

Rapid Reflection on Cash Coordination for the Ukraine Response

Ukraine briefing paper

Prepared by Key Aid Consulting for the Disasters Emergency Committee
February 2024

Acknowledgments

This piece was authored by Helene Juillard with contributions from Dmytro Kondratenko.

The opinions expressed are those of the Key Aid Consulting team, and do not necessarily reflect the views of the DEC. Responsibility for the opinions expressed in this report rests solely with the authors.

The authors would like to thank all key informants for their time and their insights.

Acronyms

AAP	Accountability to Affected Populations
BB	Building Block
CAG	Global Cash Advisory Group
CCD	Collaborative Cash Delivery
CVA	Cash and Voucher Assistance
CWG	Cash Working Group
HCT	Humanitarian Country Team
HRP	Humanitarian Response Plan
IASC	Inter-Agency Standing Committee
IOM	International Organization for Migration
ICCG	Inter-Cluster Coordination Group
IDP	Internally Displaced Person
INGO	International Non-Governmental Organization
MEB	Minimum Expenditure Basket
MPCA	Multipurpose Cash Assistance
NGO	Non-Governmental Organization
PDM	Post Distribution Monitoring
RC/HC	Resident Coordinator/ Humanitarian Coordinator
SP	Social Protection
ToRs	Terms of References
WFP	World Food Programme

Since February 2022, Ukraine and the neighbouring countries are facing a humanitarian crisis of unparalleled scale, ranking among the fastest-growing crises observed in the past decade and the largest in Europe since the end of World War II. By April 2022, more than 30 percent of Ukraine's population had been coercively displaced and by October 2023, 6,240,400 Ukrainian were refugees¹ and 3,674,000 internally displaced.²

In light of needs, vulnerabilities and capacities, cash transfers have been prioritized by the humanitarian community in Ukraine as the preferred and default modality wherever feasible to respond to the needs of people affected by the crisis. This led to the fastest and largest cash programming scale-up in history, shedding further light on the importance of quality cash coordination.

Using the Global Cash Advisory Group (CAG) key performance indicators for cash coordination as a guide, this paper reflects on the extent to which cash coordination was (1) timely and effective and (2) inclusive, transparent, and accountable. It draws from 28 semi-structured key informants' interviews, desk review of available literature and a round table organised on 11 December 2023 with key cash stakeholders.

I. Context

In 2023, in locations where it is contextually and operationally feasible, cash transfers have been used at scale in Ukraine. Multipurpose Cash Assistance (MPCA) represented 46 percent i.e. the largest share of the 2022 Ukraine Flash Appeal at \$1.720 billion over a funded total of \$3.9 billion³ and a significant share (24 percent) of the 2023 Appeal with \$959 million⁴.

While not being exhaustive the below describe a couple of unique context identifier that influenced the effectiveness and accountability of cash coordination:

High stake cash coordination: Ukraine is a context where there is a large stake with cash coordination, first because of the size of the response and the share of Cash and Voucher Assistance (CVA) within it; second because of the novelty of the new cash coordination model, endorsed concomitantly⁵ with the start of the Ukraine response.

A swift, large-scale response thanks to a high level of resources and a highly conducive environment with the fastest and largest cash programming scale-up in history, distributing more than US\$1.8 billion⁶ in CVA between February 2022 and November 2023.

Limited pre-existing humanitarian footprint. Prior to February 2022, and the response scale-up, international humanitarian assistance had been planned to be phased out by 2023 in areas controlled by the Ukrainian Government.⁷ The Cash Working Group, initially established in 2014, was

¹ UNHCR, "Operational Data Portal: Ukraine Situation," 2023. Accessed October 12th 2023

² IOM, 2023, Displacement Tracking Matrix, Ukraine. Accessed 10 November 2023.

³ UN OCHA, "Ukraine Humanitarian Response Plan 2024". Accessed November 11th, 2023

⁴ UN OCHA, "Ukraine Humanitarian Response Plan 2023". Accessed November 11th, 2023

⁵ IASC Cash Coordination Model, "Cash Coordination Model", March 2022.

⁶ Data from CWG Information Management Officer

⁷ OCHA, 2023, Ukraine Humanitarian Response Plan 2023.

also planned to wind down. The humanitarian community therefore had to quickly pivot to scale its operation.

Mature Social Protection (SP) system that have proven to be resilient continuing to deliver benefits to a wide range of the population over the period. Seventy-three per cent of the pre-war population received at least one SP benefit,⁸ and since March 2022, the Government has scaled up social assistance to those worst affected by the conflict.⁹ The high level of effective coverage of SP offers complementarities opportunities with humanitarian CVA despite reported inadequate benefit levels.¹⁰

Ukraine Cash Working Group (CWG) and its structure

Aligned with the 2022 IASC Cash Coordination model, OCHA is the non-programmatic co-chair of the CWG with the International Organization for Migration (IOM) and the Ukrainian Red Cross being the two programmatic co-chairs. As of December 2023, the CWG counts four active different thematic task teams: on CVA feasibility; on registration, de-duplication and interoperability; on gender, GBV and AAP and on response analysis and targeting as per the below figure. Other task teams were established, but these are no longer active.¹¹

The CWG established the Sub National CWG (and two Task Forces on emergency and Communication) in Dnipro covering 11 Oblasts¹² and regularly holds decentralised meetings in Kharkiv and in the South (Mykolaiv or Odesa-based).

⁸ ILO, 2021, World Social Protection Report 2020–22.

⁹ STAAR, 2022, Ukraine: A social protection country profile for the Ukraine crisis response.

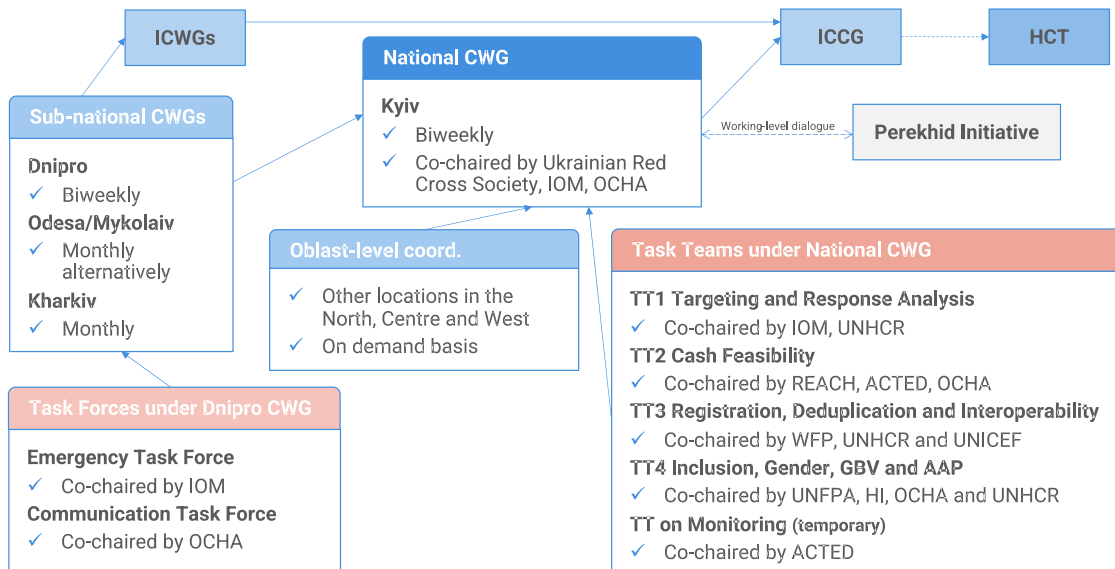
¹⁰ PeReHid, 2024, Situation Analysis

¹¹ Additional task-teams (TT) were created and since then deactivated: TT2 on delivery mechanisms, TT4 on monitoring, TT5 to ensure that humanitarian MPC complements, links and aligns with existing government-led Social Protection systems (deactivated in July 2023 following the launch of PeReHid); TT6 to create a space for CWG members to discuss CVA related opportunities and challenges, learn from each other and inform coordination efforts; TT7 on Accountability to Affected Population; TT8 on Gender Based Violence mainstreaming within MPC programming; TT9 on Cash for Work. In April 2023, a temporary MEB Task Force was created to support MEB revision, at the request of the reactivated Monitoring TT (currently deactivated).

Source: CWG, summary of the key agreements related to cash in Ukraine.

¹² The Sub National CWG covers operations in 11 Oblasts: Donesk, Dnipro, Kharkiv, Kherson, Kirvohrad, Luhansk, Maykolayv, Odesa, Poltava, Sumska, and Zaporizha.

Figure 1: CWG structure in Ukraine



Source: Ukraine Cash Working Group

CWG co-chairs are members of the Inter-Cluster Coordination Group (ICCG) and the Sub National CWG co-chairs are members of the Inter-Cluster Working Group (ICWG) in the East and South. These, alongside CWG functions are established in the CWG Terms of References (ToR) that were revised in October 2022, a bit later than in other neighbouring countries (e.g. Poland or Moldova), most likely as a result of the Ukraine CWG being the only pre-existing one. CWG functions as per October 2022 ToR are fully aligned with the eight functions of the CWG spelled out in the new Cash Coordination Model.

II. To what extent was the cash coordination effective and timely?

Key finding 1: The cash working group quickly build its capacity up to steer the largest and fastest cash response ever.

Pre-February 2022 the international humanitarian assistance and CWG were phasing out, hence the humanitarian community had to quickly pivot to scale its operation. With US\$1.8 billion disbursed on CVA since the start of the response and more than a hundred international and national humanitarian organisations currently using Cash and Voucher Assistance (CVA) as part of their programming across all Ukraine’s administrative divisions, the scale and timeliness of the cash response is broadly acknowledged, in the literature¹³ as well as among the interviewed CWG members.

The extent to which this scale up can be identified as a success of cash coordination is hard to ascertain. Cash coordination has nonetheless undoubtedly been able to accompany this rapid scale

¹³ Operational Peer Review in Ukraine (forthcoming)

up, which is an achievement in and on itself. The 2023 review of humanitarian cash programme¹⁴ acknowledge the “strong and effective cash coordination put in place from the earliest days of the response supported by strong expertise from chairing and co-chairing agencies” as a key enabler of the cash response.

The first Cash Working Group meeting took place on February 25th 2022,¹⁵ the day following the escalation of conflict. As early as end of February 2022, CWG members agreed on MPCA transfer value and on preliminary targeting guidance.

Cash Working Group meeting frequency have been appropriate over the period, corresponding to the evolving situation with weekly meeting up till May 2022 and biweekly meetings since then. Meeting minutes are published regularly and shortly after the date of the meeting.¹⁶

Key finding 2: CWG effectively played its role in providing MPCA related guidance & systems early on in the response

CWG support focused on MPCA in 2022 and 2023. This focus results from i) the relative importance of MPCA in the response (46 percent of the total 2022 Ukraine Flash Appeal and 24 percent of the 2023 Appeal) and ii) the de facto position of the CWG as the coordinating body for MPCA. As a result, CWG members felt well supported with the design, implementation and monitoring of MPCA in the early stage of the response.

The CWG was quick to develop and roll out supporting tools and guidance such as post distribution monitoring and joint market monitoring tools, MPCA Targeting framework or Minimum Expenditure Basket (MEB), first endorsing a pre-existing governmental MEB which was revised in August 2023 in consultation with the other clusters. Interviewed cash working group members were unanimous to praise the rapidity and technical soundness of the MPCA coordination at the start of the response.

The CWG was also quick to set up a successful de-duplication mechanism: the Building Blocks (BB), a blockchain powered technology to prevent overlap and support the de-duplication of MPCA. It is a network offered for free to CWG members with direct support from World Food Programme (WFP). Uptake was rapid, with 52 organisations using the BB by December 2023, saving an estimated \$100M over the first 18 months of the response.

In its support, the CWG also leveraged the enabling environment, for example through the current development of a chat bot to answer cash recipients questions.

Key finding 3: CWG has been effective to support MPCA but some joint processes and governance questions created tensions

The Ukraine response rolled out a very coordinated MPCA response yet interviewed CWG members expressed concerns around some joint processes that created tensions among them with space to further (re)build trust. Two of these processes illustrate governance of the group, while the last, yet most important one sits more on the technical side.

¹⁴ Tholstrup S. and Juillard H. 2023. External review of the Humanitarian Cash Programme. Humanitarian Coordinator

¹⁵ Ukraine CWG, 2022, Meeting minutes February 2022

¹⁶ As of December 10th, there was a gap in the meeting minutes available online on Relief Web, between August and November 2023. This is reportedly the result of a technical glitch and does not reflect an absence of meeting.

First, shifting the CWG meetings in-person only. This discussion, formalized in the October 2022 ToR is not disputed. Interviewed CWG members, even those being excluded following the decision, deemed it was necessary to do so for better quality coordination and swift decision making. However, there is a sense this was done rather abruptly creating confusion among the interviewed CWG members as to who was still invited to attend and who was not able to join anymore.

Second, the decision, also formalised in the October 2022 ToR, to limit CWG membership to UN agencies as well as National and International NGO (i.e. excluding government representatives, donors, but also think-thanks, research groups, Financial Service Providers¹⁷) was perceived as rather abrupt and limiting the platforms for discussions on CVA.

Further, as per Oct 2022 ToR, the CWG Co-chairs are appointed by the Humanitarian Coordination Team (HCT) rather than elected by CWG members as recommended in the overall CWG ToR produced by the Cash Advisory Group (CAG).¹⁸ Ultimately, the National co-Chair was elected in December 2022, by the other national organisations members of the CWG. While the technical capacity of the international co-chair is widely recognized, this top-down process raised scepticism among the interviewed CWG members.

More importantly, some tensions crystallised around the summer 2023 revision of the Minimum Expenditure Basket and subsequent transfer value calculation.

The quantification of multisectoral needs was reviewed by the CWG through the August 2023 revision of the Minimum Expenditure Basket. In parallel, humanitarian actors reviewed the multisectoral consumption gap and subsequent transfer value. This revision involved, as should be, the different clusters and it was relevant to reflect the increased costs of living in the MPCA value.

The CWG opted for a single transfer value reportedly¹⁹ because of the limited capacity of the cash actors to distribute different transfer values. The different households capacities to meet needs across the response and the possible related different transfer values to distribute have not been documented, which hampered the ability of the CWG to shift to a more granular transfer value would the capacity of the cash actor allow at some point to distribute different transfer value.

If MPCA is to remain the preferred response option, using a uniform transfer value is a case hard to make, considering the wide variety of situations between the East and the West of the country. Undoubtly the capacity of the cash actors would also evolve and allow the operationalisation of multiple transfer values.

Progress made by de-duplication at CWG level have not yet fully been matched by progress on joint vulnerability identification at ICCG level, eventually leading to joint (cross sector and/or cross organisations) targeting.

Those tensions are perceived by CWG members to have resulted in some organisations not adhering to CWG recommendations and as one of the possible triggers of WFP limiting its involvement with MPCA distribution, which is a challenge raised by interviewees across donor, UN and NGO groups, who called upon efforts to constructively move forward.

¹⁷ Prior to October 2022, CWG membership was already not open to Financial Service Providers. Research groups, and Financial Service Providers are invited on an ad hoc basis to attend the meetings when relevant.

¹⁸ Global Cash Advisory Group, 2023, Cash Working Group Terms of Reference (draft)

¹⁹ Interview with CWG co-chairs

Key finding 4: CWG data production increased over the period, with remaining space for improvement

CWG members noted an improvement in data availability between 2022 and 2023, yet many respondents feel they do not yet have the full picture of who is being reached, where, with what as well as what needs are being met.

Data gaps are both perceived (e.g. informants highlighted Oblast-level data as a gap whereas such data is available with the CWG) and effective: the split of assistance between MPCA, sectoral cash and in-kind assistance, regular and comprehensive post-distribution monitoring (PDM) data focused on outcomes not just satisfaction levels and evidence on coverage of the most vulnerable.

As per CWG members the data exists at organisation level but is not effectively channelled to the CWG, who as a result can't fully develop the information products needed to steer decision making and modality selection. Limited data on the outcome of MPCA is particularly hampering the integration between sectoral and multi sectoral assistance, as clusters struggle to know which portion of the needs is covered through MPCA, despite the CWG presenting PDM data on sectoral effects of MPCA at the ICCG.

Key finding 5: Connections between CWG and clusters are not optimal to support CVA

Focusing CWG resources towards MPCA meant that less resources could be allocated to proactively supporting sectoral CVA design and delivery²⁰ as well as bridging the changes being brought by MPCA and those that should be brought by sector specific actions. As an illustration of the MPCA centric support by the CWG, the CWG Task Team on Inclusion, Gender, Gender-based Violence and Accountability to Affected People Task Team primarily focuses on making MPCA more inclusive, accountable, and accessible as opposed to support the whole CVA response.²¹

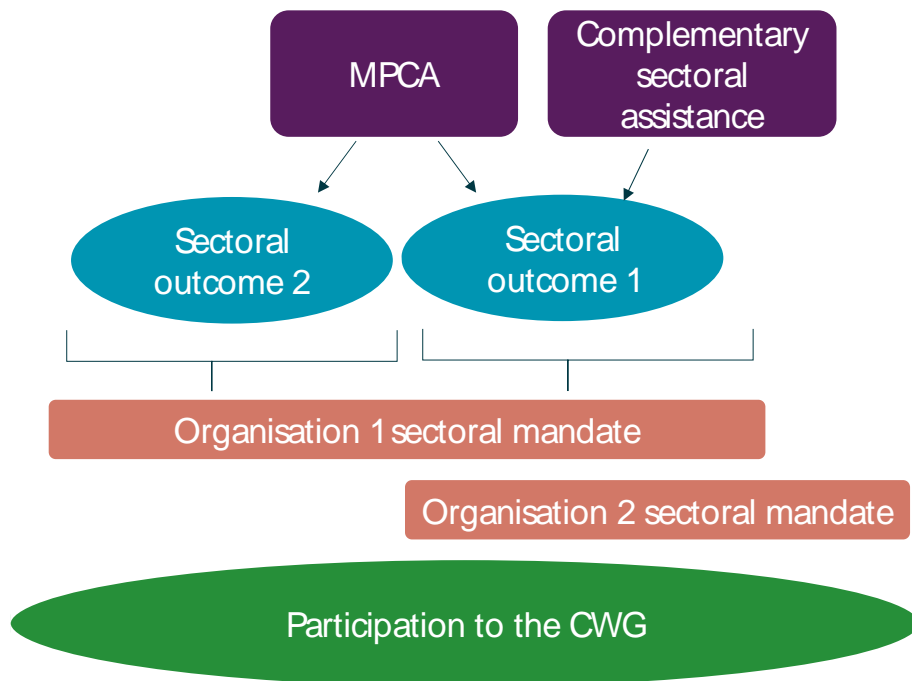
The limited connections between CWG and clusters may also be one of the explaining factor of the share of CVA versus in-kind assistance in the response. Ukraine has the biggest cash response in the world, yet most cluster responses are heavily weighted towards in-kind assistance, despite a dedicated CVA feasibility task team within the CWG.

The limited integration between multi sectoral and sectoral cash can be largely influenced by cash coordination, provided organisations are willing to approach MPCA as a necessary but not sufficient form of assistance. MPCA is both a modality going beyond organisations sectoral mandate (as would be the case for organisation 2 on the below figure) or project specific funding as well as a modality that may need to be complemented by more specific actions to lead to optimal outcomes.

²⁰ The CWG was reactive in answering all cluster requests for support.

²¹ Ukraine CWG Task Team on Inclusion, Gender, Gender-based Violence and Accountability to Affected People Task Team, 2022, Terms of Reference.

Figure 2 MPCA: necessary but not always sufficient



CWG members should continuously²² engage with clusters to explain what MPCA is and what portion of sectoral in kind or CVA assistance it could replace. There is a risk for the CWG to be shaping up (or perceived as such) as a sector of its own and being described this way by sectoral informants. Also of attention was the opposition that certain informants made between a more granular response and the use of MPCA. CWG members should make the case clear that a more granular response does not mean it should be a more sectoral one. MPCA can also be granular when well-tailored and targeted.

Reversely clusters representatives know they should engage better with CWG but lack the time to do so. The new cash coordination model clearly set the responsibility for sectoral CVA and subsequent activities such as market monitoring with the clusters. This may not have entirely diffused yet. Some clusters expressed rather unrealistic expectations to receive e.g. from the CWG, sector specific market monitoring information, which collection falls under their responsibility.

III. To what extent was the cash coordination inclusive, transparent, and accountable?

Key finding 6: National actors are invited to CWG but not always fully enabled to contribute and steer decision making

Largest national cash players regularly participate in the CWG and there have been efforts to identify and address participation barriers for national actors (such as live translation of meeting, bilingual minutes or allowing online participation of national actors who do not have physical presence in

²² There have been earlier attempts: since the first flash appeal, the HCT and ICCG encouraged clusters to identify elements of their programming that could be covered by MPCA.

Kyiv). National Government representatives are not members of the CWG as per its ToR, yet, alongside donors and financial institutions it *“can be associated with the work of the CWG as appropriate upon invitation by the co-chairs in consultation with the CWG”*.²³ The CWG and Government however have established communication channels and dedicated focal points. There are regular consultations such as a joint workshop organized on eDopomoga²⁴ with the government.

One of the CWG co-chair is a Ukrainian organisation as promoted as best practice in the 2022 Cash Coordination model. There is lower national leadership across the four Task Team (currently none but was the case previously such as with Caritas or R2P).

Interviewed national actors reported being able to carry over Ukrainian recipient’s perceptions and being listen to on questions of accountability and community participation. They felt however less able to participate in the “technical” (or one may say political) discussions, such as the one on the MEB and transfer value. CWG made efforts in that direction by organising a dedicated call in coordination with CCD with 25+ national NGOs/CSOs to explain the work on the MEB/transfer value and consult their views ahead of decision.

National actors are likely to have less resources and capacity to engage in depth in such discussions, yet CWG needs to place renewed attention on how those discussions and processes can be made more inclusive to benefit from national actor inputs. Such efforts could also have the indirect benefit of centring the discussions on crisis affected households and therefore decreasing some of the identified tensions around these joint processes.

Key finding 7: Establishment of PeReHid provides a key opportunity to accelerate CVA/ SP harmonisation: CWG need to stay engaged.

Ukraine presents a rather unique environment when it comes to the potential to bridge Humanitarian CVA and SP. There is a diverse and mature SP system, including social assistance scheme. Pre-conflict, 73 per cent of the population benefited from at least one SP benefit and SP systems have proven extremely resilient. On the other side, there has been a comparatively very well-funded standardised humanitarian cash response and strong donor support early on towards the creation of such linkages.²⁵

However barriers remained. The wide diversity of SP (with over 45 national and local level contributory and non-contributory SP programs)²⁶ and the high degree of decentralisation in the management and payment delivery, lead to challenges in how to map and subsequently create bridges between humanitarian and long term CVA. Further there has been limited consistent engagement between CWG and SP stakeholders.

Since January 2023, the landscape has evolved with the creation of the PeReHid initiative²⁷ and the responsibility to create bridges between SP and humanitarian cash siting beyond the CWG. Such changes have also led to the closure of the SP Task Team within the CWG. Going forward, the CWG need to remain engaged to identify opportunities to create meaningful bridges between humanitarian CVA and SP.

²³ Ukraine CWG: Terms of Reference, October 2022

²⁴ eDopomoga is an online platform to collect funding for crisis affected Ukrainian households.

²⁵ N.d. 2022. Common Donor Messaging on Humanitarian Cash Programmes in the Response in Ukraine

²⁶ STAAR, 2022, Ukraine: A social protection country profile for the Ukraine crisis response.

²⁷ UN, 2023, Early Recovery Efforts in Ukraine

IV. Implications for the future

The Ukraine response demonstrated the capacity of the humanitarian system, when well resourced, to rapidly roll out a sound cash coordination structure, adhering to the IASC model and to steer a large-scale cash response. Would the Ukraine response be a crash test of the new cash coordination model, this would be a successful one.

Ukraine presents a well-resourced and uniquely enabling environment in terms of infrastructure as well as resources - both money and people wise - to support cash coordination. And while the success of Ukraine cash coordination may not fully replicable elsewhere, the emerging challenges are likely to surface, more acutely, elsewhere and should therefore be looked at with attention:

1. **Getting the balance right between CVA and In Kind.** Globally, the use of CVA is not increasing as quickly as it could or should.²⁸ The CWG has a role to play alongside HCT and ICCG in getting this balance right, by providing data at ICCG/HCT level and advocating with the sectors for regular consideration of CVA. Sectoral uptake of CVA, in context of large MPCA use, will only be possible provided there is a strong integration between multi sectoral and sectoral cash.
2. **The importance to better integrate sectoral and multi sectoral cash assistance.** The review calls for a paradigm shift on MPCA. MPCA should consistently be presented as a design decision, taken at ICCG level, which outcomes should be own across sectors. MPCA is not a modality of its own, shaping up within its own “MPCA cluster”. CWG has a coordination role when it comes to MPCA, but ownership should remain at ICCG level.
3. **The challenges to bridge Humanitarian CVA and Social Protection.** In theory Ukraine is a favorable environment to link SP and humanitarian CVA: SP systems exist, are mature, they continued to function and proved to be shock-oriented. Humanitarian CVA is well resourced and recurrent enough for such bridging to be worth it. Donors early on invested in assessing the possibility to do so (e.g. through the STAAR facility). Yet, almost three years into the crisis humanitarian cash actors still struggle to coordinate emergency CVA with SP.

Tackling these challenges will require stable and predictable resources for cash coordination as well as strong willingness from large cash stakeholders to make progress in the same direction, leaving behind sterile tensions, for example around the definition of MPCA.²⁹ The CAG seem well placed to steer an agenda to enable cash responses where the use of CVA is optimized across sectors and at ICCG level.

²⁸ CALP. 2023. State of the World’s Cash Report.

²⁹ See for example, CALP. 2023. Cash Coordination Review, Syria.

V. Bibliography

- Global Cash Advisory Group, 2023, Cash Working Group Terms of Reference (draft)
GTS, CCD. Cash is king —if you can get it. Mapping the user journeys of cash recipients in Ukraine, July 2023.
- GTS, "Keep in touch with the people." Perceptions of aid in Ukraine's changing context, July 2023.
- GTS, "I feel ashamed to ask for humanitarian aid." Humanitarian journeys of refugees from Ukraine in Poland, Moldova, and Romania, July 2023.
- IASC Cash Coordination Model, "Cash Coordination Model", March 2022.
- ILO, 2021, World Social Protection Report 2020–22.
- n.d. Operational Peer Review in Ukraine (forthcoming)
- N.d. 2022. Common Donor Messaging on Humanitarian Cash Programmes in the Response in Ukraine
- PeReHid, 2024, Situation Analysis
- STAAR, 2022, Ukraine: A social protection country profile for the Ukraine crisis response.
- Tholstrup S. and Juillard H. 2023. External review of the Humanitarian Cash Programme. Humanitarian Coordinator
- Ukraine CWG, Summary of the key agreements related to cash in Ukraine.
- Ukraine CWG, 2022, Meeting minutes February 2022
- Ukraine CWG: Terms of Reference, October 2022
- Ukraine CWG: Q&A Cash Working Group, as per October 2022 ToRs, November 2023.
- Ukraine CWG Task Team on Inclusion, Gender, Gender-based Violence and Accountability to Affected People Task Team, 2022, Terms of Reference.
- Ukraine Cash Working Group. 2023. Humanitarian CVA in Ukraine: Induction.
- UN OCHA, Ukraine Humanitarian Response Plan 2022, January, 2023.
- UN OCHA, Ukraine Humanitarian Response Plan 2023, November, 2023.

KEY
AID
CONSULTING