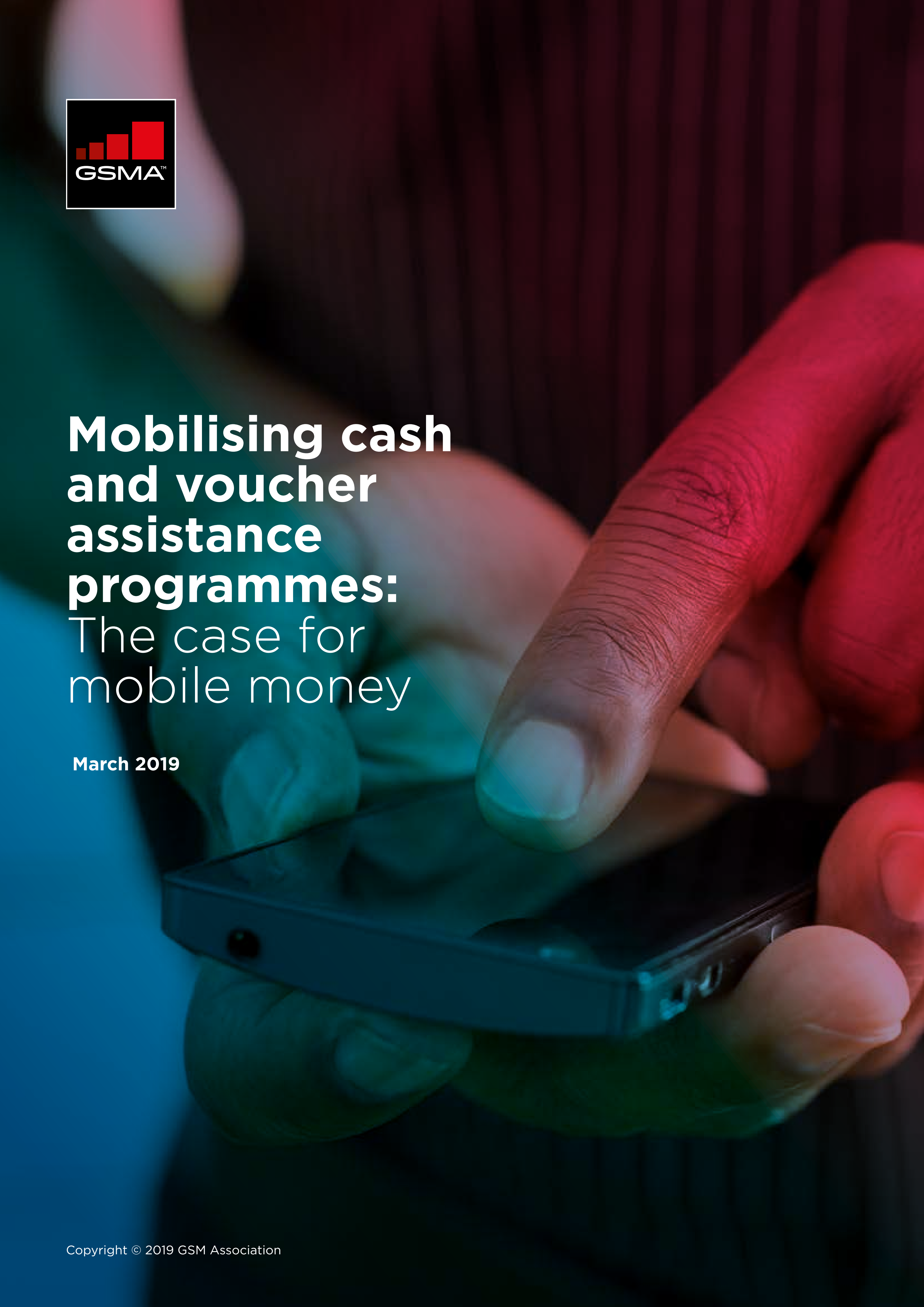

Mobilising cash and voucher assistance programmes: The case for mobile money

March 2019

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Contents

1. Executive summary

The protraction of humanitarian crises requires innovative solutions to help ease stretched resources to enable their effective and efficient use. The humanitarian sector is rapidly increasing the amount of assistance they distribute as cash and are increasingly using or exploring digital payment systems such as mobile money to do so. Although the fastest means of disbursement at the immediate onset of a crisis is to deliver physical cash, digital options offer greater benefits longer term.

A mobile money service includes transferring money and making payments using a mobile phone.[1] While service availability varies by country, a mobile money account enables customers to send person-to-person (P2P) payments, conduct airtime top-ups and pay bills. For over a decade, mobile money has been driving financial inclusion, opening access to digital transactions and giving people the tools to better manage their finances. By the end of 2018[2], there were 866 million registered accounts across 90 countries, and mobile money has materialised as the leading payment platform for the digital economy in many emerging markets.

Leveraging mobile money to deliver cash and voucher assistance (CVA) has the potential to increase efficiency in delivering cash assistance by offering a faster, more secure and transparent means of getting help to those most in need. Mobile money also gives recipients access to a suite of services, freedom and dignity to choose where and when they receive their CVA, and offers connectivity through voice and data services.

1. GSMA (2019). State of the Industry Report on Mobile Money Appendix 2018
2. GSMA (2019). State of the Industry Report on Mobile Money 2018

However, it is vital that the necessary infrastructure, systems, and partnerships are established before digital payments are rolled out. Setting up digital payments during humanitarian crises is complex, as there are time limits and building the needed infrastructure can be expensive and challenging for both humanitarian organisations and mobile network operators (MNOs). **The best cash delivery option should always be a context-specific judgement, with an assessment of strengths, weaknesses and costs of a wide range of feasible options.**

Mobile money enabled payments in the humanitarian sector are still nascent, but will likely continue to be a common feature for this sector. Therefore, the humanitarian and telecom sectors will benefit from more knowledge, experience and convening power to overcome challenges and converge. For this reason, the GSMA Mobile for Humanitarian Innovation (M4H) programme supports stakeholders to better understand the benefits of mobile money for CVAs, and when they are most appropriate.

Through extensive interviews with MNOs and humanitarian stakeholders, this report conveys the benefits of mobile money enabled CVA programming and provides a framework for mobile money as a superior cash delivery modality. The report offers recommendations for both humanitarian organisations and mobile money service providers regarding the partnerships required to enable effective and efficient use of mobile money in humanitarian contexts.

More specifically, the report seeks to:

1. Highlight the shift in the humanitarian sector from in-kind to cash aid, presenting how much aid is CVA;
2. Explain how and in which circumstances digital cash transfers are strategic for the humanitarian sector;
3. Outline important considerations for setting up mobile money for CVA programmes for humanitarian organisations and MNOs; and
4. Estimate potential revenues for mobile money providers (MMPs) utilising mobile money CVA programming, including projections of future revenue sources, once the digital ecosystem is in place.

Building operations in humanitarian contexts can be challenging and expensive, and the potential revenue generated for MMPs *directly* from CVA programming, relative to other mobile services, may be relatively low. **However, coordination between players, creating opportunities to encourage mobile money use beyond cash-outs, and linking humanitarian cash transfers to other programmes such as social safety nets, can build a persuasive business case for mobile money providers.** Understanding the complementary benefits of connectivity and the auxiliary services available through mobile phones once connectivity is in place is an important consideration for all stakeholders concerned with efficiently delivering aid.

2. Introduction

Images of food, medicine and blankets parachuted into crisis zones by United Nations planes have captured the public's attention and defined the humanitarian sector for years. However, these in-kind transfers are expensive to deploy and slow to reach their destination. With humanitarian crises at historically high levels, these methods of delivering aid are stretching humanitarian budgets around the world.

The United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) estimates that in 2019, there will be 131.7 million people in need of humanitarian assistance, at a cost of approximately $25.3 billon[3] – $400 million more than in 2018, the highest on record.[4] To try and reach as many of these people as possible, the sector is moving towards delivering large portions of this assistance as cash transfers. These transfers provide efficiency gains, as using cash limits the need for international shipping and storage facilities that in-kind resources generally require.

3. UN OCHA (2018). Global Humanitarian Overview 2019. Note that this figure includes the financial requirements for Syria if the requirements were to stay the same as in 2018 – 2019 financial requirements are due for confirmation upon finalisation of the UN OCHA 2019 Humanitarian Response Plan (HRP).
4. Ibid.

Many studies show that cash provides salient benefits for recipients and the communities in which they are based.[5] Displaced people increasingly integrate into local communities, as opposed to living in isolated, large tented camps of the past and while this provides obvious benefits for the quality of life of the displaced population, it can be burdensome for the local host community.

Cash assistance turns refugees into customers by giving them the means to support the local economy. For instance, research conducted in two Ugandan refugee camps, Rwamwanja and Adjumani, showed refugees to be net-contributors to their respective local economies.[6] When considering cash assistance, humanitarian organisations should ensure local markets can support it (e.g. there are food markets available where beneficiaries can spend their cash assistance)[7] and be aware that they may have to supply speciality items that are not readily available (e.g. medicines), but for everything that is already *in situ*, cash is often a superior solution.

A widely debated topic has been whether beneficiaries will use the cash responsibly. A body of research has supported the philosophy that recipients know best what they need and considered trustworthy to spend the cash wisely on those needs.[8] Giving recipients more choice to determine what they need is now one of the most touted benefits of switching to cash.

Cash assistance also benefits humanitarian organisations, helping stretch limited humanitarian resources and costing less than in-kind transfers by reducing transport and storage of relief goods.[9]

Since cash assistance has such significant benefits for these important stakeholders, CVA[10] is predicted to continue to grow in prominence. However, while there has been considerable growth in the last few years, the humanitarian sector still has limited experience with CVA, and initial efforts have shown there is still a lot to learn, particularly when using mobile money for these distributions.

This report focuses on the opportunities presented by providing mobile money enabled CVA programming for the humanitarian and MNO sectors. The report aims to provide a framework for mobile money to be employed as a superior cash delivery modality when applicable. The paper concludes with recommendations for each key stakeholder across four areas of consideration for the successful deployment of CVA through mobile money. The research presented in this paper is based on key informant interviews with the humanitarian and private sectors, coupled with desk-based research.

The GSMA M4H programme aims to accelerate the delivery of digital humanitarian assistance by catalysing partnerships and innovation for new digital humanitarian services, including digitising CVAs where appropriate. M4H will follow this landscape research with two operational handbooks on mobile money enabled CVAs for the humanitarian and private sectors, respectively.

5. ODI (2015). Doing cash differently. How cash transfers can transform humanitarian aid. The Overseas Development Institute (ODI) has provided a comprehensive report that identifies over 200 resources and studies evaluating the effectiveness of cash transfers, with the evidence overwhelmingly suggesting a greater use of cash assistance where appropriate.
6. Taylor, J. E., et al. (2016). Economic Impact of Refugee Settlements in Uganda.
7. ECHO (2015). 10 common principles for multi-purpose cash-based assistance to respond to humanitarian needs. Principle 7 states, "an appropriately detailed assessment of the capacity of markets and services to meet humanitarian needs must be carried out at the outset of a crisis, integrated within the overall assessment and regularly monitored and reviewed."
8. For a summary of research papers on cash transfers in the humanitarian sector, see: Bailey, S. & Harvey, P. (2016). State of evidence on humanitarian cash transfers. ODI.
9. ODI (2015). Doing cash differently. How cash transfers can transform humanitarian aid.
10. CaLP has adopted Cash and Voucher Assistance (CVA) as a new umbrella term to refer to programmes where cash transfers or vouchers for goods or services are directly provided to recipients. For the full glossary of terminology for CVA, see: http://www.cashlearning.org/resources/glossary#CVA

3. The humanitarian sector

The humanitarian sector is complex in nature due to the myriad of players involved in responding to humanitarian crises. The following section looks at how the sector functions at a high-level and is important reading for those less familiar with its operations.

3.1 Agencies and organisations

The humanitarian sector is both a hierarchy and a web. While there are many important sources of funds, there are three bilateral donors: The United States Agency for International Development (USAID), the United Kingdom's Department for International Development (DFID), and the European Union's European Civil Protection and Humanitarian Aid Operations (ECHO), who together accounted for approximately 74 per cent of CVA in 2015.[11] Their policies define the industry and they advocate the increased use of cash. For the past several years, DFID and ECHO have been encouraging the use of cash as the default mechanism for delivering humanitarian assistance, and for more coordination and cost-effectiveness in the industry. USAID has been driving its partners to use digital payments for operational and staff payments but has been less vocal on the topic overall.

There are some procedural obligations that make the increased use of cash difficult. Common donor practices of earmarking funds, making donations in-kind, prescriptive procurement policies and annual budgets often approved in multi-year protracted contexts can pose challenges to cash programming. However, changes in donor funding practices have the potential to help overcome many of these challenges.

The sector becomes even more complex when considering the implementers of assistance to beneficiaries. Depending on the cause of the humanitarian issue, the country and specific locality in which it occurs, and the type of intervention needed, there are a myriad of actors that may be involved directly or indirectly by subcontracting other organisations to implement programmes for them. Understanding two connected but distinct approaches is helpful in categorising how the industry generally approaches responding to humanitarian crises.

11. Spencer, A. et al. (2016). Counting cash: tracking humanitarian expenditure on cash-based programming. ODI.

3.2 The cluster approach

The Humanitarian Reform Agenda of 2005 developed the cluster approach, designed to increase coordination among humanitarian organisations.[12] The system groups United Nations (UN) agencies and other international non-governmental organisations (INGOs) under different sectors (e.g. food security, health and logistics) that require management in a humanitarian disaster. An organisation from each cluster will assume a leadership position for that sector to ensure that all activity is coordinated effectively.

The decision to distribute assistance as cash may be made at the cluster-level, and recent research shows that food security, shelter and Water, Sanitation and Hygiene (WaSH) are the leading clusters to routinely consider cash as a disbursal mechanism.[13] There is wide consensus that cash programming coordination should be carried out at the inter-cluster level, and include the chair of the Cash Working Group (CWG) for the respective country.[14] The aim of CWGs is to facilitate coordination amongst key stakeholders involved in the disbursement of cash assistance in the humanitarian sector. Since UN OCHA is responsible for inter-cluster coordination, they have the responsibility for cash coordination but not for decision-making, delivery or resource allocation. Industry specialists broadly agree that the coordination leadership role should ideally remain segregated from implementation aspects of programming.[15]

3.3 Agency type

There are many UN agencies involved in humanitarian crises, namely: UN OCHA, The UN High Commissioner for Refugees (UNHCR), The World Food Programme (WFP), The Children's Fund (UNICEF), International Organisation for Migration (IoM), and The Food and Agriculture Organisation (FAO).

Different UN agencies and INGOs working in the humanitarian sector form clusters to facilitate coordination when preparing and distributing assistance. If a UN agency has expertise in a country where a crisis occurs, it will likely distribute the assistance itself, but if it does not, it may subcontract an INGO to implement the distribution for them. In 2016, UNHCR reported channelling 20 per cent of $1.4 billion disbursed to 900 national partners and plans to increase this to 25 per cent by 2020. This is in line with UNHCR's commitment to improve the efficacy of service delivery by increasing engagement and strengthening ties with local and national partners in country operations.[16]

There are both local and international non-governmental organisations (NGOs) heavily involved as well. However, it is usually a large INGO that receives donor funding that then may subcontract some or all of its distribution to a local organisation.[17]

12. UN OCHA. (2019) Humanitarian Response. What is the Cluster Approach? See: https://www.humanitarianresponse.info/en/about-clusters/what-is-the-cluster-approach
13. CaLP and Accenture. (2018). The state of the world's cash report: cash transfer programming in humanitarian aid.
14. Ibid. The report includes primary and secondary research from over 40 key informant interviews and surveys from 200 practitioners and organisations including donors, NGOs, INGOs, UN agencies, the private sector and government.
15. Ibid. Page 70.
16. UNHCR. (2017). Global Appeal 2018-2019.
17. Some of the INGOs in the space are: Save the Children, Mercy Corps, CARE, Action Contre le Faim, ICRC, IRC, Oxfam, Concern Worldwide, and World Vision International.

3.4 Partnerships, coordination and collaboration

Beyond these organisations and agencies, there are two learning networks. **The Cash Learning Partnership (CaLP)** was founded in 2005, has 80 member organisations, including UN agencies, payment platforms and INGOs, and works on policy, capacity building, coordination, and research.[18] The **Electronic Cash Transfer Learning Action Network (ELAN)** was founded by Mercy Corps in 2015 and closed, as planned, in late 2018. ELAN focused on the appropriate use of payments technologies for humanitarian organisations.[19] Although it will no longer be producing new insights, the programme leaves behind a large, robust repository of resources to improve the use of electronic cash and vouchers in emergencies.[20]

On the national level, cash working groups (CWGs) have become increasingly common, and some have reached a further level of formalisation as cash consortiums. CaLP coordinates with these CWGs, and it is widely agreed by industry experts that the chair of the CWG should participate in the inter-cluster coordination meetings.[21]

There are examples of CWGs across the world including in Iraq, Ukraine, the Philippines, Myanmar, Uganda and two prominent groups in Somalia.[22] The two best-known examples however are in Lebanon and Jordan. They are somewhat unique in that they both use a common payments platform. The Lebanon Cash Consortium (LCC) is comprised of six NGOs that coordinate with WFP and UNICEF to use a common e-card for disbursement called LOUISE[23] while the Common Cash Facility (CCF) in Jordan consists of a group of UN agencies and INGOs delivering 90 per cent of cash aid to beneficiaries outside settlement camps.[24]

Somalia Cash Consortium

Through the Somali Cash Consortium, INGOs supported primarily by ECHO, provide life-saving multi-purpose mobile money cash transfers to vulnerable Somali households. Since the Cash Consortium began work in January 2018, it has provided assistance to over 294,000 Somalis, helping drought- and disaster-affected households fill critical gaps in meeting their basic needs. In addition to providing immediate humanitarian assistance, the Cash Consortium is building robust cash transfer systems by working with all stakeholders to streamline each stage of the cash-transfer process - from community registrations to transfer reporting, forecasting and coordination. Utilising harmonised, coordinated targeting and implementation practices provides for efficiency and coherence, allowing for the sharing of best practices and learning between agencies and ultimately delivering greater impact to the beneficiaries.

18. For a List of CaLP's donors, see: http://www.cashlearning.org/about-us/donors
19. ELAN began winding down in mid-2018. See: http://www.cashlearning.org/downloads/elan-july.august2018calp.pdf
20. CaLP (2019). ELAN resources. See: http://www.cashlearning.org/elan/elan-resources
21. CaLP and Accenture. (2018). The state of the world's cash report: cash transfer programming in humanitarian aid.
22. The Somali Cash Consortium is led by Concern Worldwide, and members include Concern, ACTED, COOPI, DRC, NRC and Save the Children
23. Keith, A. L. (2017). The cash debate in Lebanon. See: https://odihpn.org/blog/cash-debate-lebanon/
24. UNHCR (2017). The Common Cash Facility. Partnering for Better Cash Assistance to Refugees in Jordan.

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The CWGs' influencing and collaboration role may be limited as they are convened ad hoc and so far, have not led to further collaboration between organisations. The industry is in open debate about the level of programming convergence there can and should be with cash, and how CWGs could regroup to spearhead and further push collaboration to better understand the benefits and drawbacks of using common payment platforms.

In December 2016, ECHO and DFID attempted to test whether this could be put into practice, and issued a joint request for proposals in Lebanon, stipulating a single monthly cash transfer delivered from one agency through a single (digital) platform. UNHCR led a bid but there was no deal, sparking an ongoing debate around the efficacy of the proposal.[25]

One view is that a system like this would heavily favour big organisations like UNHCR and WFP, potentially restricting or preventing INGOs from effectively contributing their areas of expertise when most needed. In addition, it would concentrate risk and likely limit the diversity of approaches to the difficult problems faced in humanitarian crises. **This potential shift in distribution of funds prompted 15 INGOs, along with CaLP, to launch an initiative called the Collaborative Cash Delivery (CCD) Network[26], aimed at facilitating programmatic and operational interoperability between agencies to find a less prescriptive and more transparent means of industry collaboration via the Response Builder,** which is currently in prototype and testing phase.[27]

3.5 Principles, commitments and guidelines

The conversion to cash has been relatively slow and is still in progress for the humanitarian sector. **However, the sector has transitioned from a protracted period of research on the potential to use cash, to strong recommendations on significantly increasing its use.** Over the last three years, this has catalysed organisations to release guidelines, make commitments, and take action to significantly increase the amount of cash they are distributing (Figure 1).

In March 2015, ECHO released *Ten Common Principles for Multi-Purpose Cash-Based Assistance to Respond to Humanitarian Needs*[28], clarifying that cash should always be evaluated as a delivery modality for assistance.

The High Level Panel on Humanitarian Cash Transfers released a landmark landscape report in September 2015 titled *Doing Cash Differently*,[29] recommending a significant increase in the use of cash transfers in humanitarian contexts and further recommending partnering with the private sector, and using digital delivery systems when possible.

In February 2016, 24 prominent humanitarian and private sector organisations met in Barcelona and drafted *Principles for Digital Payments in Humanitarian Response*[30] (often referred to as the Barcelona Principles), which advise building payments systems that treat recipients like customers and use shared payments infrastructure when possible.

In May 2016, adoption of the *Grand Bargain*[31] took place during the World Humanitarian Summit, which convened over 30 key donors and humanitarian organisations to agree to 51 commitments across 10 thematic work streams, with goal number three committing to "increase the use and coordination of cash-based programming." The overarching aim of the agreement is to improve the effectiveness and efficiency of humanitarian action by harnessing the vast experience and expertise from across the humanitarian ecosystem.

At the World Economic Forum in January 2017, the release of *Principles on Public-Private Cooperation in Humanitarian Payments*[32] encouraged mutually beneficial partnerships between the sectors. Then, in November 2017, ECHO released guidelines for humanitarian organisations to use a single payment mechanism managed by a sole financial service provider in each country of operation to increase efficiency and coordination in the sector.[33]

25. Bailey, S. & Harvey, P. (2017). The DFID/ECHO approach to cash assistance for refugees in Lebanon. ODI
26. UNHCR (2018). Statement by the Collaborative Cash Delivery Platform on draft 1 of the Global Compact on Refugees.
27. CaLP (2019). Operational Models. See: http://www.cashlearning.org/thematic-area/operational-models
28. ECHO. (2015). 10 common principles for multi-purpose cash-based assistance to respond to humanitarian needs.
29. ODI (2015). Doing cash differently. How cash transfers can transform humanitarian aid.
30. The Barcelona Principles. See: https://static.globalinnovationexchange.org/s3fs-public/asset/document/Digital-Payments-Humanitarian-Principles_0.pdf?BvMH5s_7H6psd-5btsC7ZIS3v8KBx4Xdj
31. For more information on the Grand Bargain, see: https://www.agendaforhumanity.org/initiatives/3861
32. World Economic Forum (2017). Principles on public-private cooperation in humanitarian payments.
33. ECHO (2017). Guidance to partners funded by ECHO to deliver large-scale cash transfer. See: https://ec.europa.eu/echo/sites/echo-site/files/guidance_note_cash_23_11_2017.pdf

Figure 1

Timeline of key principles, commitments and guidelines in the humanitarian sector

March 2015
Ten Common Principles for Multi-Purpose Cash-Based Assistance

September 2015
Doing Cash Differently

February 2016
Principles for Digital Payments in Humanitarian Response (Barcelona Principles)

May 2016
Grand Bargain

January 2017
Principles on Public-Private Cooperation in Humanitarian Payments

November 2017
Guidance to deliver large scale cash transfers

The result of these efforts is large scale agreement that the industry should deliver more of its assistance as cash and in partnership with the private sector. As cash programming scales up, distributing cash digitally has potential benefits for humanitarian stakeholders and beneficiaries, including increased transparency in addition to reduced risk of fraud and theft, fast and flexible delivery (once the system is set up) and greater potential linkages for financial inclusion.[34] However, although efforts are being made to increase and improve coordination and collaboration, the humanitarian and private sectors are actively deliberating on the best mechanisms to do so.

34. GSMA. (2018). Landscaping the digital humanitarian ecosystem.

3.6. How much humanitarian aid is in cash and vouchers?

In 2016, $2.8 billion in humanitarian assistance was distributed in cash and vouchers.[35] **This is a 40 per cent increase from the $2 billion that was distributed in 2015, yet only 10.3 per cent of total humanitarian assistance in 2016.**[36] Therefore, while CVA has been growing robustly in the last few years, there is still significant growth potential and for that growth to continue to scale upwards rapidly.

UNHCR and WFP distributed approximately two thirds of this assistance. Both organisations are aggressively increasing their CVA programming while using different disbursement modalities. In most cases, the WFP uses an in-house system called SCOPE[37] which distributes approximately 80 per cent of funding via vouchers, while UNHCR registers beneficiaries through its progress system[38] and delivers cash 99 per cent of the time (cash includes digital payments).[39] Both systems are designed to stand alone or work with a private sector payments provider.

35. CaLP and Accenture. (2018). The state of the world's cash report: cash transfer programming in humanitarian aid. Note that not all organisations reported and of those that did, some had to make estimates. Additionally, there is no industry-wide standard for reporting CVA expenditure. Some provide only figures for value of transfers delivered to beneficiaries whilst others provide an overall figure comprising transfer amounts and associated programming costs. Estimates of cash transfers only started in 2015 as an effort to create a baseline to measure commitments made that year to increase CVA, though there is a purely estimated range for 2014 of between $1.2 – $1.5 billion.
36. CaLP and Accenture. (2018). The state of the world's cash report: cash transfer programming in humanitarian aid.
37. WFP (2017). WFP SCOPE. See: https://docs.wfp.org/api/documents/7e86e5a6a70447aba713e3cd4e759d8d/download/
38. UNHCR (2019). UNHCR: proGRes. See: https://undatacatalog.org/dataset/progres
39. Development Initiatives (2017). Global Humanitarian Assistance Report 2017.

4. Digitising cash and voucher assistance

Digitising humanitarian cash transfers has many potential advantages for humanitarian organisations. At the immediate onset of a humanitarian crisis, delivering assistance in the form of physical cash may be the easiest means to do so. The lack of know-your-customer[40] (KYC) requirements removes the need for official identification (IDs) that can serve as a barrier to forcibly displaced people (FDP) who have often travelled long distances to safety. However, **delivering cash assistance digitally has a plethora of benefits that physical cash does not and using mobile money has the potential to not only increase efficiency in the delivery of cash assistance, but to provide beneficiaries with access to a greater suite of services that physical cash alone has to offer.**

Although delivering physical cash is likely to be the fastest means of disbursement at the immediate onset of a crisis, digital means offer greater benefits longer term. Electronic transfers have the potential to offer a faster, more secure and more transparent means of giving help to those who need it, as well as greater freedom and dignity for beneficiaries to choose when and where they receive their CVA, compared to a physical cash equivalent.[41]

40. Financial institutions and regulated financial services providers are obligated by regulation to perform due diligence to identify their customers. The term is also used to refer to the regulation which governs these activities. The FATF (Financial Action Task Force) recommends a risk-based approach to due diligence for AML/CFT (anti-money laundering and counter-financing of terrorism) controls. see: GSMA (2019). Appendix: State of the Industry Report on Mobile Money. https://www.gsma.com/r/wp-content/uploads/2019/02/State-of-the-Industry-Report-on-Mobile-Money-2018-Appendix.pdf
41. GSMA (2017). Landscape Report: Mobile Money, Humanitarian Cash Transfers and Displaced Populations.

Figure 2

Cash versus digital delivery of CVAs

Digital delivery	Cash in envelopes
Once a system is set up, it allows for extremely fast delivery and flexibility, enabling easy changes to disbursal frequency or amount, if required.	Often the fastest to deploy at the onset of a crisis.
Provides a trail of the amount received, when and for how much, increasing transparency as well as enabling reconciliation of funds and reducing risk of theft and fraudulent activity.	Generally does not require beneficiaries to undergo KYC procedures, which is of benefit in situations where FDPs do not have identification or recognised IDs.
Beneficiaries have greater freedom to choose when and where they receive their payments.	Works with minimum infrastructure such as electricity, with no training necessary on how to use new systems.
Greater ability for linkages to financial inclusion and other longer-term development outcomes.	Beneficiaries spend time queuing to receive assistance, but can spend the cash immediately.
Though set up may be costly, subsequent cost per transfer should be more economical than continued cash envelope deliveries. Digital transfers are also superior for recurring transfers.	

4.1 The case for mobile money

Humanitarian organisations' commitment to increase cash assistance, and the growing appetite to do so digitally and partner with mobile money providers (MMPs) where appropriate, provides MNOs with the potential opportunity to expand their bulk payments offering while attracting new customers.

A well-designed mobile money service will have many competitive advantages when compared to a bank-based system that make it the favoured system in appropriate contexts. **MNOs generally have a lower cost basis per customer, more mass-market retail experience and large sales and distribution systems.** Furthermore, they are more likely to have many more customers registered for voice and data services, if not mobile money directly. Anecdotal evidence suggests that the use of mobile money has neither introduced significant risk nor compromised the integrity of the financial sector. As such, simplified KYC requirements for mobile money accounts and agents could bring more people into the financial system as demonstrated in countries such as Ghana where simplified KYC requirements are in place.[42]

Figure 3

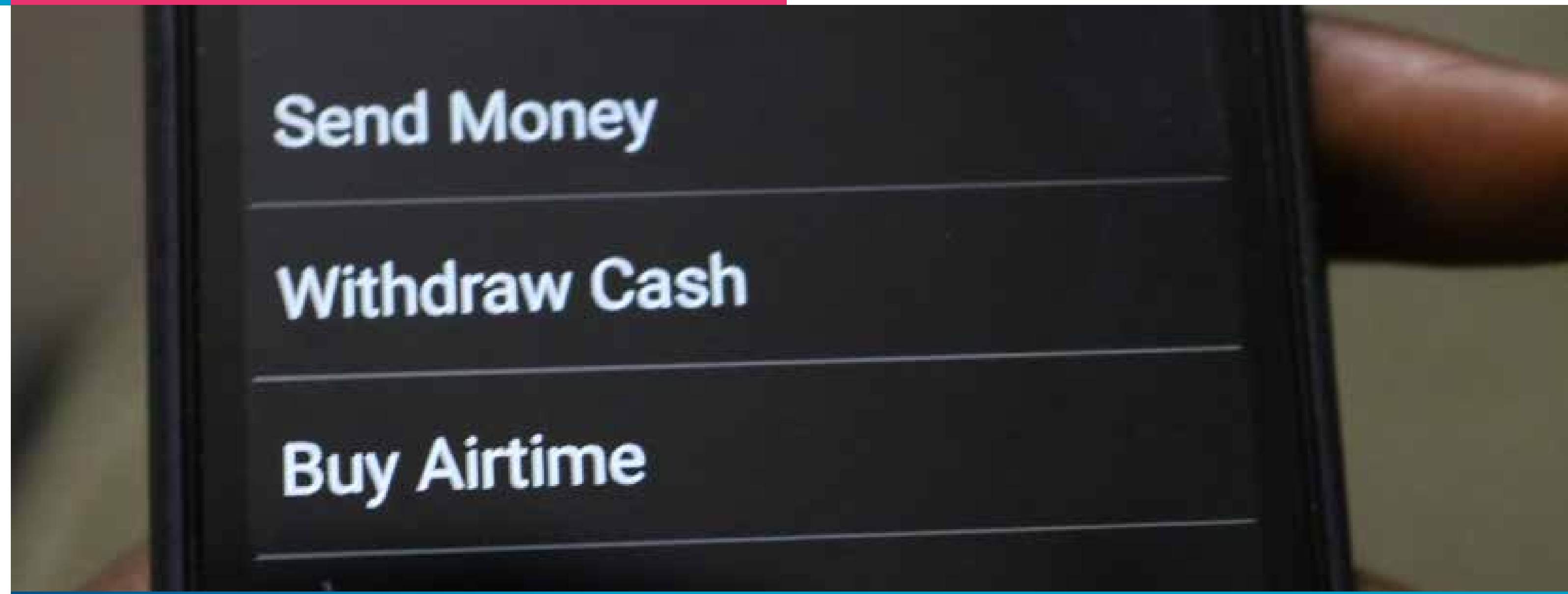
Advantages of mobile money CVA

Advantages	
Large agent networks that extend beyond banking infrastructure.	Generally have a lower cost basis than banks.
Experience with mass market sales and distribution operations (promotion, registration, training).	Recipient is likely to also benefit from other associated mobile services.
Likely to have more people already registered than other financial service providers (FSPs).	Simplified know your customer (KYC) requirements for mobile money accounts and agents, making the system easier to scale.

Humanitarian mobile money advantages

There are distinct advantages to mobile money, as demonstrated in Figure 3. Foremost, **setting up a recipient with access to a mobile money account means giving them access to all other benefits of connectivity, which they do not necessarily get with other financial institutions.** Additionally, mobile money offers a two-way communication channel between the provider and customer to resolve issues and send communication, such as payments alerts, with the potential for a more efficient two-way communication channel between the humanitarian organisation and the beneficiary. And in emergencies where the recipient must travel during the transfer period, mobile money will often provide a convenient and secure means of accessing funds, owing to the wide agent distribution network.

42. GSMA (2019). Overcoming the Know Your Customer hurdle: Innovative solutions for the mobile money sector.



5. Considerations in implementing digital transfers

5.1 Setting-up digital payments

It is important to note that references to the benefits of digital payments are typically referring to systems that are well-established. In the developing world, digital payment systems that function perfectly are still rare, and rarer in the difficult places that humanitarian organisations work.[43]

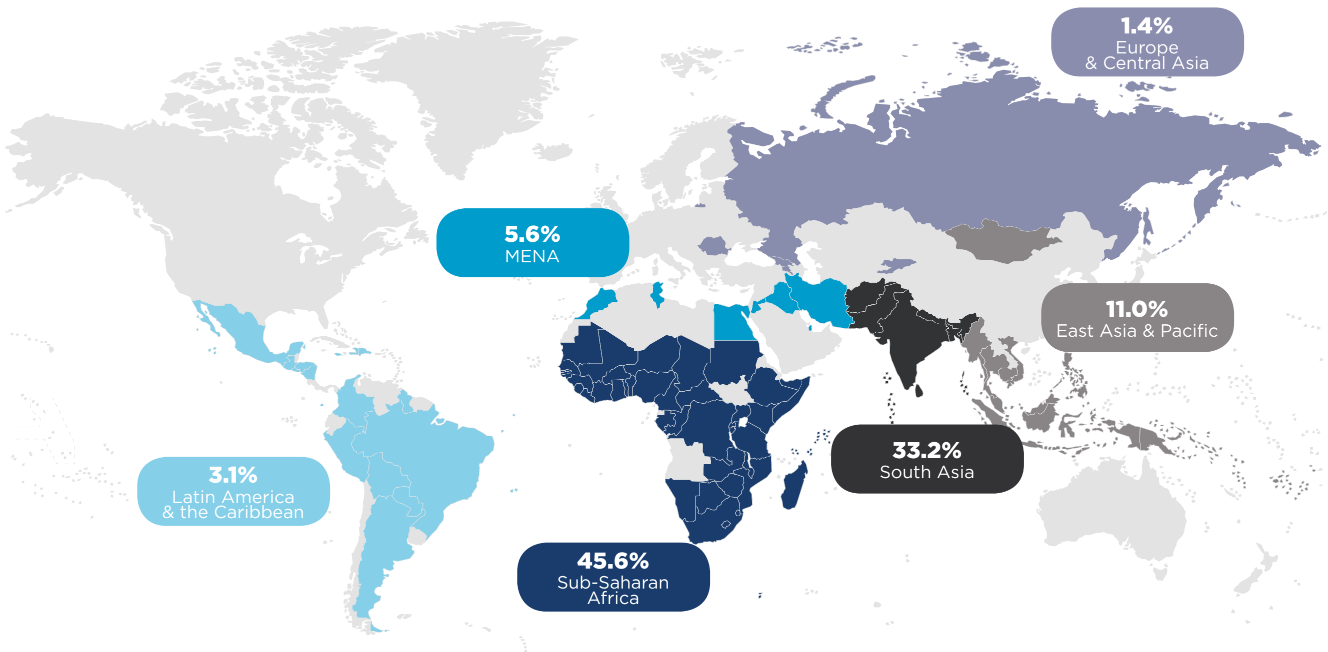
Although account ownership in developing countries is still low, the World Bank's 2017 Global Findex Report shows global growth in account ownership. Account ownership is particularly low in low-income countries, where 34.9 per cent of adults have an account, up from 22.9 per cent in 2014.[44] Much of this growth is due to an increase in mobile money accounts, especially in Sub-Saharan Africa, which saw the number of adults owning a mobile money account almost double from 11.6 per cent in 2014 to 20.9 per cent in 2017.[45] Mobile money use in other regions in the world is also growing, and data from the GSMA's State of the Industry Report shows the majority of new registered accounts in 2018 - 90 million of 143 million - came from Asia.[46]

43. International Rescue Committee (IRC) (2016). Making Electronic Payments Work for Humanitarian Response.
44. World Bank (2018). The Little Data Book on Financial Inclusion 2018.
45. Ibid.
46. GSMA (2019). State of the Industry Report on Mobile Money 2018.

Mobile money plays an important role in some fragile and conflict-affected economies, including areas requiring urgent emergency responses such as West Africa (Ebola) and Haiti (earthquakes) where only 27 per cent of adults report having an account, yet of these account owners, 40 per cent have a mobile money account.[47] Additionally, mobile money can aid the recovery of fragile and conflict-affected states by providing a formal channel to the diaspora with their families back home. Of the 31 fragile countries in the 2018 "Harmonised list of fragile situations" released by the World Bank, 17 are in Sub-Saharan Africa where mobile money has a strong foothold and international remittance payments via mobile money are available in seven of these 17 countries: Burundi, the Democratic Republic of Congo (DRC), Cote d'Ivoire, Mali, Mozambique, Somalia and Togo.[48]

Figure 4

Global spread of registered mobile money customers, December 2018[49]



Source: GSMA

47. World Bank (2018). The Global Findex Database 2017. Measuring Financial Inclusion and the Fintech Revolution.
48. GSMA (2018). Competing with informal channels to accelerate the digitisation of remittances.
49. GSMA (2019). State of the Industry Report on Mobile Money 2018.

While the numbers demonstrate strong growth, mobile money use is still relatively low and unevenly spread. Additionally, Findex notes that there are only 10 countries where mobile money penetration is above 20 per cent of the adult population, up from seven countries in 2014, all in Sub-Saharan Africa. While mobile money has been an important system for extending access to formal finance in a relatively short time, mobile money use still lags behind access. Average industry activity rates stood at 34.5 per cent in December 2018[50] and only 20 per cent of MMPs saw more than half of their customer base transacting regularly in 2017.[51]

In many circumstances, developing components of the digital payment system needs to take place before any payments can be made. This presents two challenges:

1. **At the onset of a crisis, there is little time to set-up a digital payment system.** Case studies from around the world indicate this can take several months[52], is expensive and time-consuming, highlighting that cash transfers may be superior in certain circumstances. For instance, in November 2013, Typhoon Haiyan hit the Philippines, with 45 humanitarian organisations distributing $338 million in cash assistance. The humanitarian cash transfer was likely the largest transfer at that time, and in a country with a reasonably functioning mobile money system. However, poor mobile coverage and agent liquidity[53] – where agents were unable to balance physical cash needs with digital cash floats – meant that cash was the preferred mode of delivery for the first four months of the response. It was not until four to twelve months after the response that humanitarian organisations started experimenting with digital payments.[54] This example stresses the importance of fully understanding the context under which assistance is provided, and that different disbursement mechanisms may be more appropriate at different points within the same crisis; and
2. **A digital payment system can be challenging and costly for MMPs and humanitarian organisations to invest in building the needed infrastructure.** Due to the often-difficult scope of humanitarian settings, the uncertainty around FDP movements (i.e. how long are beneficiaries likely to stay in a particular location) and the perceived low population density of prospective locations, MMPs might find it challenging to enter this space and need to consider the potential benefits of entering this market. At the same time, humanitarian organisations may not have the resources or willingness to support the private sector in building this payment infrastructure. It is therefore important to create a shared value proposition for both sectors, given the growing protracted nature of humanitarian crises and the need for robust, sustainable solutions when providing assistance under these difficult circumstances.

50. GSMA (2019). State of the Industry Report on Mobile Money 2018. Note, regularly refers to at least one transaction being conducted over a 90 day period.
51. GSMA (2019). State of the Industry Report on Mobile Money 2017. Note, regularly refers to at least one transaction being conducted over a 90 day period.
52. Brown, A. (2015). Are cash transfers the "new normal" in the Philippines? Challenges and opportunities from Typhoon Haiyan. See: https://odihpn.org/magazine/are-cash-transfers-the-%C2%91new-normal%C2%92-in-the-philippines-challenges-and-opportunities-from-typhoon-haiyan/
53. Liquidity management is the management of the balance of cash and e-money held by a mobile money agent in order to meet customers' demands to purchase (cash-in) or sell (cash-out) e-money. For a full glossary on key mobile money terms, see: GSMA (2019). Appendix: State of the Industry Report on Mobile Money. https://www.gsma.com/r/wp-content/uploads/2019/02/State-of-the-Industry-Report-on-Mobile-Money-2018-Appendix.pdf
54. Brown, A. (2015). Are cash transfers the "new normal" in the Philippines? Challenges and opportunities from Typhoon Haiyan. See: https://odihpn.org/magazine/are-cash-transfers-the-%C2%91new-normal%C2%92-in-the-philippines-challenges-and-opportunities-from-typhoon-haiyan/

Mobilising cash and voucher assistance programmes:
The case for mobile money

Since 2005, the average length of humanitarian crises has almost doubled[55], meaning that refugees are staying in camps or settlements longer. For instance, in 2015, nearly 88 per cent of official humanitarian assistance went to humanitarian situations that had been ongoing for at least three years, including 67 per cent that went to places in crises for eight years or more.[56] **It would therefore be prudent for the humanitarian sector to consider placing an emphasis on long-term assistance programmes that in turn require supportive, functioning infrastructure to facilitate an effective response to crises.** Digital transfers are usually superior to physical cash disbursals for recurring transfers at scale, and the large cash disbursals that humanitarian organisations are increasingly making in protracted humanitarian situations require these systems.[57]

Fortunately, in many humanitarian situations, there is significant warning and much or all of this preparedness work could be carried out prior to the onset of a crisis.[58] As such, the key issues are more of willingness to invest time and money, and the need for better coordination amongst stakeholders. With better coordination and understanding of the benefits of preparedness, humanitarian organisations will be better placed to use digital systems that better serve them and the beneficiaries they are trying to support.[59]

Figure 5 shows a framework for the major tasks to consider when leveraging mobile money for payments in a humanitarian context. Humanitarian organisations should be aware of these tasks even when the responsibility for implementation lies with the mobile network operator (e.g. management of agent network and liquidity measures) to ensure clear understanding of the components needed for the effective use of mobile money enabled CVA.

Figure 5

Summary of key tasks for mobile money CVA set up

Preparedness Pillar	Summary of Major Tasks
Form / convene a Cash Working Group	Form a working group of relevant stakeholders for CVA. Ideally this would include national and international organisations and private sector representatives. It should go beyond informing others of plans to coordinate collaboration between stakeholders and should strive to map the size and value of humanitarian CVA.
Regulatory review / government approvals	Review payments and agent regulations, the prevalence of an accepted identification (ID) system, local know-your customer (KYC) requirements, as well as anti money laundering (AML)/combatting the financing of terrorism (CFT) legislation. Additionally, regulation related to rural connectivity might be relevant. Check data localisation and data privacy laws and identify if any emergency provision guidelines exist. Obtain necessary national and local government approvals.
Market scoping (supply side)	Evaluate all relevant supply side infrastructure including: mobile network coverage, electricity supply, availability and price of goods in the market, security threats, readiness and maturity of payments companies, agent network and liquidity systems, merchant hardware [e.g. points of sale (POS) devices], connectivity/interoperability of payments systems and functionality of bulk payments gateways.
Market scoping (demand side)	Evaluate all relevant recipient information including: their immediate needs in terms of goods and services, which payments services they currently use, which they would prefer, the brand of SIM card they own, if they own a handset, their level of digital literacy, if and how they will be changing locations, and if they have a recognised ID card.
Due diligence, RFP & partnerships	Due diligence needs to be conducted by both sides. The humanitarian organisation often issues a request for proposal (RFP) as opposed to selecting a provider. Then contracts need to be negotiated and further partnerships might be needed to import infrastructure or hardware, to build payments gateways or recruit agents and manage their liquidity.
Supportive infrastructure	Mobile network coverage may need to be strengthened, agents and merchants may need to be recruited and taken through an approval process. Special liquidity systems and agent monitoring processes may need to be implemented.
Registration (KYC, handsets, training)	In most cases, the humanitarian organisation will need to register the recipient. This is generally carried out using a card based system and sometimes attached to biometrics. Often the MMP will also register the recipient. New SIM cards and handsets may have to be distributed to recipients, with training for recipients, agents and other players in the value chain prudent.

55. World Humanitarian Data and Trends 2018: Between 2005 and 2017, the average length of crises with an active inter-agency appeal rose from four to seven years, while the number of active crises receiving an internationally-led response almost doubled from 16 to 30. See: http://interactive.unocha.org/publication/datatrends2018/
56. Development Initiatives. (2017). Global Humanitarian Assistance Report 2017.
57. GSMA (2017). Landscape report: Mobile money, humanitarian cash transfers and displaced populations.
58. One estimate is that 70% of humanitarian crises are predictable. Porter, B. & Rajkotia, R. (2016). Marshaling Digital Cash for Humanitarian Challenges: Uniting Private, Public and Nonprofit. The Next Billion. See: https://nextbillion.net/marshaling-digital-cash-for-humanitarian-challenges-uniting-private-public-and-nonprofit/
59. GSMA's Humanitarian Connectivity Charter (HCC) provides a support system for the mobile industry, governments, NGOs and the international humanitarian community to assist affected populations in disaster. Signatories to the charter commit to a set of shared principles and work collaboratively to respond effectively to disasters. See: https://www.gsma.com/mobilefordevelopment/mobile-for-humanitarian-innovation/humanitarian-connectivity-charter/

5.2 Disbursement strategies: surge versus smooth approach

Payments providers have adopted two innovative disbursement strategies to ease potential liquidity issues and facilitate distribution of cash payments during humanitarian crises. The first is a **'surge'** strategy designed to meet the heightened need for cash when mass transfers occur. MTN Uganda, EasyPaisa Pakistan, and Digital Haiti report using this strategy. This can involve temporary GSM towers put in an area for the project period, with additional agents / liquidity brought to the area on payment day. Save the Children and Agricultural Cooperative Development International / Volunteers in Overseas Cooperative Assistance (ACDI/VOCA) used a similar clustering approach in response to the Ebola crisis in Liberia, where recipients were asked to gather in predefined locations on payment days.

The second is a **'smooth'** strategy used to disburse cash throughout a set period of time by staggering when recipients receive their payments. FATA Disaster Management Authority (FDMA) in Pakistan used this approach to stretch payments over seven to 10 days after experiencing challenges when paying beneficiaries on the same day. **The surge strategy limits costs by only having infrastructure in place when needed, while the smooth strategy helps spread the cash-out burden over longer time periods so it can serve fewer overall people.**

5.3 Digital payment options

There are three major payments options[60] that can and are used for humanitarian payments:

1) mobile money;

2) e-voucher (either for cash or goods); and

3) card-based systems.

While there are certainly comparative pros and cons to each one, humanitarian organisations choose between them for many reasons (see Figure 6).[61] **One of the main reasons is that during the preparedness scoping phase, one system is seen to have more infrastructure in place, and/or potential recipients note they prefer it.**

Another reason may be the desire for some level of control. WFP often uses e-vouchers for food aid as this helps them ensure beneficiaries use the transfer for the programme objectives. Research has demonstrated that this prescriptive mechanism can create secondary markets[62], which reiterates the need to ensure the scoping phase, when considering types of assistance, includes analysing local market conditions.[63]

60. Although in some countries Hawala systems are used, and money transfer operations are also a fairly common choice (i.e. Western Union).
61. Card-based systems and mobile money systems are the more comparable of these systems. In countries where mobile money systems exist, they are generally the preferred choice, but in places where they are not available or are just starting-up, (e.g. Latin America and the Middle East and North Africa (MENA)), card-based systems are also used. However, even in leading mobile money countries like Kenya, Uganda, and Pakistan, banks with a focus on mass-market retail customers have won big contracts for cash transfers. These include Equity Bank in Kenya, Post Bank in Uganda, and HBL and Punjabi National Bank in Pakistan.
62. OECD (2017). Cash-based response.
63. ECHO. (2015). 10 common principles for multi-purpose cash-based assistance to respond to humanitarian needs.

Figure 6

Types of digital CVA

Assistance transferred from the humanitarian organisation

Types of digital cash and voucher assistance (CVA)

Mobile money

Key characteristics

Assistance received via a mobile money account

Provider: MMP

Beneficiary is able to transfer cash digitally (e.g. P2P), convert digital money to cash by cashing out at an agent and has access to other services (e.g. bill pay). Restrictions to specific stores where cash can be spent can also be applied.

Pro: Link to wider digital ecosystem; cheaper recurring payments; high beneficiary choice when unrestricted. Transfers restricted to be spent in certain stores can target specific programme objectives (e.g. nutrition-based goals).

Con: Expensive set-up costs, KYC requirements.

E-voucher

Key characteristics

Assistance received as voucher to mobile phone or to a card

Provider: MNO or other financial institution such as a bank

E-cash voucher:
Beneficiary withdraws cash assistance at pre-approved locations.

Pro: Limited or no KYC requirements; medium beneficiary choice

Con: Expensive, limited beneficiary choice in terms of where cash can be withdrawn

E-goods voucher:
Beneficiary redeems voucher at pre-approved merchant for prescribed goods (e.g. food).

Pro: Can target specific programme objectives (e.g. nutrition-based goals); truly digital system (no movement of cash), limited / no KYC requirements.

Con: Expensive, very limited beneficiary choice.

Card-based system

Key characteristics

Assistance received to card distributed to beneficiaries

Provider: Usually a financial institution such as a bank, but also MMPs

Cash transfer:
Beneficiary withdraws cash using card at ATMs, preapproved merchants, mobile or bank agents.

Pro: Medium to high beneficiary choice.

Con: Potentially limited options to cash-out assistance.

Goods transfer:
Beneficiary redeems goods using card at pre-approved locations / merchants.

Pro: Can target specific programme objectives (e.g. nutrition-based goals).

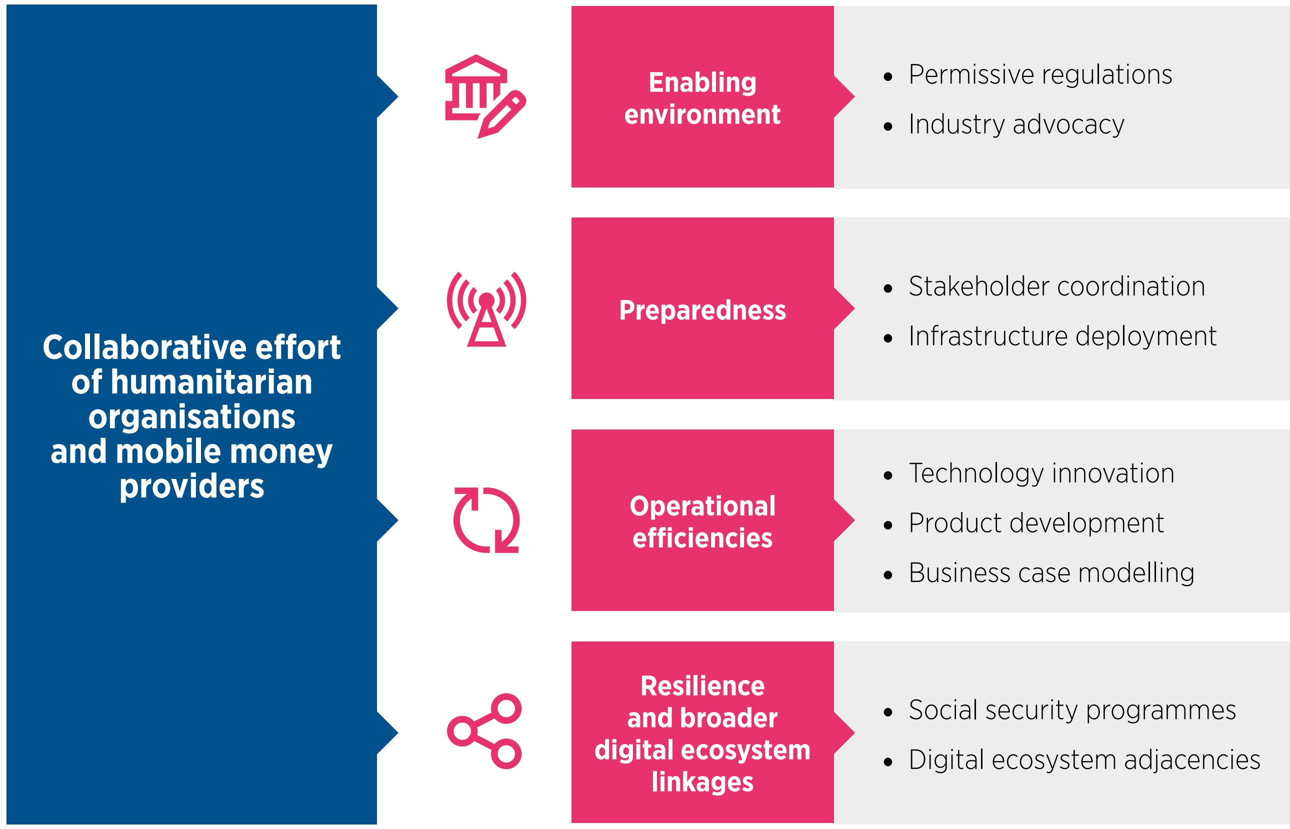
Con: Very limited / limited beneficiary choice.

The aforementioned categories (Figure 6) are not mutually exclusive but provide a framework for the different modalities. Some mobile money systems offer cards (EasyPaisa Pakistan, MonCash Haiti), and some card-based services can operate over the mobile phone. A card-based or a mobile-based system generally delivers e-vouchers. The difference is that with an e-voucher, mobile money is unnecessary (a code sent via SMS) and the purchases that are made with an e-voucher are usually restricted either to specific items or pre-approved retailers.

In addition to the different modalities available to stakeholders, Figure 7 provides an overview of the key ingredients for the successful deployment of mobile money CVA programming and forms the basis of this report's recommendations.

Figure 7

Framework for successful deployment of mobile money CVA



5.4. Digital payments operations

Once digital systems are set up and working, they should be superior to cash disbursals, assuming they are reasonably well designed. **Considerations include mobile coverage, agent locality and availability, liquidity, and agent and recipient training.** For each area, contracts should have key performance indicators (KPIs) outlined, and regular monitoring in the field.

It is important to manage expectations, because most digital systems are not fully digital, but simply have digital components. For both mobile money and card-based systems, the humanitarian transfer to the recipient is digitalised, with the recipient often exchanging the transfer for cash at an agent or ATM shortly after receiving it. This means moving and distributing the cash in much the same way as a pure cash transfer, carried out by the payment firms as opposed to the humanitarian organisation.

While digitising cash transfers can save humanitarian organisations time and money, due to the lack of full digitalisation and a developed ecosystem where beneficiaries can use their money digitally as opposed to converting it to physical cash, the full efficiency gains one could expect from going digital may not be achieved. In 2013, the WFP compared the operational cost of delivering assistance in-kind versus their new card-based digital payment system in Kenya and found that the new system saved 15 per cent of expenses.[64]

Such savings are significant, especially for the increasingly stretched budgets of humanitarian organisations, but savings could be even greater in the future. Going digital is not simply a mode of transferring money but a mechanism that provides beneficiaries with the tools that enable them to manage their needs effectively. The true potential of these digital payment systems could become unlocked if MMPs are able to significantly reduce the amount of cash they must move. This requires encouraging recipients to use their transferred funds digitally as opposed to cashing it out, which will require expanding the mobile money ecosystem through offering different products and, in turn, minimising the need to use cash. Embracing new technologies such as biometrics, Quick Response Codes (QR Codes) and Near-Field Communications (NFC) technologies could help pave the way to fully embracing the benefits of a mobile money account.

64. Better than Cash Alliance (2014). Piloting E-Payments for Food Assistance in Kenya: The World Food Programme's "Cash for Assets" Initiative. See: https://btca-prod.s3.amazonaws.com/documents/84/english_attachments/UNCDF-BTCA-Highlights-Kenya-CFA-EN-20140317.pdf?1441792343.

6. Potential revenues for mobile money enabled CVA programming

While protracted crises are common, so are large fluctuations in overall annual funding and the countries this funding goes to, making planning and investment extremely difficult. For example, CVA in Yemen leaped from $80 million in 2015 to $924 million in 2016, an increase of $844 million,[65] due to the deepening humanitarian crisis there. Figures from 2016, the latest available, show that over the 2015 / 2016 period, few CVA programmes took place in countries known for their mobile money systems. However, as the Yemen example demonstrates, funding priorities can shift from year to year, as predicting future funding is challenging precisely because it is difficult to anticipate the level of crises that may occur in certain conflicts and what new resources will also be necessary to stretch to assist these crises.

The unpredictable nature of funding humanitarian crises is a reality but not a deterrent for MMPs to enter the space. There are potential revenues for MMPs providing mobile money enabled cash transfers, particularly if humanitarian organisations and MMPs collaborate to offer mobile money customers (recipients and humanitarian staff) broader mobile and other mobile money account services.

65. Geographical references in this section are from The Global Humanitarian Assistance Report 2017. Development Initiatives (2017). Global Humanitarian Assistance Report 2017.

6.1 The potential earnings in transfer fees

Potential revenue MMPs can generate from partnering with humanitarian organisations to distribute cash assistance is difficult to calculate, as some key variables require estimation. The two most important variables are:

- The growth rate of CVA programming; and
- The fees that payments providers can earn from them.

It is equally difficult to predict future growth potential, as there are only two years of growth rates on record, and 60 per cent of humanitarian organisations do not have targets for transitioning their programmes to cash-based interventions.[66] The estimate for CVA in 2014 ranges between $1.2 billion and $1.5 billion, equating to a growth rate for 2015 between 33 per cent and 66 per cent, averaged to 50 per cent.

Assuming growth in CVA programming continues at the same trajectory as the last two years, we would expect it to grow by 40-50 per cent annually. **Taking the average growth rate (45 per cent), we estimated CVA in 2017 to be $4.06 billion, and in 2018, equal to $5.89 billion in value.**

Providers and humanitarian organisations both generally report transfer fees between 1.5 per cent and five per cent, with most seeming to converge around two per cent of the value of the transfer. This is aligned with results from the GSMA's Mobile Money programme which found the average transfer fee as a proportion of the transaction value to be 2.06 per cent across global mobile money operations.[67] **Assuming this two per cent rate, in 2018, there was an estimated market of $118 million in transfer fees for payments providers.**[68] However, it should be noted that this market is not evenly distributed around crisis areas, the calculations vary significantly from year to year, and that these calculations are estimates provided by humanitarian organisations.

6.2 Future streams of revenue: building the digital ecosystem

Despite the difficulties in robustly estimating potential revenue for MMPs in distributing CVA, and whether the aforementioned considerations and conditions are met, using mobile money for CVA programming has a number of potential benefits to humanitarian organisations and MNOs (in addition to potential revenue streams). There are complementary benefits of connectivity and the auxiliary services available through mobile phones once connectivity is in place, specifically in a humanitarian crisis.

Connectivity, for example, provides humanitarian organisations with the ability to connect with beneficiaries and staff through mobile phone connectivity as opposed to temporary satellite communication installations, which can facilitate operations. Additionally, improved efficiency could be made by using mobile money to disburse cash but also leveraging mobile connectivity to achieve other programme objectives by, for example, sending SMS messages related to WaSH concerns. MNOs are in the best position to provide these auxiliary services. Building the digital ecosystem and offering products and services desired by beneficiaries and host communities where appropriate also presents MNOs with new opportunities for revenue generation, as the uptake of adjacent mobile services (e.g. voice and data services) are also likely to increase.

In cases where humanitarian organisations invest time and effort encouraging MNOs to expand mobile coverage, they do so with the awareness that mobile services can benefit their own operations, as well as for their beneficiaries by providing coverage that enables connectivity where beneficiaries have access to mobile handsets. **Distributing handsets and SIM cards as part of CVA programming opens up the market for MNOs and provides even greater potential benefits to beneficiaries as they consequently have access to other mobile services, such as voice, messaging and data services, that they did not have access to previously.**

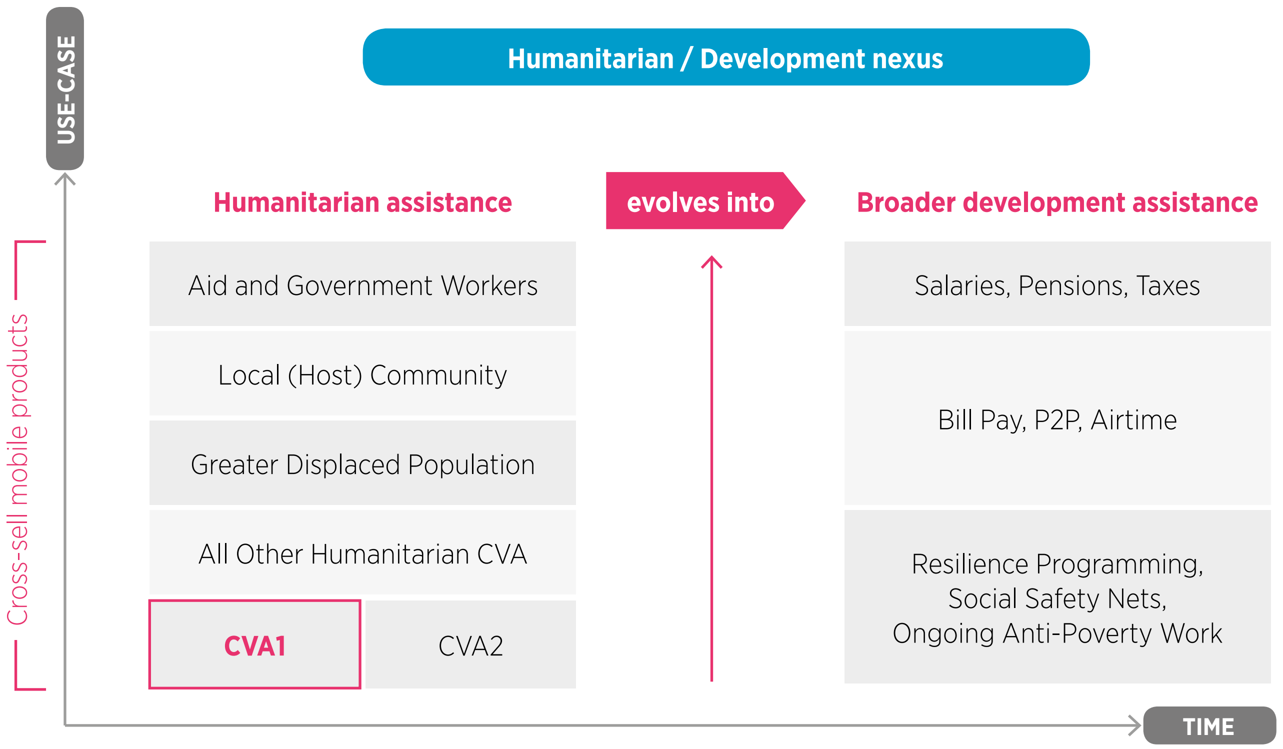
66. CaLP and Accenture. (2018). The state of the world's cash report: cash transfer programming in humanitarian aid.
67. Naghavi, N. et al. (2016). Success factors for mobile money services: A quantitative assessment of success factors. GSMA
68. Humanitarian cash transfer experts are still unclear what percentage of current cash transfers are digital.

Other services that leverage mobile money services and enable beneficiaries to, for example, buy goods at local shops or top up their pay-as-you-go (PAYG) electricity devices, are also of benefit when available.[69] This presents potential revenue opportunities for MNOs who can supply SIM cards that enable access to these services and mobile money where applicable, as well as lowering their customer acquisition costs (e.g. through the removal of marketing costs associated with recruiting new customers). Additionally, as the line between humanitarian assistance and general development goals continues to blur as crises become more protracted, connecting the complementary goals of humanitarian organisations with that of development organisations could further improve efficiencies in operations and extend revenue opportunities available to MNOs (Figure 8), with humanitarian assistance being the stepping stone to achieving broader development goals. This would require humanitarian organisations to communicate and collaborate with development partners in the potential of cash transfer programming for beneficiaries' future needs.

There can be an additional opportunity to streamline services to beneficiaries by utilising mobile channels (e.g. SMS, interactive voice response (IVR), voice) to inform them of how much cash is being transferred, when it is being transferred and where, and also other forms of assistance such as sending SMS on health-related issues. The achievement of this kind of arrangement could be through a consolidated contract and terms of reference (ToR) between the humanitarian organisation and an MNO that covers not only CVAs but also additional services that an MNO could supply. These additional services could include airtime top-ups via mobile money as well as opening up the mobile money account and linking it to other digital financial services such as credit, savings, and insurance.

Figure 8

Making the double bottom-line work: revenue stacks



69. Casswell, J. et al. (2019). Mobile-enabled energy for humanitarian contexts. The case for pay-as-you-go solar home systems in Kakuma refugee camp. GSMA

GSMA research in Nyarugusu refugee camp in Tanzania highlighted the business case for extending mobile coverage to refugee camps, finding that the **monthly spend on airtime top-ups and data per refugee mobile phone users exceeded the estimated average revenue per subscriber in Tanzania,** despite the limited income opportunities for refugees in the country.[70] **GSMA research demonstrated that 59 per cent of respondents in Kiziba refugee camp in Rwanda** (base=727 – representative of camp population) **are using mobile money.**[71] Both settlement camps are relatively large, with Nyarugusu hosting over 136,000[72] people and Kiziba over 17,000[73], and these populations are both in and surrounded by countries where mobile money is relatively prevalent. Consequently, there is an increased likelihood that beneficiaries are more aware of mobile money services, so these results should keep this context in mind.

In Zimbabwe in 2014/2015, while humanitarian payments were being distributed, a liquidity crisis caused a significant increase in active mobile money usage from six per cent to 26 per cent of recipients, with the biggest increase in mobile money product usage related to savings (increased from zero to 27 per cent) and money transfers (increased from 11 per cent to 74 per cent).[74] Much of this increase was due to necessity rather than a specific preference to mobile money. As the liquidity crisis deepened, at times the only way to transact was to carry out a partial cash-out, or no cash-out at all, and purchase goods as a substitute for cash through mobile money at merchants that also functioned as mobile money agents. These liquidity constraints limited project participants spending preferences, potentially decreasing the utility of the cash transfer. This example reinforces the need for liquidity management procedures to be in place to ensure the potential utility of cash transfers is maximised.

Some CVA programming only provides the recipient with a SIM card which they may switch in and out of their existing handset or bring directly to an agent to insert into their handset to cash-out, restricting recipients use of other mobile services. When recipients have handsets of their own, MNOs could generate additional revenues from mobile services (i.e. voice and data), the beneficiary has greater linkages to the outside world as well as access to other services. However, it is also important to point out that currently, recipients tend to cash-out their entire transfer and make few additional mobile money transactions.

It is important to remember that in most countries, total CVA is an amalgamation of a diversity of relatively small short-term transfers made by a myriad of different actors and at times, loosely coordinated humanitarian agencies. For example, an average transfer programme might be three monthly $20 payments to a few thousand recipients. This type of CVA requires the MMP to sign a specific agreement, and may only result in a few thousand US dollars of revenue.

Consequently, given the potentially thin margins that MNOs can directly make from mobile money enabled CVA, all stakeholders involved should fully understand the ToR of being involved in a potential CVA transfer programme and what roles, responsibilities and benefits they could receive from participating, as well as the challenges they are likely to face. This will take a concerted, coordinated effort between humanitarian organisations, their partner mobile money provider or providers and any other stakeholders involved, and is necessary to ensure operations run efficiently and potential revenue margins are maximised.

70. This is respondent reported data from a survey of 484 refugees in research undertaken in Nyarugusu refugee camp in Tanzania. See: GSMA (2017). Mobile is a lifeline: Research from Nyuragusu Refugee Camp, Tanzania.
71. These results come from a soon to be released piece of research from the GSMA. Note that this 59% refers to refugees who reported using mobile money on a phone they owned or one they were able to borrow.
72. GSMA (2017). Mobile is a lifeline: Research from Nyuragusu Refugee Camp, Tanzania.
73. Rwanda Population of Concern to UNHCR data. See: https://www.unhcr.org/rw/wp-content/uploads/sites/4/2017/09/UNHCR-Rwanda-Field-Progress-Report-June-2017.pdf
74. Willis, M. (2016). Can e-transfers promote financial inclusion in emergencies: A case study from Zimbabwe. ELAN

7. Recommendations

The findings of this report highlight that mobile money can be an effective and superior cash assistance delivery mechanism for CVA in the appropriate circumstances, and that there are additional complexities around using mobile money in humanitarian crises. **It is necessary for robust guidelines, procedures and coordination practices[75] to be in place in order for mobile money to reach its full potential in humanitarian contexts.** Additionally, the best cash delivery option should always be a context-specific judgement with an assessment of the strengths, weaknesses and costs of a wide range of feasible options.[76]

This report outlines recommendations that can help in accelerating the delivery and impact of humanitarian assistance through the use of mobile money. Note that these recommendations are often applicable to both humanitarian organisations and MNOs, and necessitate a coordinated, joint effort to be successful, but are directed at the stakeholder most appropriate to spearhead efforts. While these recommendations are broad, each humanitarian context will differ based on a number of factors, including the diversity of actors involved and the regulatory environment.

Humanitarian stakeholders and MNOs could consider joint advocacy opportunities where appropriate to encourage governments to put in place policies that enable effective implementation of the below recommendations. This could include, for instance, regulatory reform for tiered KYC requirements and harmonising these requirements for both SIM cards and mobile money accounts.[77] To date, the issues witnessed have been more heavily weighted on identification and consequently KYC, as opposed to a lack of infrastructure being in place.

75. For example, coordination between humanitarian and MNOs to create clear timelines for disbursal of payments to facilitate agent liquidity management.
76. Harvey, P. et al. (2015). Delivering money. Cash transfer mechanisms in emergencies. CaLP
77. UNHCR and GSMA (2019). Displaced and disconnected.

Mobilising cash and voucher assistance programmes:
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The recommendations, split into four key areas, are:

1

An enabling environment: supporting the use and quick disbursement of digital solutions where and when appropriate.[78]

- **Humanitarian stakeholders:** understand the regulatory framework for the disbursal of mobile money enabled CVA programming, in particular on the issues concerning accepted identification and KYC requirements for both SIM card and mobile money registration.
- **Humanitarian stakeholders and MNOs:** advocate collectively, in particular in instances where identification is an issue, by encouraging governments to clarify existing requirements, issue identity credentials more expeditiously when possible or recognise functional identification issued by trusted bodies (such as UNHCR) and implement tiered identification requirements whilst harmonising rules around SIM and mobile-money registration.[79]

2

Preparedness: enabling faster and more effective responses to humanitarian crises.

- **Humanitarian stakeholders:** collectively approach MMPs to ensure consistency in strategies and increase alignment. CWGs and similar forums seem best placed to convene to share best practice and lessons learned in order to create a coordinated approach.
- **Humanitarian stakeholders and MNOs:** work together to understand infrastructure needed to provide quality service (e.g. agent network, liquidity management systems, penetration of handsets, digital literacy), estimate the likely set up time and funding requirements, as well as create clear templates for ToRs that outline key roles, responsibilities of stakeholders involved and mitigation strategies for potential programmes (Figure 5).

3

Operational efficiencies: enabling strategic and robust processes through researching, testing and implementing innovative solutions designed to assist in humanitarian response.

It would be prudent for humanitarian stakeholders to work with MNOs to identify appropriate locations to:

- Model the business case for new product and service offerings beyond that of mobile money cash-outs to understand potential growth revenue sources and lower operational costs. Each stakeholder has key information necessary to build the business case (e.g., humanitarian organisations hold information on the number of beneficiaries and the size and frequency of the transfer, MNOs hold information on transfer fee and agent management costs);
- Monitor and evaluate tested solutions to strengthen the business case and better understand what works in specific contexts;
- Consider new technologies and innovations to address key humanitarian challenges[80] and that create opportunities to encourage use of connectivity beyond cash-outs, such as merchant payment systems or PAYG solar solutions;[81] and

78. For further guidance and recommendations for an enabling policy environment for access to mobile services, see: GSMA (2017). Enabling access to mobile services for the forcibly displaced: Policy and regulatory considerations for addressing identity-related challenges in humanitarian contexts.
79. UNHCR and GSMA (2019). Displaced and disconnected.
80. For example, innovations selected for the GSMA M4H Innovation Fund that aims to promote innovation in the use of mobile technology to address humanitarian challenges. See: https://www.gsma.com/mobilefordevelopment/mobile-for-humanitarian-innovation/innovation-fund/
81. Casswell, J. et al. (2019). Mobile-enabled energy for humanitarian contexts. The case for pay-as-you-go solar home systems in Kakuma refugee camp. GSMA

- Run pilots to test appropriate operational techniques for tasks such as agent selection and liquidity management (e.g. a surge or smooth disbursement schedule; MNOs can provide training to humanitarian organisations on agent network management systems, so that they are aware of the complexities of agent networks. Humanitarian organisations may be responsible for covering the costs for such training).

4 Resilience and broader digital ecosystem linkages: facilitating the shift from humanitarian to development goals and enabling a sustainable revenue pipeline for payments beyond crises.

- **MNOs:** link with governmental social safety net programmes such as welfare payments, pension schemes or government employee wages[82];
- **Humanitarian stakeholders:** consider the longer-term socio-economic impact that mobile connectivity has to offer (e.g. financial inclusion via mobile money, livelihood through mobile connectivity enabling contact with friends and family and education through SMS educational tools) and how this may help build the business case for mobile money enabled CVA; and
- **Humanitarian stakeholders:** share knowledge with development organisations regarding cash programming, making them aware of where both mobile connectivity and mobile money systems are set up and how it could aid in their programme delivery.

The GSMA M4H programme assists stakeholders in achieving these goals by:

- **Raising policymakers' awareness** around the impact of policy barriers on the ability of MNOs and mobile financial service (MFS) providers to support humanitarian aid delivery and proposing recommendations for addressing such barriers[83];
- **Encouraging MNOs** to participate in CWGs to ensure the sharing of crucial information between the public and private sector;
- **Facilitating collaboration and knowledge sharing opportunities** between MNOs, humanitarian organisations and governments to share industry insights and best practices; and
- **Collecting, analysing, and sharing GSMA insights and recommendations** through various learning platforms including report publications, webinars, and hosting and participating in conferences.

Digital payments are likely to be a common feature for the humanitarian sector. As digital payments in the humanitarian sector are still nascent, and both industries have just intersected in the last few years, knowledge, experience and convening power are necessary to move these sectors past challenges and move closer together. We hope that this report sheds light on the opportunities in providing mobile money enabled CVA programming, and the partnerships required to move the industry forward. In the next few months, the GSMA M4H programme will be publishing two operational handbooks specifically on mobile money enabled cash and voucher assistance programming for the humanitarian and private sectors, respectively.

82. Arandaaz and CGAP (2016). Global landscaping study on digitizing P2G payments.
83. GSMA (2017). Enabling access to mobile services for the forcibly displaced: Policy and regulatory considerations for addressing identity-related challenges in humanitarian contexts.

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