

EXECUTIVE SUMMARY

Cash Digitization:

UN Collaboration, Coordination, and Harmonization Opportunities

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This report has been prepared solely for the use and benefit of, and pursuant to a client-relationship exclusively with the UNCDF-hosted Better Than Cash Alliance, World Food Programme (WFP), United Nations High Commissioner for Refugees (UNHCR), and United Nations International Children’s Emergency Fund (UNICEF).

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CASH DIGITIZATION:

UN COLLABORATION, COORDINATION, AND HARMONIZATION OPPORTUNITIES

In a rapidly evolving humanitarian landscape – marked by more frequent crises, protracted conflicts, and climate shocks, among other challenges – cash-based transfers are on the rise. The humanitarian community increasingly looks to cash-based transfers for their ability to strengthen the resilience of populations and support longer-term development goals, and particularly to digital solutions that can drive financial inclusion and economic activity within a community.

However, cash-based transfers are generally not yet realizing their full potential. There is a need – and a powerful opportunity – to boost the impact of cash-based transfers through better coordination and harmonization among United Nations agencies that make humanitarian cash and digital payments. At the same time, new payment innovations are proliferating, bringing vast improvements in security and authentication, among many other benefits. The case for stepping up collaboration is compelling.

This report, supported by the Better Than Cash Alliance, builds on the common strategies, policies, and business models of UNHCR, UNICEF, and WFP, who between them deliver over half of all global humanitarian cash assistance. The report identifies instances where collaboration is already happening, success factors, and an array of significant benefits. It sets out three complementary approaches to scale up collaboration, supported by high-level recommendations designed to drive these approaches forward and harness the full potential of cash-based payments for the benefit of all stakeholders.

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This report is the outcome of the project on collaboration, coordination, and harmonization of cash delivery, led by the Treasurers of UNICEF, UNHCR, and WFP, and made possible by the Better Than Cash Alliance. The objective of the project is to identify short-, medium-, and longer-term actions that these agencies can take to improve their collaboration in the delivery of cash-based transfers (CBT) in humanitarian contexts, including through digital payment solutions. Key findings of the study are as follows:



There is a clear and present need – and opportunity – to scale up collaboration, coordination, and harmonization among United Nations agencies on digital cash transfers.

- *All stakeholders interviewed stressed the **defining moment in which their agencies currently find themselves**.* This current context is marked by acute pressure on humanitarian aid systems due to a recent increase in humanitarian crises, the UN reform agenda approved by the General Assembly on 31 May 2018, and the rapid growth in payment innovations, creating new opportunities for financial inclusion, improved security, and authentication.
- *The agencies' strategies, policies, and business models for CBT are highly convergent*, although there are some differences in terms of programmatic objectives. All three agencies share the premise that cash serves predetermined objectives, and that the choice of transfer method should be flexible to meet beneficiaries' needs. The rapid increase of humanitarian cash-based programs has impacted the three agencies' delivery models. As a response, they have developed comparable end-to-end CBT business processes. They are seeking to complement historical country-led approaches to CBT with more recent efforts to implement consistent global and institutionalized approaches. They have refined their risk management approaches and protocols to improve transparency, and minimize the potential impact of fraud and corruption risks on their projects.



Kenya. Former refugee continues to give back to Kakuma's youth.

In 2017 UNHCR, UNICEF, and WFP together delivered more than half of all global humanitarian cash assistance, **80% of which is directed to 10 countries.**

- *Management and staff interviewed at headquarters and country level demonstrated a clear and consistent desire to increase collaboration across the CBT programming cycle. A few, such as the LOUISE team in Lebanon, the Common Cash Facility in Jordan, and the WFP/UNICEF teams in Somalia, already established advanced collaboration models. Country offices share the view that the convergence and harmonization of cash delivery systems enable broader collaboration at a programmatic level.*
- *In 2017 UNHCR, UNICEF, and WFP together delivered more than half of all global humanitarian cash assistance, 80% of which is directed to 10 countries. Considering their institutional capabilities, these three agencies can effect significant positive change, in collaboration with other agencies and partners. Efforts to foster collaboration should focus on (i) countries where there is scale, (ii) countries where scaling has yet to happen through coordination and preparedness efforts, and (iii) lowering costs and barriers for partners who may not have the critical mass to develop their own capabilities.*



Collaboration is already happening.

- *A wide variety of formal and informal collaboration mechanisms has been implemented at global and country levels.* Numerous collaboration “touchpoints” have been identified, spanning the whole CBT programming cycle. These vary from simpler approaches such as “piggybacking” on financial services provider (FSP) contracts, as seen in Yemen, to the most advanced model, as seen in collaborations in Lebanon or, to a certain extent, in Jordan. These models can form a basis for scaled-up collaboration if they are more widely understood, employed across countries, and used systematically by a broader group of partners.
- *Success factors* for effective collaboration, coordination, and harmonization include: a commonality of purpose, concerted leadership by country representatives and their teams, previous successful collaboration experience that underpins more ambitious collaboration models, physical proximity of collaborating entities, and a strong focus on dynamics that are relevant to the local context.
- *The experience of collaboration so far suggests that goodwill is not enough.* Constraints include global and regional dynamics between agencies and donors, and the wide diversity of local contexts, program objectives, actors involved, and organizational cultures.



Syrian refugee in
Jordan buying food
with a WFP e-voucher.



Collaboration brings many benefits.

- *Harmonization delivers solutions that are more centered on beneficiaries' needs.* For example, Somalian returnees from Kenya are able to receive cash entitlements due to the exchange of data between UNHCR Kenya and WFP Somalia. Harmonization also allows beneficiaries to use single payment instruments, limit the travel needed to access benefits, and receive streamlined communications.
- *Collaboration improves the management of risk and financial accountability.* Examples include biometric verification of beneficiaries using registration databases or through robust common standard operating procedures for cash delivery.
- *Significant savings on unit fees* for participating agencies can be generated by common procurement of FSP, as was the case for the Common Cash Facility in Jordan.
- The *rapid scale-up emergency response* can be achieved by piggybacking on existing FSP arrangements, as was the case in Yemen when the UNHCR used UNICEF's existing FSP agreements.
- *Efforts and resources are streamlined, and significant efficiencies are realized,* when systems and standard operating procedures are developed jointly, as was the case with LOUISE in Lebanon and the Common Cash Facility in Jordan, or made available to others, as was the case with WFP's SCOPE platform in Somalia.
- *Collaboration improves overall humanitarian coordination,* as reported in Jordan and Lebanon.





This report identified three complementary approaches to scale up collaboration on cash delivery.

- There are clear opportunities to scale up collaboration in different domains: feasibility assessments (particularly market and financial assessments), procurement of FSPs, development of systems for cash delivery, and the management of cash delivery.
- An assessment of the benefits and feasibility of implementing various collaboration models for each of these domains resulted in the following prioritization of potential actions:
 - **“No-regrets moves”** consist of scaling up the sharing of existing intangible assets, templates, and other accelerators. This approach is straightforward to implement in the short term and should not incur material costs; however, it is likely to result in limited benefits.
 - **“Pragmatic moves”** consist of implementing options that bring moderate benefits but are within the scope of what Treasurers can realistically influence, although a level of coordination with other functions would be needed. For procurement, this includes scaling up co-sourcing arrangements and defining common principles and standard requirements for FSP selection. For feasibility assessments, this also includes jointly undertaking such assessments, and defining minimum common standards for performing financial assessments.
 - **“Game-changers”** consist of collaboration models that would bring high benefits, but which are difficult to implement because of the paradigm shift they represent, the impact on programming, and the cross-functional coordination needed. Game-changers include increasing efforts to co-design cash delivery solutions or to make agencies’ cash delivery systems and data interoperable. They also include joint management of cash delivery operations and scaling up service provision models where one agency provides cash delivery services to another, for instance through an agency’s shared services. Responsibility for the implementation of these approaches should rest with the cash leads in each agency.



Syrian child holding the
LOUISE common card.



This report identifies 11 high-level recommendations to drive this process forward.

- In order to implement “no-regret” and “pragmatic” moves, the report recommends that agencies:
 1. Define the minimum set of accelerators for collaboration and harmonization on cash delivery
 2. Focus efforts on concrete scaled-up collaboration in target countries in the short term
- In order to implement “game-changers,” the report recommends:
 3. Further exploring the feasibility and value proposition of various service provision delivery models
 4. Aligning cash delivery system design and deployment roadmaps
 5. Clarifying interoperability requirements relevant to cash delivery and related standards and protocols
- A number of “enablers” also need to be implemented. To this end, the report recommends that agencies:
 6. Agree on a decision tree to select collaboration models best suited to specific contexts
 7. Leverage agency-level institutionalization efforts on cash-based transfers to foster collaboration
 8. Implement effective interagency cash coordination at global and country levels
 9. Build capacity to collaborate, i.e., further invest in supporting the development of technical, managerial, and behavioral capacity
 10. Team up on “innovation for cash,” promoting collaboration on innovative approaches and market intelligence relating to cash delivery technologies and solutions
 11. Align internal and external stakeholders when implementing the above recommendations
- Treasurers have a primary role in defining “no-regret” and “pragmatic” moves within and across their agencies, particularly when they relate to procurement and feasibility assessments. Broader institutional support, notably from agencies’ Cash Leads, will be needed to drive implementation of “enablers” and “game-changer” recommendations.
- As far as is feasible, existing institutional and interagency mechanisms should be used to transfer responsibility for implementation and monitoring of this report’s recommendations. In practice, a number of task forces may be needed to support these mechanisms.

About The Better Than Cash Alliance

The Better Than Cash Alliance is a partnership of governments, companies, and international organizations that accelerates the transition from cash to digital payments in order to reduce poverty and drive inclusive growth. Based at the United Nations, the Alliance has over 60 members, works closely with other global organizations, and is an implementing partner for the G20 Global Partnership for Financial Inclusion.

About UNHCR

UNHCR, the UN Refugee Agency, has the mandate to protect refugees, forcibly displaced communities and displaced people and works to ensure that everybody has the right to seek asylum and find safe refuge, having fled violence, persecution, war or disaster at home. UNHCR is dedicated to saving lives, protecting rights and building a better future for these populations.

About UNICEF

UNICEF works in some of the world's toughest places, to reach the world's most disadvantaged children. Across more than 190 countries and territories, we work for every child, everywhere, to build a better world for everyone.

About WFP

The United Nations World Food Programme (WFP) - saving lives in emergencies and changing lives for millions through sustainable development. WFP works in more than 80 countries around the world, feeding people caught in conflict and disasters, and laying the foundations for a better future.



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