PARTNERING FOR SUCCESS:
E-CASH USE IN HUMANITARIAN PROGRAMMING

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elan

The Electronic Cash Transfer
Learning Action Network

EXECUTIVE SUMMARY:

In recent years, new technologies have facilitated electronic cash transfers (e-transfers) to disaster- and conflict-affected populations. E-cash – a type of e-transfer – can be defined as any electronic substitute for cash that provides full flexibility for purchases. E-cash may be stored, spent, and/or received through a mobile phone, prepaid debit/ATM card or other electronic transfer.[1] Utilizing e-cash in emergency response requires close partnerships with Financial Service Providers (FSPs), often in places where electronic payments are still just gaining acceptance. In these contexts, implementing agencies may wonder: What do successful e-cash partnerships look like? How can humanitarian organizations and FSPs best combine expertise to provide assistance in a timely, transparent and dignified manner? Do commonalities exist across programs in different regions and with different goals? If so, what can we learn from these experiences?

This report summarizes common challenges and learnings from e-cash programs across a variety of different geographies and delivery mechanisms. Based on conversations with 11 programs managers and technical specialists, it focuses on the experiences of humanitarian agencies implementing cash programs and program participants, rather than FSPs.[2] Two types of programs were reviewed: 70% used local or national FSPs (i.e., remittance agencies or mobile money in partnership with a bank or mobile network operator); the remaining 30% used an international product (i.e., a remotely loadable debit card). Card-based programs reported a higher success rate and fewer challenges in comparison to those that used a local or national provider such as a bank, remittance company or mobile network operator. However, card-based transfers were limited to urban or peri-urban locations since they require a functioning automatic teller machine (ATM) network or merchants with point of service (PoS) equipment. In the reviewed programs, less than 1% of participants lived in areas with access to payment or ATM networks.
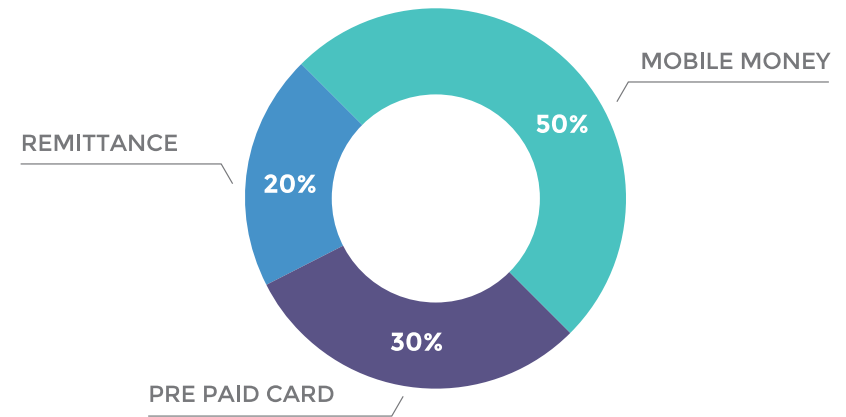

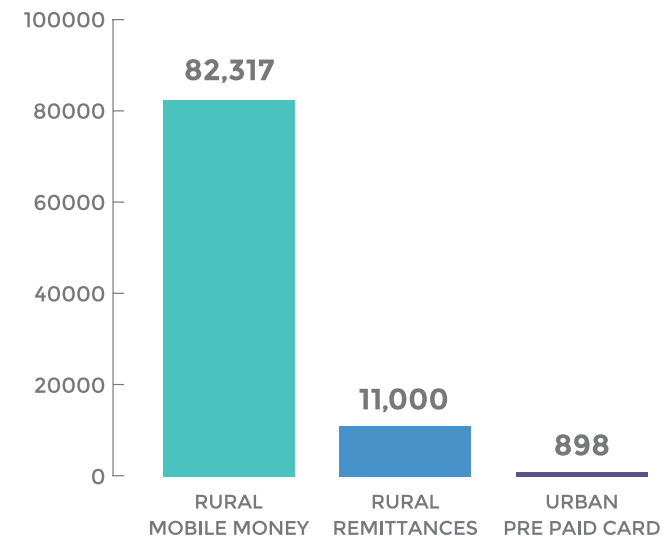**FIGURE 1: REVIEWED PROGRAMS BY DELIVERY MECHANISM**

FIGURE 2: URBAN-RURAL BREAKDOWN OF REVIEWED PROGRAMS

The goal of this report is to identify common factors that underpin successful partnerships between FSPs and humanitarian actors delivering e-cash. It will also be used by the Electronic Cash Transfer Learning Action Network (ELAN) to support dialogue with FSPs and consider their perspectives on partnership success factors, as well as share feedback on these experiences.

KEY FINDINGS:

Most humanitarian work currently takes place in locations with weak or disrupted payment infrastructure. Using e-cash in these contexts requires careful assessments of e-cash infrastructure and joint planning with FSPs, both prior to and throughout program implementation. E-cash providers will often need to customize or adapt their systems to meet the demands of humanitarian cash transfer programs. In some cases – such as short-term programs or work in rural areas – cash in envelopes or other program approaches may be preferable. Specific findings include:

1. **Program implementation quality varied considerably between rural and urban locations.** Programs implemented in rural locations reported critical infrastructure challenges, including mobile network coverage, agent geographic coverage and agents' day to day cash disbursement capacity.[3] This was true irrespective of implementation length (3 to 6 months, or 5 years) or regularity of payments (one-off or monthly over longer periods).

2. **Pre-positioned contracts reduced start up time, but only service level agreements and ongoing communication ensured smooth implementation.** While pre-positioned contracts saved start-up time, this relationship **did not** automatically guarantee service quality or clear communications throughout program implementation. Formalized and signed Service Level Agreements (SLAs), on the other hand, were important in ensuring consistent, quality service delivery by FSPs.

3. **Successful programs required strong relationships with FSP head office staff <u>and</u> field agents.** FSP head offices handled contracting and managed key processes such as beneficiary registration, data reconciliation and beneficiary account activation. However, program managers also invested considerable time and resources coordinating with **individual** field agents for day-to-day implementation planning and to ensure adequate cash prior to disbursements.

4. **FSPs can creatively meet program-specific requirements when equipped with sufficient resources and understanding of user needs.** FSPs were able to identify and implement creative solutions in partnership with humanitarian agencies when they understood the program's urgency and the unique vulnerabilities of the target populations. In cases where communication was poor, the sense of partnership was weaker and implementation suffered.

5. **Convenience of service – rather than technology familiarity – was a key success factor.** Many program participants were able to learn to use new technologies when exposed for the first time in humanitarian programs. However, inconvenient access to cash out points undermined program success.

Based on interviewed program managers' priorities, this report offers practical recommendations and links to relevant resources for implementers. The top three **'must know'** items prior to signing an e-cash contract were: **FSP agent network coverage, mobile network availability and reliability (for mobile money programs) and agent capacity for cash disbursements (day to day cash liquidity) in rural areas.** Other notable program manager priorities included information on the FSP's ability to guarantee minimum service levels and provide timely reports.

BACKGROUND

Cash transfers enable vulnerable populations to meet their household's unique needs and have been a popular humanitarian response tool for more than a decade. Different sources have estimated that spending on cash transfer programs between 2009 and 2013 ranged from USD 692 million to 1.5 billion.[4] Recently, humanitarian actors have begun to explore methods to deliver cash transfers electronically, through mechanisms such as mobile money, mobile banking, prepaid debit cards or electronic remittance company services. E-cash has the potential to increase aid transparency for all stakeholders (program participants, aid agencies, local and national governments, FSPs and donors); reduce the risks associated with moving large amounts of hard currency; and lower the cost of aid delivery. FSPs are critical partners in delivering e-cash.

Humanitarian interventions represent a growing market for FSPs. As an example, the combined budgets of the ten e-cash programs reviewed during this research total more than USD 72 million. The American Red Cross (ARC) and Catholic Relief Services (CRS) both pilot tested the use of remotely loadable debit cards with the goal of finding a globally deployable e-cash solution. Similarly, the World Food Programme (WFP) recently issued a global call inviting both private sector and NGO partners to provide feasible electronic transfer solutions in all disaster-affected countries where WFP responds. WFP's budget for cash transfers from 2012-2015 in the Syria response alone was USD 2 billion.[5]

Interest in e-cash programming has increased. But, providing e-cash after natural disasters or in conflict situations can be challenging due to infrastructure damage, such as disrupted road access, damaged cell phone towers, or physical damage to bank branches. In other cases, an already sparse FSP agent network may face such demand for their services (from regular clients plus the humanitarian actors) that their overall service quality is negatively impacted. As such, cash transfer implementing agencies are often limited to one or two viable e-cash partners.

Use of e-cash will likely increase as part of a humanitarian sector wide trend toward the use of cash transfer programming continues and as agencies seek efficient, rapid means to deliver flexible assistance. This review was conducted to identify common challenges and lessons learned from e-cash programs and to identify factors that contribute to successful e-cash partnerships and programs. Based on feedback from e-cash program managers – as well as a literature review – this report provides recommendations and suggested tools to support the implementation of high quality e-cash programs.

METHODOLOGY

Members of the ELAN e-cash working group contributed to establishing the questionnaire used to gather program manager experiences (Annex A: Questionnaire). Interviews were conducted with e-cash program managers and technical specialists who expressed interest in contributing. (See Annex B for more details on the interview respondents and types of programs reviewed.) A total of 11 program managers and monitoring and evaluation specialists from eight organizations provided feedback on their experience. They represented 10 separate e-cash programs that utilized a range of delivery mechanisms, including mobile money, mobile banking, card services and remittance agencies (and, in some cases, offered comparisons between multiple delivery mechanisms). Reviewed programs included examples from Asia, Africa, the Middle East, and the Caribbean. Programs had varying objectives: some were short-term programs targeting disaster- or conflict-affected communities (with single or shorter term transfer cycles); others were longer-term development programs designed to improve maternal and child health or food security (with regular monthly payments over a one year period). Findings from interviews were compared with reports, tools and case studies from ALNAP[6], the Cash Learning Partnership (CaLP), Mercy Corps, NetHope, USAID, and other relevant literature to formulate recommendations.

KEY FINDINGS

## 1. PROGRAM IMPLEMENTATION QUALITY VARIED CONSIDERABLY BETWEEN RURAL AND URBAN LOCATIONS

Sixty-seven percent of managers implementing programs in rural locations reported that the FSPs' agent network – including the number of agents, agents' geographical coverage and their day-to-day cash capacity – was their primary challenge. This challenge predominated whether the program was a short-term three-to-six months) or long-term (six months to five years). It is likely that FSPs' infrastructure availability, reliability and coverage in rural areas is historically weaker due to lower or infrequent demand. The most common challenges in rural e-cash programs, cited in order of frequency and based on all challenges cited by the manager, were:

> **Agent liquidity:** Insufficient daily liquidity at FSP agents limits the number of households who could access cash (83 percent);

> **Regulatory constraints:** Program participants were required to show government-accepted ID to access cash (commonly known as Know Your Customer – KYC – requirements), which impeded vulnerable populations' access (67 percent);

> **Infrastructure:** Mobile network coverage and/or reliability of mobile network (60 percent); and

> **Scalability:** Sparse on-the-ground FSP agent coverage influenced the time and distance beneficiaries traveled to access cash. It also influenced the ability of humanitarian agencies to disburse cash within a short timeframe (44 percent).

Payment platform reliability was not reported as a major issue, since many FSPs offered offline payment solutions for their agents.

> **FIELD EXAMPLE**

"PREGNANT WOMEN AND LACTATING MOTHERS HAD TO WAIT FOR HOURS IN THE SUN TO COLLECT THEIR CASH."
ACF, PHILIPPINES
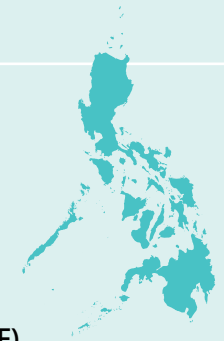
In the Philippines, Action Against Hunger (ACF) partnered with a remittance agent with an extensive network to provide 10,000 pregnant women and lactating mothers with USD 100 per month for six months. The FSP's agent network was very convenient; however the agents' financial liquidity was limited to approximately USD 8,800 per day. Effectively, this meant that each agent could disburse to no more than 85 program participants per day (in many cases agents' maximum program disbursements were reduced since their regular – non program – client transactions also required cash). Pregnant women and lactating mothers had to wait for hours in the sun to collect their money. ACF attempted to remedy the problem by staggering disbursements and proposing a temporary agent increase at each branch to expedite the cash-out process. The FSP did not implement the proposed solutions consistently. ACF's Program Manager noted, "Until the end, the [remittance agency] kept saying they could do it, but they couldn't." ACF finally expanded their partnership with another remittance company and also piloted the use of a prepaid card in one urban location for 500 households (see below) to reduce the waiting time for program participants to access assistance.

Remotely loadable (or prepaid) debit cards met with more success, but their use was limited to urban and peri-urban contexts.

Three programs used remotely loadable debit cards. CRS piloted cards for 298 households in Jordan; ARC piloted prepaid cards for 100 people in Jamaica; and ACF used a debit card for 500 households (of their target 10,000 program participants) in the Philippines to mitigate the cash out delays described above. All three programs found that debit cards had several advantages.

ACF reported that their FSP was extremely responsive; within two weeks, they had ready-to-use cards that could be delivered to participants. The card provider also allocated staff to respond to participant challenges at ATMs. Furthermore, since program participants were able to access cash at ATMs whenever and whenever desired, ACF reported that were highly satisfied with this delivery mechanism.

CRS and ARC also noted greater transparency with the card solutions; the FSP's software allowed them to monitor individual card activity, including any technical errors that participants encountered (i.e. incorrect entry of PIN or withdrawal amount). CRS rated this level of transparency very high, since local FSPs would not have provided the same level of detail. Program managers also appreciated the fact that risks associated with distributing the pre-paid cards was very low: the cards themselves have no cash value until they are activated and loaded with cash, which can be done remotely. Once the cards were loaded, program participants were notified by SMS that funds had been disbursed.

Challenges: ARC and CRS noted that prepaid debit cards are limited to use in urban or peri-urban areas. They require access to ATMs or PoS devices for cash withdrawals or purchases, which in turn rely on online platforms (requiring continuous internet access) to function. ARC and CRS also noted that the FSPs software limited card monitoring to individual cards and consolidated reports could not be generated.

This individual card monitoring would pose a challenge to scaling up use of the service (both ARC and CRS only tested the technology with a small group of people.) ACF also used prepaid cards during their response to Typhoon Haiyan in the Philippines, but only 500 of 10,000 targeted households lived sufficiently close to ATMs to receive prepaid cards. As ACF noted, like agents' liquidity, ATMs also require regular provision of physical cash and planning based on daily capacity. However, since multiple ATMs are often available in urban areas, ATMs can often more easily meet significant demand increases than agent networks can be expanded. As an example requiring ATM capacity planning, the Philippines government issues large scale social welfare payments via Landbank ATM cards during the same time period every month, resulting in long lines outside of ATMs in urban areas after these deposits are made. NGOs can reduce participants' wait times by selecting a different time during the month to reload participants' cards.

2. PRE-POSITIONED CONTRACTS REDUCED START UP TIME, BUT ONLY SERVICE LEVEL AGREEMENTS AND ONGOING COMMUNICATION ENSURED SMOOTH IMPLEMENTATION

"A CONTRACT IS A CONTRACT. YOU DON'T GET TO CHANGE THE CONTRACT. WE DISCUSSED SERVICE QUALITY VERBALLY, BUT THERE WASN'T ANYTHING [SUCH AS A SERVICE LEVEL AGREEMENTS] IN WRITING. I CAN'T SAY THAT ANY OF [THEIR SERVICE] QUALITY WAS PARTICULARLY MET."
MOBILE MONEY PROGRAM MANAGER, UGANDA

Eighty-six percent of program managers noted that FSP contracting was one of the most onerous and time-consuming activities during program start up. Organizations that negotiated new contracts on

average devoted four to six weeks to complete the process. Alongside the challenges of coming to agreement with FSPs, humanitarian actors also recognized that their own procurement policies often prevented rapid contracting.

Only two interviewed organizations had pre-positioned contracts prior to start up. Generally, the existence of these pre-positioned contracts indicated that the humanitarian actor and FSP had worked together in the past and the FSP was aware of the humanitarian actors' specific target populations and systems. In general, negotiating contracts in advance of an emergency may allow additional time to understand and discuss the terms and conditions of the agreement and offer the opportunity to incorporate favorable payment terms. **However, neither organization with a pre-positioned contract reported specific benefits beyond time savings during start-up.** Despite having a pre-positioned contract, one agency was required to pay 100 percent of the cash transfer value and fees in advance. These payment terms made it impossible for the agency to hold the FSP accountable for poor quality service provision.

Aside from prepaid card programs and pre-positioned contracts, programs reported the following challenges:

> **Inflexibility** of the contractual terms, such as 100 percent advance payment—of both cash transfer value and fees—and fixed service delivery terms;

> FSPs' **inability to meet quality assurances** for program delivery and lack of accountability for delays in meeting agreed-upon reporting timelines; and

> Humanitarian actors' lack of understanding of **FSP jargon**, which affected program design, process quality, and timeliness.

> **FIELD EXAMPLE**

FSP industry jargon – what does it all mean?

Mercy Corps Philippines' program used a local mobile banking partner, whose monthly cash-out reports specifically noted "inactive numbers." The partner explained that these were beneficiary mobile numbers with no phone transaction activity (outgoing calls or SMS). No further explanation was given. Before Mercy Corps'; final cash transfer, the MNO automatically deactivated over 7,500 SIM cards (affecting 30 percent of program participants) since they had been "inactive" for over three months. It was only then that Mercy Corps fully understood the meaning of "inactive" cards and its program impact. It took the banking partner and MNO an additional three months to replace the deactivated SIM cards so participants could access their final cash transfer.

"THE MNO CREATED A SPECIAL 'CORPORATE SIM' FOR US TO TRANSFER BULK PAYMENTS. THEY DID NOT FULLY EXPLAIN THAT HAVING A 'CORPORATE SIM' MEANT THAT WE COULD ONLY TRANSFER TO BENEFICIARIES WHO WERE REGISTERED TO THIS MNO. SO WE HAD TO GO BACK AND REGISTER BENEFICIARIES WITH NEW SIM CARDS."

MOBILE MONEY PROGRAM MANAGER, UGANDA

Programs that used international providers and prepaid cards experienced advantages in contracting and support during program implementation. ARC and CRS both noted the primary advantage to working with an international service provider was that once contracts were signed, these ready-to-use zero value cards could be pre-positioned by the organization or shipped from the FSP's central or regional offices without separate contracting discussions in each disaster context. CRS also noted that they had excellent "after sales" support from the FSP. For its pilot in Jordan, the FSP erroneously shipped single-use cards rather than reloadable cards. CRS contacted their assigned account manager, who was able to work with the FSP's internal team to adjust the same cards to accept two additional tranches, saving CRS costly implementation delays.

Pre-positioned contracts **do** save valuable time, as agreements have already been vetted by the humanitarian agency's procurement and legal teams. Prior to the start of a program implementation, however, it is imperative for both parties to agree on levels of service delivery that are specific to the response context and current capacity of the FSP. Program teams can negotiate SLAs as an annex to the main contract – while legal teams review the contract – as a way to save time and enable frank discussions of expectations and capacity.

3. SUCCESSFUL PROGRAMS REQUIRED STRONG RELATIONSHIPS WITH FSP HEAD OFFICE STAFF AND FIELD AGENTS

Programs working with local FSPs had to coordinate with the FSP's head office on issues like contracting, participant registration and card activation. Separately, program managers needed to work closely with individual field agents to ensure adequate liquidity for planned disbursements. These two streams of coordination were required because certain process are subject to FSP central procedures (e.g. opening a new mobile wallet, account, or storing beneficiary data securely), while others are often left to the planning and discretion of field agents (e.g. managing liquidity, stocking registration materials).

One interviewee explained how this split affected program implementation: during participant registration for individual mobile money accounts, some program participants already had SIM cards from the provider. However, in many cases, the participant's records (such as the SIM holder's name, spelling, or linked ID number) in the MNO's database did not match the information collected by the humanitarian agency (in some cases because the SIM was registered in a family member's name). When this arose, the humanitarian agency began carrying out lengthy data reconciliation, sending lists to the FSP's head office for verification and then re-registering participants. Ultimately, the program managers decided to provide all participants with new SIM cards to ease processing delays. The humanitarian agency also invested considerable time and resources to coordinate with individual field agents to ensure that they had an adequate stock of SIM cards for participant registration and liquidity for cash-out days.

For program managers, managing these two different relationships represented a challenge. Although the humanitarian agency signed a contract with and paid fees to the FSP's head office, program managers did not receive satisfactory support for field challenges, and thus had to spend additional time and resources to ensure that field agents were prepared to support the program's day-to-day operational needs. Even in Kenya, where mobile money products and services are well-developed, a program manager that had a dedicated account manager counterpart reported dealing with the same coordination issues throughout implementation.

4. FSPs CAN CREATIVELY MEET PROGRAM-SPECIFIC REQUIREMENTS WHEN EQUIPPED WITH SUFFICIENT RESOURCES AND UNDERSTANDING OF USER NEEDS

Standard e-cash products and processes rarely meet humanitarian program needs without some degree of customization. Common special needs include high volumes of transfers in remote areas (with weak agent networks) and low levels of digital literacy and KYC documentation among cash transfer recipients. FSPs can provide innovative solutions to these needs when they understand user requirements and have sufficient time and resources to respond. In contrast, where products were not adapted to meet specific needs, programs often experienced delays and challenges.

Tip: Existing Government to Person (G2P) social welfare payment systems can indicate e-cash options. If the government provides social welfare payments to low income or vulnerable households living in rural and urban areas, these programs typically require agents (both rural and urban) with the cash flow and capacity for monthly disbursements. In addition, these programs will have lists of individuals or households with particular pre-crisis vulnerabilities and participants may have increased familiarity with cash transfer systems.

FSP solutions to humanitarian program requirements included:

⟩ **Use of "mobile ATMs" to address the challenge of rural service provision:**[7] In the Philippines, WFP partnered with Landbank and the government's Department for Social Welfare and Development to supplement the government's ongoing social protection payments for Typhoon Haiyan survivors. While the program initially struggled as functioning ATMs were limited to urban locations, Landbank drove mobile ATMs to remote areas to allow participants to access cash.[8]

⟩ **Increasing agent coverage and capacity:** Based on user feedback, Mercy Corps Philippines' FSP increased both the number and capacity of field agents to support cash disbursements to 25,000 households within a short timeframe. The FSP initially augmented the capacity of a chain of company-affiliated agents. The agents' head office reallocated existing staff and mobile phones from other field offices, and the FSP provided additional agent SIM cards[9] to increase transaction capacity from 100 – 150 per day to 500 per day. The FSP noted that the fees earned from the additional transactions more than covered initial costs incurred by agents.

Similarly, Save the Children Nigeria specified with their FSP that participants in their program (in this case, pregnant women and lactating mothers) should be able to access their cash within a 5 km radius from their community. The FSP and field agents recruited temporary individual agents who carried cash for up to 50 transfers to central locations within the community. Save the Children provided the individual agents with a thumb print reader and devices containing biometric information to verify program participant identity prior to cash-out.

Nigeria - Vincent Trousseau/Cash

> **Advocating for relaxed KYC requirements:** In several contexts, national banking regulations that require users to present government-issued forms of ID to access cash have posed a challenge. Unfortunately, humanitarian agencies have little control over these regulations, which are often slow to adapt in emergencies. There have been notable and positive exceptions when joint advocacy by FSPs and/or UN agencies have successfully relaxed ID requirements.[10] In Egypt, UNHCR and WFP were able to advocate for the acceptance of UN refugee cards as a form of ID to help displaced persons access mobile money. In the Philippines, the central bank relaxed KYC requirements for survivors of Typhoon Haiyan by allowing FSPs to accept temporary IDs issued by local governments.

> **Customizing existing products:** Concern Worldwide partnered with M-Pesa to provide people in remote Kerio Valley, Kenya with e-cash following the 2007 post-election violence. Concern needed a customized product to provide bulk transfers. As a case study on the program notes, "The Safaricom [MNO that offers M-Pesa] team worked with Concern staff to specify and develop a tailored M-Pesa product. During this complicated development process, Safaricom invested time to learn about Concern and its activities, thereby developing a strong relationship with the organization."[11]

Several of the creative solutions described above occurred in longer-term development or recovery contexts. Short-term emergency response contexts may not provide sufficient time to tailor products. Humanitarians need additional investment from FSPs to create appropriate procedures and products. FSPs also need detailed information from humanitarian actors on their constraints and needs to be able to provide realistic guidance on the suitability of their product or create solutions to adapt to the unique circumstances of humanitarian responses.

Interviewees also provided several examples of when this type of planning and design process did not take place. In these cases, an adversarial tone precluded a sense of real partnership. This was encapsulated in comments from program managers, such as, "They need to better understand the humanitarian mandate.", "They don't understand the urgency of the situation.", and "This product is not designed for pre-literate populations."

In at least one context, an NGO started a contracting process with an FSP but ultimately resorted to delivering cash manually (through shopkeepers and cooperatives) instead of using an e-cash delivery mechanism due to the FSP's insufficient network coverage and distribution capacity in a rural context, coupled with lack of responsiveness to contract discussions and limited familiarity of program participants with the service.[12]

Even in cases where e-cash programs were successfully implemented, some program managers noted potential improvements to product offerings to improve use in humanitarian contexts.

"CHARGING TRANSACTION FEES FOR EVERY TRANSACTION AND FOR WRONG PIN ENTRY IS NOT SUITABLE FOR PRELITERATE POPULATIONS. IMAGINE AN ELDERLY LADY STANDING IN FRONT OF THE ATM MACHINE AND TRYING TO TAKE OUT HER CASH."
CRS, PREPAID CARD PROGRAM, JORDAN

> FIELD EXAMPLE

Matching technology and program design

A program in Jordan illustrates the misalignment between humanitarian target populations and standard FSP products. In a program managed by CRS, users incurred fees every time they checked their debit card account balance or keyed in a wrong PIN. In addition, the card charged a USD 3 fee per cash withdrawal. CRS had allocated 150 Jordanian Dinar (approximately USD 210) per participant household. This amount was not an automatic withdrawal option on ATMs, so participants were required to conduct two withdrawal transactions, and were charged the USD 3 each time. CRS built in some additional funds for erroneous transactions, but the fear of erroneously entering a PIN – and then being charged for that mistake – was particularly intimidating for elderly card users.

5. CONVENIENCE OF SERVICE – RATHER THAN TECHNOLOGY FAMILIARITY – WAS A KEY SUCCESS FACTOR

Programs that empowered participants to access cash at time of their choice reported higher satisfaction rates both among participants and program managers. Even participants in programs that required additional training to use an unfamiliar technology – for example, debit or ATMs cards – reported feeling empowered at the end of the program.

CRS conducted an after action review following its ATM debit card pilot program. CRS noted, "Over 90 percent of our participants had never

used an ATM before, yet, it was surprisingly easy. We had set up a call-in number for participants to report technology related issues. During the first transfer we had about thirty calls, but this was generally older people who were standing at the ATM and wanted us to walk them through using the ATM. From the second month we had almost no calls at all. The only feedback that program participants gave us was that they wanted to continue receiving cash through these cards."

In the Philippines, Mercy Corps and the FSP provided staff at cash-out sites to support participants' use of the mobile banking technology. The first cash out required more support and included practice sessions for small groups of participants. However, by the second and third cash-out, no support was required. Additionally, the majority of the calls received by Mercy Corps' hotline were regarding the timing of transfers; only a small number were related to troubleshooting the new technology.

While it is encouraging to cite these examples where users quickly learned to use new technologies, it remains important to ensure that participants are able to independently and successfully use chosen technologies both to maximize service convenience and to minimize the risk of exploitation of vulnerable program participants.

"BENEFICIARIES WILL CHOOSE THE OPTION THAT PROVIDES THEM THE MOST CONVENIENCE"
ACF PROGRAM MANAGER

CONCLUSION

Payment infrastructure and the availability of e-cash systems continue to constrain the use of e-cash in humanitarian response, particularly in rural or remote areas. In places where payment infrastructure (such as ATMs and merchants with PoS devices) is available, humanitarian agencies have the option to simplify or avoid delays associated with product customization by deploying options like prepaid cards. In many rural or remote areas – where mature payment systems are limited – program managers may have a choice of only one or two e-cash providers, with significant time required to either expand agent networks or capacity or develop new products tailored to the program. In these situations, humanitarians (and FSPs) will likely continue to face challenges unless they understand the significant time and effort required to adapt e-cash systems and expand networks. Where significant adaptations would be required for a short-term program, FSPs and humanitarians should carefully consider each other's incentives and the tradeoffs that can affect successful implementation before deciding to use e-cash.

Despite these hurdles, a growing number of e-cash program experiences demonstrate that new technologies can be successful, even when used by program participants for the first time. While a target population's access to payment infrastructure should always be carefully considered, participants appreciate the convenience of the technology when they receive sufficient training and user support.

For successful partnerships, each actor needs to clearly communicate needs and expectations. For humanitarian agencies, this means carefully explaining the target population, program objectives, timeframes, and service expectations. For FSPs, this means fully defining relevant terminology and explaining or adapting standard fees and processes that could be problematic for this new target group. Pre-positioned contracts helped some humanitarian agencies reduce start-up time. But successful implementation required clear service level agreements and active communication and follow-up with the head offices of local FSPs as well as other key stakeholders, such as field agents, in addition to contracts or framework agreements. When investigating particular delivery mechanisms, the time and costs associated with customization should be weighed with each option. Successful partnerships between humanitarian actors and FSPs rely on understanding each other's partnership goals and exploring ways to support mutual objectives. The ELAN will use the findings from this report to support discussions with e-cash providers to better understand their perspectives on humanitarian use of e-cash to date and the business case for providing products and services for humanitarian programs.

Philippines - Oxfam GB

RECOMMENDATIONS

PROGRAM DESIGN

Discuss your program goals, participant numbers and profile (e.g., elderly, pregnant women, people with disabilities, etc.), and target locations with FSPs. The FSP may be able to suggest other products or services that are more suitable or suggest process changes to fit your specific needs.

Ask FSPs for a **map of their agent locations** or plot locations on your own map to understand distance and time constraints for program participants. If distances are considerable, build a reasonable transport cost into your overall cash transfer amount.

Ask for agent's **day-to-day transaction capacity** (both pre-crisis and post-crisis). Make sure they include both the number of transactions and daily liquidity requirements (daily averages reported over a specified number of months). When you plan your own cash-outs, include a margin for the agents' daily non-program related transactions.

If your program has a large number of participants concentrated in a specific location, consider **staggering cash disbursements** within a month or **using multiple FSPs** to avoid overwhelming limited capacity.

Consider **context-specific delivery mechanisms**. If agents are not available, use alternatives, such as registered community cooperatives, hawalas, or traders. Co-operatives may also be affiliated with a bank or may be bank agents (branchless banking).

PROCESS

Ask the FSP for a **process flow** that details steps from the point where you remit money into the FSP's bank accounts until the time the program participant cashes out to understand expected timing and potential bottlenecks and to facilitate clear communications.

If the FSP does not have a process flow, **conduct a "walk through"** exercise. Pretend you are an elderly beneficiary or someone with a disability, and ask "what if" questions. Example: What if I don't have my ID documents? What alternate documents can I provide? What if I forget my mobile money security PIN? What if I cannot go to the agent to collect cash? Can I send someone else from my household? What if I lose my SIM card?

Stress test to find all possible problems prior to scale up. If the FSP states that their agent can handle up to 200 transactions per day, test the entire process for 200 transactions per day. Choose a more difficult location or challenging user groups for tests.

RECOMMENDATIONS CONTINUED

> PARTNERSHIP

Ask the FSP if they have a **contract template** that can be reviewed. This can be included as one of the mandatory documents if your organization is issuing a request for information or quotations.

If FSPs do not have a contract template, **consider asking your finance or legal team to create one** to meet your agency's procurement standards. You may choose to sign a Memorandum of Agreement (MoA) when contract discussions reach advanced stages to provide FSPs with a guarantee to begin preparations for program start-up.

Service Level Agreements (SLAs), based on discussions with the FSP, should be annexed to the contract to ensure that these discussions do not delay the actual program start up. Discuss penalty clauses with your FSP for not meeting agreed-upon service quality within a reasonable timeframe. FSPs may not accept penalty clauses, but the discussion may generate opportunities to work through specific concerns and may provide more realistic service delivery and timeline expectations. SLAs must be in written form and **signed by both parties**.

If you have a pre-positioned contract, consider including a separate SLA annex document. A separate SLA can be tailored to reflect the crisis context or other increases or decreases in the FSP's capacity since the previous engagement.

The Cash Working Group or equivalent in your country may also be able to support gathering information from FSPs or contract negotiations for multiple humanitarian actors who wish to use e-cash.

DRC – Sara Murray/Mercy Corps

TOOLS TO SUPPORT E-CASH PLANNING

A variety of tools are available to help humanitarians assess e-cash feasibility in the two most critical areas: (1) e-cash infrastructure, including mobile network coverage, and (2) FSP agent networks and liquidity.

1. When **evaluating the mobile network and payments infrastructure,** the following tools may be of use:

   a. USAID's Enabling Mobile Money Interventions: Diagnostic Checklist to assess context suitability for Mobile Money interventions (Annex A-1) provides generic guidance on key external factors that can be assessed through preliminary research. These include ascertaining whether multiple MNOs exist, with at least one dominant MNO who holds a majority share of the market (indicating competitiveness and willingness to expand); the availability of prepaid (preferably electronic airtime) credit, indicating the populations' familiarity with basic mobile phone transactions; the presence of migrant workers (both domestic or international), which indicates a market for remittances and thus the presence of an agent network to facilitate cash-outs and other useful contextual factors.

   b. GSMA's Mobile Money Unit Deployment Tracker provides a list of active and planned mobile money services, including listing the bank and MNO partners in each mobile money system.

   c. NetHope's and USAID's Mobile Financial Services Market Viability Tool provides information on the health of mobile payment ecosystems in 104 countries, including the number of ATMs, presence of point of sale equipment, mobile phone penetration and similar indicators.

2. When assessing **FSP capacity** to deliver e-cash (including agent network coverage and liquidity management), the following tools may be of use:

   a. Mercy Corps E-Transfer Guide: Annex 3 Service Provider Capacity, provides a list of eight key questions to help humanitarian actors assess the risks engaging with prospective FSPs.

   b. Based on lessons learned from e-cash programs after Typhoon Haiyan, the Mercy Corps Minimum Standards Checklist for E-Transfers provides a set of prerequisites for both humanitarian actors and FSPs to consider throughout the program lifecycle.

   c. NetHope's Service Provider Capacity Assessment Tool provides a comprehensive list of questions that humanitarian actors can ask FSPs at the pre-contracting stage. These include product details, KYC regulations, process flow, FSPs' coverage areas and cash disbursement capacity.

   d. U.S. Global Development Lab's and NetHope's e-Payments Toolkit Step 5: Selecting a Service Provider provides tips and tricks for negotiating with FSPs to select the right service provider for your program. It also links to the Digitizing Payments Process Kit, which provides practical guidance for organizations moving from cash to mobile-based payments.

3. Finally, when evaluating the ability or willingness of the **FSP to commit to a realistic and agreeable quality level for services** and issue resolution, you may want to use sample SLAs from other service contracts within your organization.

   a. CaLP's E-transfers in Emergencies: Implementation Support Guidelines includes a list of minimum requirements for a contract with a service provider.

Forthcoming tools to support e-cash program implementations include the Danish Refugee Council's tool for service provider assessment, the Better than Cash Alliance's Digital Payments Toolkit for Development Partners, and the Red Cross Movement's Cash in Emergencies Toolkit.

E-CASH HUMANITARIAN USER FEEDBACK: OBJECTIVES AND PROPOSED QUESTIONS

BACKGROUND

As humanitarians increase use of cash and vouchers in humanitarian programming, use of e-cash can offer security benefits to staff and program participants relative to physical cash and offers additional choice and flexibility to program participants relative to e-vouchers.

E-cash providers can include banks, pre-paid card issuing companies, mobile network operators (MNOs) with mobile financial service platforms or third party aggregators that manage platforms for humanitarian payments through multiple MNOs or other e-cash providers.

Humanitarian experiences with e-cash to date have varied considerably, with both successful and challenging experiences. To assist project managers considering using e-cash, the elan will conduct a review of experiences with e-cash services to gather common lessons from these experiences, including factors that contribute to or detract from successful partnerships. It will also help program managers use existing tools and prioritize key critical areas of service provision to select qualified partners and contexts that are conducive to successful e-cash transfers.

OBJECTIVES

1. Identify the most frequent challenges faced by e-cash field program managers.

2. Identify features of successful e-cash service provider relationships.

3. Use challenges and successful relationships, referencing existing and forthcoming tools for analyzing service providers, to provide recommendations to help program managers to decide whether to use e-cash and select the optimal service provider.

ACTIVITIES

> Select interviewees to cover range of contexts and e-cash systems/providers.

> Request learning documents from interested organizations' e-cash programs.

> First round of interviews with 7-10 humanitarian e-cash program managers.

> Analyze responses to identify common factors/guidance points; determine whether responses constitute clear enough examples to define minimum requirements.

> Follow-on interviews with additional project managers or contacts recommended by first round interviewees to refine/check initial findings.

> Work with elan staff to supplement and cross check with NetHope findings on with working with bulk payment providers.

> Review published and forthcoming tools that include guidance on selecting service providers (NetHope, Better than Cash Alliance, Mercy Corps, American Red Cross, Danish Refugee Council) for questions and guidance relevant to the key challenge areas.

> Assemble first draft.

> Share with interested e-cash working group members for comment.

> Revise/finalize document based on feedback.

FORMAT

A brief final report – max 10 pages – summarizing the key findings relevant to the above objectives from the interviews and resources for service provider selection.

INTERVIEW STRUCTURE AND QUESTIONS

[Note: any information given can be kept anonymous if desired. Respondents should specify any such cases.]

Explain elan work in brief:

> Bringing together humanitarians and private sector to improve e-transfers in emergencies

> Four work streams – two focused on improving products and services for e-transfers through building relationships with the private sector (e-vouchers and e-cash – topic of this research piece) and two focused on factors of how we improve the use of e-transfers within our work (pathways to financial inclusion and data management and security)

Interview questions:

1. Where and when did you manage an e-cash program? What private sector partner did you work with for this program? What was the program size? (Number of beneficiaries / budget if they are willing to disclose)

2. What were the objectives of the program? Why did you choose to use e-cash for this program? Did you consider any other cash delivery mechanism before choosing this one?

3. Tell us a little bit more about the program starting from the contracting process until the close out period. What do you think worked particularly well (why?). What were the pain points (why?) [Note: Successes and pain points should be described both for program managers / INGO staff and from the perspective of the user (beneficiary); these may be two very different sets of challenges.]

4. How was your experience with the contracting process? (for example, did you have any pre-positioned agreements in place? how did you feel about length of time to contract, communication, appropriate products/services/coverage offered by the partner and pricing?)

5. Did your partner provide all the services they committed to during the contracting / negotiations phase? Was this up to the expected level of service to program participants and to your program staff? In what ways did they exceed or fail to meet expectations? (remind that information, including the country or other details can be kept confidential, but sharing positive and negative experiences is important to other users) Dig for details on the following specific issues:

> System and processes for registering beneficiaries or enrolling them as clients

> Platform or service used to receive and process payment requests

> Reliability of payment platform (were there frequent outages, or other technical issues, if so describe)

> Customer service mechanisms (for both the agency and individual beneficiaries); (Isssue resolution)

> Reporting suite

> What other products and services did your partner offer beside the one you chose? For example: If you chose mobile banking, did the partner also provide

insurance, loans, e-payments, remittance services, Did the partner have products such as pre-paid cards alongside cash transfer options? Do you think the specific product you chose was right for your beneficiary? If yes, why? If no, why not.

6. Describe the process of collecting beneficiary information and sharing this with the service provider to execute a transfer. (Did the humanitarian organization or the service provider collect this data? In what format was it shared with the service provider? Was there an agreement about the limitations of use of beneficiary information?)

7. [Where relevant] Did your service provider have enough liquidity in the system (on a normal business day) to accommodate your program's cash transfer needs? If not, what special steps did they take to ensure sufficient liquidity when demanded by beneficiaries? Did you have to support this process?

8. Were program participants satisfied with e-cash provider? [Where relevant] Did program participants continue to engage with the partner? (e.g. maintaining

accounts or service). Is the e-cash provider continuing to engage with your program participants? How? (e.g. services being offered, encouragement to buy products...)

9. When sharing information on program participants, did the provider have standards in place to ensure safeguarding of this information? Was planned information sharing and reconciliation accomplished satisfactorily?

10. Based on your experience with this program, would you implement a similar program again? If yes, what changes would you make? If no, why not?

11. Are there any other insights on partnership or improving e-cash products and services that you would like to share based on your experience?

12. In implementing this program, did you identify fundamental capacities that you would consider prerequisites for an e-cash provider to have engaging with them?

13. Did you / your staff have prior experience of implementing an e cash program of a similar nature in the past? Did that help? If yes, how. If not, why?

14. Rewind a year. You are starting the implementation of an e-cash program. Imagining that you do not have the knowledge you have today, what information or tools would you have wanted to review before you started the program implementation?

INTERVIEW RESPONDENTS AND PROGRAM TYPES

ORGANIZATION	PROGRAM MANAGER (RESPONDENT)	CONTEXT	NUMBER OF BENEFICIARIES TARGETED (HOUSEHOLDS)	TIMEFRAME	GEOGRAPHY	DELIVERY MECHANISM	FINANCIAL SERVICE PROVIDER
Save the Children	Osunnuyi Tosin	Development, Rural	50,000	5 years; multiple transfers	Nigeria	Mobile Money	Bank MNO (back end)
Save the Children	Angeline Itai Matereke	Humanitarian, Rural	30,237	6 months; multiple transfers	Zimbabwe	Mobile Money	MNO Cash in hand (areas with no network)
Humanitarian actor	Rebecca Vo	Humanitarian, Rural	1,200 880	6 months; multiple transfers	Kenya Uganda	Mobile Money	MNO
Catholic Relief Services	Joanna Olsen Maggie Holmesheoran Sarah Gilbert	Humanitarian, Urban (Pilot)	298	3 months; multiple transfers	Jordan	Debit cards	Card provider
American Red Cross	Wendy Brightman	Development, Urban (Pilot)	100	3 months; multiple Transfers	The Caribbean	Debit cards	Card provider
Action Contre la Faim (ACF)	Muhammed Usmaan	Humanitarian, Rural: 9,500 hh Urban: 500 hh	10,000	6 months; multiple transfers	Philippines	Debit cards (500 hh) Remittance company (9,500 hh)	Card provider Remittance agency
GOAL	Kevin Murphy	Humanitarian, Rural	1,500	3 months; multiple transfers	Philippines	Remittance company	Remittance agency
Mercy Corps	Vaidehi Krishnan*	Humanitarian, Rural and Urban	25,000	6 months; multiple transfers	Philippines	Mobile Money	Bank MNO (back end)
World Vision**	Jay Narhan	Humanitarian	–	–	Haiti Philippines	Mobile Money	MNO

* Not interviewed but information from program cited in the study. This program is not included in calculations in figures 1 and 2.

** Discussion with World Vision focused on the systems and software that World Vision uses in global emergencies (Last Mile Mobile Solutions) rather than implementation of a specific program.

This resource was created by the Electronic Cash Transfer Learning Action Network (ELAN). The ELAN works to improve how electronic cash and electronic vouchers are used to assist survivors of natural disasters and conflict. It brings together staff from humanitarian organizations and the private sector to improve e-transfer programs.

elan
The Electronic Cash Transfer
Learning Action Network

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THIS DOCUMENT HAS BEEN ADAPTED FROM THE FOLLOWING RESOURCES:

[1] For additional terms and definitions used in this document see http://bit.ly/1MHjIuu

[2] See Annex B for more information on reviewed programs.

[3] The ELAN working definition of an agent is "an entity or retail outlet where an e-cash can be spent or redeemed for cash, and/or where e-cash account holders can perform other transactions." In other literature agents are also commonly referred to as Cash-In Cash-Out Agents or CICOs.

[4] Paul Harvey and Sarah Bailey (2015). "Cash transfer programming and the humanitarian system", ODI http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9592.pdf

[5] Ibid. citing WFP (2015). "Budget Increase to Emergency Operation 200433." Rome: World Food Programme. http://documents.wfp.org/stellent/groups/internal/documents/projects/wfp271619.pdf

[6] The Active Learning Network for Accountability and Performance in Humanitarian Action, http://www.alnap.org/

[7] WFP representatives could not be interviewed for this review due to emergency deployments to Nepal in April 2015; however WFP staff contributed a review of their partnership with Landbank in the Philippines. See footnote 8.

[8] Partnering with Existing National Safety Nets for Emergency Payments: WFP's Collaboration with the Pantawid Pamilyang Pilipino Program in the Typhoon Haiyan Response – Bankable Frontier Associates, April 2015. http://www.cashlearning.org/downloads/bfaassessment-of-potential-wfp-g2p-partner-programs-in-the-philippinesfinal1.pdf

[9] In a mobile money modality, the agent SIM is registered as an authorized SIM with the bank or the MNO's systems and can perform unique transactions such as sending or receiving notifications to / from the FSP to validate / authenticate the beneficiary's transaction.

[10] GSMA. Disaster Response: Mobile Money for the Displaced. December 2014. http://www.gsma.com/mobilefordevelopment/disaster-response-mobile-money-for-the-displaced

[11] Cash Transfers through Mobile Phones: An Innovative Emergency Response in Kenya ALNAP Innovations, Case Study No 1, Page 4

[12] Solidarités International internal learning document.