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Risk-averse to risk-willing: Learning from the 2011 Somalia cash response

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ABSTRACT

In 2011 the humanitarian community faced a difficult question. Could large-scale cash transfers provide an effective alternative to food aid delivery in South Central Somalia to avert a famine? Ultimately, between August 2011 and May 2012, more than 81 million US dollars in the form of unconditional cash grants, vouchers and cash for work were provided to over 1.7 million people in South Central Somalia leading to an improvement in humanitarian conditions. Despite this eventual accomplishment, months of protracted debate went by before there was broad endorsement for large-scale cash and voucher programming, delaying critical action.

While the full impact of this cash program is still being determined, lessons can already be drawn. Admittedly, in 2010 and 2011 the challenges and risks associated with successful aid delivery in Somalia were significant. The debate around cash forced agencies to re-examine these operational risks and better analyze and articulate necessary mitigation strategies, most which were not specific to cash-based responses. It also led actors to not only raise the standards for programming through the development of a Monitoring and Evaluation Framework and Inclusive Community Based Targeting tools, but also helped create forums where mistakes could be discussed and solutions found. However, delays in endorsement also exposed some of the limitations of current decision-making and funding mechanisms that may hinder humanitarian actors' ability to act in critical circumstances. Reviewing these lessons may not only lead to an increased acceptance and scope of cash programming in Somalia, but, if applied more broadly, could lead to more effective humanitarian responses globally.

1. Introduction

2011 in Somalia marked the largest cash-based program to ever be undertaken by NGOs in response to a humanitarian emergency. Between August 2011 and March 2012, more than 86 million US dollars was provided to vulnerable households throughout the entire country in the form of unconditional grants, conditional grants, vouchers and cash for work. Of this, over 81 million went to more than 1.7 million people in South Central Somalia to help them cope with the devastating effects of famine in one of the world's most unstable and insecure environments (FAO, 2012). However, despite this ultimate accomplishment, months of protracted debate went by before there was broad endorsement of large-scale cash and voucher programming, delaying critical action.

Admittedly, in 2010 and 2011 the challenges and risks associated with successful aid delivery in Somalia were significant. Continued insecurity, access concerns and the withdrawal of the main food aid operators from South Central Somalia meant that large-scale food aid was no longer an option. All forms of aid were at risk of diversion and fraud and were difficult to target and monitor. In the case of cash, there were also concerns over market elasticity and the potential for cash to cause inflation. **As a result, the humanitarian community faced a moral and practical dilemma: could cash be delivered at scale in spite of the risks? More importantly could the humanitarian community accept those risks given the lack of alternatives?**

Advocacy started in March 2011, arguing that cash was not only an appropriate response in a context riddled with political and logistical difficulties, but one that, as a flexible resource transfer, had already been proven to successfully increase access to food and other basic needs in Somalia (Majid et al., 2007). The Cash Based Response Working Group (CBRWG) argued that donors and major actors should accept (and mitigate) the risks and begin planning and coordination of a large-scale cash response (CBRWG 2011a). However, instead of action, the debate continued, until finally agreement was forced by the 20th July, 2011 famine declaration (IASC RTE, 2012).

To inform more effective and timely humanitarian response, the humanitarian community must reflect on its experience in 2011. This article will not reiterate when cash based programming is

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appropriate, as this has been successfully documented elsewhere (Harvey, 2007; Bailey and Harvey, 2011). Instead it reviews the history of the cash debate in 2011 in Somalia, analyzing the risk factors and the proposed mitigation strategies, specifically: monitoring and evaluation (M&E) frameworks and targeting tools and approaches. It then describes the scale and scope of the eventual cash response and some of the challenges encountered. Finally, it attempts to go beyond programming technicalities, to offer recommendations to the humanitarian community to hopefully enable more and better cash programming at scale in Somalia and beyond.

2. Background

2.1. Context

Somalia is home to one of the world's longest running crises and is one of the most difficult humanitarian operating environments in the world. For over 20 years, an enduring civil war and regular droughts have forced millions of people into crisis. Somalia lacks an effective central government and the infrastructure to provide basic services for people in need. Armed militias control many areas, creating severe security risks for aid workers who attempt to fill the gap with services and goods, including significant in-kind food aid (Maxwell and Fitzpatrick, In this issue).

Starting in 2008, the situation became even more complicated, ultimately demanding a reflection on the use of alternative forms of aid, including cash. In early 2008, CARE International, one of the largest food aid providers in South Central Somalia, was forced to withdraw due to security threats. Shortly after, US counterterrorism laws made it a crime to provide *Al-Shabaab* with material assistance, resulting in US-funded agencies withdrawing for fear of diversion of aid and subsequent legal ramifications. In 2009, *Al-Shabaab* banned almost all international aid agencies from operating in regions under its control. In January 2010, the World Food Programme (WFP) was also forced to withdraw from most of the South following increased security threats (Maxwell and Sadler, 2011).

By late 2010, it was clear that many populations in some of the most insecure areas of South Central Somalia were experiencing increasingly severe food insecurity. While initially the absence of large-scale food aid distributions was offset by good harvests, by late 2010 renewed drought, large-scale displacement due to conflict, local food shortages, and increasing food prices started to have a devastating impact (see graph in Maxwell and Fitzpatrick, In this issue). In the absence of any intervention, these trends worsened, and by mid-2011 larger-scale migration into Kenya indicated even greater stress and hunger for large segments of the population (Maxwell and Sadler, 2011). During this period, some humanitarian actors recognized the need to quickly find an effective way to address the growing needs (CBRWG 2011a).

3. The cash debate

While cash responses may seem new to many humanitarians, in Somalia small-scale cash transfers have been used for the last decade. International non-governmental organizations (INGOs), local NGOs, and the United Nations (UN) have all implemented unconditional cash grants, vouchers, and cash-for-work programs to respond to chronic and emergency needs, and donors and aid agencies are increasingly supportive of these programs. Independent evaluations have noted that these interventions are successful at increasing access to basic food and non-food needs (Acacia Consultants 2004; Ali et al., 2005; Majid et al., 2007). They also allow households to make their own decisions about priority needs (Arnold et al., 2011). It was on this basis that in early 2011 some organizations started arguing that scaling up the delivery of cash programming could—when paired with due diligence on the part of aid agencies—increase access to food and other basic necessities quickly and on the scale required to avert a famine (CBRWG 2011a).

There was, however, reluctance among donors and many humanitarian actors to advocate for, fund, or implement large-scale cash-based programming. In 2011, the risks in Somalia were severe and challenging, and humanitarian organizations struggled to assess the best course of action (IASC RTE, 2012). Risk factors commonly cited as reasons for not implementing cash based programs included:

- Market elasticity and the potential inflationary effects.
- The risk of diversion—especially to *Al-Shabaab*.
- Difficulties in targeting the most vulnerable populations and monitoring interventions, given access issues.

In addition, earlier in March 2010 the UN Monitoring Group on Somalia and Eritrea published a report alleging that three of WFP-Somalia's primary contractors had been accused of mass corruption, shaking the confidence of the humanitarian community, including donors. Up to half of WFP's food aid destined for Somalia was allegedly being diverted and sold off illegally, possibly for some armed groups' own use (UN Monitoring Group on Somalia and Eritrea, 2010). While WFP worked to rectify the situation through an external audit and upgrading of internal controls, and while this scenario was not unique to Somalia, the incident highlighted the very real dangers of operating in a complex environment like Somalia.

3.1. Risks and mitigating factors

Even considering these risks, humanitarian agencies participating in the Somalia CBRWG, most of whom were NGOs with operational cash experience, felt that a cash response was still an appropriate solution. They also noted that apart from inflation, none of the other risks was specific to cash alone. In-kind assistance had been subject to the same influences. They felt that full-scale early support by the humanitarian community was urgently needed to convince donors and major actors to begin a large-scale cash response (CBRWG 2011a). The following section outlines some of the potential risks that were analyzed in the course of the CBRWG decision to advocate for cash programming.

3.1.1. Market elasticity and inflation

After decades of food aid, and some would argue food aid dependency (Polastro, 2011), certain agencies were not convinced that markets could respond to increased demand created by a significant cash response, citing the elevated risk of food price inflation. If a large-scale cash response caused inflation it would make food even less accessible for people who needed it most (IASC RTE, 2012). Nevertheless, there was a strong argument to be made that the lack of food aid programming, the ability for cash to move quickly, previous positive experiences in cash programming, and the strength of Somalia's market systems warranted the risk.

It was well known that Somalia had a robust and well-integrated market system. In 2011, as in other years, there was a significant cash economy; with the majority of households relying on markets to meet their food and non-food needs even in a good year (FSNAU, 2012a). The Famine Early Warning Systems Network (FEWS NET)