CASH TRANSFERS FOR FOOD AND FUTURES

New insights into cash transfer programming in fragile settings

By Kiza Magendane, Mariëlle Karssenberg and Yannicke Goris

THE BROKER
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PREFACE

Around the globe, most people would agree that 2020 has been a year of unprecedented challenges. The spread of COVID-19 has affected people everywhere, demanding a level of resilience and flexibility that many of us have not had to muster before. Everywhere in the world, communities have been hit hard, including in highly developed countries; the social and economic impact and grief that have resulted from the coronavirus pandemic should not be underestimated. However, as institutions like the UN and the World Economic Forum have pointed out, the current crisis has had a disproportionate impact on developing countries. In these places, COVID-19 is stacking crisis upon crisis. In a time when hunger and poverty are already rising, millions of people could be pushed into extreme poverty and as many as 132 million people may go hungry in the coming year, leading to destabilization or the worsening of conflict in fragile regions.

To combat this worrying trend and effectively support those who need it most, adequate interventions and policies are needed. One intervention that is regarded as having the potential to enhance people's resilience to external shocks, such as the COVID-19 pandemic and its consequences in terms of poverty, hunger and conflict, is cash transfers. Policymakers and development practitioners are increasingly using cash transfer programmes to assist communities in need. While this is already happening, too little is known about the triad relationship between cash transfers, food security and fragility. This is where this project comes in.

Disruption and crisis often also come with opportunities, sparking new energy and creating the potential for positive change. COVID-19 has made us aware of the fact that we are all vulnerable and interconnected. Adequately supporting those most in need is not only a moral imperative, it is something that ultimately benefits everyone. The current pandemic may have provided the final push for an investigation into the potential of cash transfers in fragile settings. The report you have before you, *Cash transfers for food and futures*, is the result of such an endeavour. Importantly, it is also the result of a collaboration I am particularly proud of and grateful for. While COVID-19 may have forced us all to work from home, connecting only via our laptop-screens, it has not prevented The Broker and three of the knowledge platforms of the Dutch Ministry of Foreign Affairs – the Knowledge Platform on Inclusive Development Policies (INCLUDE), the Food & Business Knowledge Platform (F&BKP, which is now transformed into the Netherlands Food Partnership), and the Knowledge Platform Security & Rule of Law (KPSRL) – from coming together for this unique project.

Cash transfers for food and futures was written by The Broker's Kiza Magendane, Mariëlle Karssenberg and Yannicke Goris. The project was financed by INCLUDE, F&BKP and KPSRL, thereby building on these platforms' complementary fields of expertise. In addition, the authors were informed by the insights and experiences shared by a wide variety of stakeholders – policymakers, academics and practitioners – interviewed by The Broker over the last few months. My gratitude goes out to all those who were willing to contribute their time and knowledge to this project. A special thanks also goes to the members of the reference group, whose expertise and feedback has made this report sharper and more relevant.

With the three knowledge platforms involved in this project, The Broker shares a commitment to generating, co-creating and sharing knowledge that contributes to sustainable and inclusive development. More questions and knowledge gaps still exist and, as this project has shown that together we are more than the sum of our parts, it is my hope and expectation that more collaborations between The Broker, INCLUDE, F&BKP and KPSRL will follow in future.

Saskia Hollander
Executive Director, The Broker

CONTENTS

Acronyms

ARRA	Agency for Refugee and Returnee Affairs
CaLP	Cash Learning Partnership
CVA	Cash and Voucher Assistance
FAO	Food and Agriculture Organization
FSP	financial service provider
HFP	Humanitarian Futures Programme
IDP	internally displaced person
ILO	International Labour Organization
INGO	international non-governmental organisation
MEB	Minimum Expenditure Basket
MoU	memorandum of understanding
MFA	Ministry of Foreign Affairs
NGO	non-governmental organisation
NRC	Norwegian Refugee Council
SCC	Somali Cash Consortium
UN	United Nations
WASH	water, sanitation and hygiene

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CHAPTER 1: INTRODUCING THE TRIPLE NEXUS

CASH TRANSFERS, FOOD SECURITY, FRAGILITY

In its 2020 flagship publication, *The State of Food and Nutrition in the World*, the Food and Agricultural Organization of the United Nations estimates that almost 690 million people in the world (8.9 percent of the world population) were undernourished in 2019. This is 60 million more people than in 2014, when the prevalence of undernourishment was 8.6 percent. Multiple factors have contributed to this increase in food insecurity, including a greater number of conflicts, climate-related disasters, and economic shocks. The COVID-19 pandemic has also contributed to the disruption of domestic food supply chains and economic stability. As noted in the *Global Update on Covid-19: November 2020* by the World Food Programme: "Economic losses due to COVID-19 are expected to continue through 2021, aggravating pre-existing vulnerabilities and compounding conflict and climate shocks". The World Food Programme predicts that an additional 137 million people will face food insecurity by the end of the year, an increase of 82 percent compared to pre-COVID estimates. If the current trend continues, the global number of undernourished people in 2030 will exceed 840 million, which means that Sustainable Development Goal 2 – 'Zero Hunger' – will not be met.

Against this background of declining food security, climate change and the grave impact of the COVID-19 pandemic, cash transfer programmes have greatly increased. There is a growing consensus among development and humanitarian organizations that cash transfers are an effective tool to rebuild people's livelihoods, contribute to their food and nutrition security, and increase their resilience to shocks. Sigrid Kaag, Dutch Minister for Foreign Trade and Development Cooperation, has recently confirmed that the Ministry of Foreign Affairs (MFA) is committed to scaling up its implementation of cash transfer programmes, based on the idea that such programmes are effective in fighting poverty and inequality, and contribute to the resilience and dignity of the poorest of the poor. At the same time, the Ministry has made the prevention of conflict and instability one of the key priorities of its development cooperation, and global food security is a major policy goal of the Netherlands. That being said, while the interactions between cash transfers and food security, on one hand, and between food security and fragility, on the other, have been extensively documented, there is still a knowledge gap on the triad relationship between cash transfers, food security and fragility – which, in this project, is referred to as the 'triple nexus'. Recognizing both the potential of, as well as the existing lack of understanding about, cash transfers for addressing food insecurity in fragile contexts, The Broker initiated a research project, the results of which are shared in this report. This project is supported by, and was conducted in collaboration with, the INCLUDE Knowledge Platform, the Food and Business Knowledge Platform, and the Knowledge Platform Security & Rule of Law.

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About this project

In the first phase of this project, The Broker conducted a quick-scan of the available literature and several exploratory interviews with cash transfer experts and practitioners.[1] This culminated in a short-read with preliminary findings on the triple nexus and a workshop with practitioners, researchers and policymakers. The workshop, as well as the critical contributions of an expert reference group[2], informed the direction and focus of the second phase of the research.

In-depth interviews with selected experts and practitioners formed the heart of this second phase, resulting in a wealth of insights, which are contained in the document you are reading. It should be mentioned that the research approach captures the views of only a limited number of experts. The expertise shared is, therefore, as much as possible substantiated by the relevant literature. Where this was not possible, the insights shared require further investigation. This report discusses how, and to what extent, cash transfers can be an effective way of realizing food security in fragile settings. In order to provide a systematic analysis of the triple nexus, clear definitions are indispensable. Accordingly, the relevance of cash transfers is outlined in the **Box** on page 3, while in the following chapter the definitions and conceptualizations of fragility and food security are discussed in more detail. It is important to note here that this report does not provide a statistical analysis of the extent to which cash transfers are contributing to food security. Rather, the report focuses on the various factors that influence the success or failure of cash transfer programmes in fragile settings. There is extensive literature on how cash transfers contribute to positive development outcomes, including aspects of food security in fragile settings. The extensive work by knowledge platform INCLUDE on social protection and cash transfers has proven particularly useful and the authors of this report have been able to build on this work throughout the project. It is unclear, however, how manifestations of fragility affect the ability of cash transfer programmes to contribute to food security. It is this triple nexus that is at the heart of the present report.

1 See overview of case studies on page 9.
2 An overview of the reference group participants can be found in the imprint.

About this report

Before delving into the complex matter at hand, we first unpack the key concepts of fragility and food security in Chapter 2. Chapters 3, 4 and 5 – the 'empirical chapters' – subsequently present the main findings of the research, focusing on three dimensions: (1) power dynamics; (2) markets; and (3) trade-offs and sustainability.

Chapter 3 reflects on the power dynamics that affect the design, implementation and outcomes of cash transfers and presents some of the challenges that organizations face in dealing with the (sometimes conflicting) interests of the stakeholders involved in their cash transfer programmes. In addition, this chapter discusses the strategies that organizations can apply to operate in a context-specific and conflict-sensitive manner. Chapter 4, looks at how organizations deal with the unstable nature of markets in fragile settings and the implications for cash transfer interventions and food security. A nuanced view of market failures in fragile settings is provided, as well as reflections on the importance of market-based and integrated approaches. Chapter 5, discusses some of the challenges that organizations face in their attempt to contribute to long-term development objectives, as well as the strategies they apply to overcome them. This final empirical chapter zooms in on the collaboration between organizations and the alignment of cash transfer interventions with other programmes and existing social safety nets.

While the scope of this project did not allow us to cover all aspects of the complex triple nexus, many valuable insights have been accumulated over the course of the past months. Chapter 6 concludes by summarizing the key findings and identifying pathways for future research. Some recommendations are also presented to assist policymakers and practitioners to develop and implement cash transfer policies and programmes that can contribute to the realization of food security in fragile settings.

Cash transfers and food security

Cash transfers are financial instruments that individuals and households receive, either for emergency relief or as recovery support to build strong livelihoods and resilience. They can, thus, serve a humanitarian purpose or function as a social safety net, contributing to the sustainable development of the targeted individuals and households. The distinction between humanitarian interventions and social protection is increasingly blurred, and cash transfers are considered as an effective tool to link both. At the same time, it is important to keep in mind that, depending on the objective, funding, time frame and implementing stakeholders, cash transfer programmes can take various forms. The most common modalities for cash transfers in fragile settings are: unconditional cash transfers, conditional cash transfers, and cash for work or vouchers.[3]

The main arguments for cash transfers as an alternative, or in addition, to in-kind assistance include: flexibility (appropriate choice of goods and services based individual priorities), efficiency (cheaper to distribute than in-kind assistance), economic impact (multiplier effect for the local economy), and dignity and choice (beneficiaries take the lead). Concerns about the use of cash transfers include: security (exposing beneficiaries and staff to security risks); anti-social use (cash as a means to consume goods such as alcohol that harm a household's welfare); and inflation (diminishing the value of fixed cash transfers). Overall, the potential of cash transfers to realize food security depends on the extent to which they can be adjusted to contextual and local factors including: functioning and accessible local markets and alignment with existing social protection programmes.

In this report cash transfers, their various modalities and their applicability will be discussed in detail. This box serves to set the stage and present the key characteristics of cash transfers and the understanding that will be employed in the remainder of the document.

3 Whether vouchers can be seen as a transfer modality or as a separate modality depends on the definition. Based on the consulted cases and literature review, this research considers vouchers as a transfer modality that organizations implement to attain specific outcomes.

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CHAPTER 2: UNPACKING FRAGILITY AND FOOD SECURITY

Defining fragility

Despite its contested and multidimensional nature, the term 'fragility' is usually attributed to those nations or areas where the state or main responsible governing body is unable (or unwilling) to carry out certain core functions to meet the needs and expectations of its citizens. According to Charles (2011), these core functions include, but are not limited to: defence, law and order, public health, macroeconomic management and disaster relief. Other authors and institutions employ other dimensions and criteria to explain and measure fragility, including 'inclusive politics – security', 'justice – economic foundations' and 'revenue and services' (see **Table 1** for an overview of some commonly used definitions, contributing factors and classifications of fragility).

Other operationalisations of fragility have found their way into various lists and indices, such as the Fragile States Index and Clingedael's analysis of fragility rankings. From these indices two basic conditions can be distilled that are integral to a fragile state or region: lack of (1) security and/or (2) institutional capacity and integrity. When these conditions persist over several years, they are likely to erode state legitimacy and public confidence.[1] Another approach to achieve a clear conceptualization of fragility is to define it by the absence of its opposite, resilience. As Mcloughlin (2012, p. 9) notes: "Resilient states are able to maintain order and stability, keep societal expectations and capacity in equilibrium, and survive and ameliorate the negative effects of external and internal shocks". In this understanding a state is considered fragile when it is unable (or unwilling) to provide basic services that are a condition for the resilience of its citizens.

When looking at the most commonly used definitions of fragility, it becomes clear that these conceptualizations are often highly state-centric, as was noted in the UN-CPR Review of 35 fragility frameworks. Such understandings,

1 Fragility should be understood as a continuum. This means that the intensity of fragility can differ per country. The World Bank classifies 'fragile and conflict-affected situations' into three categories: high-intensity conflict, medium-intensity conflict and high institutional and social fragility. See how the organization operationalizes fragility.

while valuable for international and global indices and analyses, come with grave limitations, as they tend to overlook tensions and conflicts at local and regional levels. Countries can be ranked as non-fragile based on aggregated data, while containing areas where both security and institutional governance are lacking (for instance, think of isolated rural areas or slums and the recent renewed violence in Ethiopia's northern region of Tigray). That is why it is more useful to speak of 'situations of fragility', rather than fragile states. As Olivier Nay (2013) helpfully explains, the latter term "gives too much attention to national state entities compared with globalized interests, cross-border dynamics, local stakeholders and a wide array of (potentially conflicting) social structures, such as traditional authorities, community-based groups, tribal structures and clans, social classes, religious and ethnic solidarities, and informal economy networks". An analytical lens that focuses primarily on state functions is, in short, unhelpful if key factors fuelling instability are located at the local or regional level. **Table 1** provides a short overview of frameworks that are most suitable to cover fragility beyond the state-centric approach.

Table 1. Overview of most suitable frameworks on fragility

Source: The Broker & F&BKP (2019)

Framework	Definition	Factors	Classification
OECD Multidimensional Fragility Framework	The combination of exposure to risk and insufficient coping capacity of the state, system and/or communities to manage, absorb or mitigate those risks.	**Multidimensional fragility:** - political - societal - economic - environmental - security	**Cluster analysis:** 1) severe fragility 2) high fragility 3) moderate fragility 4) low fragility 5) minor fragility 6) non-fragile
G7+ Fragility Spectrum	A state of fragility can be understood as a period of time during nationhood when sustainable socio-economic development requires greater emphasis on complementary peacebuilding and statebuilding activities such as building inclusive political settlements, security, justice, jobs, good management of resources, and accountable and fair service delivery.	**Country-specific fragility spectrum:** - Inclusive politics - Security - Justice - Economic foundations - Revenues and services	**Stages of fragility:** 1) Crisis 2) Rebuild and reform 3) Transition 4) Transformation 5) Resilience
ILO Fragility Compass	Fragility may be understood as sudden and/or cyclical situations in which one or more exogenous or endogenous risk factors exacerbate preexisting or emerging political instability and socio-economic vulnerability.	**8 major "composite" contributing factors:** *typical exogenous factors:* - catastrophic events - health epidemics - global trade or financial crises - weak democratic governance *typical endogenous factors:* - socio-political crisis - socio-economic inequalities and marginalization - external/internal armed groups *can have both exogenous and endogenous dimensions:* - migratory flows/population movements	**Intensity levels:** 1) Minor disturbances 2) Major threat 3) Existential security threat

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Operationalization and use of fragility in this report

For the purpose of this synthesis report, a framework of fragility is used that is best suited to uncover the triple nexus (cash transfers, food security and fragility). We employ a framework that allows for the unravelling of the various manifestations of fragility that influence food security, and that highlights the extent to which cash transfer programmes can be effectively conducted. In the first place, a suitable analytical framework, for the purpose of this research, should look at fragile settings instead of taking a state-centric approach, as explained above. Second, the frameworks must be able to account for both internal and external factors: what causes of fragility are 'home-grown' (i.e. in the specific area under scrutiny), and what outside forces (at the national level, from other areas, or even from the international arena) are playing a role? Third, the framework must allow for a clear distinction between immediate crises and conditions of fragility. While crises challenge the ability of the state to maintain conditions that create resilience for its citizens and may cause or deepen fragility, they do not necessarily lead to a condition of fragility. With the exception of a protracted crisis, crises or shocks are usually of short duration and often demand humanitarian interventions for the relief of those affected. Fragility, on the other hand, describes longer-term institutional and security trends that should be met with sustained development support and capacity development. This distinction is vital, especially for an assessment of the impact of cash transfers on long-term development objectives.

Based on these criteria and the definitions discussed above and indices of fragility, this research applies the International Labour Organization (ILO) Fragility Compass as its operational framework. This framework employs a multi-dimensional operationalization of fragility and looks at both contributing factors and the intensity of the fragility. The contributing factors to the onset and/or exacerbation of fragility include both exogenous and endogenous forces. While exogenous factors are beyond the control of a particular state, endogenous factors are context specific within a particular state, region, and territory and its institutions. Understanding fragility as such allows for the inclusion of specific factors that have an impact on the food and nutrition security situation in that specific context, thus providing a framework that is able to increasing understanding of the specific nexus. The following figure gives some examples of exogenous and endogenous factors that can contribute to fragility.

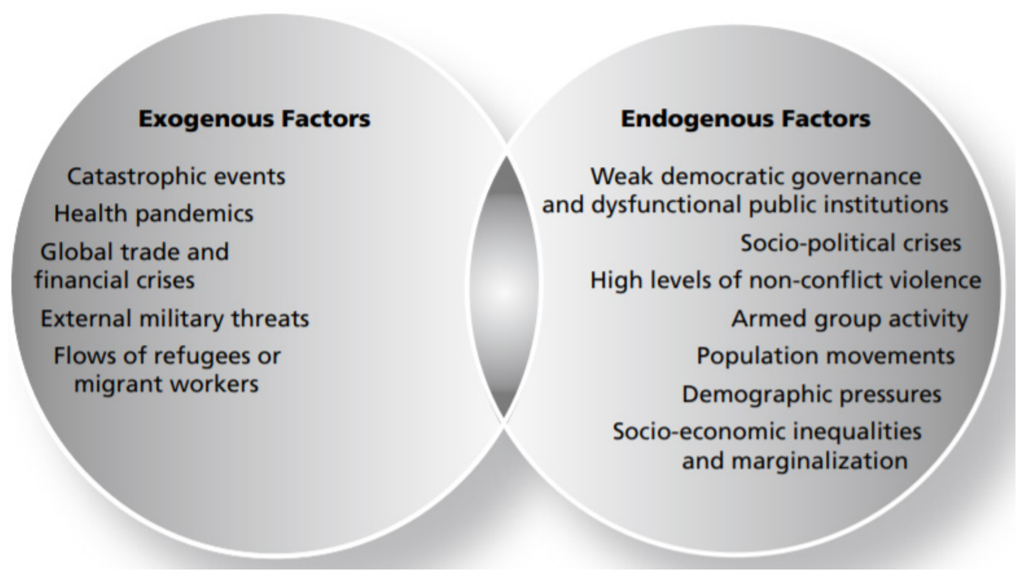

Figure 1. Exogenous and endogenous factors that contribute to fragility

Source: Retrieved from the ILO Fragility Compass

The ILO Fragility Compass also distinguishes various levels of fragility based on the intensity of the contributing (exogenous and endogenous) factors (see **Table 2**). These different levels of intensity allow for an understanding of fragility as a multiplier effect – i.e. when one driver of fragility worsens (in terms of intensity), other factors are simultaneously exacerbated. This particular approach makes the ILO Fragility Compass an effective tool to understand the interplay between various factors that contribute to fragility. It also suggests that fragility does not happen in a vacuum, but is rather a result of multiple, interacting developments and ongoing deterioration in the capacity of the government to create a resilient condition for its citizens in a particular region.[2]

Defining food and nutrition security

To understand the complexity and potential linkages in the triple nexus of this project, it is important to elaborate on the concept of food and nutrition security. The most commonly used definition of food security is put forth by the Food and Agriculture Organization (FAO).

According to FAO, food security should be understood as a situation in which "all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life". Underpinning FAO's definition are the four pillars of food security, agreed upon in 1996: accessibility, availability, utilisation and stability. See **Table 3** for more explanation on what these pillars entail.

Various instruments and indicators are issued to measure food and nutrition security. These indices shed light on the state of global food security and provide useful information for all actors that seek to contribute to food security.

2. This classification should be understood as a continuum, and not numerical. As the ILO Fragility Compass notes: "Our purpose here is not to assign measurable intensity scores to each situation, but instead to provide an analytical lens to distinguish fragility drivers manifested at different levels of intensity".

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Table 2. The intensity of fragility

Factors/intensity	Level 1	Level 2	Level 3
External/Internal Armed Groups	Minor disturbances	Major threat	Existential security threat
Migratory Flows/ Population Movements	Low	Medium	High
Catastrophic Events	Minor damage	Major destruction	Catastrophe
Global Trade and Financial Crises	Low	Medium	High
Health Epidemic	Limited epidemic	Epidemic	Pandemic
Socio-Economic Inequalities and Marginalisation	Low	Medium	High
Socio-Political Crisis	Social Unrest	Widespread violence	Civil war
Weak Democratic Governance	Limited state capacity and/or accountability	Dysfunctional or authoritarian state	Collapsed state or dictatorship

Source: Retrieved from the ILO Fragility Compass

However, what these instruments do not sufficiently offer is an operationalization of the concept of food security that helps understand its relationship with fragility and the extent to which cash transfers may have a positive and lasting impact on food and nutrition security.

The understanding of livelihood insecurity, as elaborated upon by Devereux (2001), is perhaps one of the most useful definitions to capture the relationship between food security, fragility and cash transfers – referred to as the 'triple nexus'. Devereux's conceptualization allows us to take into consideration all interventions – even those that do not directly support food consumption – by noting that "any developmental intervention that increases the poor's control over assets will indirectly enhance livelihood security" (Ibid., p. 516). In this understanding, even cash transfer programmes aimed at dimensions of livelihood security other than food, can be considered as potentially making positive contributions to the food security of beneficiaries.

This report looks at the extent to which cash transfers can be employed to positively impact on food and nutrition security, either directly or – building on Devereux's understanding – by supporting people's livelihoods in a more holistic sense. The studied cases are situated in areas with various levels of fragility, allowing for an analysis of the so-called triple nexus: the complex relationship between cash transfers, food security and fragility.

Annie Spratt via Unsplash

Table 3. Four dimensions of food and nutrition security

Availability	The availability of sufficient quantities of food of appropriate quality, supplied through domestic production or imports (including food aid).
Accessibility	Access by individuals to adequate resources for acquiring appropriate foods for a nutritious diet, given the legal, political, economic and social arrangements of the community in which they live.
Utilization	Utilization of food through adequate diet, clean water, sanitation and health care to reach a state of nutritional wellbeing where all physiological needs are met.
Stability	Individuals or households have access to adequate food at all times and are not at risk of losing access to food as a consequence of sudden shocks – such as economic or climate crisis, or cyclical events – such as seasonal food insecurity.

Source: Developed by FAO

OVERVIEW OF CASE STUDIES

For this project, The Broker consulted representatives of eight organizations implementing cash transfer programmes in settings with varying levels of fragility.

Organization:	Women Empowerment Organization (WEO)
Country:	Pakistan
Programme:	Food Assistance for Assets (FFA)
Intensity of fragility:	Level 2 (armed groups, socio-political crisis, weak democratic governance, socio-economic inequalities, marginalization)

This non-governmental, non-profit organization was established in 2008 with the aim to contribute to sustainable community development, especially with respect to gender equality. The organization adheres to three main core values of sustainable development: self-esteem, freedom of choice, and a society in which everyone has equal access to opportunities. WEO works directly with communities at the grass-root level and receives funding from donor organizations including the United Nations, INGOs, and national organizations. By implementing the World Food Programme's FFA programme, WEO supports food-insecure populations in newly-merged districts in Pakistan through cash-based transfers.

Organization:	Norwegian Refugee Council (NRC)
Country:	Yemen
Programme:	NRC Yemen
Intensity of fragility:	Level 3 (armed groups, catastrophic events, socio-political crisis, weak democratic governance)

The NRC is an independent humanitarian organization working in over 30 countries. It provides support to those who have been forced to flee, thereby saving lives and helping people to rebuild their future. Cash transfers represent about 10% of NRC's total programme portfolio. NRC Yemen receives funding from various donors such as the European Civil Protection and Humanitarian Aid Operations (ECHO) and Swedish International Development Cooperation Agency (SIDA). In Yemen, NRC provides critical emergency aid, but also supports securing new livelihoods. To do so, part of NRC's efforts consist of unconditional cash transfers, with the additional aim to boost local markets.

Organization:	Somali Cash Consortium (SCC)
Country:	Somalia
Programme:	Multiple relevant cash transfer programmes
Intensity of fragility:	Level 2 (armed groups, catastrophic events, socio-political crisis, weak democratic governance, migratory flows)

The non-profit Somali Cash Consortium, funded by ECHO, was formed in 2017 and comprises six implementing agencies: Agency for Technical Cooperation and Development (ACTED), Concern Worldwide, Cooperazione Internazionale (COOPI), Danish Refugee Council, Norwegian Refugee Council, and Save the Children International. The consortium was formed as a humanitarian response to the extreme hunger and poverty in Somalia, as no actor alone could respond effectively. SCC provides multi-purpose cash to vulnerable Somali communities, especially those affected by drought and insecurity, reaching the beneficiaries exclusively through the use of mobile services.

Organization:	Norwegian Refugee Council (NRC)
Country:	Ethiopia
Programme:	NRC Ethiopia
Intensity of fragility:	Level 1 (catastrophic events, socio-political crisis, migratory flows)

Ethiopia is another of the NRC's focus countries. Here, the organization works in a coalition with 12 non-governmental organizations, known as the Ethiopia Collaborative Cash Delivery Platform. Together, these organizations aim to harmonize cash delivery for increased scale, efficiency, effectiveness, and collective impact.

Organization:	Care Nederland
Country:	Yemen
Programme:	Multi-purpose Cash-Based Assistance in Yemen
Intensity of fragility:	Level 3 (armed groups, catastrophic events, socio-political crisis, weak democratic governance, migratory flows)

Care Nederland, as part of Care International, is a humanitarian organization providing emergency relief as well as implementing long-term international development projects. Care Nederland has been active in Yemen since 1992 and is providing humanitarian assistance during the current crisis. In this programme, it provides assistance to vulnerable households and grants to those who participate in work programmes. For those who are unable to participate, Care Nederland provides cash as well.

Organization:	Plan International
Country:	Sudan / Nepal
Programme:	Multiple relevant cash transfer programmes
Intensity of fragility:	Level 1, 2 (armed groups, catastrophic events, socio-political crisis, weak democratic governance, health pandemic, migratory flows)

Plan International is an independent organization operating in the field of development and humanitarian action in over 71 countries. Its efforts specifically focus on advancing the rights of children and ensuring equality for girls. By using an integrative approach, Plan International uses cash transfers to support and improve different sectors, including food security, education, protection, livelihoods, and WASH.

Organization:	Ghetto Foundation
Country:	Kenya
Programme:	Community-led COVID-19 response in Mathare: Cash Transfer
Intensity of fragility:	Level 1 (health epidemic, socio-economic inequalities, marginalization)

Ghetto Foundation is a community-led organization that works to improve social and economic justice for Kenyan Youth in ghettos. Their cash transfer programme in Mathare, which provides support to those affected by COVID-19, or by the measures taken to slow down the spread of the virus, allows for beneficiaries to receive cash digitally and prioritize their own needs.

Organization:	Oxfam International
Country:	Various countries
Programme:	Multiple relevant cash transfer programmes
Intensity of fragility:	Level 1, 2 (armed groups, catastrophic events, socio-political crisis, weak democratic governance, health pandemic, migratory flows)

Founded in 1942, Oxfam International is an international confederation of 20 NGOs working with partners in over 90 countries to end the injustices that cause poverty and promote sustainable development. Oxfam started implementing cash transfer programmes more than 20 years ago. Now, they are taking a so-called 'cash first' approach in humanitarian programming, for which 25% of Oxfam's humanitarian response budget is allocated.

CHAPTER 3: POWER DYNAMICS

When implementing a cash transfer programme, especially in fragile settings, being acutely aware of the power dynamics at play is of utmost importance. In practice, this means that, in order to be effective, designers and implementers of such programmes need to operate in a conflict-sensitive manner and take into account the needs and interests, not only of their target groups, but also of other influential stakeholders in the area in which they operate. This is particularly important in contexts in which there are tensions, or even outright conflict, as there is a risk of exacerbating such dynamics leading to increased instability. This chapter presents some of the key challenges facing organizations in dealing with the (sometimes conflicting) interests of the various stakeholders in their cash transfer programmes. The focus is on the power dynamics within various 'levels' of fragility, paying specific attention to the relationship with food security. The first part of the chapter looks at the inclusion of various stakeholders in cash transfer programming and the power relations that may affect the programme. The second part focuses on what is needed to operate in a context-specific and conflict-sensitive manner, so as to ensure that the cash transfer programme is tailored to, and not unnecessarily hampered by, the power dynamics at play in the given context.

Involving stakeholders

A wide array of actors

The consulted evidence indicates that coordination and collaboration with other development actors, authorities at all relevant levels, as well as a wide range of stakeholders is indispensable to ensure that a cash transfer programme contributes to long-term sustainability and food security. What stakeholders to collaborate with in a given context depends on the objectives of the programme, the power dynamics at play, as well as the position of the implementing organization – e.g. its mandate, legitimacy, support, capacity, and so forth. While the situation at hand and the characteristics of the implementing organization determine what actors should and can be realistically collaborated with, a number of actors are essential to take into account in practically every setting.

The involvement of the state or responsible authorities is vital to the success of a cash transfer programme. Other actors include donor organizations, UN agencies, other I/NGOs operating in the area, local and community-based organizations, and local authorities, to name a few. The cases studied in this project confirm that many stakeholders, beyond the primary beneficiaries, are involved, including national governments (for contracts and project approvals), local authorities (for travel permits to target locations and the identification of target locations and beneficiaries), line ministries (i.e. government ministries responsible for implementation), donors (for funding purposes), food security and agriculture clusters (for coordination to eliminate duplication, technical standards, and the harmonization of standards and approaches), cash and market working groups (for the harmonization of cash related tools, approaches and standards), I/NGOs (for the coordination of multiple programmes, knowledge and experience sharing, joint fundraising, and joint advocacy), financial service providers (for the delivery of services to beneficiaries such as cash, bank accounts, and bank cards), mobile phone service providers (for the provision of mobile money transfers), and various actors providing security for staff members, among others.

Four categories unpacked

Across the reviewed cases and literature, the involvement of these (and other) stakeholders is regarded as a pre-condition for the successful implementation of a cash transfer programme. This section discusses a number of key categories of stakeholders, focusing on the challenges and opportunities that present themselves when organizations seek to collaborate with them.

Powerholders and authorities

For cash transfer programmes to be effective, organizations must collaborate, or at least have some form of working relationship, with those actors that are in power in the area they operate in. Navigating the division of labour among various branches and levels of government can be difficult in stable countries, but in fragile contexts this is even more complex. The division and fragmentation of power across various government bodies may have a vast impact on cash transfer programmes and the extent to which they can contribute to food security. In Somalia, for instance, I/NGOs have to deal with various ministries and government levels (local, national, regional), which often do not cooperate with one another and sometimes have conflicting agendas. Without establishing working relationships with all relevant government bodies and obtaining support from all, realizing the potential of the cash transfer programme proved very challenging. Similarly, in both Yemen and North Waziristan in Pakistan, organizations found that agreements with the government in one area of the country, did not hold in other areas where different authorities held power.

To summarize, the division and fragmentation of power across various branches and levels of government affects the success of cash transfer programmes. When synergies across various government branches are lacking and different authorities have conflicting agendas, the political arena becomes highly unpredictable. In such cases, it is of the utmost importance to design flexible programmes; an agreement with one branch of government may not be applicable in the future or only cover certain geographical areas (see sub-section on 'Flexibility' in next section for more).

Working with local powerholders in volatile settings may be helpful to realize short-term gains, or even necessary to keep programmes afloat, but it may come at a price. Especially in conflict-affected areas marked by political instability, collaboration with those in power can undermine long-term objectives. For example, when organizations collaborate with a ruling party that does not prioritize inclusive and sustainable development, although this may result in short-term gains, it can negatively affect long-term impacts. This is especially the case in conflict-affected areas, where I/NGOs have to negotiate with non-state actors in order to implement their cash transfer programmes. Additionally, in volatile settings a change in powerholders may hamper the continuation of a programme. When a new actor gains power in an area, having worked with the opposition (or even the enemy) can mean that an organization has to stop its work, or at the very least restart negotiations.

Despite the difficulties involved in collaborating with powerholders in volatile settings, establishing relationships that allow for open negotiations is considered highly important. Several of the cases studied suggest that INGOs are less successful in negotiations with local actors. They tend to invest most of their time and resources in the implementation of their programmes, and less on the negotiation skills of their staff and partners, which may affect their sensitivity to local customs and tensions.

Depending on the powerholder at the other end of the table, the consulted cases indicate that it may be ideal for negotiations to take place through a collective of organizations and in coordination with donors. Working together in such a way, the negotiators – INGOs, local organizations, and donors, for example – share among them the necessary cultural sensitivity, authority and decision-making power.

Local civil society

In the foregoing paragraph, local organizations were already mentioned as potentially important partners in negotiations. The importance of involving local civil society in cash transfer programming extends far beyond negotiations. First, outsourcing various activities to local and community-based organizations was identified in the consulted cases as contributing to the legitimacy and acceptance of cash transfer interventions. A 'snowball effect' can be achieved by involving local organizations, as they are able to generate a locally-rooted support base for cash transfers, and, as acceptance grows, even more actors become involved, yielding even greater support. Additionally, local organizations are better equipped to identify and reach those people and communities that large NGOs could potentially miss. Thus, the involvement of local partners generates more inclusive programme processes and outcomes.

Working with local civil society groups is of particular importance in fragile settings. Local and community-based organizations know the local sensitivities and power dynamics and can more freely engage with actors that are important for the successful implementation of a cash transfer programme in a particular context. These actors include, among others, community and religious leaders. Without the support of these actors, the research indicates that it can be difficult for cash transfer programmes to gain a support base, both among beneficiaries and non-beneficiaries. Moreover, local organizations are frequently capable of rapid, small-scale mobilization and have better access to remote populations in insecure, dangerous environments – areas where expatriate practitioners may not be able to go in conflict situations. However important and valuable, working with local organizations also comes at a price: it often requires additional time, effort and staff, for instance, to train local partners and for oversight. As also emphasized in the Mercy Corps *Cash Transfer Toolkit*, because cash transfer programmes often have strict documentation requirements, "it is important to carefully consider partnerships and partners' capacity to meet these requirements as well as [the coordinating organization's] ability to oversee their work".


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Local communities

Working with local communities is key, not only to determine exactly what their needs are, but also to avoid exacerbating existing tensions or inequalities. In order to avoid adding to tensions between beneficiaries and non-beneficiaries, various organizations consulted for this research cooperated with community leaders to identify a list of beneficiaries. In Somalia, for instance, the Cash Consortium works with village leaders and village relief committees to select the most vulnerable in the community. In this process, specific households are selected by community leaders to identify the most vulnerable groups, based on the vulnerability criteria that the consortium has identified together with community leaders. A similar approach was taken in North Waziristan (Pakistan), where the Women Empowerment Organization deliberated with targeted communities to define which communal assets should be rebuilt, who would be involved in the intervention, and who were the most vulnerable groups to participate in the cash transfer programme.

In the context of providing cash transfers to refugees and internally displaced people (IDPs), various organizations chose to put host communities on the beneficiary list as well. They did so in order to prevent potential tensions resulting from envy, as host communities are often vulnerable groups themselves. Across various cases, cash transfers have been considered as an effective means to realize social cohesion between refugees and IDPs, as well as between refugees/IDPs and host communities. Cash transfer programmes create an opportunity for host communities, refugees and IDPs to work on common goals (see sub-section on 'Sensitivity and safety' on page 17 for more on this issue).

Humanitarian organizations

For organizations operating in conflict-affected areas, being constantly mindful of humanitarian principles is of the utmost importance. This is not only essential in terms of safeguarding basic living standards, human rights, and safety, as well as upholding the principle of 'do-no-harm', it also lends legitimacy to the implementing organization among the various groups that are affected by the conflict. Development organizations seeking to implement cash transfer programmes in fragile settings where humanitarian agencies are present should, therefore, identify and seek collaboration, or at the very least alignment, with such agencies. It has been found, however, that one of the most striking obstacles to effective cash transfer programming is the lack of collaboration across sectors and among aid agencies with different mandates and missions. As the Humanitarian Futures Programme (HFP) in conjunction with the Cash Learning Partnership (CaLP) wrote in their insightful report *Coordination and cash transfer programming*, "[while] the greatest advantage of cash is that it can be used to meet a variety of needs that span different sectors, [agencies continue to] provide cash transfers independently of one another for separate purposes". International humanitarian actors and aid agencies have different goals and mandates, but cash is the one modality that can serve both. Cash has proven to work to support people in their immediate food needs, as well as to support people in making the longer-term investments needed to build resilience. The key challenge, then, is for aid and humanitarian organizations to break down the silos and establish how cash transfer can fit within existing humanitarian interventions.

Balancing the trade-offs in collaboration

While building relationships and collaborating with the above mentioned actors is seen as important to enhance the effectiveness of cash transfer interventions, like many decisions in development programming, engaging stakeholders has its downside. While including all relevant actors in the various stages of designing and implementing a cash transfer programme often lends legitimacy to the programme, it can also slow down the process of giving cash to beneficiaries. When cash transfers serve a more 'humanitarian objective' – i.e. the beneficiaries need cash as quickly as possible – the inclusion of all relevant actors can undermine this goal, as the process takes time. Conversely, when a cash transfer programme has a longer-term, development objective – such as building resilience and realizing future food security – dialogue with, and the inclusion of, all relevant stakeholders is indispensable in order to generate credibility and ensure the sustainability of the cash transfer programme. What all this demands, is the formulation of a clear engagement strategy prior to the actual design process – a strategy that takes into account the programme objectives, stakeholder presence and local power dynamics. To obtain a clear picture of the stakeholders and power dynamics in a certain area, the programming process must begin with a thorough context analysis. This will be discussed in more detail in the next section.

Power dynamics and the discrepancy between will and reality

The donors, NGOs and local organizations involved in a cash transfer programme usually have the same, or at the least overlapping, interests and objectives. However, power dynamics may greatly affect how the cash transfer programme is implemented and to what extent these actors can stick to their own objectives. One case in North Wazirstan in Pakistan demonstrates how the discrepancy between will (i.e. the willingness to collaborate) and power may result in unwanted results.

The Women Empowerment Organisation, which implements a cash transfer programme in North Wazirstan, was facing increasing outbursts of violence and insecurity in the region, as well as the threat of COVID-19. To ensure that its cash transfer programme could continue, the organization wanted to change its mode of operation. Instead of having one delivery point (the bank) where 500 people would receive cash, the organization felt it safer to deliver cash to beneficiaries by way of mobile phone. In this way, people would not run the risk of being literally caught in the crossfire and the programme would not add to the spread of coronavirus. Yet, despite these strong reasons, the donors did not agree on changing the cash delivery mechanism. For the donors, transfers through banks had worked in other districts and had relatively low transaction fees. However, this logic failed to take into account the specific manifestations of fragility in North Wazirstan. What worked elsewhere, was simply no longer tenable in North Wazirstan. After having received various threats from the military via Facebook, the implementing organization, without a mobile delivery mechanism in place, was forced to relocate its distribution site. Unfortunately, the new site was located in another district, forcing beneficiaries to travel at least two hours to receive their cash. Moreover, beneficiaries had to pass a security check before being able to enter the district. Eventually, tensions rose once again and the implementing organization had to cease its cash transfers altogether. At the time of our interview, the organization was still trying to find a new, safe distribution site. "We are having to go through this because we rely on only one delivery mechanism", the project manager noted.

In this case in North Wazirstan, the relationship between donor and implementing organization is good and they share the same objectives. However, due to a combination of insufficient understanding of the context, a lack of flexibility *and* more power on the part of the donor, the programme has not been able to adjust to the changing context.

Context-specific and conflict-sensitive programming

In order to capitalize on the full potential of cash transfers, programme implementation must be preceded by a few crucial steps. First, as mentioned above, a local context analysis must be conducted (or existing analyses studied) to obtain a clear understanding of the situation at hand. The key elements to focus on are the power dynamics at play, the level of fragility, the existing legal framework, as well as the stakeholders present. Based on this understanding, organizations can develop an engagement strategy, involving relevant actors, and start designing a programme that matches the local context and, most importantly in fragile settings, that is sensitive to tensions and (possible) conflicts.

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The legal framework

The legal frameworks that are in place in the country of implementation largely determine whether or not a cash transfer programme can be implemented in a specific area and which modality is the most realistic given the defined operational conditions. Despite the presence and persistence of fragility and lack of governance in a specific area, a legal framework is usually still present – although perhaps not enforced.

The legal framework can enable or disable the implementation of a cash transfer programme in two ways: (1) legislation may ban cash transfer programmes; and (2) it defines the operational conditions. In the first case, laws exist that prohibit the distribution of cash to the targeted beneficiaries. In our selected case studies, although local authorities were sometimes reluctant to allow cash transfer programmes, a full legal ban on such programmes was not a common practice. Instead, organizations were required to meet stringent conditions before they could implement a cash transfer programme. In Ethiopia, for instance, if an organization wishes to conduct a cash transfer programme for refugees and IDPs, they need to sign an memorandum of understanding (MoU) with the Agency for Refugee and Returnee Affairs (ARRA). Without meeting the conditions of this particular government body, organizations cannot conduct a cash transfer programme. This is also the case in Yemen, where the authorities want to have a say in project activities, target locations and beneficiary selection. Implementing organizations can also experience delays or be denied access to project locations due to the government policies in place. Finally, organizations sometimes have to deal with the deliberate exclusion of, or discriminatory regulations against, marginalized groups and populations. In some cases, as Norwegian Refugee Council (NRC) experienced in South Sudan and Gambia, IDPs and refugees who receive cash are not allowed to leave the camp. In such cases, the organizations involved have to lobby the authorities to change these restrictions before they can provide beneficiaries with the needed cash to buy food and other goods on the local market.

Thus, the legal framework defines whether or not a cash transfer can be implemented in a specific area and which modality is the most realistic given the defined operational conditions. This means that organizations should monitor policy developments and design flexible programmes that will enable them to adjust their modality when the legal and political space shifts. The organizations consulted for this research reported having done this on a few occasions. In one instance, an organization selected a transfer modality in line with other government efforts, deliberately providing a smaller transfer amount as a voucher, instead of cash, so as to avoid the government accusing them of threatening their legitimacy. This was the case in Northern Uganda, where the authorities ordered Give Directly to stop its programming, as its efforts were believed to jeopardize the position of the government, as well as the president.

Sensitivity and safety

The case studies demonstrate that organizations have been able to successfully provide cash to conflict-affected communities. By carefully selecting their modality and delivering mechanism, organizations can ensure that their cash transfer programmes do not put the security of beneficiaries or local staff at risk. For example, where possible, mobile and digital money is considered preferable, because it is a safer transfer mechanism in conflict situations. This was the case in North Waziristan, where people were exposed to attacks by militia groups when they went to collect their money at central distribution sites. In other cases, staff of the organizations implementing cash transfers were often provided with military convoys to make sure they could reach programme sites safely.

Safety is not only improved by certain modalities and measures, it also helps to be aware of the tensions and conflicts in the area and to operate in a conflict-sensitive manner, so as not to incite any animosity. Being explicitly non-partisan is usually the safest approach for an organization and may allow it to continue its operations in even the most fragile settings. In Yemen, North Waziristan and Sudan, the organizations consulted not only worked with the government, but also negotiated with rebel groups, thus showing they were not taking sides. In the case of Sudan, Plan International was able to deliver cash to conflict-affected communities after they successfully convinced a local rebel group of the benefits of their cash transfer programme.

Operating in a conflict-sensitive manner could even go one step further. Instead of avoiding ‘adding fuel to the fire’ or becoming a target themselves, organizations may actively contribute to the stability of an area. The consulted cases suggest that cash transfer programmes can be an effective way of realizing social cohesion between various groups (e.g. between refugees and IDPs, or refugees/IDPs and the host community). Including the right group, and perhaps even groups that are in conflict with each other, in a cash transfer programme can help prevent tensions and build bridges between conflicting or distant actors. Two specific cases illustrate this finding. In Ethiopia, NRC brings IDPs, refugees and host communities together and provides them with training on how to start a business and acquire a business licence. Because refugees and IDPs do not have the relevant legal documents, these trainings serve to facilitate collaboration with local communities, so that together they can start a small business. In another case in the Central African Republic, one of the organizations consulted conducted a pilot cash transfer programme in which two conflicting communities were provided with cash in the aftermath of the conflict. Because members of one of the communities had left the village before the war, they faced particular difficulty with re-integration upon their return. The religious places had been captured by those who had stayed in the village, as had the schools, markets and local mines. The organization decided to provide both communities with cash, on the condition that they attend sessions on protection, domestic violence and social cohesion together. Anyone who returned to their respective places of worship, dwelling and market places would receive the next transfer. Towards the end of the activity, the organization found that places of worship were once more filled with members of both communities; children from both sides were attending school; women were conducting business, regardless of their background; and men from both communities were back working in the mines.

Flexibility

The complex (power) dynamics that mark fragile settings lead to significant challenges for organizations, often demanding great flexibility and contingency plans. Sharing such insecurities and possible ‘plan Bs’ with donors may help in securing flexible funding mechanisms and managing expectations about impact. This is particularly important when organizations operate in conflict situations, in which the context is at its most volatile, and where both staff and beneficiaries are under threat, potentially requiring quick unplanned interventions by the organization. Depending on the volatility of the situation, the severity of the conflict, as well as the goals of the programme (short- or long-term), organizations will employ a different strategy to engage with relevant stakeholders. When the objective is short-term, organizations can take a more pragmatic approach. When the cash transfer programme has a longer-term objective, patience and perseverance are required to build relations with and between all relevant stakeholders and actively include them in the design and implementation process. However, contextual changes – in terms of conflict, power dynamics, and the stakeholders in place – may require organizations to change their objectives, again demanding flexibility.

Such flexibility is not, however, only required from implementing organizations; donors must be willing and able to move as well. Although they generally have similar goals to implementing organizations, donors tend to lack flexibility in their funding mechanisms. Improved coordination and cooperation between donors and implementers can help, as it leads to more realistic expectations. Power dynamics are also at play here. As donors are holding the purse strings they are, inevitably, in a position of power. For implementing organizations, it is important to be open and frank with donors about the insecurities related to the fragile context they operate in, as well as about their contingency plans.

Key messages

Prior to designing a cash transfer programme, conduct an on-site context and stakeholder analysis. This allows for conflict-sensitive programming, as well as the identification of local actors significant to the programme, beyond official authorities and beneficiaries.

Include relevant stakeholders in all stages of the programme. This also pertains to local powerholders – including official and de facto authorities – but be mindful of jeopardizing the legitimacy or sustainability of the programme in case of political tensions/conflict.

Taking a non-partisan approach and coordinating/cooperating with humanitarian interventions are essential if organizations wish to operate in highly-fragile settings. Such conflict-sensitive programming means that organizations may be able to continue their pursuit of long-term goals like food security, even when there is outright conflict.

After a context- and stakeholder-analysis, an engagement strategy should be formulated. Ideally this is part of, or happens before the start of, the programme design process.

Collaboration with local and community-based organizations enhances the effectiveness and sustainability of cash transfer programmes. Not only do such collaborations foster a broad and locally-rooted support base, they also help in reaching the most marginalized/invisible groups. In addition, if outbursts of conflict force I/NGOs to retreat from the area, locally-rooted organizations are often able to continue the programme.

Flexibility in programming and funding is key, especially in fragile settings. When implementing a cash transfer programme in a volatile environment the demand for flexibility lies with both implementer and donor. If one party is inflexible, necessary adjustments to changing circumstances and/or outbursts of conflict cannot be made effectively.

CHAPTER 4: CASH TRANSFERS AND MARKETS

The availability of functional and accessible (food) markets is one of the key features that define whether or not cash transfers are the right instrument to strengthen food security in a particular context. When food and other goods are not available in local markets, cash transfers are viewed as a less appropriate instrument. Additionally, depending on the strength of the local market, cash transfers can generate both negative and positive spill-over effects for non-beneficiary groups. Positive spill-over effects become visible when cash transfers boost local entrepreneurship due to the injection of cash into the local market. In contrast, negative spill-over effects occur when cash transfers contribute to market distortions and harmful inflation. It is assumed that in places with low market integration, cash transfers can exacerbate pre-existing inequalities in market structures. In relation to the implementation of cash transfer programmes in fragile settings, critical voices argue that due to external shocks and market volatility, cash transfers are not suitable instruments to contribute to beneficiaries' food security.

This chapter looks at how organizations deal with the unstable nature of markets in fragile settings and the implications for cash transfer interventions and food security. The cases examined confirm the importance of functioning markets as a pre-condition for a successful cash transfer programme. In addition, insights gained in the research indicate that markets in fragile settings are not necessarily weak or lacking development potential. Hence, contrary to what is often assumed, fragile settings may be receptive to cash transfer interventions.

The first section of this chapter looks at what factors affect the functioning of markets and provides a nuanced view on market failures and functioning. Thereafter, the focus shifts to the practical implications of fragility and market volatility for the design of, and approaches used in, cash transfer programmes.

Markets in fragile settings

Factors affecting market functioning

Both exogenous and endogenous factors affect the functioning of local markets and the availability of goods. Consequently, these factors determine, in part, the applicability of cash transfers in a specific context. Exogenous factors include, among other things, climate shocks, the current global pandemic (**see Box**) and changeable exchange rates. Endogenous factors consist of, among other things, conflict, the degree of market liquidity, and the number of active entrepreneurs and businesses. In the interviews conducted for this research respondents shared some practical examples of how exogenous and endogenous factors affected the markets they sought to strengthen:

- As a result of cross-border conflicts, as well as policies to reduce the spread of COVID-19, actors faced border closures in the areas they operate in. This affected the availability of food and other goods on the local market. In Yemen in particular the impact of border closures formed a significant obstacle to regular market continuation.
- Outbreaks of violent conflict have also led to the temporary closure of banks and financial service providers, including digital and phone-based financial

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Challenges of COVID-19 and remote market assessment

The COVID-19 pandemic has affected how organizations conduct their cash transfer programmes in fragile settings in two conflicting ways. On one hand, organizations have had limited access to communities and beneficiaries as a result of policies to reduce the spread of the virus. This has negatively affected the ability of organizations to get physical cash to their beneficiaries, conduct feasibility studies, select beneficiaries based on earlier established criteria, and carry out robust market assessments and monitoring missions. On the other hand, the limitations have forced organizations to design more innovative approaches, transforming challenges into opportunities. In Somalia, for instance, members of the Somali Cash Consortium conducted more surveys by phone. For example, for the registration process for the cash transfer programme, the Consortium conducted a detailed survey by phone after a short visit to communities. Although some limitations did negatively affect the Somali Cash Consortium's work, the Consortium managed to continue its programmes and support markets in target areas, thanks to its innovative approach.

Based on its experience in dealing with the pandemic, Plan International and the Cash Learning Partnership (CaLP) co-developed the Cash and Voucher Assistance – COVID-19 Toolkit. This one-pager provides an overview of Plan International's key technical resources developed around the COVID-19 response, including a guide for adapting delivery mechanisms and conducting remote market assessments. Additionally, the one-pager emphasizes that cash and voucher assistance (CVA) continues to be the preferred modality "when local markets can sustain the provision of goods and services in a timely and efficient manner. Direct distribution should only be used when other options such as CVA are not possible". Despite the challenges that COVID-19 has posed for Plan International, the organization has actually expanded the proportion of cash transfer interventions in its programmes. Between 2012 and May 2019, it used around 75 million dollars for its cash transfer programmes. In contrast, in the first six month of the COVID-19 pandemic, Plan International spent around 26 million on cash transfer programmes. In other words, in just six months, it increased its cash transfers by 35 percent, compared to the previous six years. This acceleration occurred despite the fact that Plan International conducted most of its work remotely. However, as cash transfers were regarded as an effective way of supporting vulnerable groups and local markets, especially in the context of the current crisis, Plan International went ahead and upped its game. This is a remarkable example of how the coronavirus crisis has provided an impetus to cash transfer interventions.

services. Such closures, which negatively affect the availability of cash on local markets, were observed in numerous cases. Most recently, the government of Ethiopia closed telecommunication lines in the Tigray region due to the conflict between the regional and federal government. This caused a blackout, greatly limiting the capacity of financial service providers to operate and preventing implementing organizations from reaching their beneficiaries with physical cash.

- **Inconsistencies in the commission charges by local financial service providers (FSPs) have led to market insecurities in various regions. In Yemen, for example, exchange rates offered by FSPs were often higher than regular market standards. This meant that beneficiaries of cash transfer programmes received less 'value for money', thus diminishing the impact of cash transfers (and benefiting the FSPs).**
- **Across various cases, big shocks, such as climate catastrophes, global trade and financial crises, military threats and conflicts, have affected the value of cash on local markets.**

A nuanced view of markets

As the foregoing indicates, markets in fragile settings can be affected by many significant shocks. However, although both the literature review in the first phase of this project and the information provided by our respondents confirm that cash transfers are not the best instruments when markets are not functioning, the disruption of markets by external shocks tends to be short term. It appears that, after external shocks, people are usually highly resilient and resourceful and find local solutions to keep markets going. Even in non-cash economies, markets still continue to function. Thus, even when markets are temporarily incapacitated, there is no need to stop cash transfer programmes or not initiate them in the first place. Markets, having such a vital function for a community's survival, are among the first activities to recover. Indeed, the organizations that were studied for this project still managed to continue their cash transfer programmes in fragile settings. Even in an Al Shabab controlled area in Somalia, for instance, the Somali Cash Consortium found that people found ways to keep the market going, even if this required smuggling in food supplies. As a result, the Consortium was able to continue its cash transfers and support the people, their market and their livelihoods despite the volatile conditions.

Another assumption about weak markets is the notion that cash transfers can have a negative impact on these unstable systems and, consequently, in-kind assistance is the preferred intervention. It is thought that the influx of cash will disrupt the precarious balance of local markets. However, this negative effect should not be exaggerated: generally, the transfer amounts are relatively small and, as such, do not have the power to cause significant disruptions. Other forms of external financial injections, such as remittances, often have a greater impact on local markets than cash transfers – an effect that was observed in Somalia. Other respondents confirmed that the negative effect of cash transfers on the local economy is negligible. These insights indicate that the provision of in-kind assistance is not necessarily the 'holy grail' in contexts where market functioning is limited. In some cases, in fact, in-kind assistance can cause harm to, and exacerbate negative, local markets dynamics. One such example was observed in Nepal, where the in-kind distribution of seeds disrupted the market of local traders. Because the farmers received free seeds from an NGO, local traders lost their customers.

Cash transfers and markets in fragile settings

Based on the above nuanced perspective on market failure, organizations have developed various strategies to deal with the specific market-related challenges that emerge in fragile settings. Their toolbox to deal with weak

or (almost) non-existent markets contains two strategies: (1) adjusting the modalities of the programme to the specific conditions of the local markets; and (2) complementing cash transfers with market-based interventions and integrated approaches.

Adjusting modalities

Exactly how cash transfers should be delivered – e.g. in what form, through what channel, and supplemented by which specific conditions (or unconditionally) – depends on the given situation. That is why a context- and conflict-analysis, as well as continuous market monitoring are of the utmost importance. Only through these analyses can organizations ensure that their approach fits the needs of their beneficiaries and is appropriate in the context they are operating in. By anticipating and including both internal and external shocks into their contingency plans, organizations are able to adjust the modality of their cash transfers or switch to food transfers if necessary. However, as was emphasized in the previous chapter, such shock-responsiveness demands great flexibility, both from the implementing organization as well as donors. It is, therefore, important that organizations are transparent about the challenges in the local market. Only through such openness can the expectations of donors be managed and flexibility encouraged.

Many of the respondents testified to the fact that their programming was indeed flexible. They managed to adjust the modalities of their programmes to the specific conditions of the local market, thereby supporting both beneficiaries and local traders, despite changing circumstances. Several strategies were applied:

- **When food was available on the local market, but the price fluctuated, organizations opted for voucher assistance instead of unconditional cash transfers.**
- **Voucher assistance can provide security to traders with the guarantee that they would receive the same value for their goods even if prices dropped. Providing an incentive for traders to remain active on the market increased the accessibility and consumption of food for the beneficiaries.**
- **When prices were stable, but goods not easily accessible, either because of low demand or problems in supply, organizations chose to either increase the purchasing power of beneficiaries or provide assistance to traders to reach markets more easily. This contributed to the accessibility of food, increased the food consumption of beneficiaries and, consequently, supported the local economy.**

Market-based interventions

In a market-based intervention, organizations choose not only to provide cash to beneficiaries, but also offer additional support to strengthen the local market directly. In addition to supporting traders with funding and storage space for their goods, organizations can also, for example, rebuild infrastructure to improve access to markets. A few examples illustrating this approach in Nepal, Mali and Pakistan are discussed below.

Supporting markets in Nepal and Mali

After the 2015 earthquake in Nepal, Plan International started a market-based cash transfer programme. This cash was not only distributed among the poorest community-members, but also to local vendors who had lost their goods and savings as a result of the earthquake. Instead of providing households with food and other in-kind assistance, Plan International supported vendors to restart their businesses as quickly as possible, so that they could be the ones to sell their food and other products to the local community. This decision was based on the belief that cash generates a multiplier effect for the local economy and, importantly, gives agency to beneficiaries: instead of being given food to consume, they are given money with which they can purchase what they, themselves, need and deem necessary.

CASH TRANSFERS FOR FOOD AND FUTURES

In other cases, including in Mali and Nepal, organizations have supported the rebuilding of roads by means of so-called 'cash-for-work' programmes (interventions that provide employment to unskilled and semi-skilled workers on labour intensive projects, with the aim of providing income support to poor and vulnerable communities, and rehabilitating public/community assets or infrastructure). In this way, people not only gained an income, they also contributed to renewed physical access to markets that were difficult to reach.

Training local entrepreneurs in Pakistan

In some cases organizations are accompanying their cash transfers with support and training to local entrepreneurs and farmers. That is the case in North Waziristan, a province in Pakistan. Despite the high fertility of the land, the food market is lagging. This is partly the result of the historical marginalization of the region since British colonization, but also due to the ongoing conflict and insecurity in North Waziristan. To add fuel to the fire, the smuggling of drugs and weapons between Pakistan and Afghanistan has become a burgeoning business in the area, resulting in more tension and less developed food production and markets. People are forced to go to other, often far-away areas, to get their daily food. In this context, the Women Empowerment Organisation began distributing cash to selected communities, while at the same time provided training to (aspiring) farmers and entrepreneurs in agricultural skills. Other organizations are also active in projects that aim to rebuild local markets, for example, by providing special training on hygiene to entrepreneurs who wanted to establish a local meat market.

Integrated approaches

The above market-based interventions to supplement cash transfers can be seen as an example of what are called integrated approaches. Integrated approaches are built on the assumption that cash transfers can contribute to long-term food security and resilience when they are complemented by other services. Such additional services not only focus on markets, but are often aimed at building local capacity and knowledge, which includes, but is not limited to, entrepreneurial and agricultural skills. Important to add is that these integrated approaches and market-based interventions are not only relevant in a context where markets are not functioning, but also in contexts with highly functioning markets.

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Key messages

The extent to which cash transfers can have a significant impact depends to a large degree on the presence and functioning of the local market. As shocks, tensions and conflicts greatly affect these markets, they determine, in part, the applicability of cash transfers in a specific context.

The COVID-19 pandemic is an example of an exogenous shock that has affected, and continues to affect, how organizations conduct their cash transfer programmes in fragile settings. Grave limitations have resulted from the pandemic, as well as from the measures taken to limit the spread of virus. However, these limitations can also be taken as a driving force to design more innovative approaches, transforming challenges into opportunities. Organizations can learn from each other about how to deal with this crisis.

It should not be assumed that markets are not functioning in conflict-affected areas. Markets, having such a vital function for a community's survival, are among the first activities in society to recover. Even in places with violent conflict, markets often continue to function, perhaps in a less formal or non-cash-based form. This means that cash transfer programmes – where necessary in the form of (food) vouchers – continue to be applicable.

The negative effect of cash transfers on weak markets should not be exaggerated. It is thought that the influx of cash will disrupt the precarious balance of unstable local markets. Generally, however, the transfer amounts are relatively limited and, as such, do not have the power to cause significant disruptions. The positive, strengthening effect of cash transfers outweighs this risk.

Cash transfers should be implemented in conjunction with other, complementing interventions to have maximum impact. When looking to strengthen the local market, cash transfers can be combined with activities that create conditions that promote trade and transport. These market-based interventions include, but are not limited to, supporting traders with funding and storage space for their goods, rebuilding infrastructure to improve access to markets, and providing entrepreneurial training.

Integrated approaches – combining cash transfers with a broad package of other, complementary interventions – generate the most impact. These integrated approaches are built on the assumption that cash transfers can contribute to long-term food security and resilience when they are complemented by other services.

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CHAPTER 5: TRADE-OFFS, ALIGNMENT AND SUSTAINABLE IMPACT

While this research focuses on the triple nexus – cash transfers, food security, and fragility – both the literature and the cases examined in this research demonstrate that realizing food security through cash transfers is not a simple question of input and output. Rather, food security can be fostered through cash transfers when combined with other interventions, and potential impacts are also intimately connected with other dimensions of livelihood and resilience building. The evidence on the long-term impact of cash transfers on food security in fragile contexts is limited. However, cash transfers are considered an effective way to contribute to multiple goals, including poverty reduction, dietary diversity, school attendance and investment in productive assets.

In both policy and academic circles, the debated question is how humanitarian efforts can be linked to development initiatives. Cash transfers are believed to be effective tools to connect the two. This insight bears particular relevance to the triple nexus under scrutiny in this research. The following sections present some of the challenges that organizations face in their attempts to contribute to long-term development objectives, as well as the strategies they apply to overcome them. The second section hones in on the collaboration between, and alignment of, different organizations, as well as the importance of exit strategies to safeguard the sustainable impact of cash transfer programmes.

Dilemmas and trade-offs

Unconditional transfers

The modality, transfer value and duration of a cash transfer intervention determines whether or not, and to what extent, the programme can contribute to the long-term food security and resilience of beneficiaries. In relation to the modality, across the investigated cases, both the implementing organizations and the beneficiaries preferred multi-purpose and unconditional cash transfers. Such transfers provide beneficiaries with freedom and agency, as they enable them to spend beyond immediate food consumption and make larger investments, for example, in livestock or in starting a small business. This reduces negative coping strategies and builds resilience. In other words, multi-purpose, unconditional cash transfers have a positive impact in the short-term – contributing to immediate food consumption – while at the same time providing a foundation for resilience and improving sustainable food security in the long term.

Multi-purpose, unconditional cash is thus an effective modality to realize the multiple dimensions of food security and enhance people's resilience. One of the organizations consulted for this research illustrated this with a story from South Sudan. In some parts of the country, cash transfers are not only contributing to household food security, they are also providing a protection mechanism for young girls. The organization observed that, in circumstances of severe food insecurity, young girls in South Sudan often fell victim to child trafficking. With the provision of cash transfers, the organization found that four goals were simultaneously met: (1) household food security; (2) the protection of young girls against exploitation and trafficking; (3) the participation of young girls in school; and (4) keeping families together (because, in case of extreme food insecurity and poverty, cash transfers meant that the head of the family was not forced to move elsewhere to earn a living).

Despite the strong arguments for unconditional cash transfers, in a few of the investigated programmes, beneficiaries were provided with conditional cash transfers or voucher assistance. Conditional cash transfers were effective if the organization providing them wanted to inform, train or guide beneficiaries towards certain goals. Voucher assistance was chosen in contexts where unconditional cash transfers were not possible – either due to lack of political will or because of strong price fluctuations (see Chapter 4). Unconditional and conditional modalities are not mutually exclusive. Some organizations chose to combine them, or switch from one modality to the other depending on contextual changes or desired outcomes.

Hard decisions

Making hard decisions because of budget limitations is part and parcel of implementing aid programmes. A common challenge that organizations face when implementing cash transfer programmes is that their budget does not allow them to give beneficiaries an amount that enables them to meet needs beyond immediate food consumption. This minimum amount is usually based on the Minimum Expenditure Basket (MEB), an authoritative mechanism that defines what households require to meet their essential needs on a regular or seasonal basis. The MEB is regularly updated by various Cash Working Groups located in the countries where cash transfer programmes are being implemented. However, while the MEB is a useful instrument to define a monetary threshold necessary for keeping a household above the poverty line, the organizations consulted unanimously agreed that a transfer value based on the MEB is not sufficient to contribute to long-term food security and resilience.

In some cases, organizations were not even able to provide a transfer amount sufficient to meet the MEB threshold. This low transfer value is not a matter of choice, but, rather, signals a lack of funding. Some of the organizations consulted that have a very limited budget pointed to an important trade-off they are facing: support more people with a relatively lower transfer value, or support fewer people with a higher transfer amount. Similarly, the availability of funding can also affect the duration – and, consequently, the sustainable impact – of a cash transfer intervention. As both the duration and the scope (i.e. number of people supported) affect the extent to which resilience and long-term food security are enhanced, the trade-off is once again clear: support more people for a short period of time, or fewer people for a long period of time. Organizations with limited resources tend to opt for the most equitable strategy – the one that they feel has the highest and most sustainable impact, and is most likely to work in a volatile setting.

Alignment, complementarity and a sustainable exit

Complementing interventions

As already touched on in the previous chapter, the extent to which cash transfer programmes are complemented by other services and programmes also determines how much the intervention can contribute to long-term food security and resilience. Additional services include, among other things, the provision of adequate water, sanitation and hygiene (WASH) facilities, training, infrastructural improvements, and market-based interventions. The consulted organizations unanimously subscribe to the notion, also found in academic literature and confirmed by large organizations like UNICEF, that a standalone cash transfer programme is not sufficient to realize resilience (and long-term food security). In areas where cash transfers are complemented by other services, they tend to have a more significant impact on the livelihoods and resilience of beneficiaries.

This insight explains why the Norwegian Refugee Council (NRC) in Ethiopia not only provides their beneficiaries (refugees and IDPs) with cash, but also assists them with necessary legal support and training to start a small business or agricultural project. Similarly, in North Waziristan (Pakistan), the Women Empowerment Organisation complements cash transfer programmes with entrepreneurship training and the reconstruction of communal assets. In Yemen, CARE Nederland complements its cash transfers with infrastructural projects that enable people to visit markets. CARE observed a significantly higher impact of its cash transfer programmes in areas where they were supplemented by other services, compared to areas where this was not the case. Plan International made a similar observation, which is why it is complementing its latest unconditional cash transfer programmes with other services, including the reconstruction of infrastructure and market-based interventions (as illustrated in Chapter 2).

Coordination for impact

The idea that cash transfer programmes are more impactful if combined with other, complementary services and programmes highlights the importance of collaboration and coordination between organizations operating in the same area. Such collaboration and coordination (including between local organizations and I/NGOs, and between aid and humanitarian organizations) makes interventions more efficient and cost-effective, as it allows for the division of labour, builds on existing synergies between the involved organizations, and uses the respective strengths of each organization. Seeing other organizations working in the same area as competitors is seldom an effective strategy for sustainable impact.

In fragile settings, especially those marked by violent conflict, coordination between humanitarian and development agencies is of special importance. Humanitarian organizations are often better equipped to provide immediate assistance in highly volatile areas. Yet, bridging the gap between humanitarian aid and development aid, which contributes to long-term goals such as food security and resilience, remains a major challenge. It seems that cash transfer programmes have the potential to bridge this gap. Even though understanding of the effective links between humanitarian and development cash transfer interventions is still evolving, both in literature and in practice, their potential is recognized by the various organizations consulted for this research: in various fragile settings, humanitarian and development actors have worked together, with humanitarian organizations providing direct cash transfers to beneficiaries in fragile settings and development organizations offering the necessary additional services aimed at capacity building and creating enabling conditions.

Cash transfers – a linking pin between humanitarian and social protection programmes

Although on paper there is consensus about the importance of linking humanitarian interventions to social safety nets, making this a reality in programming appears to be a big challenge. This was confirmed by the respondents in this research, who explained that the difficulty stems, in part, from the fact that the linking of their cash transfer programmes to social safety nets already in place is not within their mandate.

In addition to this 'mandate issue' other conceptual and practical challenges discourage organizations from making an effort to establish links between humanitarian and social protection programmes. Conceptually, social protection and humanitarian programmes have different objectives and defining principles. Social protection aims at reducing and eliminating economic and social vulnerability to poverty and deprivation. Its four main functions are: protection (to provide relief from deprivation); prevention (to avert deprivation); promotion (to enhance incomes and capabilities); and transformation (to address concerns about social equity and exclusion). Although the objectives of humanitarian action are by no means contrary to those of social protection, the difference is that humanitarian action serves "to save lives, alleviate suffering and maintain human dignity during and in the aftermath of crises, as well as to prevent and strengthen preparedness for the occurrence of such" (OECD, 2012, p.5). Linking activities with such different aims is quite a challenge, especially if there is no mandate or coordinating body to arrange these linkages.

The Somali Cash Consortium is the only example from our case studies that did manage to establish this link. The Consortium contributes to the development of systems that the government can employ in implementing a national social safety net programme. This includes work on ID systems for aid coordination, data cleaning and biometric registration. The organization also provides financial 'top ups' for beneficiaries of existing social safety net programmes in cases of emergencies. This means that if one of their target areas – in which a safety net programme is in place – is hit, for example, by a flood, the Consortium will provide households with additional financial support in the months after to ensure that they do not fall back into poverty. This initiative is part of various efforts in Somalia where different actors – including the World Bank and the World Food Programme – work closely with the government to set up a national safety net transfer programme. This indicates a shift towards more integrated, government-led programmes instead of standalone programmes by development and humanitarian actors. What it also shows is that the linking of such efforts benefits from a functioning government, which is why it is even more difficult in fragile settings where the government might not be functioning or various conflicting authorities may be operating.

For practitioners, the Cash Learning Partnership (CaLP) has developed various resources that can help identify opportunities to employ cash transfers as a tool to link humanitarian interventions to existing social safety nets. These resources include an online course on linking humanitarian cash transfers and social protection (Part 1 and Part 2), as well as an overview of relevant cases in the Middle East and North Africa (MENA) region that operate on the nexus between humanitarian cash transfers and social protection. This guidance note is for humanitarian practitioners who want to engage with social protection programmes and covers the various considerations and trade-offs that need to be taken into account.

NRC in Yemen, for instance, recognized that, while it has great expertise in operating in crisis situations and offering humanitarian assistance, it is less well equipped to carry out development programmes. Therefore, it is collaborating with other partners, including development organizations and the private sector, to provide the services that it cannot provide itself. Similarly, the Women Empowerment Organisation in North Waziristan works in a cluster of NGOs using a so-called 'referral mechanism': the collaborating organizations coordinate their services and refer beneficiaries to other organizations if they do not have the necessarily skills or capacity themselves. Finally, members of the Somali Cash Consortium target their interventions in areas where they know that other organizations are offering those services to beneficiaries that they cannot provide.

In addition to these forms of collaboration in which organizations complement one another in implementation, mutual support can also be found in the area of negotiation. When organizations collaborate, they tend to have a stronger position at the negotiating table – a bonus not seldom needed when engaged in talks with powerful donors, (local) authorities or private sector actors. Together, a varied consortium of organizations has more power and leverage, increasing the likelihood of them 'getting things done'.

Exit strategies

In the interviews conducted for this research, respondents invariably underlined the importance of incorporating an effective 'exit strategy' into cash transfer programmes in order to prevent a return to (food) insecurity. An effective exit strategy, thus, contributes to the ability of a cash transfer programme to contribute to long-term food security and resilience. An effective cash transfer intervention should not only work for the duration of the programme, it should have a positive impact that lasts once the programme has ended. If the cash transfer programme ends before beneficiaries have built up enough resilience, it is likely that any positive results achieved in terms of food security will be short-lived.

A 2018 evaluation of the Somali Cash Consortium's Food Security and Livelihoods project found that "food security scores collected by [the researchers] after the cash transfer programme were lower than food security scores collected during PDMs [Post-Distribution Monitoring], possibly indicating that beneficiaries' food security and resilience had not sustainably improved". Various organizations consulted for this research indicated that alignment with, or strengthening of, the social safety nets in place is one option for an effective exit strategy. In this way, vulnerable beneficiaries are included in existing or newly developed social safety net programmes once the cash transfer intervention comes to an end. Another benefit of aligning with social safety nets, consulted experts and practitioners pointed out, is that those people who fell just outside the scope of the cash transfer programme were often supported by the social safety net in place. This line of thinking corresponds to an ongoing dialogue in policy and research communities on how humanitarian cash transfers can be linked to social protection. Cash transfers are believed to be effective tools to connect the two. Yet what is understood is that the nexus between humanitarian cash transfers and social protection programmes is still evolving, both in the literature and in practice. This is also what the evidence gathered in this research suggests. Where social safety nets are non-existent or weak, a few of the organizations consulted collaborated with the local authorities to develop or strengthen social protection programmes. It should be noted, however, that while the organizations consulted recognize the importance of linking their efforts with social safety nets in place, not all organizations did in fact embark on such an endeavour. Most admitted to focusing on implementing their own programme.

Key messages

Multi-purpose and unconditional cash transfers are more effective than conditional cash transfers in contributing to long-term food security and resilience, as they increase food consumption directly in the short term and enable beneficiaries to make investments for their livelihood security, for example, in livestock or starting a small business, and reduce negative coping mechanisms.

Budgets for cash transfers should be sufficiently large, otherwise impact is not only small, but the outcomes achieved are less likely to be sustainable. With too limited budgets, organizations can only: (1) support beneficiaries to meet direct food needs; (2) support too few people, meaning that positive spill-over effects are not strong enough to have an impact at scale; or (3) offer support for a short period of time, meaning that beneficiaries cannot build resilience.

Cash transfers should be implemented in conjunction, or aligned, with other complementary services and programmes. In this way, cash transfers are most likely to make a positive and lasting contribution to long-term food security and resilience.

Coordination between humanitarian and development agencies is of great importance, especially in fragile, conflict-affected settings. Evidence suggests that cash transfer programmes have the potential to bridge the gap between humanitarian and development interventions.

Incorporating an effective 'exit strategy' into cash transfer programmes is vital to prevent beneficiaries falling back into poverty. Alignment with, or the strengthening of, social safety nets in place is one option for an effective exit strategy, as they provide some form of continuation of support for beneficiaries.

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CHAPTER 6: BRINGING TOGETHER WHAT WE HAVE LEARNT

This project, the results of which you have just read in this report, sprung from three observations:

- Food insecurity is rising; climate shocks and compounding conflicts are forming a growing threat to already vulnerable communities; and the COVID-19 pandemic is adding fuel to the fire, hitting those people who are already suffering most the hardest.
- Cash transfers are increasingly regarded by humanitarian and development organizations as effective instruments to contribute to people's food and nutrition security and resilience against shocks. Sharing this observation, the Dutch Ministry of Foreign Affairs has made a commitment to scale up its implementation of cash transfer programmes.
- Cash transfers are being recognized as instruments that can be employed in fragile settings, especially because food insecurity is particularly rampant in such settings. However, when it comes to understanding the relationship between food and nutrition security, fragility, and cash transfers there is still a significant knowledge gap.

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This projected was initiated in recognition of the potential of cash transfers, but at the same time observing the lack of a thorough understanding about the relationship between cash transfers, food security and fragility – what we have called 'the triple nexus'. While it is clear that many questions have yet to be answered, this research has yielded some valuable insights – the most important of which are revisited in this final chapter. This chapter also discusses the implications of our findings for relevant stakeholders: firstly, for implementing organizations and donors, and, secondly, for researchers. The next section outlines some of the implications and recommendations for implementing organizations and donors, with the explicit purpose of providing them with useful, actionable insights. The subsequent section lists several insights that warrant more investigation, with the hope of encouraging future research on the triple nexus central to this project.

Implications for implementing organizations and donors

Cash transfer programmes in fragile settings require intensive and continuous management, as well as a lot of flexibility on the part of programme leaders/staff, funders and all other stakeholders.

- Adaptive management is required in order to respond to unpredictable local contexts. In fragile areas, in particular, the situation may change rapidly, demanding different modalities, transfer amounts, or collaborations, among other things. A thorough context and conflict analysis, the continuous monitoring of local developments, and the incorporation of contingency plans in programme designs will help organizations to anticipate the changing environments.
- Flexibility is needed, not only from organizations, but also from donors. To be able to adapt to changing circumstances implementing organizations must be able to switch their modus operandi, sometimes at very short notice. In addition to a large measure of flexibility on the part of (the staff of) the organizations involved, donors must also be able and willing to support such changes. This means funding must be sufficient to finance changes to programmes and donors must be able to trust the judgment of the implementing organizations about the adjustments required. Finally, changing circumstances may also demand that organizations re-negotiate with the stakeholders involved, demanding a level of flexibility on their part as well.
- Transparency and open communication between implementing organizations and donors is vital to allow for the required flexibility. This means that donors need to be informed about the complexity of operating in fragile settings, so as to manage their expectations and design funding mechanisms that take the insecurities of the context into account. In addition, the continuous exchange of information with embassies in the countries of operations can help to keep track of the situation on the ground.

When developing a cash transfer programme, donors and implementing organizations must keep in mind the inevitable trade-off between building long-term relations with all relevant stakeholders versus the need to deliver cash rapidly in times of need.

- The inclusion of relevant stakeholders, including community-led organizations and local authorities, is key to building a strong support base for the cash transfer programme, which is indispensable for generating sustainable and inclusive impact. However, building these relationships takes time and effort.

- Speed may be of the essence, especially in conflict-affected areas where communities need immediate support. If the objective of a cash transfer intervention is immediate recovery after shock, not all stakeholders need to be included in the design and implementation of the programme.

The implication of these insights is that both donors and organizations need to be realistic about what their cash transfer programme can realistically achieve, given the specific manifestation of fragility in the area in which they are operating. In a conflict situation, for instance, working in a conflict-sensitive manner will be important and humanitarian objectives may prevail in order to provide cash to as many people, as quickly as possible. In situations where climate shocks and weak governance pose more challenges, patience and the inclusion of all relevant actors makes more sense in order to build a sustainable cash transfer programme that is, where possible, aligned with pre-existing social protection programmes.

Integrated approaches – combining cash transfers with a broader package of other and complementary interventions – have the most potential to generate long-term impact on food security, even in fragile environments with volatile markets.

- Complementarity increases the effectiveness of cash transfer programmes and their ability to contribute to long-term food security. Food security not only relies on having sufficient finances to purchase food for consumption, it also depends on the availability, production and safe preparation of food. This can be improved by additional interventions such as infrastructural development, capacity building, and training for farmers and entrepreneurs, as well as adequate WASH facilities.
- Collaboration and alignment between organizations operating in a specific area makes realizing integrated approaches more realistic, as each party can take up part of the work and focus on those tasks they are specialized in. This 'division of labour' demands coordination and a willingness to work together instead of competing. Donors can play a role in stimulating the formation of partnerships between organizations. Working together not only allows for more efficiency and mutual support – which is particularly important in fragile settings – when organizations join forces, they also have a stronger position at the negotiation table, for instance, with donors or (local) authorities.

A lack of funding leads to more difficult trade-offs for organizations implementing cash transfer programmes. Sufficient funding leads to greater impact and more sustainable outcomes.

- Budgets that are too small may result in organizations only supporting beneficiaries in their immediate, short-term food needs; organizations supporting a very limited number of people, meaning that positive spill-over effects are not strong enough to have an impact at scale; or organizations offering support for only a short period of time, meaning that the ability of beneficiaries to build resilience is limited and impact is likely to decrease after the programme ends.
- The mobilization of more funding allows for cash transfer programmes that have the potential to contribute to long-term development. When beneficiaries are provided with cash that allows them to invest in their future development – e.g. by purchasing livestock or starting their own business – the impact of cash transfers is not only more significant, it is also more likely to be durable and have positive spill-over effects for non-beneficiaries. In short, supporting beneficiaries in spending beyond immediate needs yields more value for money.

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The manifestation of fragility and the power dynamics specific to the context in which organizations implement their cash transfer programmes affect what modality of cash transfers is most suitable and to what extent sustainable impact can be achieved.

- The specific manifestation of fragility (e.g. whether or not there is open conflict and to what extent there is a functioning government in place) determines to a large extent what modality of cash transfer is most applicable. For example, if violent attacks threaten the safety of beneficiaries when they travel to the distribution point to collect their cash, a mobile phone distribution mechanism might be more applicable.
- Power dynamics in the area of operation determine, in part, what authorities implementing organizations can and should collaborate with. If power is quickly moving from one party to another, it may be difficult to build durable alliances with local authorities, hence, affecting the realization of sustainable impact.
- Violent conflict or outright war can jeopardize the ability of organizations to continue their efforts. However, humanitarian organizations – which are often better able to keep working in such conditions – have proven to be well-equipped to provide cash transfers aimed at immediate, short-term support. Such interventions can later be supplemented by complementary services from development organizations.

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Implications for the research agenda

- For a further exploration of the triple nexus, **linkages between cash transfer programmes and social safety nets in fragile settings deserves more attention**. How can such linkages be realized while taking the specific manifestation of fragility into account? What is the role of relevant stakeholders (ministries, embassies, multilateral organizations, I/NGOs) in realizing the alignment between these different interventions?
- To identify the most effective strategies for realizing long-term food security and development in fragile settings, **more attention needs to be given to the trade-offs that organizations are facing**. With a limited budget, what modalities lead to the greatest, most sustainable and inclusive impact? Answering this question demands a thorough comparative analysis of various cash transfer programmes – an investigation that was outside the scope of the present project.
- Given the growing attention being paid to the so-called 'localization agenda' and the importance of having a thorough understanding of local contexts when designing cash transfer programmes, **it would be useful to explore how local, community-based organizations can play a greater role in providing cash transfers**. A comparison between multilateral and small-scale cash transfer programmes could be an effective way of investigating the added value of local actors in realizing sustainable development and long-term food security. It is also relevant to reflect on structures that facilitate the exchange of information between big cash transfer programmes and smaller programmes, and the distribution of tasks between both.
- The framing of cash transfer programmes was not investigated in detail in this research. Yet, in various interviews **the framing of cash transfers surfaced as a factor impacting on the potential of such interventions**. The way in which cash transfers are perceived by governments, responsible power holders, local stakeholders and communities determines how they are received and, in part, their success. The impact of framing and how this can be done in a context-specific manner, warrants further investigation.
- Overall, the volume of literature on cash transfers is large and growing. In order to combat the growing food insecurity, **new research should continue to inform organizations of how to operate on the triple nexus**; i.e. how to use cash transfers as a way to realize food security in fragile settings. This report and the insights generated should be seen as the first step in that endeavour.

Above all, what this research has shown is that the implementation of cash transfer programmes in fragile settings has great potential to contribute to food and nutrition security and to build the resilience of target communities. At the same time, however, it has become clear that operating on this triple nexus is a highly complex matter, demanding much flexibility, sensitivity and a willingness to learn and adapt continuously. The Broker, together with the three knowledge platforms involved in this project – INCLUDE, the Food and Business Knowledge Platform, and the Knowledge Platform Security & Rule of Law – is committed to contribute to the knowledge on this important and complex topic and we are looking forward to collaborate and exchange insights with all policymakers, practitioners, academics and other stakeholders that share this ambition.

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