

Information Session on Preliminary Market Consultation for Cash Transfer Products

Brussels, Belgium
March 26th, 2018



INSPIRE CONSORTIUM 
Humanitarian policy for action



STRATEGIC
IMPACT
ADVISORS

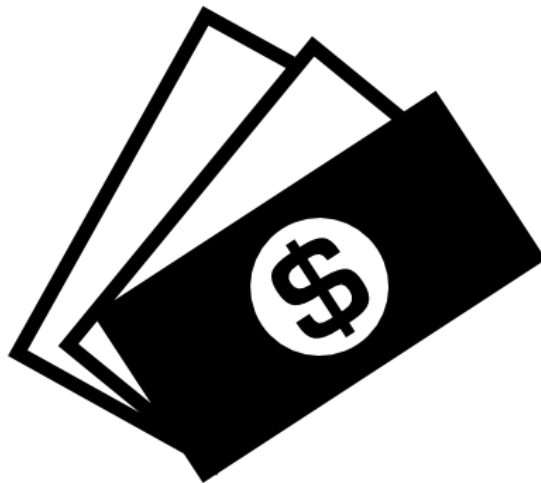
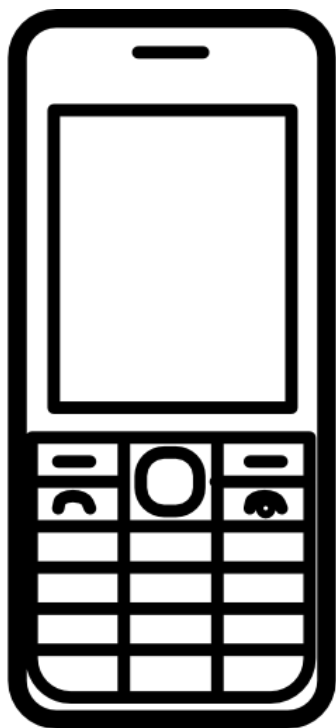
Today's Agenda

#	Agenda Item	Time
1	Opening Remarks and Welcome	10:30 – 10:40
2	Icebreaker/Introductions	10:40 – 10:50
3	Defining Cash Transfer Programming	10:50– 11:00
4	The Current State of Cash Transfer Programming Globally	11:00 – 11:10
5	DG ECHO's Current Cash Transfer Programming Footprint	11:10 – 11:20
6	Overview of DG ECHO's Guidance on Cash Transfers	11:20 – 11:35
7	Defining the PMC process and objectives	11:35 – 12:00
8	Question and Answer Session	12:00 – 12:30



Who is in the room today?

- Financial Service Providers and Intermediaries
- International NGOs
- Development Banks
- UN organizations
- Others?



Which delivery channels do you use?

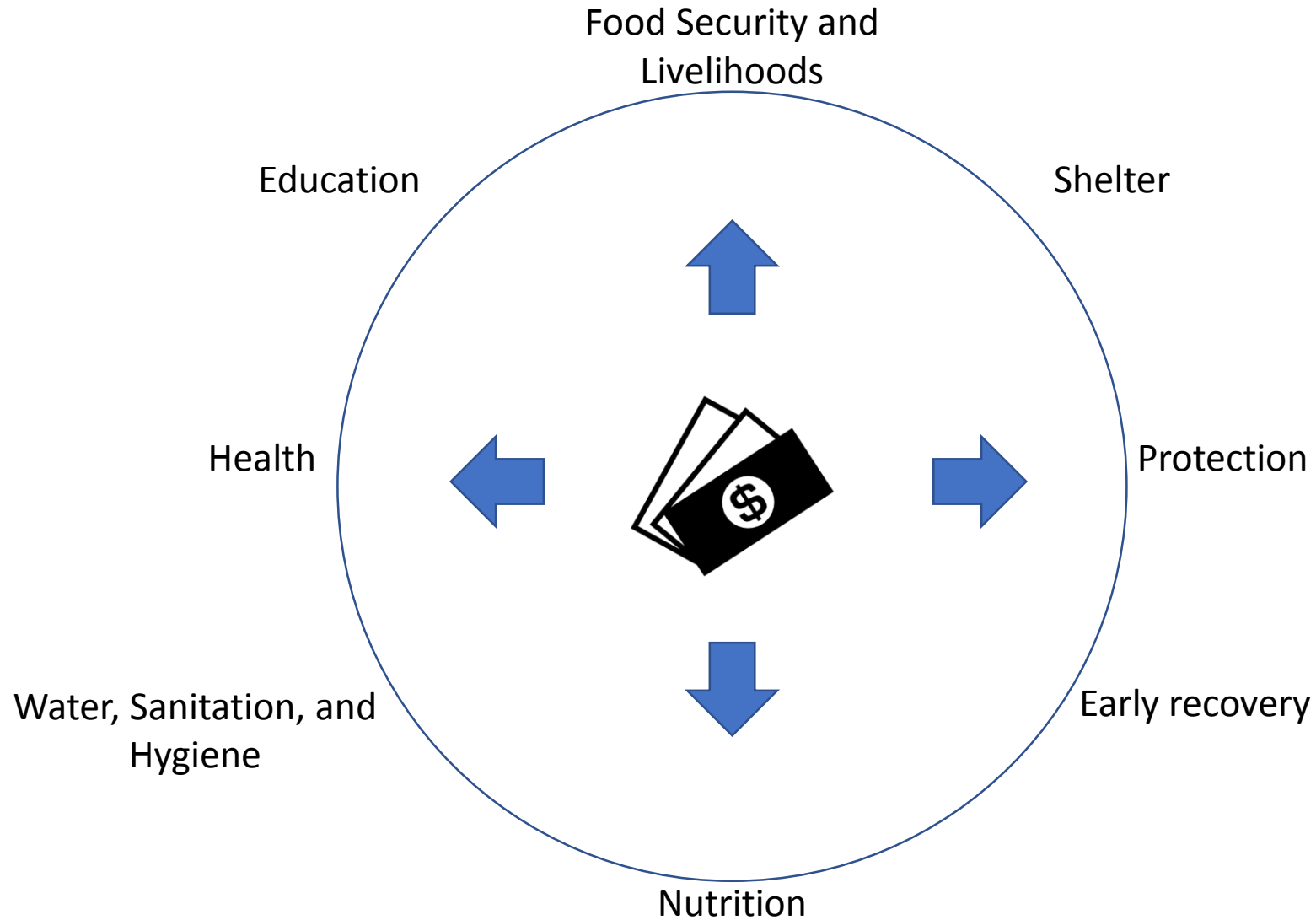
Defining Cash Transfer Programming

Defining Cash-Based Responses

Cash Transfers: beneficiaries receive assistance in the form of money.

Vouchers: Coupons or credit tied to pre-defined commodities or services. Vouchers cannot be used as a fiat currency.

Cash transfers can be used to meet needs within various humanitarian sectors



Multipurpose Cash Transfer Assistance



- Food
- Accommodation
- Clothing
- Education
- Agriculture
- Transportation
- Energy
- Health
- Water
- Business

The State of Cash

Change in the Narrative Around Cash

“Why Not Cash?”

Growing momentum on cash transfers

- High Level Panel on Humanitarian Cash Transfers (2015)
- EU 10 Common Principles for Multi-Purpose Cash-based Assistance (2015)
- World Humanitarian Summit and the Grand Bargain (2016)
- Cash transfers in response to Syrian crisis

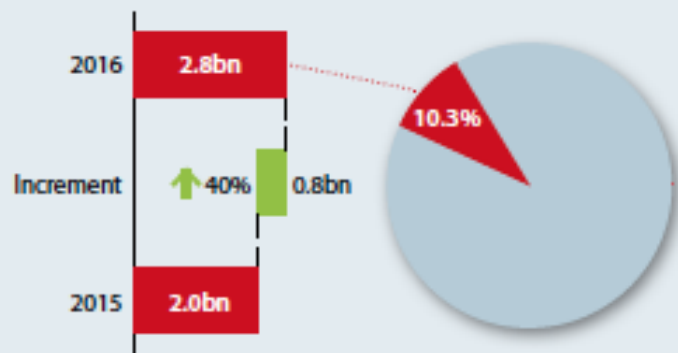
Why Cash?

- **Dignity, choice** and **flexibility** for beneficiaries.
- Greater **efficiency** and **value for money** for donors and taxpayers.
- Doing things **differently, jointly**, in a **coordinated** fashion.
- **Context-specific** and appropriate response.
- An **efficient** and **effective** way of delivering humanitarian assistance.
- Cash needs to be scaled up from current levels (cash and vouchers combined are **around 10%**).
- Cash transfers challenge the humanitarian architecture.

1 Global spend on cash and vouchers increased by 40% to \$2.8bn in 2016

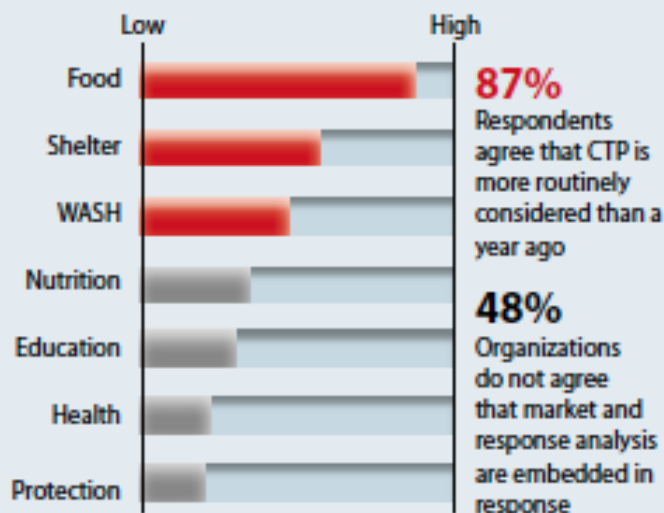
Total Cash and Voucher Aid Growth from 2015 to 2016

CTP as a % of Total Global Hum. Aid of \$27.3bn in 2016

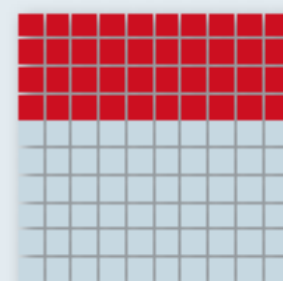


2 CTP is being considered more often, but not systematically

Sector experience with CTP



3 Capacity for CTP is a limiting factor across organizations



Only 40% Organizations have enough capacity to implement CTP

7/10 Organizations have difficulty finding skilled staff for CTP roles

Barriers to accessing CTP trainings

- Cost of Face to face trainings**
- Lack of time to attend**

4 The quality of CTP is improving, enhanced by collaboration

8/10

Practitioners believe their organization



- ▶ Has made progress towards increasing the quality of CTP
- ▶ Has considered evidence of best practices while designing and implementing CTP
- ▶ Is taking steps to embed common standards and guidelines for CTP

5 The coordination of CTP is unreliable, limiting the benefits realized

% Practitioners who believe there has been an improvement in

48% Quality of CTP coordination

41% Predictability of CTP coordination

28% Practitioners believe that national/ local actors are appropriately involved in the coordination for CTP

Barriers to effective coordination for CTP



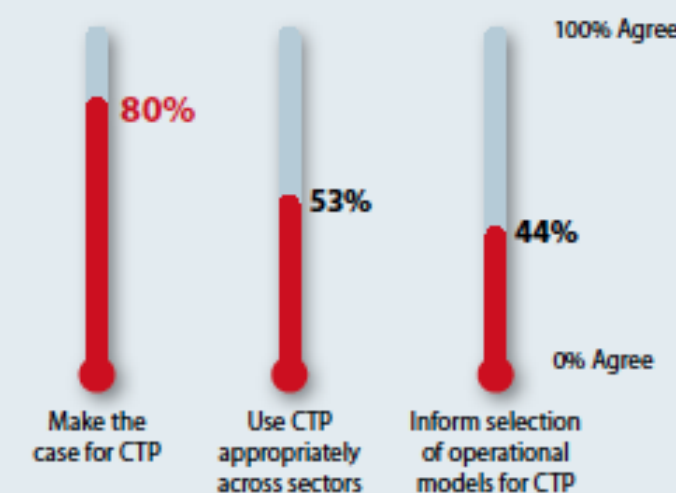
Confusion about where CTP coordination sits in the international system



Limited commitment to use shared operational mechanisms

6 Innovations and evidence are proliferating, but gaps remain

% Practitioners who believe evidence is available to



The number of the day... US\$ 2.8 Billion

40% increase in funding for cash and voucher programming from 2015 to 2016

Increase in the proportion of global humanitarian funding from **7% to 10.3%**

Cash transfers are estimated to be half: **US\$ 1.4 Billion**

Two agencies manage over **2/3** of volume/value of cash transfer programs globally. WFP (US\$ 880 million) and UNHCR(US\$ 688 million)

Cash-based responses are under-utilised. They could/should account for **37-42%** of humanitarian assistance, according to one estimate.

DG ECHO's Cash Transfer Footprint

Top Ten DG ECHO Geographies for Cash Transfers in 2017

Top Ten Countries by Contract Value

1. Turkey
2. Somalia
3. Lebanon
4. Greece
5. Uganda
6. Jordan
7. Afghanistan
8. Yemen
9. Congo, Democratic Republic of
10. Kenya

DG ECHO's 2017 High Level Numbers for 2017

- **€976 million** contracted for cash-based assistance, **92% of which was cash** vs. vouchers.
- The combined contracted amount for the top-7 countries in terms of cash transfer value (Turkey, Somalia, Lebanon, Greece, Uganda, Jordan, and Afghanistan) **corresponds to 89%** of the total contracted amount for all countries implementing cash transfers.
- Multi-purpose cash transfers represented **72% of total funding** to cash transfers
- Cash-based assistance represents **over 35%** of DG ECHO's total spend

DG ECHO's Guidance on Cash Transfers

Overall Objectives of Guidance

1. Ensure that assistance reaches beneficiaries more
 - Effectively
 - Efficiently
 - Directly
 - In a manner that is **appropriate** to the context and phase of a crisis.
2. Enhance **transparency** and **accountability**
3. Improve **cost efficiency** and **effectiveness**
4. Achieving **scale**

Harmonised Cash Programming Principles



- Common targeting criteria;
- A single registry or interoperable database; Data considered a common good, though protected;
- A single payment mechanism delivering standardized transfer values through a single financial service provider, allowing top-ups by other agencies;
- A common feedback/ grievance system;
- And a common results framework.

Three Key Components

Component A: Fundamental Aspects of Cash transfer Programming

- needs assessments,
- targeting,
- beneficiary registration (where needed),
- beneficiary enrolment,
- complaints/ appeals mechanism,
- reporting,
- process,
- post-distribution monitoring,
- design,
- coordination.

Component B: Pure delivery of the cash transfer, including:

- financial service providers' fees,
- card issuance
- other **financial transaction costs**.

Component C: Independent Monitoring, Evaluation, Accountability and Learning (**MEAL**) of the entire programme

Segregation of Duties Between Components

- To be introduced progressively:
- Separation of the payments (**component B**) from the rest of the project cycle (**component A**)
- Separation of the Monitoring, Evaluation, Accountability, and Learning (MEAL – **component C**)

Applicable to larger programs, where over €10 million is planned on being delivered

In line with internationally accepted principles on the segregation of duties to enhance accountability and transparency.

Theoretical Process Flow for Component Functions

DG ECHO

DG ECHO holds contracts with each component

Component A

- 1. Targeting
- 2. Registration
- 3. Enrolment
- 8. Beneficiary Feedback Mechanism

- 4. Beneficiary data
- 5. Payment schedules
- 6. Payment requests

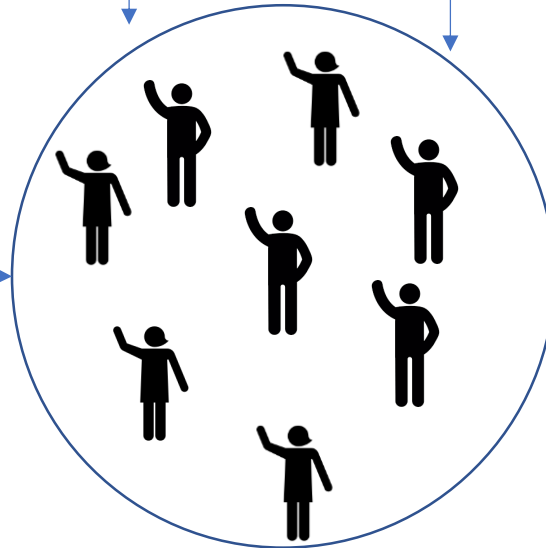
8. Payment reporting

MEAL Reporting

9b. Key Information Needs for MEAL

Component B (Payments)

7. Payment Delivery



Component C (MEAL)

9a. Key Information Needs for MEAL



Defining the PMC Process and Objectives

What are the PMC's Overall Objectives?

The PMC is meant to help DG ECHO gain a better understanding of how to potentially operationalize the segregation of component B from components A and C. Thus the PMC's overall objectives are as follows:

1. Provide the DG ECHO team with a detailed analysis of cash transfer/payments market
2. Assess the feasibility of procuring such services through an international tender arrangement

What Activities will be undertaken the PMC?

1. This Information Session
2. Desk research
3. Consultant team will interview a wide variety of service providers
4. Consultations with existing cash transfer implementing partners who have worked with a variety of providers or attempted a similar tender
5. Final report to present findings of the market scoping to DG ECHO

Who is the PMC Engaging?

The PMC is focusing on institutions that have regional or global reach or can play the roll of an intermediary between DG ECHO and local financial institutions that can deliver funds to beneficiaries. These will include commercial companies in the financial/payments sector, humanitarian organizations, or multi-lateral development banks. Below is a non-exhaustive segmentation of these providers.

Banks: Regional or International banks with presence in multiple markets or banks with presence in key DG ECHO markets.

Payment Platforms: Companies that provide payment gateways and access to a variety of delivery channels across a region or globally

Money Transfer Organizations: Remittance companies that have large networks globally or regionally that can facilitate the delivery of cash

Aid Organisations: International humanitarian organisations that have the ability to play an intermediary roll for cash delivery in a region or globally

Mobile Money Providers: Mobile Network Operators with regional presence that have mobile money products

Development Banks: Regional development banks that may be able to play an intermediary roll for payment facilitation

Interview Process

1. Consultant team could contact you via email, or providers are free to contact the consultant team.
2. A time for the interview will be decided on by both parties
3. Interviews will follow a script and have a set of question for each provider, and should take between 30 – 45 minutes
4. There will be time as well to answer any additional questions the provider has around the process
5. Interview information will be used to contribute to the final report for DG ECHO's review

Consultant team will attempt to interview as many potential providers as possible

Key Information Sought During Interviews

Through this process the consultant team will seek to establish a clear understanding on:

1. General provider profiles
2. Geographic reach
3. Key delivery channels
4. Key local partnerships
5. Customer Service/Quality Assurance
6. Contractual Details and Pricing Models
7. Ability to link to social welfare programs
8. Ability to work with Component A and C actors
9. Data requirements
10. Provider concerns/interests in this concept
11. Other pertinent information around payment delivery

PMC Final Outputs

1. Final Report

- Provider category overviews, strengths, and weaknesses
- Key considerations for intermediaries
- Pricing models
- Provider needs for feasible agreements to work
- Development of partnership scenarios

2. Final consultation meeting with DG ECHO

3. Extensive contact list of potential providers

Question and Answers

Thank you!

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