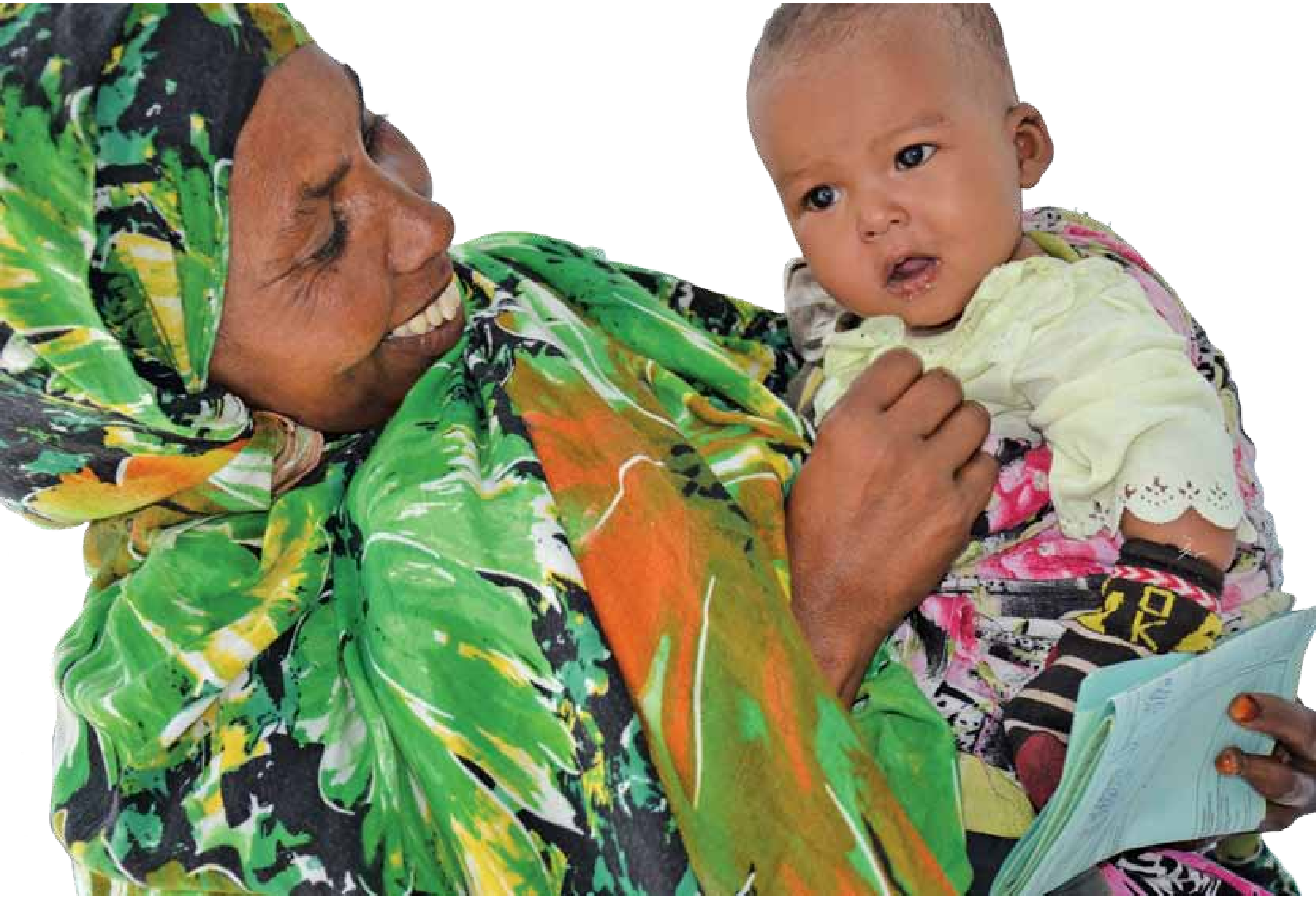
# Final Evaluation of the Unconditional Cash and Voucher Response

## to the 2011–12 Crisis in Southern and Central Somalia

EXECUTIVE SUMMARY



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# Executive Summary

On 20 July 2011, the United Nations declared a famine in parts of Somalia; the crisis affecting some 3.1 million people, 2.8 million of whom were in southern and central Somalia. The causes? A series of failed rains and a rapid increase in food prices, complicating an already impossible situation characterised by ongoing civil war and insecurity, lack of humanitarian access, politicisation of aid by Al Shabaab and donor policies, and the absence of effective and accountable government. These latter factors also contributed to the withdrawal of principal food aid actors in 2009 and 2010 and, therefore, the cessation of the primary means of addressing food insecurity crises in Somalia, until now.

In the context of increasingly widespread and severe suffering, displacement and excess mortality and with a clear humanitarian imperative to act, 17 non-governmental agencies dared to scale up an unprecedented and innovative cash transfer programme in response to the famine. Between July 2011 and December 2012, with the assistance of UNICEF and donors, these agencies effectively delivered programmes totalling 110 million US dollars, contributing to the food and non-food needs of 1.5 million beneficiaries.

This ***Evaluation of the Unconditional Cash and Voucher Response*** in southern and central Somalia provides an independent analysis of the appropriateness, effectiveness, efficiency and impact of the cash response, with a strong emphasis on learning for future humanitarian interventions using cash globally, and in Somalia specifically. The findings should be considered in the context of one of the most difficult humanitarian operating environments in the world, where the dedicated staff of aid agencies took considerable personal risks and organisations took reputational risks to meet a clear imperative to act in the face of catastrophe. As with any humanitarian response, particularly one implemented at scale and under duress, there were many aspects that could have been improved. Thus the evaluation findings are measured given the alternative - the consequences of a failure to act in the face of one of the first famines of the twenty first century.

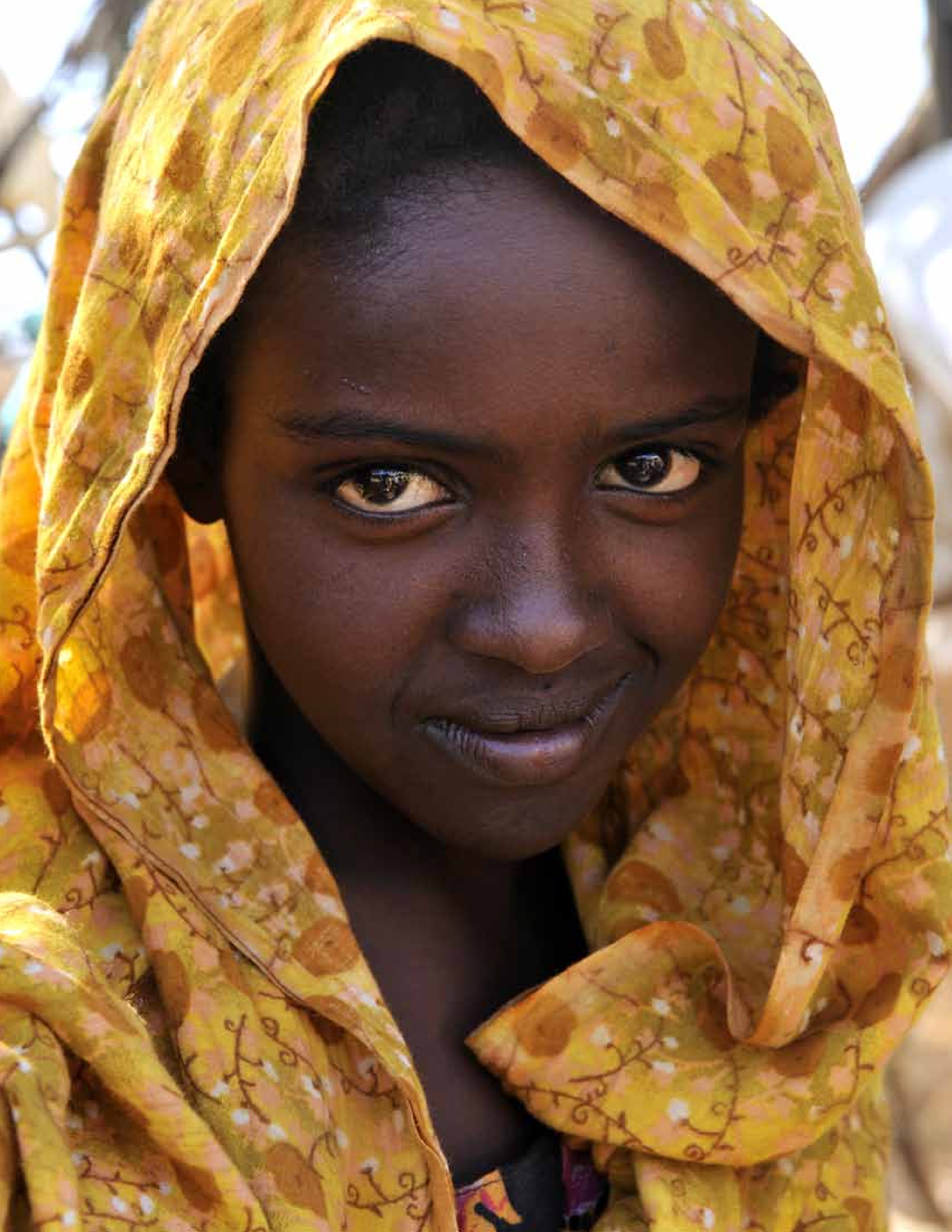
## The Context

Aid to Somalia, both humanitarian and development, since the Ethiopian invasion in 2006 has effectively doubled, peaking in 2011–12. Simultaneously, humanitarian and non-humanitarian actors have grown increasingly concerned about the multiple roles aid plays in Somalia – contributing to the alleviation of suffering in difficult times but also attracting power seekers and profiteers. Aid is increasingly diverted by a range of actors including the Transitional Federal Government, local authorities, militias, powerful individuals or groups such as majority clans and, in some cases, aid agency staff themselves. The arrival of the 'war on terror' in Somalia has further complicated and politicised aid, requiring agencies to redouble their efforts to ensure that aid reaches those for whom it was intended in a manner that is accountable and 'does no harm'. The hostile environment, including persistent and violent insecurity, has forced agencies to resort to remote management and reliance on limited sources of information. Increasingly, the management staff of aid agencies have no or little actual experience of working in Somalia. All these factors contribute to make the delivery of much needed aid according to humanitarian principles highly problematic.

In this context, as recently as 2009, more than three million people in Somalia were affected by a humanitarian emergency, largely due to the combined effects of drought, high food prices and conflict – not unlike 2011. One of the largest in-kind food aid responses to Somalia was implemented at that time, preventing a significant deterioration in conditions. However by late 2010, the Food Security and Nutrition Analysis Unit (FSNAU) and Famine Early Warning System (FEWSNET) were once again providing early warning reports of deteriorating conditions, triggered by the failure of the 2010 *deyr* rains. By mid-2011, in many areas the prevalence of Global Acute Malnutrition exceeded the Integrated Food Security Phase Classification threshold of 30 per cent for Phase 5 (Famine). Crude Death Rates exceeded the threshold of 2/10,000/day. By June, more than 15,000 Somalis per day were arriving in Ethiopian and Kenyan refugee camps.

With the withdrawal of major food aid actors such as the World Food Programme (WFP) and CARE International, due to factors mentioned previously, agencies with experience in cash-based programming began advocating for an alternative response to the growing crisis. However the humanitarian community was effectively paralysed by a lack of strategic leadership, cash transfer experience and therefore a cash 'champion' within the Humanitarian Country Team. There was a lack of confidence that Somali markets would respond to an increase in demand and a justified concern that aid would not reach those who needed it most given access constraints and local socio-political forces that influence the distribution of aid. The declaration of famine in July 2011 effectively created 'consensus by compulsion in the face of famine'[1] making significant funds available for a rapid cash-based response.

1 Hobbs, Gordon, and Bogart (2012)



# The Unconditional Cash Response

The unconditional cash transfer programmes (UCTP) implemented in southern and central Somalia included the combined programmes of 17 non-governmental organisations (NGO), 8 of which were Somali NGOs. These NGOs distributed a variety of unconditional cash transfers, including monthly cash grants, ranging from USD80–120 and commodity vouchers worth USD50–75 over 16 months. Beneficiaries received on average 6 months of benefits. Together these agencies were able to scale up within 2 to 3 months to reach nearly 1 million beneficiaries by October 2011 in all affected regions – a feat that involved hurried and complex negotiations with local authorities and money transfer agencies or *hawala*, targeting and registration of beneficiaries, and accommodating real time learning and changing operating conditions, including an Al Shabaab ban on agency operations in November.

The key outputs are described in the following Table.

**Table 1. Key Outputs from the Unconditional Cash and Voucher Programmes (August 2011-December 2012)**

| | Cash | Voucher | Total/ Average |
|---|---|---|---|
| Total Transfer Value* | 58 million | 34 million | 92 million |
| Total Cost of Programme* | 70 million | 40 million | 110 million |
| Number of beneficiaries | 750,000 | 750,000 | 1.5 million |
| Average number of transfers | 5 months | 8 months | 6 months |
| Average individual transfer value* | 103 | 60 | 80 |
| Range of value of transfers to an individual household* | 115–1,300 | 150–910 | 475 |
| * In US dollars | | | |

# The Evaluation

This is the final product of a three-part evaluation including the Inception report, the Interim Report published in June 2012 and the Final Report. The combined efforts of the NGOs being evaluated, the Overseas Development Institute (ODI), the donors that supported them (including UNICEF) and this evaluation team have resulted in an unprecedented amount of information regarding the process, outputs and impacts of the unconditional cash transfer programmes implemented. A significant achievement considering direct access to most beneficiaries was, and remains, severely limited.

As a result, this evaluation is able to report on complex issues, such as targeting efficacy, fraud and diversion, in a depth and detail not commonly seen in evaluations of humanitarian programmes in Somalia. Many of the findings (particularly those related to targeting and diversion) are not unique to cash and voucher programming, but result from rigorous and innovative monitoring and evaluation (M&E). The findings should be interpreted in that light.

The methods employed and data available to the evaluation team include more than 100 face-to-face interviews with key informants in Nairobi and Mogadishu, i.e., Somali and international humanitarian aid workers, local authorities, *hawala* agents, traders, etc., and more than 300 hours of telephone interviews including beneficiaries and non-beneficiaries *in situ*, i.e., in remote and inaccessible parts of Somalia. Findings were triangulated through field visits in accessible parts of southern and central Somalia where beneficiaries and non-beneficiaries, local authorities and business persons participated in approximately 60 focus group discussions and 300 individual household interviews carried out by Somali teams of researchers. Two two-day workshops in Nairobi and Mogadishu were conducted with NGO staff for the purpose of further data collection and validation of preliminary findings. The evaluation team also conducted a special study focusing on Mogadishu and an extensive secondary literature review including the independent evaluations of NRC, ACTED's partner SADO, and several Oxfam partners. This was complemented by quantitative data from more than 18,000 post-distribution interviews done by the Cash and Voucher Monitoring Group (CVMG)[2] under the guidance of the ODI. The use of multiple sources, methods, and data collection teams has minimised the bias that often characterises evaluations in Somalia and elsewhere.

Notwithstanding the range and depth of information available to the evaluation team, there were limitations. Not all agencies being evaluated participated in the CVMG;[3] consequently, less quantitative information on process and impacts are available for these agencies. Unfortunately the CVMG data collection was delayed in Phase Two (July to December 2012) for all but three agencies.[4] Therefore very limited additional quantitative data, and no additional qualitative data, was available to update the analysis done in Phase One (Interim Report). In some cases, CVMG data quality was poor; therefore, the evaluation excluded it from the analysis. A detailed assessment of data quality is the subject of the Interim Report.

In the case of the evaluation's own data collection, information collection in certain Al Shabaab areas was severely constrained, particularly where international NGOs used a 'low profile' approach to implementation rather than direct and open negotiations with local authorities or implementation through Somali NGOs. The evaluation team observed that beneficiary feedback was often influenced by powerful actors overseeing the provision of aid – often called 'gatekeepers' and including NGO staff – and beneficiaries' own perception of the 'right thing to say'. Internally displaced persons (IDPs) in Mogadishu, including clans that speak the Maay dialect, were particularly difficult to access and talk to freely, requiring more time and a slightly different approach to obtain reliable findings. Similarly, some NGO staff were less forthcoming, both in Mogadishu and elsewhere.

2 The CVMG consisted of four NGOs (Action Contre la Faim, African Development Solutions (formerly known as Horn Relief), Danish Refugee Committee and Save the Children Somalia) that comprise the Somalia Cash Consortium, Concern Worldwide, Oxfam, and six Somali NGOs (AFREC, CED, CPD, HARDO, HIJRA, and SADO).

3 Agence d'Aide a la Coopération Technique et au Développement, Cooperazione Italiana and Norwegian Refugee Committee. Cooperazione Italiana joined the CVMG in Phase Two but data was unavailable for this evaluation.

4 Concern Worldwide, Danish Refugee Committee and Save the Children Somalia.

This may have been due to an increasing frustration with operating conditions where humanitarian principles are compromised to provide aid to the most vulnerable, and the fact that the necessary conditions for improving the situation (i.e., accountable local government and agencies' own increased engagement), were not imminent. The fear of criticism or withdrawal of funding by donors also contributes to agency reticence. The evaluation team did not collect data in the less affected areas of Galgaduug and Mudug regions given time constraints and the decision to prioritise in-depth data collection in famine-affected and Al Shabaab areas.[5] Finally, attribution of changes in beneficiaries' lives due to the UCTP remains difficult due to the confounding effects of a general improvement in food security conditions (rains and food prices), other interventions and the lack of a population-based sample. The absence of a rigorous comparison to non-beneficiaries make impact assessment more difficult, but under the circumstances in late 2011 and early 2012, 'control groups' would have been both unethical and highly problematic to organise.

## Key Findings

The unconditional cash and voucher response, though largely implemented after the peak of the crisis, quickly achieved an impressive scale, building principally on international and Somali NGO field capacity. The evidence marshalled in this evaluation suggests that cash and vouchers made a quantifiable difference in reducing hunger and improving food security, enabling a more rapid recovery than would have been possible without assistance. This was achieved within an extraordinarily difficult operating environment that required significant risk-taking by organisations and individual staff members.

Attempting a large-scale cash and voucher intervention was therefore appropriate, based on the analysis available at the time and the consequences of inaction. Contrary to initial concerns, cash transfers at scale did not result in food price inflation to the detriment of the most vulnerable. Rather they ensured access to critical food and non-food items and services. Both cash and vouchers were largely appropriate to the context where they were applied, with some caveats regarding unsubstantiated assumptions about beneficiary spending that inclined agencies to implement voucher programmes.

Given the Somali aid environment, corruption and diversion were an acknowledged risk. Unsurprisingly, the evaluation raises issues of misuse of funds. Evidence suggests that these were less serious than comparable in-kind interventions, but still could have been countered through better risk analysis and preparedness and were not sufficiently identified by monitoring systems. Much has been learned about the strengths and weaknesses of traditional monitoring systems and innovative approaches to collecting data on sensitive issues such as the targeting of the most vulnerable and misuse of funds. Future emphasis should be on prevention; sharing lessons learned about risk mitigation, effective M&E, and how best to conduct the rigorous investigation that must follow allegations of abuse.

5 Less than 3 per cent of total UCTP resources were distributed in these regions so this should not affect the final evaluation results.

One of the lessons learned is that given the particular challenges of targeting the most vulnerable, organisations should have initially focused on reaching a greater number of people over a shorter period of time, had the donors been able to support this. The evidence tends to suggest that, at least from the time the UCTP began until the *deyr* harvest at the end of 2011, household targeting was a waste of time and energy – irrelevant to both the humanitarian emergency of the moment and a socio-political context that effectively isolates and exploits the more vulnerable communities in Somalia. The time necessary to negotiate with the local actors who manage both access to so-called minority populations and the distribution of aid was not adequate. As a result, in many areas populations that historically – and again in 2011–12 – constituted a significant portion of the population affected by famine did not receive aid proportional to their need. Targeting errors were further exacerbated by rapidly changing food security conditions. Retargeting was essential. However, in most cases retargeting was not sufficiently prioritised by the organisation concerned because of the considerable operational challenges involved.

Despite the access constraints imposed by Al Shabaab, a more concerted effort should have been made to reach the epicentre of the famine. Several months of food aid was distributed in the most affected areas of Bay, Bakool and Lower Shabelle until the International Committee of the Red Cross (ICRC) was banned at the beginning of 2012. However, cash transfer organisations – with the exception of those agencies working with Somali NGO partners and at a relatively small scale – insufficiently accessed these areas. Lack of access contributed to Mogadishu becoming a 'hub' of humanitarian assistance for an undetermined number of IDPs seeking assistance. Nearly half the resources attributed to the cash and voucher intervention were distributed in Mogadishu, potentially drawing beneficiaries into a highly exploitive environment that desperately lacks accountable government and social networks to ensure protection.

All this must be set against a backdrop of a humanitarian system that until 2012 was not supportive of cash-based programming in Somalia. The fact is there was very little space or interest within the system to have strategic discussions on cash transfers as the only viable response option in some areas. It was very much to the credit of certain NGOs, a handful of donors and, later, UNICEF that cash was brought to the agenda. Cash-based responses are now irreversibly part of the range of responses available to meet needs in Somalia. However, for humanitarian reform in Somalia to succeed, there remains a fundamental need to challenge the aid culture and to overcome the mistrust which inhibits genuine cooperation and learning from each other.

# Appropriateness

Despite accurate and reliable early warning in 2010–11 and the growing humanitarian imperative, the humanitarian community was locked in a debate over the **most appropriate way to respond**. Historically, food insecurity has been addressed through the provision of in-kind food aid. However numerous factors contributed to the withdrawal of major food aid actors from southern and central Somalia in 2009 and 2010. These include the politicisation of food aid, specifically the US withdrawal of food aid from Al Shabaab-controlled areas in 2009, Al Shabaab's own concerns that food aid had a negative impact on Somali agricultural production and markets, increasing violence against aid workers (which in turn compromised effective monitoring of food aid distribution) and a UN Monitoring Group report citing significant diversion of food aid. Given the impossibility of implementing a food aid-based response, alternatives had to be considered, specifically cash.

Technical experts in FSNAU and FEWSNET, and even WFP, cautiously promoted cash-based responses. Yet, given the lack of strategic leadership from the Humanitarian Country Team and Food Assistance Cluster, collective response and risk analysis, and varying levels of risk 'willingness' within agencies – correlating with an agency's experience with cash-based responses in Somalia – the humanitarian community was effectively paralysed. The case for cash, which started in late 2010, was led by a few NGO champions – and later DFID, ECHO, USAID and UNICEF. However these actors were unable to influence key decision makers until the response was critically delayed. The debate over appropriateness focused on the ability of markets to respond to increased demand without further inflation or supply breaks, and the high probability of diversion given similar and recent experience with in-kind aid.

The combination of falling global food prices (commencing at almost the same time as the famine was declared) and collaboration with traders, mitigated the market-related risks. Markets did respond and people were able to buy the food they needed at reasonable prices. Despite its larger scale compared with previous cash distributions, the size of the programme was still small in comparison to regular remittance flows to Somalia. To the contrary, traders testify that cash and vouchers contributed positively to demand, particularly in Mogadishu where the combination of declining global food prices and distribution of in-kind food aid contributed to food price deflation in mid-2012.

With the declaration of famine, literally hundreds of millions of dollars became available in a short period. Agencies were asked to make rapid decisions with regards to the **appropriateness of cash or vouchers**, the amount to be transferred and duration or planned number of transfers. Decisions were made under considerable pressure, based on imperfect information, and complicated by the conflicting opinions of experts including those from the Food Assistance Cluster, Agriculture and Livelihoods Cluster, FSNAU/FEWSNET and the Cash Based Response Working Group (CBRWG). While only partially evidence-based, agencies' decisions were often influenced by several factors:

- an agency's own cash-based experience and ongoing programming that allowed for faster scale-up;
- an agency's own risk assessment, 'risk willingness' or 'risk tolerance';

- the desire to imitate in-kind food aid distribution, i.e., transferring the risks associated with transport and distribution to traders and/or gaining access to otherwise inaccessible areas through the private sector, and ensuring local market supply, specifically pulses which are found in the traditional in-kind food basket;
- the recommendation of the Food Assistance Cluster (FAC) and Agriculture and Livelihoods Cluster (ALC) which favoured commodity vouchers and/or cash for work, and the likelihood of funding from the Common Humanitarian Fund (CHF) which until then had funded only a small unconditional voucher scheme;
- an agency's perceptions of beneficiaries' likely utilisation of cash and therefore impact of the intervention, specifically the concern that cash would facilitate displacement to urban areas and/or refugee camps, etc.

The issue here is not whether agencies made the correct decision at the time (particularly given the lack of information, access and experience with cash-based programming), but rather, whether agencies incorporated into their M&E the means to monitor and test those assumptions that were not evidence-based. To test such assumptions would have included monitoring the following questions: would beneficiaries use cash to facilitate movement to refugee camps, do women prefer vouchers, are vouchers less prone to diversion, etc. If so, this information can then be used to continuously improve cash-based programming so that the evidence-base for decision making becomes stronger. For example, evaluation findings suggest that any aid provided *in situ* was preferred by beneficiaries – regardless of type – if it allowed them to meet their immediate needs. Similarly, where no aid was provided, households were drawn to urban and refugee camps in search of assistance, regardless of the type of assistance – in-kind, cash or vouchers – they would find there.

The **appropriate amount and duration of assistance** was based on agencies' objectives and targeting criteria, i.e., whether or not the agency hoped to meet all or partial food needs, save lives and/or protect livelihoods. The amount provided, based on the FSNAU/FEWSNET calculation of the Minimum Expenditure Basket (MEB) or Minimum Food Basket (MFB), did have a statistical relationship with expenditures and therefore the likelihood of meeting objectives, i.e., the degree of dietary diversity and, by proxy, adequate food consumption and livelihoods expenditures. This was truer for cash, but also true for larger voucher values, and prompted at least one NGO to increase its voucher value from 47 to 75 US dollars. A transfer value of USD100 or more (the MEB) was associated with greater benefits, e.g., eating at least six food groups, eating high-value foods (animal products), using a larger percentage of expenditures to pay debt and reduce overall debt with impacts on access to credit for both food and non-food expenditures including livelihoods. However if the objective was simply to save lives, even the smallest transfer value (a USD70 commodity voucher or partial MFB) provided once a month for four months (September 2011 to January 2012) correlated with a significant improvement in dietary diversity. Less than this, where data exists, food consumption did not improve at a similar rate, implying that a smaller transfer would have been inappropriate.

Given the duration of the programme (over 16 months) and given changing food security conditions, particularly after the *deyr* rains and harvest, there was an inconsistency over time between objectives, the targeting criteria/group, duration and size of transfer, use of conditionality, and outcome indicators. A few agencies attempted to adapt their programmes to changing needs, e.g., initially increasing the transfer rate when food prices were still high, retargeting after the 2012 *gu* rains and harvest, or introducing a cash component to their voucher programme. However the majority of UCTPs remained relatively static. For example, as late as August 2012, one agency in Mogadishu actually increased the transfer amount received by beneficiaries, while food prices declined or remained stable, effectively encouraging IDPs *to return to* the targeted camp. In another case, agencies used existing outpatient therapeutic programmes to target beneficiaries who, as it turned out, were not the most vulnerable – increasing inclusion and exclusion error over time. With a few exceptions, the transfer amount did not change significantly, if the objective was simply to save lives. While agencies justified the continued level of assistance to protect or recover livelihoods, the type of aid (specifically vouchers) did not change to reflect beneficiary needs or preferences. And for the most part, monitoring indicators did not reflect this shift in objectives.[6] Furthermore, agencies did not retarget. It must be acknowledged that targeting is one of the most complex steps in the provision of aid in Somalia. Given that targeting in August and September 2011 was done under considerable pressure and compromises were made given the urgency, retargeting at a later stage would have been, in this case, a risk management strategy.

## Coverage and Targeting

With regards to **geographic coverage and targeting** accuracy, with few exceptions, coverage was influenced by an agency's area of operation at the time of the famine declaration. This is not surprising given the severe constraints on access. Yet it deserves mentioning that while needs were greatest among agro-pastoralists and agricultural households in Bay, Bakool and the Shabelle regions, food assistance – including in-kind food aid, unconditional cash and vouchers, and cash for work – was provided in disproportional amounts to Mogadishu and border areas. When looking at hypothetical needs met in terms of *numbers of beneficiaries*, the UCTP programme reached 50 per cent, assuming effective targeting and low rates of diversion.[7] However due to disruptions in programming (including a ban in November 2011 by Al Shabaab) and the inability to negotiate humanitarian access and simultaneously respect humanitarian principles, etc., when looking at *per cent of needs* met through the UCTP, this figure declines to 28 per cent.[8] UCTPs were disproportionately targeted in Mogadishu and border areas such as Gedo, where 75 per cent and 58 per cent of needs were met, respectively. This is in contrast to areas of greatest need, e.g., Bay and Bakool, where only 3 per cent and 9 per cent of needs were met.

6 With the exception of moving from the Household Hunger Index in CVMG Phase One to the livelihoods-based Coping Strategies Index in Phase Two, which remains untested in this evaluation due to delays in Phase Two data collection.

7 Number of beneficiaries reached by UCTP (agencies' own data)/Number of people in need (FSNAU).

8 Amount of USD distributed (agencies' own data)/Amount of USD required to meet needs (FSNAU).

While the cash programme had limited success in reaching people in the most affected areas, people survived through massive depletion of assets and aid from the diaspora, local businesses and Islamic organisations, including the Organisation of Islamic Cooperation (OIC) Alliance for Relief,[9] which operated continuously in Bay, Bakool and the Shabelles. Some of these agencies also implemented cash programmes. However as these actors were not part of the mainstream coordinated humanitarian response, their interventions went unconsidered in gaps analysis. Nonetheless, given the relative effectiveness of Somali NGOs in gaining access to the epicentre of the famine, there is considerable room to learn from both the positive and negative experiences in collaborating with Somali NGOs – not least in order to expand NGO areas of operation to famine-prone parts of and among famine-prone populations in Somalia.

Regardless of an NGO's international or local origins, local socio-political forces continued to influence targeting practices. In many areas targeting continued to be biased against so-called minority populations that in fact comprised the vast majority of the population of Bay and Bakool and the inter-riverine areas in general. This perpetuated historical patterns of inequitable access to resources that have produced the vulnerabilities that contributed to famine in the first place. Some NGOs attempted to reach these populations by implementing programmes exclusive to these groups (alongside programmes that were largely controlled by majority clans) and working through Somali NGOs, in the case of the latter particularly those with a diverse staff clan profile.

For household-level targeting, community- and nutrition-based targeting methods were employed with varying degrees of success. Unsurprisingly, the effectiveness of both methods was compromised given rapid implementation at scale in the second half of 2011.

Many agencies demonstrated rigorous application of the **community-based targeting** (CBT) process, which demands greater community participation and transparency and, therefore, accountability. In some cases, agencies refused to operate in areas where targeting was manipulated by local authorities or more powerful clans, or they developed alternative means to reach the most vulnerable. Nonetheless, in most areas targeting was influenced by more powerful local clans that subsequently obtained the majority of resources. The evaluation cites examples in Gedo, parts of Lower Juba, parts of Hiraan and Mogadishu. Consistent with previous targeting studies in Somalia, Al Shabaab played both a positive and a negative role in targeting, with beneficiaries and agencies alike reporting that in Al Shabaab areas corruption was less and more often assistance reached the most vulnerable. It is also true that Al Shabaab attempted, and in some cases succeeded, in taxing agencies and beneficiaries.

Several agencies used a single point-in-time enrolment procedure in **outpatient therapeutic centres** (OTPs) as a means of targeting – largely due to exigency, expediency, and lack of access due to insecurity. While the method may have been justified on operational grounds in late 2011,

9 A consortium of 32 international and Somali NGOs.

it was not without significant disadvantages: The most vulnerable did not necessarily have access to the OTP, given its location. Families with malnourished children after September 2011 were ineligible. Similarly families that no longer had malnourished children and that demonstrated significant improvement in consumption and expenditure patterns continued to receive up to six distributions as late as July 2012. Registration in OTPs was itself not immune to abuse (sharing children, falsification of registers, etc.). The approach is not community based, which subsequently has impacts on accountability mechanisms such as participation and feedback. One potential advantage, that is also a risk-mitigation measure, is that OTP-based targeting demands close intra-agency cooperation, including joint monitoring between nutrition and food security units. However in this case (and similar to experience elsewhere), joint monitoring did not occur. This also limited the analysis of the impact of cash on the recovery rates of malnourished children.

In general, despite considerable effort, the quality of targeting the most vulnerable was compromised. In the case of CBT, the effectiveness was related to the relative ease or difficulty of implementing the approach given the local socio-political context, and/or local staff experience and commitment to the process, and the willingness of local staff and the agency to compromise the process in order to distribute much needed assistance quickly. In the case of OTP-based targeting, effectiveness was compromised in part by methodological flaws, accepted by the agencies in question in the face of an urgent need to scale up. Given this, perhaps geographically targeted blanket distribution would have been more effective at reaching the most vulnerable, at least in the first three months (September to December 2012). This would have allowed time to get targeting strategies and methodologies right. While donors and NGOs had to show due diligence in ensuring Al Shabaab did not benefit from funds, there is no doubt that families with an Al Shabaab member suffered equally, if not more so, from famine conditions. And therefore, blanket distribution for a short time during a famine, coupled with specific risk mitigation measures, was probably justified.

## Mogadishu

The provision of aid, including UCT programmes, in Mogadishu is particularly complex and worrying. Mogadishu is a chaotic, volatile and dangerous environment with numerous actors seeking to profit from aid resources. IDP camps are scattered across the capital. The movement of IDPs is very fluid as they seek out the most advantageous – or the least exploitive – camps to live in. Clan affiliation remains important, as it can offer some degree of protection – or not, in the case where minority clans must compete with others for resources. Aid projects, including UCTPs, are a pull factor undermining community cohesion and protection, enabling exploitation of the most vulnerable. Few agencies are prepared to discuss protection issues, but it is clear that so-called minority groups and women are subject to the most abuse. There is a culture of denial around issues related to sexual violence, yet it is reported that ‘rape is endemic within IDP camps’ in Mogadishu. With recent economic development in Mogadishu and the need for land, widespread eviction of IDPs is ongoing. In this environment, and with no accountable local authority, it is virtually impossible to apply humanitarian principles. This was particularly true in 2011 when the Transitional Federal Government (TFG) was very weak and local authorities unscrupulous.

The majority of UCTP resources were distributed in Mogadishu against this backdrop; nearly 45 million US dollars in cash and vouchers – both by agencies with a relatively long history in Mogadishu as well as those who were new to Mogadishu, including Somali NGOs. Given that access to IDPs is controlled by gatekeepers and registration and verification of beneficiaries extremely complicated – even dangerous – it is likely that the scale of the combined unconditional cash and voucher interventions (490,000 people at one point) may have been disproportionate to need. The UN/TFG estimated just 184,000 IDPs in Mogadishu at end of 2011. Actual numbers might be higher and unofficial estimates now range between 220,000–370,000 individuals.[10] In addition to gatekeepers, who have been manipulative and influential in determining beneficiary lists (including fake and ghost beneficiaries), the intervention caseload quickly lost its relevance given the high mobility of IDPs and lack of retargeting. Taxation through direct payments, payments for services or access was regularly applied to agencies and/or to the beneficiaries themselves. Coordination among the countless actors, including the OIC, was problematic and there is evidence of considerable duplication with other humanitarian interventions.

While not new, there is an ever-pressing need to look at the IDP issue from a broader perspective than the simple provision of humanitarian aid. The appointment of a new government is an opportunity to redress this issue. But it will require leadership from senior members of the humanitarian community (including donors and the UN), persistent advocacy on the part of humanitarian agencies, and engagement with local authorities, including clan elders and Somali NGO representatives who have the potential to meet the needs of IDPs in their places of origin.

## Connectedness and Coherence

With regards to connectedness, coherence and therefore coordination, in 2011 the Humanitarian Country Team failed to provide the strategic leadership required to find a timely solution to the impending crisis. The Somalia cluster approach failed to generate sufficient interest or space for an informed discussion on cash transfers as a modality, until the famine declaration in July 2011 forced the issue, principally because it lacked a cash 'champion' within the UN system. Instead separate mechanisms evolved within the NGO community, including the Somalia Cash Consortium (SCC) established in May 2011 to promote and eventually implement unconditional cash transfers as a viable response option in Al Shabaab-controlled areas. Steps have been taken to rectify the lack of constructive engagement between the Food Security Cluster (FSC) (previously the Food Assistance Cluster and Agriculture and Livelihoods Cluster) and the various cash actors, including the Cash Based Response Working Group (CBRWG) and the Cash and Voucher Monitoring Group (CVMG). While engagement with the FSC is positive, cash-based responses need to be considered as cross-cutting options to a range of humanitarian needs. It remains to be seen if this new modality is adequately considered in the deliberations of the HCT. A good test will be whether the HCT provides the leadership necessary to be transparent and to learn from the cases of diversion and fraud that touched many major actors in 2010–12.

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# Efficiency

Given the lack of lead time to scale up efforts and in the absence of pre-positioned food aid, cash-based responses demonstrated an efficiency unknown to in-kind aid programmes. Agencies with ongoing programmes were able to scale up within one to two months. New programmes were distributing cash and vouchers within three months of the famine declaration. The use of *hawalas* was extremely efficient, compared to delivering of in-kind assistance of a similar value. This is notwithstanding the initial delay, both for negotiating contracts and for determining the correct numbers of *hawala* staff, distribution points and locations necessary to meet the needs of 1.5 million people. As such, *hawalas* should be looked at strategically as possible partners in aid provision in Somalia and building relationships with *hawalas* should be prioritised – and greater diligence should be applied to arranging contracts and negotiating commissions.

Costs borne by beneficiaries (time and travel) were significantly different for cash and voucher programmes. While cash beneficiaries initially spent more time collecting their transfer, voucher beneficiaries spent more money, including the paying for transport of food items. This is a hidden cost not considered in the following cost efficiency analysis. Transport costs borne by beneficiaries were also higher in Al Shabaab areas, as distributions demanded the participation of agency staff, who were often restricted to the main towns.

A cost efficiency analysis, that is the cost to deliver a transfer independent of the size or type, was conducted using the actual costs incurred between August 2011 and June 2012 for 13 NGO budgets including four Somali NGOs. A similar analysis of in-kind aid delivery was done using the WFP Emergency Operation 108120 standard project report for actual costs in 2011. The delivery cost of a cash or voucher 'ration' was on average USD20 per beneficiary. On average 85 per cent of project budgets was transferred to beneficiaries. This is a clear cost savings over in-kind assistance where the portion of the budget transferred to beneficiaries remains around 35 per cent, obviously due to the transport, storage, handling and security costs of food aid, which in effect are transferred to the *hawala* or trader in UCTPs.

The cost efficiency between the different cash and vouchers programmes was insignificant (a range of 78–90 per cent of project benefits transferred to beneficiaries). Higher costs were associated with the negotiated *hawala* rates, and reduced costs incurred when implemented by local partners and in urban areas. As such the cost of delivering a transfer was lower for vouchers, as voucher programmes paid lower *hawala* rates, most voucher programmes were in urban areas and beneficiaries bore the hidden cost of transport. *Hawala* costs were on average 4 per cent for cash-transfer programmes, increasing the total cost of cash. Operating costs ranged between 6–18 per cent. Implementing with local partners was significantly less expensive (6 per cent versus direct implementation at 11 per cent), as was implementing in urban areas (10 per cent versus rural areas at 13 per cent).

*Hawala* costs have varied widely (2–6.5 per cent) resulting in agency-specific differences in cost efficiency. Higher costs were justified by the remoteness of beneficiaries, while in practice, some agencies paying higher costs did not reduce travel times. Reflection on actual services provided for cost, competitive tenders, and standardisation of *hawala* rates or collective negotiations with *hawalas* remains a priority.

## Implementation with Somali NGOs

Several NGOs cooperated with Somali NGO partners either because it is their organisational ethos or out of expediency due to lack of access, particularly in Al Shabaab areas. Somali NGO partners demonstrated variable performance related to their staff profile and experience. Familiarity with their area of operation, their knowledge of potential complications when targeting the most vulnerable, and strategies for mitigating interference in targeting and distribution also contributed to effectiveness. There are clear examples of Somali NGOs demonstrating a high degree of commitment to humanitarian principles.

Unsurprisingly, Somali NGOs' performance and satisfaction were associated with collaborative partnerships with INGOs, characterised by jointly designed projects, open communication including discussing difficulties with Al Shabaab, and flexibility with regard to area of operation. Nonetheless, even with good communication, capacity assessments and capacity building, where third-party monitoring was not possible, when problems arose they were not immediately known and addressed. In this regard third-party monitoring of activities remains essential. This is true not only for Somali NGOs, as international NGOs experienced the same or similar problems with their own remotely-managed staff. Like INGOs, it is very important that Somali NGO staff have a diverse clan profile as a risk-mitigating factor for targeting exclusion and inclusion errors. And like INGOs, Somali NGOs are equally subject to pressure by local authorities and equally likely or unlikely to submit to that pressure. This is particularly true where the NGO does not have prior experience operating in that area and local power dynamics leave the NGO at a disadvantage.

### Effectiveness

While encountering significant obstacles – security concerns, access issues, and bans on activities – agencies responded dynamically with a range of responses including working with Somali NGOs, working 'low profile', relocating and retargeting. By doing so, they managed to achieve a high level of effectiveness given original plans and actual outputs.

In total, more than USD92 million in cash and food vouchers were distributed to 1.5 million beneficiaries, with a peak distribution of nearly 1 million beneficiaries in October 2011. Of this, USD58 million was distributed in the form of unconditional cash grants and USD34 million in food vouchers to approximately the same number of beneficiaries (750,000 each). The average number of transfers to a single household was six and the average value was USD80/month. The average number of transfers for voucher programmes was greater, given the proportionally larger voucher programmes in Mogadishu where agencies faced fewer access issues. Beneficiaries of cash received on average a higher total value, up to USD1,300, while voucher beneficiaries received a maximum value of USD910 in food commodities (see previous Table).

The evaluation analysed the **cost effectiveness** or 'value for money' of the various cash-transfer programmes; i.e. the relative cost of achieving some desirable outcome. In this case, the cost of achieving a 50 per cent improvement in a given food security indicator – a methodology used by

WFP and the International Food Policy Research Institute (IFPRI). While 'value for money' will never be an exact science, it provides a comparative analysis that informs decisions such that any added benefits, including those that are unquantifiable, justify any additional cost. That said, there are a few weaknesses in this analysis that need to be considered: the relative 'cost per beneficiary' is heavily influenced by the community's baseline food security status. In this case, the more pervasive poor food consumption or the employ of negative coping strategies. In the case of Somalia in 2011, this influenced the relative cost per beneficiary in urban areas where IDPs had relatively better food consumption, i.e. access to a greater variety of foods at baseline, decreasing the rate of change in comparison to rural areas. Furthermore, food consumption and consumption-related coping strategies as outcome indicators have their limitations, e.g. they do not measure actual kilocalorie consumption, capture differences between types of diet, or non-consumption related impacts.

The cost to achieve a 50 per cent improvement in the number of beneficiaries with borderline and/or acceptable food consumption was USD70–110 per beneficiary. Like the analysis of cost efficiency, the difference between the various cash and voucher programmes is relatively insignificant given the factors mentioned above, i.e., "a bigger bang for the buck" in areas where food insecurity is more pervasive. For example, where at least 80 per cent of beneficiaries reported poor food consumption at baseline, the cost to reduce poor food consumption by 50 per cent ranged from USD70–90 per beneficiary. Where less than 80 per cent reported poor food consumption at baseline, the cost to reduce food insecurity by 50 per cent was higher (USD90–110), independent of whether the transfer was a voucher or cash. For food aid programmes, the cost was considerably higher (USD275). Notably, given the lack of comparable data for in-kind programmes in 2011–12, the evaluation used data from the Somali crisis in 2008–09 where the seasonal trends and severity of the situation was most similar to 2011–12. The importance of baseline food security status underscores the importance of good geographic and household targeting mentioned previously.

As mentioned, while the type of aid changed, the environment in which it was provided did not. Thus UCTPs were no less – but no more – subject to **diversion, corruption and fraud** than other types of aid. Taxation was regularly reported in Mogadishu, Hiraan and Lower Juba and was on average USD10–15 per household per transfer. However, and unexpectedly, the larger concern was fraud by NGO employees themselves, largely through the creation of ghost beneficiaries and villages and contracted beneficiaries with more than one card. The evaluation discovered significant cases of fraud, diversion and/or complicity with local authorities taxing beneficiaries. This implies that NGOs did not adequately consider the risks of corruption within their own organisations and develop or review risk mitigation strategies accordingly. Division of staff responsibilities (e.g., using different staff for targeting and for beneficiary verification), truly independent third party monitoring and a review of whistle blowing procedures are called for. Even the CVMG so-called independent field monitoring (IFM) was compromised by close collaboration of third party monitors with the NGOs for access and identification of beneficiaries. These same issues, including collusion, also influence the potential effectiveness of investigations into fraud and diversion. Lessons are still being learned on this subject and go beyond the terms of reference and time constraints of this evaluation.

That said, several agency-led investigations were undertaken as a result of the findings of this evaluation. Preliminary findings suggest that successful investigations are characterised by *timeliness* – within two weeks of discovering potential misuse of funds; *discreteness* – the ability of an NGO to conduct an investigation without the awareness of suspected perpetrators; *independence* – in which an NGO employs non-NGO staff to conduct the investigation (and/or an INGO investigates a Somali NGO or vice versa); visiting and interviewing a *wide range of stakeholders in different geographic locations and in a safe place* (through low profile interviews or by removing informants from high risk environments such as camps or offices where suspected corruption may involve collusion of many staff); and using a *diverse range of non-conventional data collection methods* that are appropriate and effective in the Somali context. It is very clear that sharing information about corruption and diversion is life-threatening. NGO staff and journalists have been threatened and killed for doing so; data collectors for this evaluation were threatened. Agencies must take this into consideration when undertaking their risk assessments, developing mitigation strategies and whistle blowing systems and conducting investigations.

**Remote management** is prone to abuse and is itself a risk. As most NGOs in southern and central Somalia are remotely managed, shared risk assessments and mitigation strategies are important means to learn and increase effectiveness. Notably, the Somalia Cash Consortium (SCC) (and later the CVMG), when designing its UCTPs and monitoring systems conducted a shared risk assessment, providing a degree of cohesion and common standards. SCC's risk analysis and 'minimum operating standards' (MOS) were felt to be useful tools by stakeholders but were not reviewed during implementation and therefore were insufficiently applied in practice.[11] There was no separate risk assessment for Mogadishu, which is distinctly different from rural areas. And agencies working in the same geographic location – and therefore subject to the same local risks – did not share risk assessments or strategies, which may have included peer monitoring. As mentioned, CVMG's independent field monitoring (IFM) was largely ineffective in picking up targeting, protection and diversion issues in Phase One. Unfortunately due to delays in implementation in Phase Two, while significant investment was made in improving IFM, for this evaluation it remains untested.

A component of risk management is effective **monitoring** systems. The effectiveness of the monitoring systems of the different NGOs being evaluated was mixed. Specifically, those NGOs that did not participate in the CVMG were not able to report on process, output and impact indicators with the same degree of rigour. In at least two cases, this was partly compensated for by an external evaluation. However the evaluations themselves had limited data to rely on, and collected data only at the end of the project. Rather, the combined efforts of the CVMG, while resource intensive, have provided an unprecedented amount of quantitative time-series data (18,000 interviews as of November 2012).

Using quantitative survey-like methods, the CVMG effectively measured impacts at household and community level, including price inflation and market supply. Yet due to less investment in qualitative

11 The MOS were reviewed since this evaluation (in November 2012). For example the Finance Manager for the Somalia Cash Consortium is now checking compliance to the MOS before and after each distribution.

data collection in Phase One (including investigative non-questionnaire based approaches), and later delays, the system was less effective at capturing targeting errors and diversion. Experience has demonstrated that common monitoring systems have innumerable advantages, not least transparency – raising the bar for accountability among peers. However for the future, these systems can be more cost effective by limiting variables to a few commonly agreed upon indicators and in-house inter-agency analytical capacity, ideally promoted by the Food Security Cluster and applied to in-kind assistance as well. Agencies and donors must push back on common concerns about security compromising the quality of monitoring and question the motives of field staff who micromanage monitoring efforts. Innovative methods such as 'ghost' and peer monitoring, the use of cell phone text messaging and Somali networks, are proving useful methods for collecting information on sensitive issues, particularly considering security concerns for the data collectors themselves mentioned above. Similarly, all accusations of misuse of funds need to be considered seriously, as the assumption that negative publicity is politically motivated may be true in some, but not all, cases.

## Impacts

The evaluation team dedicated considerable expertise to understanding the impacts of the UCTP, given the changing food security conditions and different seasonal and livelihoods impacts. To this end, monthly trend analysis, rigorous statistical analysis triangulated with qualitative data and, where possible, collection of data from non-intervention areas was done to correctly attribute change either to the UCTP or to contextual factors. A significant effort was made to understand livelihoods impacts, particularly in light of the duration of the programme (16 months, with beneficiaries receiving between 1 and 13 distributions and up to USD1300).

Over time it is apparent and consistent that **household dietary diversity** increased from an average of 1–2 food groups to 4–6. Clearly cash recipients had greater dietary diversity than voucher recipients with a potential decline in urban areas in September-October 2012, possibly due to a decline in the transfer amount. As would be expected, there was greater variability initially among agricultural and agropastoral households, being the most affected by famine. Dietary diversity changed with the seasons as households made compromises to accommodate other demands on income (such as livelihoods investments and debt repayment). This was particularly apparent among pastoral households. A higher transfer value correlated with a diet that included more diversity and high-value foods (i.e. animal sources of protein and fat); e.g., among recipients of transfers from the Somalia Cash Consortium, which provided the Minimum Expenditure Basket, high value foods were consumed by 92 per cent of households. Where agencies provided the Minimum Food Basket, 39 per cent of recipients consumed a food of animal origin. Surprisingly, urban voucher recipients had comparable high-value food (HVF) consumption (75 per cent), challenging the assumption that because recipients receive only cereals, pulses, oil and sugar they naturally have lower dietary diversity. Rather, the accuracy of beneficiary feedback such as the portion of the voucher sold, traded or shared may be questioned. Unfortunately dietary diversity of children under five years of age was not collected so it is not possible to determine the potential nutritional impacts on this vulnerable group.

The **Household Hunger Index** (HHI), a series of three questions about hunger (having food in the house, missing meals, going to bed hungry) also demonstrated a steep decline after UCTPs started, apparently declining more quickly among cash beneficiaries. Both cash and vouchers recipients had similar HHI outcomes by December 2011. Similarly agropastoral households had higher baseline values but similar declines to other livelihood groups after the intervention. The HHI appears to be an appropriate indicator in extreme conditions but was less appropriate after the *deyr* rains and harvest, as differences between groups became negligible. The CVMG switched to a livelihoods-based coping strategies index (CSI) in Phase Two, which was more appropriate. But due to delays in data collection, there was not enough data for the evaluation to consider. Regression analysis demonstrates that even with time as a proxy for changing terms of trade (both wage labour/cereal and small ruminant/cereal) or food security conditions, UCTPs made a difference in food security outcomes.

The CVMG agencies also regularly collected data on the **household expenditures of cash recipients, and debt load of both cash and voucher recipients**, allowing for a detailed analysis of food security as demonstrated by spending patterns.  Per cent of expenditures on food and debt followed expected trends for changing vulnerability and seasonal patterns by livelihood, allowing for comparisons between beneficiary vulnerability over time and space and between agencies. There were obvious compromises made by households between dietary quality, debt repayment and livelihoods investments (short term vs. medium-long term benefits), but it is difficult given an overall improvement in food security conditions to know if these trade-offs had negative impacts on overall nutritional or food security status and/or to what extent they contributed to livelihood recovery.

**Capturing livelihoods** impacts is more difficult and was not a specific focus of the CVMG; therefore more effort was made by the evaluation team to determine change. Similarly the SCC studied debt and access to credit, importantly describing the amount of credit required to invest in livelihoods, i.e. USD100–500. Therefore UCTPs could only ever enable livelihoods investments through increased access to credit, as the actual transfer was insufficient. Respondents noted a significant increase in demand for livelihoods-related items: small ruminants, local farm tools and agricultural labour. One recipient noted, ‘Because of the cash grant I did not have to go and work on someone else’s farm but could stay home and work on my own.’ Similarly cash was spent on shelter materials – with an observable increase in numbers of houses with tin roofing – and health services. Said another recipient, ‘Instead of waiting to see if my child will get better or worse, with the cash grant, I can just go to the clinic.’ A health worker stated, ‘People are coming sooner when they are sick. They are not waiting until they are nearly dead.’ There was an increase in the number of small business (tea shops, food vendors, etc.), and an increase in demand for locally produced foods such as milk and imported items such as rice. All expenditures would have had local multiplier effects. And the range of expenditures underscores the importance of inter-cluster monitoring and information sharing, as the impacts of cash are relevant for a range of humanitarian needs.

While the expenditure patterns of cash recipients was analysed, total livelihoods expenditures apparently went underreported (monthly range of 0-15% of the value of the transfer), not least because the CVMG monitored the expenditure of the cash transfer but not total income. Rather when analysed as a yes or no question, i.e., the percentage of beneficiaries using some portion of their transfer for livelihoods increases (monthly range of 10-40%). Furthermore there is a positive correlation with the percent of beneficiaries spending some portion of their transfer on livelihoods inputs, changes in dietary diversity and the household hunger index. By proxy, as dietary diversity was higher among cash recipients, we can assume that expenditure on livelihoods was also more common among cash recipients. However, in the future, expenditure data should be collected for all (cash, voucher and in-kind) beneficiaries to allow for more accurate comparisons.

With regards to the **impacts of cash on women**, several studies (including the evaluation's own and an in-depth study commissioned by the SCC) indicate that the benefits of cash to women outweigh the risks and costs. Benefits for women include control over resources, relatively higher household expenditures, greater dignity and social capital. There were of course issues of jealousy and conflict but by and large, Somali women were able to manage. Women regularly cited their preference for cash, saying the risks to them are different but equal for cash and vouchers, particularly in the camp environment of Mogadishu. That said, protection issues went almost uniformly unconsidered in UCTPs, with the exception of the location and number of distribution sites to reduce waiting times. Considering the risks to women, much can be done to integrate protection efforts into UCTPs, including community and household lighting, community watch groups, and stepping up these efforts immediately prior to and after distributions.

# Accountability

An effort was made by most agencies, specifically the SCC agencies, to systematically implement complaints and feedback mechanisms. These efforts had mixed results, being unable to capture misuse of funds by agency staff given beneficiaries' fear of retribution, and often capturing only symptoms of problems (e.g., the 'loss' of identification cards) rather than causes (e.g., the confiscation of cards by gatekeepers). Surprisingly no effort was made to find alternative means less subject to manipulation or interference by gatekeepers (e.g., radio) to provide information to beneficiaries. It is a cliché but remains true that the greater the transparency, information sharing and participation of beneficiary populations, the greater the likelihood of communities taking ownership of programme outcomes, including targeting efficacy and use of funds. Where agencies made an effort to collaborate with communities, they were rewarded with greater investment by the community in programme performance.

Implementing a 'low profile' programme, including employing local traders to provide goods and services, compromised these efforts. Specifically, verifying beneficiaries and monitoring was difficult if not impossible, including data collection for this evaluation.

Principal coordination bodies such as the Somalia Cash Consortium, the Cash and Voucher Monitoring Group and the Cash Based Response Working Group have helped facilitate information sharing and the development of common standards and guidelines. Despite these important efforts, there is still a degree of mistrust and lack of transparency between principal actors. The aid ‘scarcity’ mentality persists among NGOs and the UN, resulting in competition and secrecy, even back-biting or finger-pointing that is unlike any other aid environment that our evaluation team has ever worked in, despite the fact that aid has effectively doubled since 2006. This attitude has direct implications for mutual or collective accountability that depends on participation, information sharing, transparency, and an understanding that no agency is immune to something going wrong (inclusion/exclusion error, diversion, fraud, etc.). And as such, it is in our best collective interest and the interest of the beneficiaries to share the difficulties faced, ask for help and share experiences on what works and what doesn’t (including risk management and investigative approaches). This includes donors who, despite their good intentions, may discourage rigorous investigation and transparency by severe, and some might say discriminatory, reactions to findings of diversion and fraud. NGOs that have demonstrated their commitment to accountability should be positively recognised, while due process is still necessary to account for misuse of funds.

Given Somalia’s aid history, the potential for corruption and/or diversion was a risk that agencies acknowledged from the outset. However the humanitarian community accepted and implicitly agreed to share this risk in light of the alternative. Unfortunately, between most donors and implementing agencies, there was no preliminary discussion on how the misuse of funds would be managed, if and when it occurred, and what would define an appropriate or proportionate response.[12] As a result, the reactions of some donors to findings of fraud are sending a different message, potentially contributing to risk ‘aversion’ among humanitarian agencies. Not least, the lack of risk sharing will undermine the partnerships that are essential to effective humanitarian programming in Somalia, including cash-based programming – critically factors that contributed to the delayed response and consequent suffering in 2011.

The humanitarian system must also be held to account for its inability to provide timely and adequate assistance to prevent famine in 2011. The concept of ‘provider of last resort’ should not be seen as a commitment to find and distribute resources but to facilitate, indeed lead, a process (response analysis, advocacy, etc.) that will result in adequate and appropriate resources being made available to alleviate human suffering. In 2011, the HCT, the FAC and ALC limited this discussion with donors, some even say hindered, given their concerns about the appropriateness of cash-based responses in general and unconditional cash grants specifically. This is unlikely to be the case in the future, given the experience of 2011–12; however, humanitarian crises demand the mutual accountability of NGOs, UN agencies and donors, including considering the experience and opinions of a wide range of humanitarian actors.

12 The evaluation notes here the positive example of the meeting on Strengthening Cooperation in Risk Mitigation convened by the Somalia Cash Consortium, and including donors and the UN (see document Strengthening Cooperation in Risk Mitigation - Summary of discussions 15th_ Feb 2013).

# Key Recommendations

## Appropriateness

- In a similar crisis, argue for short-term, smaller transfers (minimum food basket or even most basic food basket), geographically targeted and blanket distribution. When lives are no longer at stake, implement community-based targeting, ensuring agency staff have the skills and, importantly, the support, to do this effectively.

## Targeting

- Where targeting is applied, it should be based on local analysis of power dynamics, an agency's own – including its staff's – position vis-à-vis these dynamics and a common strategy that demands basic accountability (e.g., transparency), wide information sharing, participation and effective feedback mechanisms.
- Retargeting should be undertaken (in both urban and rural contexts) no more than six months after a cash and voucher intervention has become operational, particularly when food security conditions change considerably, but also as a risk mitigation strategy.
- Where beneficiaries are not retargeted – because a more than six month cash transfer is meant to achieve livelihoods-related objectives – ensure that M&E systems can measure livelihoods impacts and that targeting criteria reflect objectives.

## Coverage

- Conduct better and more effective mapping and analysis through the cluster system to ensure that cash and voucher interventions are better targeted geographically to have an impact on those populations most in need. This includes: persistent engagement with non-traditional providers of humanitarian assistance, inter-cluster coordination, and development or harmonisation of databases.
- Simultaneously, agencies need to reflect on historical patterns of famine, both from a geographical and socio-political (specifically clan) perspective to better inform operational strategies, including negotiating access or finding alternative means to access famine-prone areas, such as working with Somali NGOs.

## Mogadishu

- The humanitarian community must increase its efforts to engage with Mogadishu city and national government officials, local elders and Somali NGOs representing the IDPs who are presently locked in an exploitive relationship with gatekeepers and other local authorities.
- Increase returns programmes, collaboration and monitoring with Somali NGOs to ensure that assistance is provided at IDPs' place of origin. As long as there is no aid in their places of origin, the majority of IDPs will continue to answer 'no' to inquiries regarding their intention to return. This should not be assumed to mean they do not want to go home.

## Connectedness and Coherence

- Drawing upon the lessons learned from the SCC Technical Working Group, CVMG and CBRWG, cash transfers should be routinely considered as a response modality. Cash transfers may be appropriate to achieve objectives within the response analysis of the food security, nutrition, WASH and shelter clusters. This will require capacity building of cluster-specific technical working groups.
- Ensure this integration of cash and voucher responses in a common response analysis with active participation by those international and Somali NGOs that know the most about cash programming. Document and challenge assumptions; build up the evidence base for the impacts of cash-based programming in Somalia: on markets, on given outcome indicators, on women and on other vulnerable groups.
- The CBRWG should be recognised as the principal learning platform and inter-cluster technical working group for cash-based programming. The SCC and the CVMG (while they still exist) must maintain their commitment to the CBRWG, including advocacy for more reliable resources (perhaps using a CVMG funding model), and increasing the number of platforms in strategic locations within Somalia (especially Mogadishu).
- Increase collaboration between cash-based programmes and practical action in protection. Document activities and share widely.

## Efficiency and Effectiveness

- Next steps for cash-based programming include e-transfers, value vouchers – allowing for greater beneficiary choice – and increasing the capacity of Somali NGOs, with the ultimate aim of reducing the multiple transaction costs between donors and beneficiaries while ensuring accountability and effectiveness. Continue to experiment with and document cash-based responses. This learning will also contribute to the resilience agenda.
- Continue consortium approaches such as the SCC and CVMG. They have demonstrated the ability to go to scale and to coordinate both operational and technical aspects of the work. They have increased trust, communication, information sharing, and shared responsibility for outcomes. Together with the SCC, CBRWG and CVMG have increased the information and evidence base for better design, planning, implementation and real-time improvement of programmes. This will require a review of pooled funding mechanisms for cash-based programmes and exploring alternatives where the CHF, ERF and CERF are inadequate.
- Review inter-agency engagement with *hawala* companies to reflect on lessons learned from the 2011–12 crisis, including a review of contractual arrangements and services, risk mitigation strategies, and opportunities and threats for future collaboration.

## Risk Management

- All stakeholders (government, donors, UN, NGOs) should engage collectively in a transparent and rigorous risk analysis of all humanitarian interventions (both cash and in-kind transfers) in the Somalia context and jointly determine where responsibilities lie for delivery of those interventions. Increase the sharing of risk between field staff, senior NGO management, UN agencies and donors, when implementing agents/agencies show due diligence throughout the programme cycle.[13]

- Given the inevitability of dependency on remote management in the short and medium term, the field capacity of INGOs in strategic locations and Somali NGOs needs to be further developed to effectively prepare for, manage and monitor CTPs as humanitarian interventions in the future.

## Monitoring

- Review agency-specific and shared monitoring systems and best practices and identify best practice to inform the establishment of more effective and efficient monitoring of cash and voucher (and other) interventions in the future.
- Next steps for M&E for cash-based programming include working within and between clusters to determine minimum process and output indicators for cash-based responses, and to determine common and sector specific outcome indicators, taking into consideration the strength and weaknesses of food security consumption-based indicators.
- Ensure M&E assesses the original assumptions on which response analysis was done, i.e. monitoring the continued *relevance* of the intervention logic, to test whether or not cash is still more appropriate than in-kind, whether or not unconditional is still appropriate, etc.
- Work together to establish common analysis and reporting formats for process, output and outcomes, and also methods for determining cost efficiency and cost effectiveness. At the same, time, don't split hairs about differences between the various modalities. If a response choice is evidence-based, then it is up to beneficiaries, agencies and donors to determine together if the additional cost is worth the added benefit.
- Continue to experiment and innovate with M&E and investigative methods that produce results about sensitive topics such as diversion, fraud and targeting errors. This is not limited to cash and vouchers, and should involve M&E experts that use conventional and unconventional means of collecting information.

## Accountability

- Increase efforts to understand and exploit local accountability mechanisms, including understanding clan dynamics and how agency staff manoeuvre in a given context. Redouble efforts to share information with affected communities, both beneficiaries and non-beneficiaries, and continue to experiment with effective feedback mechanisms. Discuss these in the CBRWG or similar accountability working group.
- Related to the above, organise experience sharing and learning to improve internal accountability mechanisms, including whistle blowing procedures and investigative procedures appropriate to different types of diversion. Consider developing the collective capacity to do independent investigations, including learning from and engaging with the UN Risk Management Unit and the UN Monitoring Group.

13 The evaluation notes here the positive example of the meeting on Strengthening Cooperation in Risk Mitigation convened by the Somalia Cash Consortium, and including donors and the UN (see document Strengthening Cooperation in Risk Mitigation - Summary of discussions 15th_ Feb 2013).

- While it is clear that cases of misuse of funds will need to be handled on a case by case basis, establish minimum standards vis-à-vis risk assessment, mitigation, monitoring, investigation, reporting, and transparency - the latter with the understanding that revealing mistakes is first and foremost done to stop harmful practice, then contribute to the learning of the broader humanitarian community, and when appropriate, to decide repercussions and retribution, not least to the affected community. Minimum standards and due process through perhaps an ombudsmen approach will contribute to ensuring equal treatment of agencies in the case of suspected or established cases of misuse of funds.
- Work collectively with field staff of NGOs and the UN to reduce tolerance for diversion, including that which results from targeting errors. Investigate the real obstacles to greater transparency and communication between field staff and headquarters, agencies and donors. Consider transparency and accountability in the decision making process when deciding the need for repercussions. This demands ongoing reflection on what shared risk means in the Somali aid environment. Stop yourself from criticising those agencies that are victims of misuse of funds. Everyone is affected; assume you just don't know about it yet.

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