangladesh, Md Munir Chowdhury, March 2012

³⁹ Harvey (2010)



on a reliable database to ensure that the benefits of the programmes reach genuinely affected people and that capacity building needs to be done to ensure effective management of programmes at the local level.

Pakistan's use of cash in response to the 2010 floods

In response to the severe floods in Pakistan, the government initiated a rapid response cash transfer programme in September 2010 to support affected families. The Citizen's Damage Compensation Programme (CDCP) was coordinated by the federal government (the cabinet division) in close collaboration with the provincial governments, particularly the provincial disaster management agencies (PDMAs), and the National Database Registration Authority (NADRA); an independent corporate body that maintains a database of Pakistani citizens and issues Computerised National Identity Cards (CNICs). The programme was designed in two phases: phase 1 comprised of an initial cash grant of PRs. 20,000 (approximately US\$230) to each eligible family, delivered through a cash card (the 'Watan Card') which could be used at ATMs and point of sale systems; and phase 2 is still ongoing and sees the disbursement of two instalments of PRs. 20,000 as a rehabilitation grant to help people rebuild their homes and livelihoods.

The government decided to use cash due to the perception that the modality could help address some of the diverse needs in the particularly extreme context. In addition, following self-reporting by the beneficiaries of Pakistan's social protection scheme in 2009, the government felt assured that recipients of cash grants would spend the money on essential items. The Pakistan government restricted INGO activity in the response phase, and agencies were not permitted to implement their own unconditional CTPs. This restriction was due to the government's perception that IHAs' response to the 2009 Taliban insurgency was poorly coordinated, leading to overlap as well as exclusion of certain groups of the population, particularly those in areas that were not very easy for INGOs to access. However, the government did make a role for some IHAs in response to the floods, for example requesting UNHCR's expertise in helping the social welfare departments at the district level to target the most vulnerable within flood-affected districts.

Given the extent of the flooding throughout the country, the government decided to use geographic targeting as the basis for phase 1 of the programme in most provinces. PDMAs identified the flood-affected areas in each province, and NADRA then identified the number of people in the affected areas and verified the list of heads of households using the CNIC registration database. Commercial and government banks were then instructed to make payments to those individuals listed through a debit card (the 'Watan card') that was given to the eligible beneficiaries. Registration stands were set up within districts with representatives from UNHCR, NADRA and the banks next to each other to speed up registration and the issuance of the Watan card. This process included verification of identity via biometric data.

Issues and lessons learnt

Whilst phase 1 supported a large number of vulnerable and poor households, some were excluded by the geographical targeting methodology. During phase 2, targeting is being linked to the Benazir Income Support Programme (BISP), the country's main nationwide social safety net programme, and will see the utilisation of poverty scorecards based on proxy means testing that identify the most vulnerable.

The feedback from the Rapid Evaluation of phase 1 of the CDCP indicates that there were significant gaps in awareness of the scheme among potential beneficiaries. This is thought to have been due to a delay in the start of a public information campaign. Consequently, communications for phase 2 of the programme are being further supported through specialised technical assistance to NADRA.

In the first phase of the response, it took months to identify beneficiaries, due to missing or duplicative figures which needed to be checked. These issues were blamed on the fact that the district-level databases used different electronic systems to NADRA. Plans are now underway to standardise the electronic systems at the national and district levels, as well as to improve the speed of these systems in general.

For the full case study, please see Annex 2 of this report.



The Philippines' use of cash in response to 2013 Typhoon Haiyan

Cash transfers have increasingly been used in response to major disasters in the Philippines, both by governments (predominantly through cash-for-work) and IHAs (both as unconditional cash grants and/or with other incentives such as cash-for-work) since 2009 with positive feedback and impact. The context of the Philippines has been observed as being one where cash-based programmes can be particularly effective. Factors contributing to this include a well-connected and resilient market infrastructure, and a vibrant private sector where innovative delivery mechanisms have been tested. Further there is a long practice of IHAs and the government using cash through social protection programmes. The Department of Social Welfare and Development (DSWD) developed and has implemented the 4Ps social protection programme (Pantawid Pamilya Pilipino Program), which uses conditional cash transfers to improve education and health care, and currently covers about four million people (nearly five per cent of the population). The maximum any household can receive is PHP 1,400 and is delivered via the Land Bank of the Philippines, Philpost (the Philippines post office) and G-cash REMIT (a remittance service provider using mobile phones). Finally, there is in place a willing government with a positive perception and experience of the use of cash transfers during emergencies.

During the recent Typhoon Haiyan response at the end of 2013, the government included cash transfers as a critical form of assistance very early on in its response strategy, both as part of relief and early recovery. The large-scale cash-based response to Typhoon Haiyan, unprecedented in the immediacy of its implementation, represents a crucial shift for humanitarian assistance in the Philippines. It highlights that cash transfers are increasingly considered as standard operating procedure in the government's emergency response. Further, various IHAs and the government have discussed together the opportunities for using the national social protection programme as a vehicle to deliver cash to affected households. At the time of writing, the DSWD and WFP had signed an agreement stating that WFP would 'top-up' the 4Ps transfer values in order to help those affected meet their food security needs. The DSWD started the process of re-validation in order to assess the circumstances of those currently assisted, and the number of those affected not receiving 4Ps. The tentative plan is to include those affected by the typhoon but not currently enrolled in the 4Ps as beneficiaries of the social protection programme for 6 to 12 months and also to consider their eligibility in the programme in the longer term.⁴⁰

Issues and lessons learnt

- Coordination around everything ranging from establishing joint monitoring indicators to agreeing on transfer value amounts and exchanging contract information on delivery mechanisms was crucial to a successful joint response from the government and IHAs.
- A lack of communication between the national and municipal levels hampered coordination of the plan to use 4Ps for the typhoon response.
- The uncomputerised 4Ps system has meant that disbursement has been slow. Further, the lack of ID system in the Philippines, unlike in Pakistan, has meant that monitoring the programme has been difficult.

Drawing lessons from across examples

A lack of documented practice of national governments' responses, either in-kind or cash, makes it hard to map how the future use of CTP in emergency responses by affected governments will develop. The case studies of India, Sri Lanka, Pakistan and Bangladesh do not provide a comprehensive overview of all that governments are doing to respond to emergencies within their countries; and perhaps this should also be the first conclusion drawn from this study. Despite numerous evaluations and reports exhorting the international sector to put affected communities and governments at the centre of the response, most notably the Tsunami Evaluation

⁴⁰ Post-Information provided by the CaLP Asia Focal Point.



Coalition (TEC) report, only a minute proportion of the myriad evaluation reports on international responses include any reference to how governments, civil society or communities responded. If the international community wish to pursue the principle of keeping affected communities at the centre of response and strengthening national capacity to respond then it is important that we understand current practice, and one way to do this is to evaluate and document that practice.

These examples do appear to support the first part of this paper's hypothesis, that both MICs and LICs are becoming more assertive in taking charge of responses to disasters in their countries. Unlike previous large-scale disasters, Bangladesh did not make a formal request for international assistance following Cyclone Aila, and Pakistan restricted INGOs' activities. This trend is also reflected in the recent formulation of National Disaster Management Agencies (NDMAs) in these countries, formalised in national law. India formalised its NDMA in 2005, Sri Lanka formalised its Disaster Management Centre (DMC) in 2005 and Bangladesh formalised its Department of Disaster Management (DDM) in 2012. This institutionalisation of disaster management into governance is indicative of these governments approaching their countries' emergency response in a more coherent, strategic and formal manner. But what can these examples teach us about the potential implications of this shift on the use of cash, the second part of this paper's hypothesis?

Based on the examples, discussions follow on what the implications of this increased government assertiveness in emergency response could be on the use of cash, including patterns in the choice of cash as a modality, as well as critical considerations relating to processes such as targeting and registration.

Implications: Patterns in which governments are choosing cash

The examples, and the process of locating examples, suggest that in some countries the use of cash by governments as a disaster response modality is rising. However, this research struggled to find many examples of LIC governments leading cash-based emergency responses, highlighting that the uptake of cash by LIC governments is perhaps not so prevalent. Where CTP is being used it is often by states that are transitioning to MIC status, as in the case of Bangladesh.

It is critical to note that when trying to draw patterns from these cases there is an implicit understanding that CTP is not being compared to other response options, such as in-kind aid. It should also be noted that some of the issues mentioned in relation to CTP could as well occur in the implementation of programmes using in-kind aid. CTP should also not be assumed as being a suitable option in every country, but instead considered as just one of the options when analysing the most appropriate response to a particular context. As an International Food Policy Research report recently noted, 'there is no guarantee that the success of cash or food transfers in some countries can be reproduced in other countries. Because most cash and food transfer programmes are implemented in different contexts, research on the relative advantages of one or the other must take the contextual factors into account'.

However, so few examples of LIC governments using cash transfers for emergency response compared to governments of MICs does suggest that countries' income levels may play a role in decision-making around the use of cash as a response modality. The examples present varied explanations for the use of cash, including governmental perceptions that cash can better support livelihood regeneration, is more efficient and less costly than in-kind aid. However, why CTP is less readily used by LIC governments for emergency response is unclear. Much of the thinking around MIC government uptake of CTP, as compared to LIC governments, surrounds their application under existing social protection systems, as widely seen across poverty and welfare programming in HICs. With safety nets providing various forms of cash transfer on the rise in Latin America, Africa and the Middle East, the use of cash for emergencies under such systems is increasing in both MICs and to a lesser extent LICs. As witnessed in the examples of Ethiopia's Productive Safety Net Programme (PSNP),⁴¹

⁴¹ This system is explored in more detail in the associated project paper; Slater & Bhuvanendra, 2013



as appears feasible in the case of the government of Nigeria's new national identity smart card scheme⁴³ and Pakistan's Benazir Income Support Programme,⁴² such systems offer potential for responding to shocks that typically trigger humanitarian intervention, as well as for building resilience ahead of and during crises. This research highlighted consensus amongst key informants that governments' use of CTP in emergency response in the future will more often than not occur via 'piggy backing' on existing national systems, such as social safety nets, poverty reduction schemes, or livelihoods- strengthening initiatives, and that MICs will lead the way due to their systems being more established than those of LICs.

Beyond income-level as a factor, there are no further discernible patterns in the uptake of CTP in emergency response by governments. However, this paper does speculate that in the future greater access to and capacity to absorb and adapt technology could emerge as the driving factor for which governments choose to use cash over in-kind assistance.

Implications: Critical issues and considerations

Some common issues and elements arise from the few current examples of governments using CTP, which in light of the rise in government-controlled responses, are worth discussing further:

Targeting

In relation to targeting there were a number of issues noted in the case studies. Problems related to lack of clarity in creating and communicating qualifying criteria, setting qualifying criteria that led to exclusion of specific vulnerable groups, and changing the qualifying criteria at different phases of the response, thus creating confusion and in some cases tensions between different communities. There was also evidence that in some cases governments were not always transparent about the way targeting criteria were set, and interpreted qualifying criteria in different ways at the local level.

Qualifying criteria led to the exclusion of vulnerable groups in the Indian response to the tsunami, where both women and members of certain tribal castes were both deliberately and perhaps mistakenly excluded from receiving assistance. In Pakistan, divorced or single women were sometimes overlooked, and in Sri Lanka there were allegations of local administrators favouring particular communities over others. It was reported that beneficiaries feared being excluded from other forms of assistance if they were receiving government grants, which were sometimes insufficient to meet their needs.

The tendency of governments to politicise their assistance was also borne out by a report on the Kenyan government's food assistance response to the drought in 2011. They found 'there was evidence of political leaders, local elites and local relief committees influencing the determination of beneficiaries. With regard to personnel recruitment, concerns were raised on internal pressures to employ relief staff from certain communities, or due to political interference.'⁴⁴ It seems appropriate that the international community could play a role in supporting the development of targeting criteria, and monitoring of equity and impartiality in who receives assistance.

Communication of criteria led to confusion over qualifications for specific programmes and also tensions between different communities. The lack of transparency in setting criteria could be overcome with a well thought through communication campaign. The support given by the International Organisation for Migration (IOM) to the Pakistan government, ensuring that communications were available in several languages and using different media, is a lesson that could be drawn on for future emergencies.

⁴² MasterCard to Power Nigerian Identity Card Scheme, MasterCard [Press release], 8 May 2013. Available: <http://newsroom.mastercard.com/press-releases/mastercard-to-power-nigerian-identity-card-program/> Retrieved 08/11/2013

⁴³ More information on the planned use of Pakistan's BISP is presented in part three of this report.

⁴⁴ *Learning From The 2011 Drought Response: Integrity And Accountability Critical In Enhancing Effectiveness Of Food Assistance Efforts*, Transparency International, Kenya, 2012



Registration

Governments displayed an apparent lack of capacity in maintaining accurate and comprehensive data in order to identify potential beneficiaries, and problems arose in registering beneficiaries. In Pakistan, evaluations point towards the registration system as being 'fit for purpose' – using appropriate means to verify beneficiaries. However, in the first phase of the programme, registration problems included the wasting of months trying to identify beneficiaries due to missing or duplicative figures which needed to be checked by the National Database Registration Authority (NADRA). These administrative difficulties were also observed in Sri Lanka and India, and led to the conclusion that a significant preparedness activity would be needed to strengthen the electronic systems to ensure harmony across national systems at the central and administrative levels. The second activity would be to ensure that accurate population data was held by governments to ensure rapid and verifiable distributions to named individuals and families.

One major area of focus in addressing such issues should be to harness the potential of technology to support CTP registration systems in developing countries. While this might often involve using advanced database technologies in coordination with a concerted effort to collect accurate population data, the example of the US government's noteworthy application of disaster mapping and modelling in response to Hurricane Sandy illustrates the potential of technology to support advanced forms of registration to support the relief and recovery of disaster-affected citizens. Having authorised funds to increase rental assistance to account for the high rental costs in the New York area, the US Federal Emergency Management Agency (FEMA) used the results of geospatial analysis by its Modelling Task Force (MOTF) to aid more rapid provision of individual assistance to those who could not access their homes. Analysing information from a number of data sources in the days after Sandy's landfall,⁴⁵ the MOTF developed a list of communities that housing inspectors would be unlikely to access for days, even weeks. Households in locations that MOTF models showed to be inaccessible automatically qualified for two months of rental assistance at the increased rate. This non-traditional approach to meeting survivor needs contributed to 44,000 households receiving expedited rental assistance from federal authorities.

Transfer amounts

The value of cash grants must correlate with the objective of the programme. Providing cash to meet basic needs requires an assessment of what people need to survive, how much meeting these needs will cost and whether the cash grant is trying to meet those costs in full or in part, i.e. what is the 'gap' between what the beneficiary can supply for themselves and their need. Deciding how much cash to provide for livelihoods recovery can be more difficult: should the same amount be provided to everyone in the target population, or should the amount being provided vary according to the type of business or livelihood being supported?⁴⁶ In the Indian Ocean Tsunami response, governments provided the following:

- In India, beneficiaries received US\$2,264 for each death in their family, and lesser amounts for injuries. US\$22 per person per month was distributed for four months to cover basic needs, and households received another US\$22 to cover basic household goods, such as kitchen utensils and stoves. The government also provided cash to self-help groups for the repair and replacement of fishing equipment, school fees, grants to women for fishing-related businesses, extra pension benefits, for agricultural reclamation and support for orphans.
- In Sri Lanka, the government provided US\$1,515 in compensation for deaths, US\$25 for household items, and US\$50 as an emergency resettlement allowance. The government also provided cash grants for people with damaged and destroyed houses.

⁴⁵ These data sources included: high watermark sensors, inundation levels, imagery data from the National Oceanic and Atmospheric Administration, and road closure information from states' Departments of Transportation.

⁴⁶ HPG Issue Paper 3, *Learning from cash responses to the tsunami, Setting the value*, Lesley Adams and Paul Harvey



- In Thailand, the government provided cash grants as compensation to the relatives of those who had died or been injured in the tsunami. The government also provided tax and loan reprieves such as temporary income tax exemptions.

However, the value of a cash grant is open to politicisation by governments. In the case of Sri Lanka, for example, the government scaled back resources two months after the first distribution, meaning the grants being given were no longer enough to meet basic needs. The international community could play an important role in observing whether grants are sufficient for the intended purpose, and whether they are being given equitably across a response.

Systems

The majority of examples in this report are of government initiatives that were not linked to the country's social protection systems. However, Pakistan's experience in phase 1 of its Citizen's Damage Compensation Programme, and the challenges encountered in targeting the most vulnerable, has led to the government linking the second phase of CTP following the floods in 2010 with the country's safety net, BISP. This highlights that whilst countries may test ad hoc CTP mechanisms in disasters, there is a growing recognition of the potential benefits that linking with social protection systems can provide. This can also be seen in the ongoing discussions in the Philippines on the potential use of the 4Ps social protection programme to deliver cash to those affected by Typhoon Haiyan. Countries at all levels of development widely regard deployment of cash via existing systems as potentially more efficient, more broadly impactful and more robustly monitored and evaluated. They are equally aware that this approach offers the opportunity to more closely align humanitarian response with domestic development priorities, given its potential to lessen the impact of shocks on households, protect living standards and promote wealth creation.⁴⁷ Furthermore, a growing body of evidence suggests that, when appropriately administered, the provision of cash through existing social protection systems presents the opportunity to strengthen the citizen-state social contract and facilitate social cohesion.⁴⁸ MICs, and to a lesser extent LICs, that are yet to administer CTPs for crisis response through existing social safety nets are increasingly likely to explore the possibility, particularly as their own social protection systems widen and improve, and as the experience of other governments influences their decision-making. The World Bank is strongly advocating for countries to set up cash-based safety nets, with the hope that governments will be able to harness the experience of setting up such systems to run similar systems in emergencies.

That said, the extent to which such mechanisms are well-placed to build resilience, or replace or augment more traditional humanitarian responses has been subject to limited analysis. Naturally this makes it difficult to hypothesise on the extent to which they will perform this function in the future. Moreover, and as explored in more detail in this project's associated paper, *Scaling up existing social safety nets to provide humanitarian response: A case study of Ethiopia's Productive Safety Net Programme and Kenya's Hunger Safety Net Programme*, there are critical issues which might limit the applicability of cash as a crisis response via existing social protection systems. Three key issues are especially relevant, namely: the characteristics and location of affected populations following a given crisis; the quality and extent of institutional capacity both for service delivery and scaling-up; and the differences in objectives, priorities and operating rules of those involved in the design of CTP mechanisms. It should be noted that these realities have dissuaded even relatively prosperous MICs with large humanitarian expenditures and large-scale social protection programmes from such experimentation.⁴⁹

These examples suggest that where no social protection systems are in place, governments will have to have good preparedness measures in place in order to ensure effective and equitable responses. In particular, these will need to be focused around ensuring smooth and efficient registration and delivery mechanisms.

⁴⁷ DFID 2011

⁴⁸ ODI 2013

⁴⁹ Slater & Bhuvanendra 2013, p.20



These could include pre-brokered deals with those organisations involved in delivery, and the development of databases of mobile phone numbers.

Conditional vs unconditional transfers

In most of the examples there was little evidence of how beneficiaries spent their unconditional entitlements. Nevertheless, the increase in demand for boat repairs in Tamil Nadu indicates that the increase in household income provided by the Indian government's CTP enabled people to restart their livelihoods. In Pakistan, despite evaluation findings of sensible spending of cash by beneficiaries, it was recognised that the international community could play a role in providing advisory services to beneficiaries once the payments are made. For instance, in its *Action Plan for Early Recovery in Future Disasters (Through Cash Transfers)*, the Pakistani government states that during the design of future CTP systems 'complementary support such as training in financial literacy, technical support in rebuilding disaster resilient shelters and support in identifying livelihood investment opportunities will be identified... and partnerships developed with national and international aid actors'.⁵⁰ This could be done through targeted communication and coordination with the main service providers. In order for CTP to be a more viable option in the eyes of donors it is necessary to have some investigation into how cash and vouchers are used in relation to the intention for their use.

Governance/corruption

The evaluation of the Pakistani government's CTP response to the 2010 floods spoke highly of the collaborative decision-making between the different levels of government, contributing to the success of the programme. The converse was evident in Bangladesh where a lack of synergy between the different ministries led to uneven and sometimes inequitable distributions across the country.

The first phase of the Pakistan government's CTP response highlighted the need to put a strong emphasis on strengthening governance through effective controls and accountability mechanisms (i.e. the spot checks on housing damage) as well as public disclosure of programme performance, hotlines for grievances, and strengthening of oversight institutions.

It has not been possible, perhaps for obvious reasons, to document corruption in the government responses. However, as previously referenced, a recent Transparency International report on the Kenya response found the following:

'General food aid is seen as most susceptible to corruption: The study sought to establish the risks facing different food assistance instruments in Kenya namely general food aid (in-kind), cash transfers and vouchers. The vast majority of respondents perceived general food aid as attracting the highest risk in terms of ensuring an effective, efficient, accountable and transparent response. Food aid was also considered to be more prone to risks than other in-kind sectors, largely due to its scale and the weaknesses in its transparency and accountability mechanisms. Cash transfers are perceived as less prone to corruption due to the emphasis placed on strong systems and reliance on electronic disbursement channels.'

In conclusion, with appropriate controls put in place by financial institutions, and a robust reporting system, it is possible that cash may present a lower risk of corruption than in-kind assistance.

⁵⁰ Harvey et al. (2012)



Implementing institutions

The importance of the use of credible institutions for implementation and disbursement of grants in order to build trust with beneficiaries was particularly noted in the Pakistan case. The Pakistan evaluation of the Watan card indicated that NADRA is well respected in the country. Interviewees for the Pakistan case study also noted the importance of using only well-respected commercial banks for disbursement. Heavy involvement of provincial disaster-management agencies also meant beneficiaries thought the scheme was more credible, more trusted, and took better account of their needs.

Frameworks and legislation

In the Pakistan case, one key contributor to the success of the programme was the development of an action plan clarifying and formalising the roles of different actors in the response. This document was viewed as a 'living document' and included evolving good practice, both national and international, in cash transfers. This also points to the importance of ongoing evaluation of all types of emergency responses. The US's use of cash in Hurricane Katrina in 2005 and Hurricane Sandy in 2012 also supports the argument for a 'living' framework that guides CTP in emergencies and is amended with lessons learnt. A full case study on the US's use of cash in these events can be found in Annex 4 of this report, which highlights that challenges can still arise in government-led CTP emergency responses even in high-income countries with well-established cash systems.

PART 3: POTENTIAL IMPLICATIONS ON THE ROLE OF INTERNATIONAL HUMANITARIAN ACTORS IN THE FUTURE: CHALLENGES AND OPPORTUNITIES

The previous section presents implications of governments increasingly asserting control over domestic humanitarian crises on the use of cash in terms of where it is used and the key elements and issues that will be critical in future scenarios. However, what this could mean for the role of IHAs remains unclear. Interviews were held with members of the international humanitarian community asking them to conceptualise government-led CTP in emergency response in the future and what this might mean for their work. Based on these interviews and the lessons drawn in the previous section of this report, this section speculates on key challenges and opportunities that could be posed in the future for IHAs looking to support governments who are using cash transfers in their emergency response.

'There is a lack of awareness of what governments are doing in relation to using cash transfers in emergency response and the roles that international humanitarian actors have played.'

Paul Harvey, ALNAP

It is important to point out that many of the implications could as well apply to in-kind assistance provided by governments as that using CTP, but that some challenges and opportunities are particularly pertinent to the use of cash.

Entry points and roles

Challenge: Lack of clarity of IHAs' entry points in an environment where international assistance is increasingly driven by demand.

As their use by governments broadens over time, governments will inevitably explore what role (if any) IHAs should play in cash-based systems they develop. Based on the lack of current documentation of government responses it is hard to predict how the role of IHAs will be impacted by the increasing government control over their own responses. If and how governments will want to utilise international assistance will likely vary between MICs and LICs and also from context to context based on governments' particular, and often political,



objectives. Similarly, one also has to take into account the differences in governments' experiences with humanitarian actors. This includes not only the types of programmes that such actors might be pursuing with governments, but also the latter's attitudes about them. Then, too, the inter-related issues of economic systems and systems for monitoring currency flows become critical determinants in governments' attitudes not only towards CTP, but also to those seeking to distribute it. Most of these factors cut across the MIC-LIC divide, and all have to be taken into account when it comes to determining the roles that international actors can play when it comes to CTP. However, all key informants interviewed agreed that where governments assert national sovereignty and lead CTPs in emergency response, what is needed from international humanitarian agencies will likely fundamentally change. Judging from some of the roles IHAs have already played in government responses, it is likely that IHAs will have a prominent role in capacity building of government, national NGOs and civil society, as well as providing expertise and independence in monitoring and evaluating and advocacy.

International assistance in governments' cash-based emergency responses, as with other forms of humanitarian response, will likely increasingly be driven less by supply and more by demand. This does not mean that such governments – particularly those in the LIC category – will be able to exert such control. It does, however, suggest that those international humanitarian organisations which work to support governments' efforts will find themselves in a more favourable light than those who evade or ignore such efforts. Those organisations which are able to bring technical support around issues highlighted as critical in the previous section, such as collecting and maintaining comprehensive data in order to identify beneficiaries, targeting within scaled-up CTP emergency response initiatives, or monitoring and evaluating the use and impact of emergency cash, may be the agencies sought by governments recognising their usefulness to their own response. The case of Pakistan is instructive in this context. In the response to the 2010 floods, the Pakistan government restricted INGO's activities, and no clear role for these agencies emerged within the government CTP initiative. Those, on the other hand, that had specific and transferable capacities to support government, found their assistance was far more welcomed, which explains in part why UNHCR's willingness to support the government's CTP targeting process was so warmly received. The role of international aid organisations to support the targeting process is highlighted as something the Pakistan government will continue to explore further in the future. However, it was also noted that the government may look to national civil society actors instead. Governments are less and less willing to have international 'boots on the ground' when it comes to operational response, so, too, will governments be increasingly determined that aid, including procedures in CTP, will have to reflect local customs and contexts, including language. National and sub-national NGOs will likely be increasingly used by governments due to their contextual knowledge, trust, and ease of access as a result of their local presence.

Capacity strengthening was highlighted in key informant interviews as perhaps the most critical potential entry point for IHAs looking to support governments wishing to use cash for emergency response in the future. The capacity of governments will vary from situation to situation and from context to context. Yet, there appears to be a consistent need for capacity building for CTP purposes in MICs and LICs alike. In the case of Pakistan, it was thought that one way the international community could build critical government capacity in the future is to support the creation of data-sharing protocols between central and local government offices and ministries. However, currently it is not all that clear if or how international humanitarian actors can or should help governments to assess and address their capacity gaps for leading humanitarian response, including delivering cash.

Challenge: Adapting in an increasingly crowded and technological landscape

Key informant interviews highlighted a more general concern that agencies involved in CTP will resist change, and be insensitive or at least reluctant to adapt their roles to the needs of governments of crisis-affected countries. Respondents referred to the 'lack of adaptive capacity' within these agencies and a 'short-term perspective' that fails to take into account the longer-term prospects for both CTP and governments' roles. The reasons for this short-term, possibly defensive perspective would seem to be compounded, according to interviewees, by the sectoral spaces that they occupy. Sector-specific expertise rather than a willingness to broaden the vision appeared to be driving the process for many agencies involved in CTP.



The consequence of such short-term thinking would, according to some respondents, intensify competition amongst such humanitarian actors as they sought to protect their 'silos'. It was expressed that if these international agencies do not accept the potentially needed transformation in their function, and choose instead to cling on to their traditional roles, competition for power between these agencies could increase, and there is a risk they could be made redundant within the aid system. This could come about not only as governments increasingly assert control over external actors, but also as they will increasingly have the luxury of choice when external assistance is required and as national capacity increases.⁵¹

More and more, certainly amongst the MICs, alternative aid providers are being sought outside the traditional humanitarian sector. The private sector is increasingly perceived by governments to offer cost-efficient goods, services and technological 'know-how' that in turn could be deemed to be far more innovative, efficient and accountable for CTP responses than that which traditional humanitarian actors can provide.⁵² At the same time, the private sector has more enduring interests in the countries in which they are operating, and their 'core business interests' often make them more accommodating partners for governments. Indeed, it was thought by all key informants that governments will increasingly choose to go through international and national private sector organisations for assistance in their cash-based emergency responses.

However this tension may also present an opportunity for IHAs who will still be able to monitor whether humanitarian principles, stated in the international normative framework, are upheld. Their independence offers a unique possibility to provide impartial witnessing of how responses are run.

The role of IHAs will be further complicated by a variety of factors that in various ways transcend governments as well as traditional humanitarian actors. Online crowd-sourcing and crowdfunding⁵³ will add new challenges to both. Accountability and equitable distribution of cash will be further complicated by the use of mobile phone technology, and the inclination of the Diaspora to provide assistance to families through virtual networks. Issues of accountability and well-targeted cash inputs will become increasingly complicated; and, here, once again, these challenges and the willingness of partners to help deal with such complexities will be a major determinant of whom governments will work with. In so saying, those who can be categorised as being an IHA will have to ask if they have the capacity to compete with private sector actors, who may well offer more in the way of technological capacity, which IHAs tend to lack.⁵⁴

Opportunity: To identify added values and become more efficient

Only in the rarest of instances do international humanitarian organisations, governments and private sector actors concerned with emergency response sit together to identify common purpose, comparative advantages and added value. This is critical for the use of cash due to its ability to achieve a number of cross-sectoral objectives, and will be increasingly critical with the widening range of actors involved. This is not to suggest that the humanitarian sector at large is unaware of the potential need to engage more systematically. Rather it is to suggest that not only is there a lack of clarity about potential added value, but there are also deep divides about the very roles and responsibilities each should assume.

The need for IHAs to rethink their entry points in emergency response, whether it be supporting cash or in-kind initiatives, presents an opportunity for IHAs to take steps to begin to better articulate comparative advantages and added value in a way that fosters collaboration to take cash to scale, takes into account challenges to humanitarian principles of independence and neutrality, and supports the allocation of roles less on the basis of mandates and more on an understanding of 'who is best suited to do what' in different crisis and national contexts. For IHAs this may be the provision of technical advisory services, or capacity building around the

⁵¹ Hopgood (2008)

⁵² HFP (2013)

⁵³ Crowdfunding is 'the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet' (Oxford Dictionary).

⁵⁴ Lawry (2009)



development of equitable targeting criteria or data protocols, or the compiling of accurate population data to be used for targeting. Alternatively it may be in the monitoring of who receives cash grants to avoid politicisation of assistance, or providing complementary in-kind assistance if governmental response analysis points to this. Within this, agencies should question to what extent they should adopt a 'resilience perspective', in which the linkages between development and humanitarian preparedness and response should be evident, and in which the relationship between social protection and relief assistance can provide a coherent framework for action.

Relationship models and coordination

Challenge: Rethinking current relationships and with whom relationships should be built in the future, amid tensions of 'principled' response

IHAs tend not to have strong relationships in place with crisis-affected governments.⁵⁵ If IHAs decide to support governments in their cash transfer emergency responses, these relationships will need to be strengthened. Current international humanitarian coordination systems, including clusters, are not sufficiently respectful of host governments' primary role in responding to emergencies.⁵⁶ This weakness challenges engagement between aid agencies and governments on CTP. Inherent in these difficulties is differences in national and international coordination structures. For example, the cluster system is currently predominantly structured around technical sectors that may not always align with departments of government or other participating actors, which can make collaboration between humanitarian actors and national governments difficult. For further discussion on this point, please refer to this project's associated report on *CTP and Coordination*.

Further, within particular countries, IHAs may not have the opportunity to work directly with government or may decide against this relationship, particularly if the government is perceived as hostile. This does not mean that such agencies will not have an opportunity to promote CTP services, but instead that they will have to identify others through whom they can work or can support to ensure their continuing CTP involvement. This might involve partnering with a national actor with whom a government will also wish to partner, such as a private sector organisation or a national civil society group. With that in mind, humanitarian organisations will need to revisit the mechanisms and modes for developing and sustaining relationships, and also be prepared to see how their operational procedures and principles can be accommodated in such new relationships.

Engagement directly with crisis-affected governments as well as with private sector organisations could pose threats to IHAs for the upholding of humanitarian principles. As a report by ALNAP notes, 'the humanitarian agenda will increasingly be affected by calculations reflecting national interest that may not always square neatly with humanitarian principles, particularly impartiality.'⁵⁷ Whilst the risk of government corruption with CTPs is thought by some to be less significant than it is with in-kind aid due to the reliance on electronic disbursement channels,⁵⁸ some key informants suggested that the uptake of cash by governments in emergency response could place a powerful political tool in the hands of states. For example, the determination of beneficiaries in the Kenyan government's CTP as a response to the 2011 drought was reported to be highly politicised. How IHAs deal with these potential threats to their principles and accountability practices will be critical. Agencies may need to review both principle and practice in culturally specific contexts in order to address vulnerability and save lives. They too will have to be sure that those with whom they work, including implementing institutions, are credible and accountable.

The use of cash resources may be in so many ways difficult to monitor, but accountability is key to effective CTP systems on every level and is increasingly central to the concerns of donors. For humanitarian organisations, there may well be a difficult set of tensions to reconcile in ensuring the sort of accountability that will prove meaningful.

⁵⁵ ALNAP (2010)

⁵⁶ Steets et al., 2010; Harvey et al., 2010; Harvey, 2009; Stoddard et al., 2007

⁵⁷ ANLAP, (2012), *The State of the Humanitarian System*, 2012 Edition, pp. 80

⁵⁸ *Learning From The 2011 Drought Response: Integrity And Accountability Critical In Enhancing Effectiveness Of Food Assistance Efforts*, Transparency International, Kenya, 2012



Recipient governments may not have the mechanisms in place to provide an accountability mechanism that would be acceptable to donors; cash distribution through partner organisations may similarly not fulfil accountability functions in ways deemed to be acceptable; and, at the level of distribution – particularly with the parallel flows of socially-networked cash from other sources – accountability can become very complicated.

Such requirements will demand coordination physically and virtually. The former will have to bring in the agencies through systems in which governments need to participate along with other actors such as the private sector. At the same time, virtual coordination will have to incorporate means for monitoring streams of funds that are coming from a variety of other sources in order to appreciate possible inequities and opportunities in the provision of cash.

Partnerships for the future of government uptake of cash in emergency response will also need to reflect, amongst other things, virtual-based networks and hubs, and more functionally linked partners, e.g. cities-to-cities, and cross-border communities. The challenge for INGOs will be how best to bring such partnerships into forums that will support their potentially shifting objectives as providers of technical advisory services, advocacy, monitoring and auditing, and capacity building for governments.

Opportunity: To develop and utilise new forms of relationship and collaboration models to bring disparate systems of cash into a coherent framework.

Existing international frameworks and mechanisms for humanitarian coordination in general are likely to become increasingly irrelevant at the national level and there is likely to be a greater push to adapt or create mechanisms that allow for diverse actors to engage as equal partners, with government having a lead role.⁵⁹

In those instances where external international involvement is deemed acceptable by governments leading CTP, and technical capacities are needed, the conduit for such assistance might well be through local NGO platforms or regional organisations rather than the UN system or Western consortia, which are thought to be perceived as more 'acceptable' by some governments.

This presents the opportunity for IHAs to foster collaboration through local or regional platforms and alliances, to take cash to scale and bring various sources and implementing partners of CTP together to discuss the most appropriate response for the particular context. In this regard, means to engage and support local civil society networks and regional organisations (examples of the latter being ASEAN and ECOWAS) would provide foras for engagement that would allow such organisations opportunities to promote the purpose of cash in emergency situations with their member states.

However, this and other opportunities will only present themselves if the actors have better means to understand each other's comparative advantages, recognise shared value and mutual benefit, and are open to collaborating and accepting this diversity in relationship models they may not be used to.

PART 4: LOOKING FORWARD

As humanitarian crises increasingly move from the periphery of governmental interests to centre stage and governments more and more assert control over domestic crisis management, governments with both high and low capacity will increasingly want to be recognised as being in the driver's seat in domestic emergency response, whether responding via in-kind or CTP. As per this paper's hypothesis, the research highlights that this is likely to have implications for the increased use of cash. These could include where cash is used and the objective it is used for, critical issues that will need to be addressed in processes such as targeting, registration and delivery, and how traditional roles may change.

⁵⁹ HFP (2013)



In general there is a lack of awareness of what governments are doing in relation to using cash transfers in emergency response and the challenges and opportunities encountered, and yet opportunities for governments to share experiences and knowledge could help improve the impact of their cash transfer initiatives. Further, the implications of this shift for IHAs need to be better understood. On the one hand, it provides an opportunity for a new paradigm for collaboration between international actors and governments, but on the other, very real challenges to current thinking and approaches.

IHAs and agencies, for example, may have to accept that they can no longer implement emergency cash programmes independently of governments, but instead support governments when invited, or choose to support other actors in a much more demand-driven approach. IHAs need to accept the timescale of these shifts and to be prepared for a change in their role, and to do this they need to better understand their specific skills and added value. IHAs should not procrastinate, or risk being redundant by 2025.

As governments increasingly turn to the private sector in humanitarian crises, particularly as technology continues to be an important driver of CTP as well as humanitarian responses more broadly, it is essential for humanitarian agencies and governments to have a more in-depth understanding of the private sector's perceived and potential role in CTP as part of emergency response. Steps also need to be taken to begin to better articulate comparative advantage and added value in a way that fosters collaboration to take cash to scale, takes into account challenges to humanitarian principles of independence and neutrality, and supports the allocation of roles based less on mandates and more on an understanding of 'who is best suited to do what' in different crisis and national contexts.

In light of reservations of some actors over the accountability of governments and the actors they may increasingly choose to work with, there is a need for more effective conduits for the distribution of cash to be identified. In addition, the exponentially increasing sources of cash running parallel to government cash transfer responses, in part due to the expanding opportunities for providing resources through crowdfunding and other social networking platforms, will create escalating coordination and monitoring difficulties for government responses. The use of sophisticated information technologies to monitor the multiple forms of flows and types of 'cash' will become critical.

As crises become more complex, as discussed in this project's trend analysis, what form of response is needed, whether it be cash or in-kind assistance, indirect or direct market support, or a combination, will vary drastically not just between regions, countries, and districts, but also within the same area over relatively short periods of time. Governments need to think differently about how they approach emergency response and should systematically incorporate problem/response analysis into their emergency decision-making. There is also a need for government leadership to consider how to take cash to scale in emergency response. Donor governments should assertively work with governments to support integrating cash into broader governance and policy decision-making such as decentralisation initiatives.

Overall there is an urgent need for the international humanitarian community to continue documenting government response in emergencies, to better understand the issues that may be encountered and the future role of IHAs. At the same time, donors should facilitate peer-to-peer support and exchange between governments who have experience in programming cash in emergencies with those who are less experienced, and INGOs and UN agencies should review their policy and approach for working with governments to deliver humanitarian assistance, including for cash, and explore if and how policy and practice may need to change in order to adapt to increased uptake of CTP by governments in the future. Finally, these agencies need to start efforts now to better understand their own and other's added value, and work towards focusing activities around these comparative advantages.



Priority recommended actions

1. In the more immediate term, governments should be included in meetings of national or regional Cash Transfer Technical Working Groups. However, further to this, key donors, UN agencies and NGOs should lead promotion and facilitation of the development of an international/regional platform for multi-actor discussion on the issues encountered by governments when using cash transfers as an emergency response modality. One possible avenue is through the annual ECOSOC Humanitarian Affairs Segment. ECOWAS, ASEAN and other regional platforms should be considered as key participants that could offer insights into government responses in respective regions and the potential support regional organisations could provide.

2. CaLP should establish a panel to provide insight on potential policies, practices and research, and act as an information repository, on alternative forms and flows of cash and their impact on governments' use of CTP in emergency response. Such a panel should meet regularly and its membership should evolve with innovation in the field. In the first instance, it may include representatives from the Bitcoin Foundation and Mobile Money as organisations that have expertise on alternative forms of 'cash'.

3. OCHA and WEF should launch a multi-level review exercise for the Guiding Principles for Public-Private Collaboration for Humanitarian Action. These non-binding principles provide a framework for collaboration between governments, humanitarian actors and the private sector. They should be reviewed in relation to emergency cash responses with the aim of understanding how they have been operationalized, and how they could serve as a framework for enhancing contractual relationships between private and public sectors for capacity development at the national, regional and international levels, particularly in addressing concerns over private sector actors not adhering to humanitarian principles.

4. Criteria/guidelines should be developed to ensure appropriate standards of accountability and impact are agreed upon with governments. This could result in the development of a roster of accredited actors for involvement in different stages of the cash transfer process. These criteria/guidelines and subsequent roster should be developed on a country-by-country basis and could be led by UN resident coordinators for the consideration of the government. This would need to take a phased approach, starting with governments that have national disaster-management agencies and are attempting to prepare for emergency cash-based responses by improving their registration and delivery systems, of which the development of the criteria would be a part.

5. International humanitarian actors should work with governments to engage the private sector and non-Western technological partners such as India, China and South Korea, to provide customised risk data – datasets, maps and information on a wider set of vulnerability factors for particular hazards and at a more localised level – to support informed response decision-making. This could be coupled with the promotion and facilitation of the creation of inclusive national platform mechanisms to promote more coherent, collaborative and innovative government-led approaches to CTP in emergencies.

Further research:

- The first priority for IHAs is to understand what the needs of government will be in relation to their capacity building, in order to implement CTP at scale and in a timely and equitable manner. This will entail further research on the types of systems that governments could use to implement CTP, the governance of these systems, and how roles and responsibilities are allocated within and between ministries. It is also important to understand some of the barriers and obstacles to linking short-term emergency cash with long-term social protection schemes. Once there is a clearer understanding of different models for governmental implementation of emergency CTP, IHAs will be in a better position to understand how their own technical and collaborative expertise could support governments, and what capacity building for governments wanting to use CTP may look like.



- A capacity building programme should also not exclude national NGOs and civil society, so further research should be carried out into the needs of such organisations and their potential role.
- The second priority for IHAs is to better understand different platforms, both virtual and physical, for collaborating and promoting CTP at the international, regional and national levels. The purpose of such an analysis would be to better understand what these platforms are, what they do, and how they could be used to enhance collaboration and more systematic approaches to cash.
- The third priority is to more widely document the use of CTP in emergency responses to provide an evidence base for future developments. Currently the overwhelming majority of the literature on implementing CTP is IHA-centric. If IHAs are to seriously consider more assertive governments in future responses, they need to concentrate evaluations not only on their own efforts but also on the efforts of governments and national organisations to create a better understanding of the gaps in practice and opportunities for collaborating.

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ANNEX 2: LIST OF INTERVIEWEES

Name	Organisation
Annalisa Conte	WFP
Silke Pietzsch	Action Against Hunger
Marco Sanguineti	UNHCR
Susanne Mallaun	DG ECHO
Carla Lacerda	CaLP
Kyla Reid	GSMA Mobile for Development
Rudolf Gsell	Swiss Agency for Development and Cooperation
Giuseppe Rullanti	Swiss Agency for Development and Cooperation
Tahir Nour	WFP
Glenn Hughson	CaLP
Idrees Mahsud	Pakistan NDMA
Abaid Ullah Khan	Pakistan Red Crescent Society
Nigel Ede	IFRC Kuala Lumpur Zone
Gohar Ahmed Khan	Pakistan National Database & Registration Authority
Malith Gunasekara	e-MITRA Mobile Financial Services



ANNEX 3: CASE STUDY – PAKISTAN'S USE OF CASH IN RESPONSE TO THE 2010 FLOODS

The contents of this case study arise from interviews with representatives from the Pakistani government, NGOs and the private sector involved in the initiative, as well as a review of the available literature.

The emergency context

The 2010 Pakistan floods, which began in the northern districts of the country in late July and spread gradually south along the Indus river basin in August, were unusual in their severity and caused widespread population displacement and destruction of resources. The floods affected 78 districts and more than 20 million people; nearly 10 per cent of Pakistan's population, and twice the number affected by the 1992 floods. Over 1,980 deaths were reported and nearly 2,946 people were injured.⁶⁰ Damage to agriculture, housing, roads, irrigation and other infrastructure was estimated at US\$10.056 billion.⁶¹ In response, the government initiated a rapid response cash transfer program in September 2010 to support flood-affected families. The Citizen's Damage Compensation Programme (CDCP) was coordinated by the federal government (the cabinet division) in close collaboration with the provincial governments, particularly the provincial disaster management agencies (PDMAs), and the National Database Registration Authority (NADRA); an independent corporate body that maintains a database of Pakistani citizens and issues Computerised National Identity Cards (CNICs).

The CTP initiative

The programme was designed in two phases: phase 1 comprised of an initial cash grant of PRs. 20,000 (approximately US\$230) to each eligible family, delivered through a cash card (the 'Watan card') which could be used at ATMs and point-of-sale systems; phase 2 is still ongoing and sees the disbursement two instalments of PRs. 20,000 as a rehabilitation grant to help people rebuild their homes and livelihoods. The government of Pakistan contributed PRs. 34 billion (US\$400 million) to phase 1 of the CDCP (funding split equally between the federal government and the provinces), of which over PRs. 28 billion was disbursed.⁶² The second phase of the CDCP is currently supported by four donors, including USAID, DFID, the government of Italy and the World Bank, with a total allocation of US\$580 million.

⁶⁰ NDMA (2011) Pakistan Floods 2010: Learning from Experience. Prime Minister's Secretariat. Available at: http://www.ndma.gov.pk/ex/Documents/flood_2010/lesson_learned/Lessons%20Learned%20-%20Flood%202010.pdf

⁶¹ Ibid.

⁶² NADRA records as of end of 2012

**BOX I: WHY THE GOVERNMENT CHOSE CASH**

Cash transfers are perceived by the Pakistan government to offer significant advantages over traditional in-kind support at the recovery stage in particular contexts. These advantages include faster delivery, flexibility to meet diverse needs, lower overhead costs, regeneration of local economy, as well as dignity and empowerment of the recipient.

The government looked to international experience and was reassured that evaluations of unconditional cash transfers in emergency situations showed that households tend to make prudent use of emergency cash transfers, spending the money on basic consumption including food, health care, clothing, and education, or the repayment of debts, re-establishment of homes, and investment in livelihood assets. This was also supported by the self-reporting of the beneficiaries of Pakistan's social protection scheme in 2009, which indicated that 32% of benefits were spent on basic food; 23% on medical expenses; 10% on debt payments; and 7% on clothes.

Another factor in the decision to implement the cash transfer programme in response to the floods was that the crisis had disproportionately affected the poorer districts of the country. The pre-flood individual poverty rate of flood-affected districts was 20.2% and in non-affected districts 14.3% in 2007-8. It was also observed that these poverty rates had been exacerbated considerably by the floods. The World Bank's analysis estimated that the post-flood poverty rates were significantly higher than the pre-flood poverty rates in the flood-affected areas: 32.7% post-flood vs. 19.7% pre-flood in Punjab; 30.3% vs. 18.2% in Sindh; 33.2% vs. 19.4% in Khyber Pakhtunkhwa; 44.9% vs. 38.7% in Balochistan.⁶³ The multi-cluster Rapid Assessment Survey by OCHA carried out immediately after the floods found a range of harmful coping strategies being deployed by flood-affected households as a result. This included taking on debt, which was the case for a third of households, the selling of assets such as livestock, reducing meal sizes, switching to lower quality foods, and a reduction in breastfeeding. It was thought by the government that cash could help reduce these harmful coping strategies more efficiently than in-kind aid.

Developed from interviews with NDMA officials.

Targeting, identification and registration of beneficiaries

Given the extent of the flooding throughout the country, for phase 1 the government decided to use geographic targeting as the basis for the programme in most provinces, while Khyber Pakhtunkhwa province used housing damage as a proxy for eligibility. PDMAs identified the flood-affected areas in each province. NADRA then identified the number of people in the affected areas and verified the list of heads of households using the CNIC registration database. This list was passed on to the federal Cabinet Office who instructed the commercial and government banks to make payments to those individuals listed through a debit card (the 'Watan card') that was given to the eligible beneficiaries.

During the beneficiary selection processes, one of the major concerns was ensuring those women in flood-affected areas who were not heads of households were reached. NADRA, the NDMA and the local PDMAs made conscious efforts to identify single or divorced females, or those whose husbands were unable to register, and enable them to apply for the Watan card. In addition, the government requested UNHCR's expertise in helping the social welfare departments at the district level to target the most vulnerable within flood-affected districts.

⁶³ World Bank (2011)



Registration stands were set up within districts with representatives from UNHCR, NADRA and the banks next to each other to speed up registration and the issuance of the Watan card. This process could be completed in 13 minutes per beneficiary and included verification of identity via biometric data. This verification system integrated biometric technologies such as Automated Finger Identification Systems (AFIS) and facial recognition systems. Within three months of its initiation in September, 1.4 million families were registered and paid PRs. 20,000.

The role played by international humanitarian actors

The Pakistan government restricted INGO activity in the response phase, and agencies were not permitted to implement their own unconditional CTPs. However, these agencies were allowed to undertake small-scale conditional cash programmes aimed at reaching particular vulnerable groups.

There were reports of a lack of coordination between the government initiative and these parallel conditional transfers. The Red Cross utilised the national Post Office databases and networks as a way of identifying beneficiaries of their conditional cash grant, and WFP, for example, used its own card, which for some caused confusion.

Pakistan suffered the highest number of internally-displaced people in 2009 due to the Taliban insurgency and Pakistan's military response. Out of a total population of 170 million, over 3 million Pakistanis were newly displaced in 2009. In response to this, the government implemented a CTP. International actors, including WFP, provided in-kind aid. However, the government perceived this aid to be poorly coordinated, leading to overlap as well as exclusion of certain groups of the population, particularly those in areas that were not very easy for INGOs to access. This perceived lack of coordination contributed to the government's decision to restrict INGO's implementation of their own CTPs and assistance more generally following the floods.

An evaluation highlighted the capacity gaps within the Pakistan government around impact evaluation and monitoring and evaluation in general. The Pakistan government therefore utilised international humanitarian expertise in these areas. The government also took technical advice from the donors, and DFID in particular stressed the need for better targeting of the vulnerable. UNHCR and other humanitarian stakeholders were asked to gather data on vulnerable groups within flood-affected populations. This gave the humanitarian actors an opportunity to ensure that protection issues related to the Watan cards, ranging from registration to acquiring the money, were properly addressed.

BOX 2: WHY DID THE GOVERNMENT RESTRICT INGO CTPS?

Pakistan suffered the highest number of internally-displaced people in 2009 due to the Taliban insurgency and Pakistan's military response. Out of a total population of 170 million, over 3 million Pakistanis were newly displaced in 2009. In response to this, the government implemented a CTP. International actors, including WFP, provided in-kind aid. However, the government perceived this aid to be poorly coordinated, leading to overlap as well as exclusion of certain groups of the population, particularly those in areas that were not very easy for INGOs to access. This perceived lack of coordination contributed to the government's decision to restrict INGO's implementation of their own CTPs and assistance more generally following the floods.



Lessons learnt and changes made

The vast majority (over 90 per cent) of designated beneficiaries received the Watan cards and the full cash payment, and beneficiaries have expressed their satisfaction with the payment mechanism. The Rapid Assessment Evaluation⁶⁴ highlighted that in-depth local knowledge of the flood-affected areas coupled with a clear, systematic and uniform process of verification through the national ID database, led to an efficient identification of beneficiaries. In addition, the evaluation pointed towards the majority of beneficiary households using the cash grants sensibly – on food, medicines, household assets, repair of housing and construction, and livelihood assets.⁶⁵ More broadly, the opening of six million bank accounts for the initiative opened additional avenues of economic improvement at individual and family level (by increasing access to financial resources and systems) for the extremely poor as well as those affected by the disasters.

However, some issues were experienced in phase 1 of the project. Efforts have been made to incorporate these lessons into phase 2 and/or the recently developed Action Plan for Early Recovery Using Cash Transfers. Below is a summary of these key issues.

1. Targeting the minorities not simply the majority

Whilst phase 1 supported a large number of vulnerable and poor households, some were excluded by the simple geographical targeting; there were no further vulnerability filters. As a result, during phase 2 targeting was further refined to include more of the poor and vulnerable population. Given the level of poverty prevalent in the most flood-affected areas, sub-targeting during phase 2 was done with a focus on excluding well-off populations from the overall population and ensuring outreach to the most affected. As per the statistics available from NADRA, NDMA and PDMA for selection of beneficiaries, extent of damage to houses will be applied for cash transfers to ensure inclusion of the poor and those most in need. Spot checks on beneficiary lists will also be undertaken to check whether proposed beneficiaries actually have suffered damages to their houses in accordance with the definitions used for the assessment. A third party will be contracted by USAID to assess the quality of the damage needs assessment survey carried out by each province. If there are substantial discrepancies between the original list and the spot-checked list, the area will be resurveyed by the authorities until the list is acceptable.

BOX 3: LOOKING TO THE FUTURE: LINKING WITH THE BISP SOCIAL PROTECTION PROGRAMME

The Pakistan government's interest in improving social protection has increased in recent years. In 2007, in light of food, fuel and financial crises, the government initiated a national social protection strategy which translated into the launch of the Benazir Income Support Programme (BISP) in 2008 as the country's main nationwide social safety net programme. The BISP aims to alleviate poverty and empower women among the most underprivileged, and provides PRs. 1,000 per month to the female head of the family for income support.

At the time of the 2010 floods, the BISP was in the middle of rolling out a nationwide poverty survey but had not completed this activity. It was deemed that as the BISP was still developing its structures, the system was not in a position to manage a nationwide cash transfer for flood-affected households. This extensive poverty assessment is now complete and plans are underway to reform the targeting process for CTPs in emergency response in the future by linking up to the BISP's poverty database. Poverty scorecards based on proxy means testing will be issued to identify the most vulnerable following disaster through a transparent, impartial and objective mechanism.

⁶⁴ Oxford Policy Management (2011)

⁶⁵ World Bank (2011)



2. Extending the public information campaign

Lessons from the post-2005 earthquake cash transfers showed the importance of effective two-way communication with all stakeholders and beneficiaries, especially locally, where community concerns need to be allayed, consistent responses provided to all questions, and public participation encouraged. The feedback from the Rapid Evaluation of phase 1 of the CDCP indicates that there were significant gaps in awareness among potential beneficiaries, with most information being spread by word of mouth – resulting in mixed messages and some confusion, especially around the grievance process. This is thought to have been due to a delay in the start of a public information campaign. However, during the latter part of phase 1 of CDCP, an independent agency, the International Organization for Migration (IOM), was closely involved at the field level in providing information to the public on the various programmes and services available for flood victims. With the technical support of NADRA, they prepared a set of answers to 'Frequently asked Questions' concerning Watan cards, registration, payment and grievance procedures. These were translated into seven languages, broadcast on radio, and shared with local agencies working in the field such as local rural support programmes and community organisations. Communications for CDCP phase 2 are being further supported through specialised technical assistance to NADRA, developing and providing appropriate communication materials for each stakeholder while also encouraging innovative and locally appropriate interventions to share the messages and reach the beneficiary population.

3. Enhancing coordination across electronic systems

In the first phase of the response, it took months to identify beneficiaries due to missing or duplicative figures which needed to be checked. Some flood-affected families were missed off the beneficiary list and the evaluation of phase 1 highlights this as an administrative error with some addresses not being in the database. These issues were thought to have been caused by the district-level databases using different electronic systems than those used by NADRA. Plans are now underway to standardise the electronic systems at the national and district levels as well as improve the speed of these systems in general, towards reducing the time needed to identify beneficiaries to days not months. The NDMA has stressed that it is working towards a future where a large number of beneficiaries can be identified and assisted in an ever-decreasing amount of time. Towards this goal, the government is continuing to investigate technological options to improve the speed and efficiency of future CTP in emergencies – this is part of the action plan.⁶⁶

4. Formal contracts with the private sector actors

Banks had to work outside of their comfort zone, deploying cash-disbursement stations outside of their branches next to card registration points. This collaboration was thought by some to be difficult at times. For the second phase of the programme, formal contracts were drawn up between participating commercial banks and the government, and the bank's signature was made a condition of disbursement. This was thought to be necessary to enhance efficient collaboration between the private and public actors.

⁶⁶Harvey et al. (2012)



ANNEX 4: THE US'S USE OF CASH IN DISASTER RESPONSE

Introduction

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (hereafter 'the Act') is a federal law that serves as the statutory framework for a presidential declaration of a major disaster and the subsequent deployment of federal disaster mitigation, relief and recovery resources. Financed by funds appropriated to the Disaster Relief Fund and administered by the Department of Homeland Security,⁶⁷ the resources made available under the Act enable the Federal Emergency Management Agency (FEMA) to perform its duty as the primary agency for disaster response. In addition to the dispersal of federal resources to state, local and tribal governments and certain non-profit organisations,⁶⁸ the Act allows for the discretionary⁶⁹ provision of cash grants to individuals and households under two principal mechanisms: the Individual and Households Programme (IHP) and Other Needs Assistance (ONA).

IHP and ONA have been major tools in FEMA's disaster response efforts since the establishment of the Act and eligible individuals can apply for individual assistance immediately upon presidential declaration of a state of disaster. IHP and ONA are in general designed to provide emergency financial assistance to individuals and households whose essential needs cannot be met by alternative means.⁷⁰ While each consists of a number of permanent mechanisms, temporary cash assistance mechanisms, such as Expedited Assistance, have also been instituted under IHP and ONA when deemed necessary. Under current legislation individual assistance is available for temporary housing, home repairs or replacement, personal property repair or replacement, unemployment assistance, medical and dental care, legal aid, funeral expenses, moving and storage costs and other related needs such as electricity generators and flood insurance. As of the most recent amendments to the Act in April 2013, affected individuals could receive support for a variety of disaster recovery- and relief-related needs totalling no more than US\$31,900 over a period of up to 18 months since the date of the presidential declaration of disaster.⁷¹ In addition, the Act empowers state governments to request Disaster Relief Funds in order to provide financial assistance to individuals and households.⁷²

Lessons learned from the practical application of individual assistance in major US disasters has shaped the legislative framework underpinning the government's individual assistance and subsequently, the nature of funds deployed in the event of a disaster. This case study is specifically concerned with the ways in which Hurricanes Katrina/Rita and Hurricane Sandy have stimulated improvement and expansion in the US government's individual assistance programming. To emphasise the US government's commitment to individual assistance in disaster response, the study will additionally showcase US government efforts to improve both the justice and efficiency of cash assistance targeting and validation processes.

Hurricanes Katrina and Rita

In the wake of Hurricanes Katrina and Rita in the autumn of 2005, FEMA was faced with providing direct assistance to an unprecedented number of disaster-affected individuals. Among its early responses was to institute the Expedited Assistance programme (EA) under the IHP provisions set out by the Act. EA represented

⁶⁷ Should additional funds be required to meet assistance requests, the Stafford Act empowers Congress to consider supplemental appropriations to the Disaster Relief Fund.

⁶⁸ Eligible non-profit organisations provide essential services to the general public and include, for instance: medical care, education, water, sewer and electrical systems and homeless shelters.

⁶⁹ Assistance may only be provided under IHP when deemed appropriate by the president.

⁷⁰ Stafford Act, Section 408, A.1.

⁷¹ Department for Homeland Security, Federal Emergency Management Agency, 'Notice of Maximum Amount of Assistance Under the Individuals and Households Programme', 77 Federal Register, pp. 61425-61426, 9 October 2012. It should be noted that the Stafford Act allows for the extension of the individual assistance eligibility period if the president determines that, due to extraordinary circumstances, an extension would be in the public interest.

⁷² Stafford Act, Section 408, F.1.a.



a one-off direct payment of US\$2,000 provided in the form of a cheque or, in the case of those sheltering in the Superdome stadium post-Katrina, a pre-loaded debit card as part of a pilot programme. In order to access EA, individuals were required to register with FEMA over the phone or online, providing, among other information, details evidencing their eligibility for individual assistance. Several months after both disasters, in mid-December 2005, the Government Accountability Office (GAO) reported that FEMA had issued US\$2.3 billion in EA payments.⁷³ Further cash assistance from individual assistance programming became accessible to registered individuals upon the provision of certain evidence of continued disaster-related need. In its report to Congress in early October 2006, FEMA reported that in response to both Hurricanes Katrina and Rita, it had issued a total of US\$7.6 billion in IHP payments.

In addition to direct cash assistance to individuals, the government enacted several measures to provide indirect cash assistance in support of essential individual need under ONA. One such example is the enactment of Temporary Assistance for Needy Families (TANF); an expired social welfare programme initially designed to provide block grants to states to help them deliver cash welfare benefits for families with children. Given the flexibility permitted to states to provide emergency cash under TANF, the difficulty of providing services to displaced persons following Katrina and Rita motivated the federal government to temporarily reactivate the TANF mechanism.⁷⁴ Not only were additional funds for TANF made available expressly for this purpose, certain TANF programme requirements were waived for those states declared as affected by Katrina and Rita,⁷⁵ assistance for affected individuals was expanded to include those not originally listed on TANF eligibility rolls,⁷⁶ and TANF's overall utility as a disaster-response tool was strengthened by the signing into law of the Emergency Healthcare Relief Act of 2005.⁷⁷

Despite this programming, Hurricanes Katrina and Rita exposed well-publicised and substantial systematic weaknesses in the government's national disaster-response coordination.⁷⁸ In the case of EA, FEMA's efforts to establish the grants were frequently overshadowed by problems encountered by individuals in their attempts to both register for and receive cash assistance. For instance, having established Disaster Recovery Centres, FEMA failed to structure them to process registrations and payments. Nor were these centres enabled to assist affected individuals to continue to receive social benefits which they had ordinarily received pre-disaster. This was a significant oversight given many affected areas were without power or telephone services. Moreover, FEMA failed to determine the capacity of call centres to handle increased volumes. In its 'Lessons Learned' report, the White House described the delivery of services such as EA as 'not sufficiently responsive to the circumstances of a large number of victims', leaving them to navigate bureaucratic and frustrating processes in a time of extreme duress.⁷⁹

Furthermore, in its testimony to the Committee on Homeland Security and Governmental Affairs in 2007, the GAO reported significant control weaknesses in FEMA's administration of IHP which left the federal government vulnerable to significant fraud, waste and abuse. FEMA acknowledged control breakdowns and stated that these were not preventable given the scale of the disasters, the number of exception reports generated by the system, a shortage of management personnel and the need to turn off some controls to enable a more rapid payment response. As a result, GAO reported that inadequate controls resulted in an estimated US\$1bn of potentially improper and/or fraudulent IHP payments.⁸⁰ For instance, GAO highlighted that while FEMA's automated system identified potentially fraudulent payments, the manual process used to

⁷³ GAO, Expedited Assistance for Victims of Hurricanes Katrina and Rita: FEMA's Control Weaknesses Exposed the Government to Significant Fraud and Abuse, Government Accountability Office Report to Congressional Committees, June 2006.

⁷⁴ Falk, G., Temporary Assistance for Needy Families (TANF): Its Role in Response to the Effects of Hurricane Katrina, Congressional Research Service Report for Congress, 7 October 2005

⁷⁵ P.L. 109-68

⁷⁶ H.R. 3971

⁷⁷ S. 1716, Title II

⁷⁸ For more on this, see: The White House, The Federal Response to Hurricane Katrina: Lessons Learned, February 2006

⁷⁹ The White House, The Federal Response to Hurricane Katrina: Lessons Learned, p. 59

⁸⁰ GAO, Hurricanes Katrina and Rita Disaster Relief: Continued Findings of Fraud, Waste and Abuse. Report to the Committee on Homeland Security and Governmental Affairs, U.S. Senate, 15 March 2007



review such applications did not prevent EA and other IHP payments from being issued. Moreover, having identified fraudulent or misused IHP payments of around US\$290 million, FEMA had only been able to recoup US\$7 million of this amount as of around one year after Katrina made landfall.

Katrina and Rita served as catalysts for the US to rethink its vulnerability and, following difficulties like those described above, led to the expansion of federal assistance authorities, several of which related specifically to the government's coordination of individual assistance programmes. In response to the waste and abuse of federal resources, FEMA established a 100 per cent inspection policy which authorises IHP payments only when an inspector meets with an IHP registrant, inspects the relevant property, validates their supporting documentation and provides a report to FEMA.⁸¹ The independent contractors that conduct disaster-related inspections on behalf of FEMA⁸² are now also contractually required to validate more registrant data than in 2005, and contractors must now conduct reviews to determine the validity of each registrant's claimed address. Combined with the 100 per cent inspection process, these improved upfront validation systems have enabled FEMA to make significant improvements in its identification and payment to registrations based on duplicate or invalid data.⁸³

The Post-Katrina Emergency Reform Act of 2006⁸⁴ further sought to address several of the coordination and administration issues that plagued the effective delivery of post-Katrina/Rita individual assistance. The Post-Katrina Reform Act authorised the president to accelerate the provision of EA as a precautionary measure upon his/her declaration of disaster under the Stafford Act. Other legislative amendments which expand the utility of the government's individual assistance include:

- The elimination of the cap on the level of individual assistance paid for home repair and replacement (however the overall cap on payments to an individual or household remains).
- The addition of newly eligible housing assistance costs including utilities and security deposits.
- The addition of two new population classes to the discrimination provisions of the Stafford Act - disabled persons and those with limited English proficiency. The Director of FEMA must ensure that information relating to individual assistance is made available to such groups before, during and after a disaster.
- Provisions to ensure that when a disaster occurs disabled victims can still be considered eligible for housing assistance if they are able to access their homes. The previous provision read that their homes must be 'rendered uninhabitable'.
- The allowance of IHP payments to and accommodation for those with disabilities, including the provision of medical assistance as required.

Hurricane Sandy

Given its size, strength and location of impact, Hurricane Sandy rivalled the damages caused by the summer storms of 2005. By February 2013, a total of US\$1.2 billion in IHP payments had been issued to help survivors address their critical needs. As with every US disaster, Members of Congress held a series of hearings that, among other issues, sought to assess the state and efficacy of legislation pertaining to the federal government's disaster response and recovery. General concern was raised that the post-Sandy recovery might suffer the delays and bureaucratic burdens that inhibited recovery post-Katrina. As a result, Congress passed the Sandy Recovery Improvement Act of 2013, which, in general, further amends the Stafford Act to improve the efficiency and quality of disaster-recovery measures, including the federal administration of individual assistance.

⁸¹ Department of Homeland Security, Office of Inspector General, Improvements to Internal Controls for FEMA's IHP Registration Process (Redacted), OIG-09-110, September 2009

⁸² Independent contractors manage several aspects of the inspection process, including the sub-contracting of physical inspections.

⁸³ Department of Homeland Security, Office of Inspector General, Improvements to Internal Controls for FEMA's IHP Registration Process (Redacted), OIG-09-110, September 2009

⁸⁴ P.L. 109-295



The devastating impact of Sandy led to the most significant amendments to the Stafford Act in decades. The Sandy Recovery Improvement Act (The Sandy Act) of January 2013 amends several of FEMA's existing authorities relating to individual assistance, and intends to expand both the efficacy and potential of the IHP and ONA programmes. Perhaps the most critical relates to the factors FEMA considers when deciding to provide individual assistance during disasters and how these factors are interpreted. Within one year of its enactment (January 2014), the Sandy Act requires FEMA to conduct a review of the factors it considers when deciding to provide individual assistance. In addition to the impact of Hurricane Sandy, the argument for such a review stems from the fact that individual assistance factors have not been amended since they first appeared in regulation in 1999, and individual assistance remains one of the federal government's primary disaster-response mechanisms. At present, no weight is assigned to any of the factors used in defining the nature and scale of FEMA's individual assistance response, and there are calls for issues such as the widespread loss of power and services to represent a more important component in the decision-making process, given the frustrations these issues may exacerbate in the event of a disaster.

Since Hurricane Katrina, increasing consideration has been given to the impact of disaster situations on children. The Sandy Act takes concrete steps to address some of these concerns by expanding individual assistance to families under ONA in its newly eligible child care assistance mechanism. Given many providers of child care services are private sector entities which fill gaps in the federal provision of public services, the Sandy Act now includes 'child care' in the list of ONA eligible expenses.⁸⁵ Further indirect cash assistance was supplied by the making permanent of pilot housing programmes trialled in the post-Katrina response. The Sandy Act now empowers FEMA to refurbish housing units to expand its options for temporary housing, a process that could very well contribute to the local economy.

The government's post-Sandy individual assistance response has also been supplemented by noteworthy use of technology. Having authorised funds to increase rental assistance to account for the high rental costs in the New York area, FEMA used the results of geospatial analysis by its Modelling Task Force (MOTF) to aid more rapid provision of individual assistance to those who could not access their homes. Analysing information from a number of data sources in the days after Sandy's landfall,⁸⁶ the MOTF developed a list of communities that housing inspectors would be unlikely to access for days, even weeks. Households in locations that MOTF models showed to be inaccessible automatically qualified for two months of rental assistance at the increased rate. This non-traditional approach to meeting survivor needs contributed to 44,000 households receiving expedited rental assistance from federal authorities.

⁸⁵ Whereas disaster related needs are provided for 100% by the federal government, ONA assistance is provided on a 75% federal 25% state basis. Stafford Act, Section 408, A.2.

⁸⁶ These data sources included: high watermark sensors, inundation levels, imagery data from the National Oceanic and Atmospheric Administration, and road closure information from states' Departments of Transportation.



The Cash Learning Partnership

This thematic report has been undertaken as part of a 2013 research study entitled, *Is Cash Transfer Programming 'Fit for the Future'?* The research was commissioned by the Cash Learning Partnership (CaLP) and undertaken by the Humanitarian Futures Programme (HFP), King's College London. The overall project intends to understand how changes in the broader global and humanitarian landscape may evolve in the future (up to 2025), and how these changes might shape cash transfer programming (CTP). The analysis examines these issues in the context of ongoing global dialogue on the future of humanitarianism, including the post-2015 Millennium Development Goals processes, the deliberations for the next iteration of the Hyogo Framework for Action, and the World Humanitarian Summit 2016.

It is hoped that the products from this project will be widely disseminated, and their conclusions and recommendations debated at all levels within the sector. This process should result in a set of priorities that can serve as the basis for a forward-looking action agenda. Ideally, this agenda should be conceived by the full network of actors identified in this analysis who have an interest and role in the evolution of CTP.

This thematic report has been developed as a stand-alone document, and is just one of the products developed under this project. The project's other outputs can be found in an Annex Package, and a Final Report pulls all the research together. An Executive Summary of the Final Report is also available.

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Humanitarian Aid
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