Reimagining aid in the digital age

Building global capabilities to serve local needs

May 2024

VISA

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Abbreviations

ATM	Automated teller machine
B-READY	Building Resilient, Adaptive, and Disaster-resilient Communities
CCD	Collaborative Cash Delivery
CVA	Cash and voucher assistance
CWG	Cash working group
FAO	Food and Agriculture Organization
FSP	Financial service provider
IASC	Inter-Agency Standing Committee
ICRC	International Committee of the Red Cross
IFRC	International Federation of Red Cross and Red Crescent Societies
INGO	International non-governmental organization
IRC	International Rescue Committee
KYC	Know Your Customer
M4H	Mobile for Humanitarian Innovation
MEAL	Monitoring, evaluation, accountability and learning
NGO	Non-governmental organization
NRC	Norwegian Refugee Council
RFP	Request for proposal
UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
USDC	USD Coin
WASH	Water, sanitation, and hygiene
WFP	World Food Programme

Executive Summary

Today, amidst the increasing frequency and complexity of global crises, there is a growing call for aid programs to be more efficient, inclusive, and sustainable. Meanwhile, emerging technologies and approaches in the humanitarian sector raise questions about when and where it is best suited to use digital innovations to enhance aid delivery, rather than prioritizing them for technological advancement alone.

To help aid organizations optimize their capabilities, maximize impact, and provide more effective support, Devex and Visa seek to provide a better understanding of the ever-changing approaches to aid delivery. Through findings from a comprehensive survey of 998 aid professionals and in-depth interviews with key stakeholders, this report aims to identify current trends, challenges, and opportunities in aid delivery.

The report highlights key findings and offers actionable recommendations to guide stakeholders in reimagining aid practices, utilizing digital solutions, and enhancing the effectiveness of humanitarian assistance programs in five key areas:

- The importance of enabling **choice of aid modalities** to local organizations and beneficiaries, based on local circumstances and evolving community needs.

- Prioritizing **inclusivity, accessibility, and safety** to help support the effectiveness and usability of aid.

- The need for **rapid and flexible** aid delivery approaches, including anticipatory aid models.

- **Longer-term planning**, resilience-strengthening, and capacity-building initiatives as essential components for sustainable outcomes.

- The critical **role of partnerships** in developing and operating holistic and effective aid delivery and responding to rapidly evolving crises.

Key recommendations include recognizing the unique nature of each crisis as well as the diversity of needs and individuals involved. Findings also emphasize prioritizing beneficiaries, offering choices, and ensuring inclusivity are essential aspects of intervention strategies. This involves assessing available capacity and providing necessary training while safeguarding privacy. Stakeholders also point to adapting to evolving needs, which requires flexibility and regular community feedback. Furthermore, promoting the sustainability of aid initiatives will require long-term investments in skills and infrastructure, along with establishing links with social protection initiatives to ensure enduring support. Finally, each actor – from local and international non-governmental organizations (INGOs), donor agencies, local governments, the private sector, and financial service providers (FSPs) – has particular responsibilities that can enhance their roles in aid delivery.

By prioritizing choice, inclusivity, efficiency, sustainability, and collaboration, stakeholders can enhance the impact and effectiveness of humanitarian aid programs, ultimately striving to meet the overarching objectives of saving lives, alleviating suffering, and maintaining human dignity in crisis contexts.

Introduction

The 2023 Global Humanitarian Assistance Report indicates that over 400 million people need humanitarian assistance globally. Despite interventions, cases of forced displacement, protracted armed conflict, food insecurity, natural disasters, and health emergencies remain at record levels.

As more communities continue to live in unsustainable and vulnerable situations, providing timely and adequate aid has become increasingly critical. Groups such as refugees or women, who can be more difficult to reach, are often disproportionately impacted by crises. But how do we ensure that aid is efficient, impactful, and inclusive at a time when growing budget constraints among donors put aid organizations and their partners under pressure to do even more with less?

In an effort to understand this ever-evolving landscape and advance a global conversation on the way forward, Devex and Visa conducted a survey of almost a thousand humanitarian aid professionals to learn what aid delivery looks like on the ground, as well as what would be needed for an inclusive, efficient and sustainable approach to humanitarian aid disbursements. We complemented these findings with in-depth interviews with thought leaders and program implementers in humanitarian aid delivery.

Humanitarian aid professionals argue that facilitating choice is paramount, with different situations calling for different types of interventions. Many believe that offering a range of options to suit local needs is often the best strategy, and that understanding the pros and cons of each aid modality will allow for a more inclusive and impactful approach. As crisis situations tend to be volatile in nature, aid delivery must be designed in a way that could benefit the recipients regardless of the challenges they face. While predicting when and where the next crisis will hit remains difficult, having a suite of options that could cover any eventuality allows for a more effective and flexible approach to humanitarian assistance.

Different kinds of humanitarian aid

As humanitarian crises have evolved over the years, so too have the means of delivering aid. Traditional, in-kind aid remains indispensable in contexts where needs are more immediate. However, logistical challenges can impede the efficiency and timeliness of delivering physical goods to affected populations. Recent years have seen an increase in direct aid, which empowers beneficiaries to spend on their most pressing needs. Direct aid has likewise evolved over the years with the advances in technology and connectivity. Below are some examples of the different modalities used to deliver aid in humanitarian settings.

In-kind: The distribution of tangible goods, such as food, water, blankets or hygiene kits.

Paper vouchers: Vouchers that can be exchanged at designated stores or marketplaces for a specific quantity or value of goods or services.

Cash over-the-counter or via an agent: Distribution of physical cash to beneficiaries, who collect the cash from local agents or from a participating store or financial institution.

Cash-in-hand distributions: Distribution of physical cash directly to recipients.

Bank transfers: Electronic transfers of money directly to recipients' bank accounts.

Digital transfers to wallets or financial accounts: Electronic transfers of money directly to recipients' money accounts or other digital wallets.

Prepaid cards: Physical debit cards with a fixed value that can be used to purchase goods or services at eligible stores or marketplaces, or online.

E-vouchers: Electronic vouchers that are received and stored on a digital device and can be exchanged at designated stores or marketplaces for specific goods or services.

Instant virtual cards: As with physical prepaid cards, a card number is distributed digitally to recipients, who can then use it with a mobile device or computer to pay for goods or services

Experts also advocate for more flexible aid delivery mechanisms that enable humanitarian actors to be more responsive, and for solutions to be more inclusive for the communities they serve. For example, 45% of those we polled believe the main advantage of direct humanitarian aid – or aid that is given directly to recipients in the form of physical or digital cash and vouchers – is its ability to be readily customized to individual needs and vulnerabilities.

A growing number of humanitarian actors believe that delivering aid directly to beneficiaries – such as through digital or cash payments, or distributing vouchers for goods or services – in many cases, offers more flexibility, inclusivity, and optionality than other mechanisms. Ramping up cash and voucher assistance (CVA) was a key element of the Grand Bargain agreement reached in 2016 between some of the world's biggest donors and humanitarian organizations. Progress then accelerated as the COVID-19 pandemic, alongside improved levels of global connectivity, drove humanitarian actors to innovate more. By 2020, the United Nations High Commissioner for Refugees (UNHCR) had already been sending direct humanitarian aid to refugees via digital payments, mobile money and bank accounts in 47 countries – a significant increase from 2016 levels. In 2022, World Vision also reached an estimated 7.8 million vulnerable people in 46 countries through cash assistance, of which 64% was delivered via mobile money or e-vouchers.

The 2023 State of the World's Cash Report points to a record 41% year-on-year increase in global CVA in 2022, during which $7.9 billion was transferred to people affected by humanitarian crises. The report also cites a 53% increase in cash and voucher transfer volumes from U.N. agencies compared to the previous year. Cash-based interventions now exceed in-kind assistance at UNHCR, and 95% of this is disbursed without restrictions on how recipients use it.

Our survey similarly indicates that while indirect, or non-monetary, aid is the most used aid delivery modality among the humanitarian aid professionals surveyed, at 79%, the use of direct aid is quickly gaining momentum as part of humanitarian response, with almost as many surveyed aid professionals using or considering using this modality to deliver aid, at 70%.

> "Part of the reason why we have been advocating for the use of unconditional cash rather than conditional, especially during emergency response, is that households have their own agency. The idea behind providing cash assistance is that it promotes dignity so that people themselves can decide what is important so they can move on and recover."
>
> —Michael Belaro, Asia-Pacific Regional Representative, CALP Network

Most used or considered aid modality among surveyed humanitarian aid professionals:

79% Indirect aid

70% Direct aid
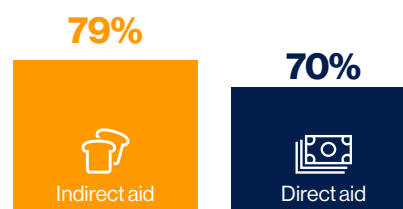
Source: Devex survey

> "As we pivot to more digital cash, we are adopting a digital-by-default approach to CVA, whereby we want to deploy more digital solutions and seek digital-first unless we have a really good reason not to. Those reasons might be some contextual or situational issues, like a lack of digital public infrastructure or a challenging regulatory environment or even specific constraints around our specific participant population."
>
> —Kimberly Adams, Senior Advisor, Technology for Development, Mercy Corps

Despite the advantages of each aid modality, both come with challenges that humanitarian workers must take into consideration. Surveyed aid professionals also point to the logistical challenges of distributing physical "cash-in-hand," as well as in-kind aid. Although many consider cash to be a more efficient form of humanitarian aid, it can generate security, safety, and transparency concerns. For example, humanitarian crises often occur in settings where it is difficult to deliver physical cash, such as conflict or disaster zones or areas impacted by infectious disease. Our survey also shows that while cash-in-hand distributions are the most utilized form of direct humanitarian aid (41%), they are considered to be the least secure and least transparent.

Many of these challenges can be addressed with digital payment delivery models, which employ everything from digital wallets to prepaid cards to deliver financial aid to recipients directly, efficiently and securely. Digital payments also help keep operational costs low, fuel local economies, and are auditable and traceable.

> "Cash is fundamentally more flexible than in-kind aid, especially when you consider the digital space where you're able to move money even faster to a larger group of people. You can have multiple options and service providers to work with, and different ways to access the money. It allows you to be targeted in terms of financial mechanisms that communities are familiar with, and you don't have to have a one-size-fits-all approach in a country or a region."
>
> —Jo Burton, Head of Economic Security Unit, International Committee of the Red Cross (ICRC)

Our research confirms these points as key factors that are driving the shift from physical to digital payments. For example, 78% of surveyed aid professionals pointed to an increased need for cost-efficient and cost-effective humanitarian aid delivery. Of those who have used direct monetary aid, 54% cite its contribution to the recovery of communities by boosting local economies as its top advantage.

Survey results also reveal that transfers of funds to beneficiaries' digital wallets or financial accounts are not only seen as the most secure (58%) and transparent (60%) types of direct humanitarian aid, but are also the most sought-after option to be made available for humanitarian aid programs due to their efficiency, security, and transparency.

> **"Digital disbursements have definitely better enabled us in terms of reach, efficiency, and effectiveness, while cutting down the costs of programming. Otherwise, the administrative cost required to run some of our large-scale projects would be too heavy."**
>
> —Gaurav Singh Basnyat, Digital Cash Programme Manager, Norwegian Refugee Council (NRC)

In spite of the advantages of digital payments as an aid delivery mechanism, neither direct aid in general nor digital payments in particular offer a complete solution for all humanitarian aid situations and local needs, and they can be most effective when offered as one set of capabilities amongst a broader suite of options.

For example, rolling out digital payment programs can involve a high initial investment, which can be a barrier given an increasingly conservative funding environment. These costs can also be prohibitive for private sector partners that need to recoup their operating expenditures. In low-resource settings, where physical infrastructure and literacy or skill levels may not be able to accommodate a quick shift to digital, other mechanisms – such as in-kind aid – are sometimes a more suitable solution, at least for the short term.

73% of surveyed aid professionals from donor agencies believe that increased funding to further integrate digital payments for humanitarian aid is very important.

Additionally, there is a perceived risk that funds will not be used as intended. But while 74% of the aid professionals we polled cited this as the top disadvantage of direct humanitarian aid, others noted there is little evidence of misuse of cash – whether physical or digital – with more rigorous monitoring, evaluation, accountability and learning (MEAL) tools and systems now applied to programs. Still, perceived disadvantages like this need to be addressed when designing programs in order to maximize their effectiveness, minimize misuse of funds, and deliver the right outcomes.

> **"We must strike a delicate balance between offering a solution and ensuring that it is financially sustainable. Merely creating solutions in the hope that demand will materialize is not productive for financial service providers and underlying clients."**
>
> —Nkosi Moyo, Head of Global Payments and Mobile Sales, Crown Agents Bank

As more humanitarian organizations embrace digital transformation, this report explores how to navigate the shift to a more digitized humanitarian aid world. How can new aid modalities coexist with existing approaches? What are the risks? And how can we ensure that aid's ultimate objectives – to save lives, alleviate suffering, and maintain human dignity during and in the aftermath of crises – are still being met?

> **"Refugees don't have a higher risk profile than anybody else, and people are generally capable and intelligent enough to know what to do with their money in a time of high stress."**
>
> —Tori Samples, Senior Product Manager, Stellar Development Foundation

About the Study

In order to understand key trends in the delivery of humanitarian aid, and the vision and roadmap for delivering the next generation of aid programs, Devex conducted an online survey from September 22 to October 16, 2023. The survey was sent to Devex's network of international development professionals with experience working in the humanitarian aid delivery sector. A total of 998 respondents answered the online survey.

Where have they worked?

Category	Percentage
INGO	73%
Independent expert	42%
Local NGO or community-based organization	40%
Bilateral donor agency/government department	38%
Multilateral agency	37%
Development consulting firm	35%
Academia/think tank	16%
Corporation and/or corporate foundation	10%
Private philanthropic/grant-giving foundation	5%
Other	1%
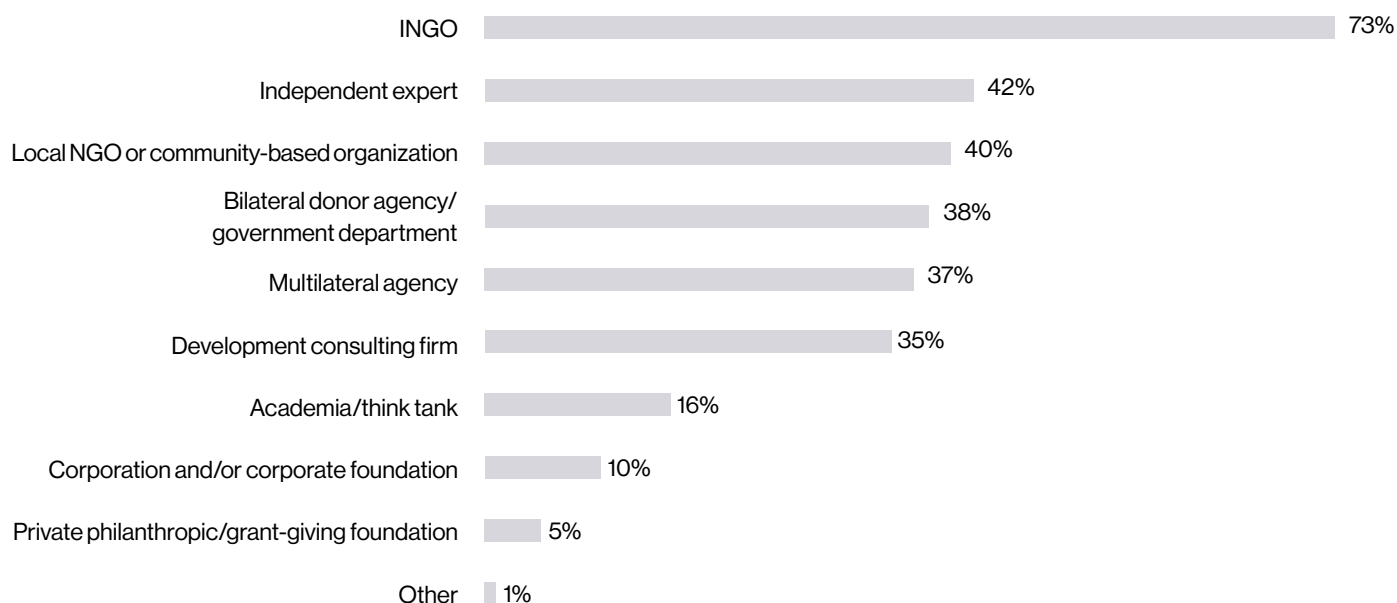
Where do they work in humanitarian aid delivery?

Category	Percentage
Program implementation	73%
Capacity building and training	60%
Monitoring and evaluation	51%
Funding and resource mobilization	42%
Advocacy and policy	35%
Distribution and logistics	32%
Local partner	28%
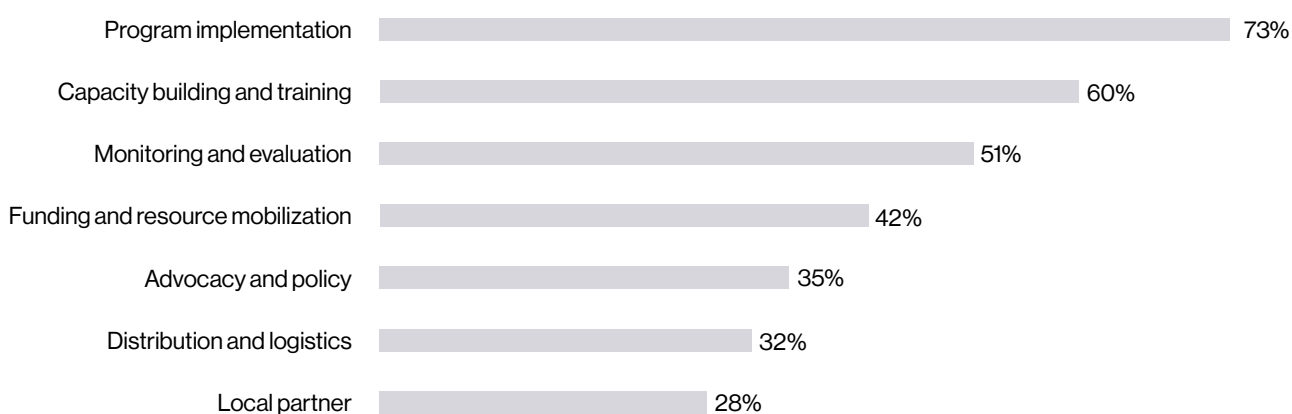
Which regions have they worked in?

North America: 8%

Europe and Eurasia: 21%

Asia: 42%

Latin America and Caribbean: 15%

Middle East: 24%

Australia/ Oceania: 7%

Africa: 76%
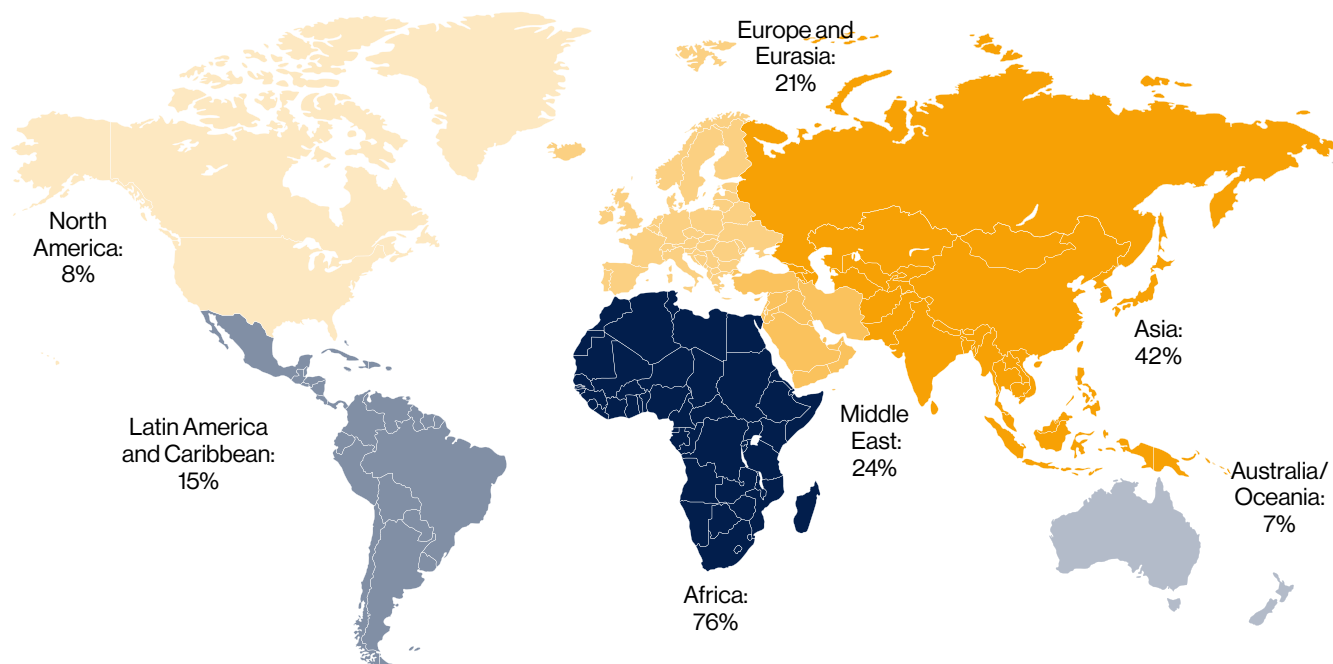
Devex also conducted in-depth interviews with 23 implementers, donors, FSP leaders, and other experts working in digital payments for humanitarian aid between October 16 and November 27, 2023. The insights from these interviews were used to supplement, contextualize, and add depth to the online survey results.

Who are the interviewees?

Subject matter expert: 4%

Private sector: 9%

Donor: 35%

Implementer: 52%
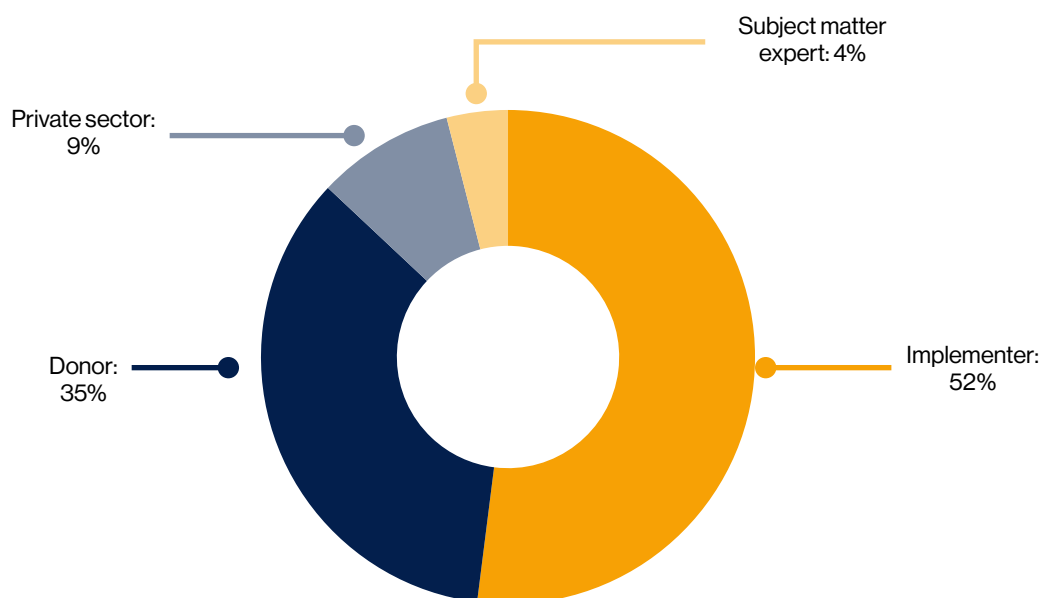
Key Finding

1 Facilitating choice through flexible, customizable solutions helps ensure aid meets needs on the ground

There is no one-size-fits-all approach to aid delivery. There are advantages and disadvantages to each humanitarian aid modality, with each able to address different challenges. Offering beneficiaries and the local non-governmental organizations (NGOs) and other organizations a suite of aid modalities to choose from is crucial to support the overarching goals of ensuring needs are met, populations are treated with dignity, and aid is not wasted.

The effectiveness of digital aid payments depends on the local context – such as whether electricity and internet connectivity are available, markets are functioning, and digital tools are generally accepted. This calls for more flexible approaches, with solutions tailored to suit individual needs and evolving contexts.

To reach their intended targets, meet needs, and avoid waste, humanitarian aid interventions must be designed around the beneficiaries. Some of the experts we spoke to said that humanitarian interventions can be more complex, tech-heavy or inflexible than recipients would like. For example, beneficiaries of digital humanitarian payments often cash out upon receipt, suggesting they are uncomfortable or unable to use the digital payment ecosystem they have been signed up for, or that the items they need are more easily accessed with cash or in-kind assistance. Refugees in particular may periodically lack access to telecom connectivity and chargers, mobile money agents, automated teller machines (ATMs), or formal markets as they make their journey, so they need additional flexibility to access a variety of options for humanitarian aid, including in-kind, physical cash and different digital financial payment mechanisms.

> **"We've largely partnered with Visa and other local commercial banks and merchants to start innovating how we can efficiently, safely, and securely distribute aid through digital payments. But the context informs us that there is more than just accessing safe, secure, and transparent aid. It's also understanding the barriers to how communities recover, and the need for robust infrastructure and policies around financial services and payments."**
>
> —Nina Abogado, Project Manager, Building Resilient, Adaptive, and Disaster-resilient Communities (B-READY) Global Scale-up, Oxfam

Humanitarian aid modalities: Pros and cons

Pros	Cons
In-kind	
Meets people's basic needs at the onset of emergencies, or in contexts where digital or financial infrastructure is weak. Ensures more vulnerable people, such as the elderly, disabled or those lacking digital skills or IDs, are not left behind. Reduces possibility of misuse. Inflation proof. Organizations can monitor and assure quality of food and other items.	Logistical challenges and costs. Limits choice and increases potential waste, with communities offered food or other items that are unsuitable or culturally inappropriate. Recipients sometimes sell items for less than market value in order to buy something they need more.
Paper vouchers	
Ensures more vulnerable people, such as the elderly, disabled or those lacking digital skills or IDs, are not left behind. Reduces possibility of misuse. Good data and reporting.	Security risk if vouchers are lost or stolen. Limits choice to vendors who accept them. Reimbursing merchants for accepted vouchers can be logistically challenging.
Cash over-the- counter or via an agent	
Offers flexibility, portability and choice for recipients. Widely accepted and understood. Networks of agents are already established in many contexts. Encourages spending in local markets.	Building agent networks takes time and resources when required. Security risks to beneficiaries and agents. Risk of misuse. Risk of inflation. Reliance on functioning markets.
Cash-in-hand distributions	
Offers flexibility, portability and choice for recipients. Widely accepted and understood. More accessible for marginalized communities. Encourages spending in local markets.	Security risks for beneficiaries and implementing organization. Risk of inflation. Risk of misuse. Reliance on functioning markets.
Bank transfers	
Fast, secure, invisible and traceable. Offers flexibility to cash out, spend within the digital ecosystem or save in a safe place. Encourages spending in local markets and advances dignity of aid recipients.	Limited bank/ATM networks in remote regions. Transaction costs. Security risk to beneficiaries if cash is withdrawn or PIN code is shared or stolen. Requires bank account and ID. Requires digital and financial skills. Reliance on functioning markets.
Digital transfers to wallets or financial accounts	
Fast, secure, invisible and traceable. Offers flexibility to cash out, spend within the digital ecosystem or save in a safe place. Utilize existing accounts rather than creating new ones for beneficiaries. Encourages spending in local markets and advances dignity of aid recipients.	Can be limited by network capacity in mass payments. Fees can be high in some contexts. Requires digital and financial skills. Requires mobile money account and ID. Requires access to a mobile handset. Reliance on functioning markets.
Prepaid cards	
Offers flexibility, portability and choice for recipients. Rapid rollout. Secured by PIN code. Encourages spending in local markets and advances dignity of aid recipients.	Costs and time to execute. Limited coverage in some countries. Security risk to beneficiaries if PIN code is shared or stolen. Reliance on functioning markets able to accept cards widely.
E-vouchers	
Portable, traceable, and secure. Encourages spending in local markets and advances dignity of aid recipients.	Limits choice to vendors who accept them. Requires access to a mobile handset.
Instant virtual cards	
Real-time account creation and ready-to-use. Encourages spending in local markets and advances dignity of aid recipients.	Limited awareness of this modality. Requires digital skills and devices. Reliance on functioning markets.

Best practices for delivering flexible, next generation programs:

A. Present a people-centered approach to aid delivery that includes a menu of options suitable for different segments of the community – one that includes digital payment methods, physical cash and vouchers, and in-kind aid as needed.

B. Conduct comprehensive but flexible needs mapping and market assessments to ensure the right groups are targeted.

C. Integrate multiple feedback loops throughout a program's design and implementation.

A Present a people-centered approach to aid delivery

Humanitarian aid professionals recommend approaching program design with a flexible, people-centered mindset that prioritizes aligning aid with recipients' real needs and preferences. This involves weighing the pros and cons of all types of aid delivery available, and combining them as needed, depending on the local context and population group being served.

94% of the humanitarian aid professionals surveyed agree that the ability to offer multiple options for delivering humanitarian aid to beneficiaries is important.

Top criteria when deciding how to deliver humanitarian aid:

68% Alignment with beneficiary and stakeholder needs

56% Ability to deliver results in an efficient and timely way

48% Sustainability of benefits over time

Source: Devex survey

Modular solutions that can be customized and adapted to the local context and beneficiaries' evolving needs, capacities and access to markets, technological infrastructure, and gateway devices can be particularly successful. For example, in 2021 the World Food Programme (WFP) delivered payments for food assistance through a mix of prepaid cards, bank accounts and e-vouchers. In Afghanistan, recipients have a choice of receiving commodity vouchers, direct cash payments, or prepaid cards from Azzizi Bank.

Humanitarian agencies looking to roll out a global program should consider offering country operations teams the ability to choose between a suite of different payment mechanisms. Recipients often gravitate toward methods they are already familiar with, so teams may opt for whichever method is already more popular in their region – such as mobile money in Africa or prepaid cards in the Americas. But having additional options can give them more flexibility in more remote locations or complex crises. In such cases, however, offering a wider range of options will necessitate procuring from a bigger pool of FSPs, which can require time and dedicated human resources. To address this, some experts suggest turning to payment aggregators – organizations that operate at the local level and act as a single point of contact for humanitarian organizations looking to leverage FSPs for their CVA programs.

When introducing new digital payment technologies, experts also recommend offering them as a supplement rather than a replacement of existing humanitarian aid modalities.

"You still have to put yourself in the recipient's shoes and make sure you are thinking about the world from her or his perspective."

—Laura Meissner, Senior Economic Advisor, Bureau for Humanitarian Assistance, United States Agency for International Development (USAID)

Among the various types of aid delivery mechanisms that NGOs can offer beneficiaries, direct financial aid can be one of the least prescriptive, allowing recipients the dignity and choice to prioritize and purchase the things they actually need. Within cash assistance, physical cash can offer more freedom than paper or electronic vouchers, but digital payments offer additional benefits such as security and adaptability to beneficiary needs. Digital payments are also cost-effective for donors and other stakeholders, meaning humanitarian aid can stretch further.

CASE STUDY

Matching aid payment approaches to specific situations

The NRC's decision to leverage digital payments to support vulnerable populations in Ukraine was based on the country already having strong digital infrastructure and established payment gateways, according to NRC's Gaurav Singh Basnyat. Use of mobile banking and contactless payments was widespread, and a digital transformation push by the government meant that most people's passports were stored digitally in an app that they used to access government services. Almost all of the population already had unique tax IDs, and high uptake of platforms such as Telegram, Viber and WhatsApp made it easy to communicate with beneficiaries, he explained.

In contrast, World Vision, where Gaurav Singh Basnyat worked in 2019, opted for e-vouchers and prepaid cards in Somaliland after deciding that limited digital financial infrastructure and services would make digital payments difficult, and that distributing physical cash could create security risks for populations.

In Nepal, following the 2015 earthquake, limited and damaged road networks made it impossible to transport in-kind aid to isolated villages. To address this challenge, World Vision used helicopters to make monthly distributions of physical cash. Because many pedestrian paths were still usable, impacted communities were able to walk to Chinese markets – albeit a journey that could take days – to buy essentials.

> **"The preferred payment modality, from a recipient's perspective, is the one that they're already using. They want to receive funds in whatever system they're already using as well. So, to be encouraged to move off the system organically, the new system has to offer significant benefits over the old one."**
>
> —Rory Crew, Technical Advisor, Data and Digitalization, CALP Network

Traditional in-kind aid also remains a valuable tool in certain contexts, such as in the initial days of a crisis if markets are non-functional and people cannot buy food or other items. Low-tech tools can be more reliable if natural disasters, for example, damage digital infrastructure and disrupt connectivity. And while cash is generally well-suited for meeting recipients' needs, it may be a less natural fit for contexts that require goods that might not be readily purchasable, such as shelters or hand washing stations.

But whether cash is offered in any form at all depends on a number of factors, from mobile phone ownership and network coverage to digital and financial literacy.

Where digital payments are implemented, the beneficiaries should, insofar as the situation allows, also be given the ability to choose the technology and method used for cash disbursements, as well as their preferred FSPs. They should also be given the ability to opt in or out of the program, or to change their preferences mid-program, as the success of any humanitarian initiative depends in large part on community buy-in.

Top 3 direct aid delivery options preferred by surveyed humanitarian workers for aid programs:

57% Digital transfers to wallets or financial accounts

43% Bank transfers

34% Prepaid cards

Source: Devex survey

> **"A more technology-centric solution is not necessarily the best option. It needs to have significant advantages over other types of aid and it needs to be very aligned with what people want and what is easiest for them to use."**
>
> —Kaitlyn Scott, Cash and Voucher Based Interventions Programme Specialist, Food and Agriculture Organization (FAO)

CASE STUDY

Empowering choice through plugPAY

WFP's plugPay digital payment solution allows funds to be transferred directly to the bank account or mobile wallet of a beneficiary's choice.

In Zambia – where plugPay first piloted in late 2021 at the Mantalpala Refugee Settlement – payments were initially transferred to over 1,000 refugees from the Democratic Republic of Congo using Zambia's interoperable payment gateway, the National Financial Switch, through a partnership with Citibank Zambia and MTN Zambia.

WFP says the solution – which enables vulnerable people to decide themselves how to receive and withdraw money – is also efficient, secure, and fast. As of March 2023, plugPay had been rolled out at WFP Country Offices in Zambia and Sri Lanka, enabled in Egypt, and was in the process of going live in Haiti and Tunisia. WFP has so far mapped payment infrastructures in more than 72 countries with the aim of expanding plugPay further.

B Conduct comprehensive but flexible needs mapping and market assessment

Integrating innovations without understanding the readiness of communities is a big challenge among implementers. To ensure the right groups are targeted by humanitarian aid programs – and that their needs are met – experts recommend conducting nimble and flexible needs assessments that are as comprehensive and granular as is feasible in each context. For example, World Vision has developed a rapid needs assessment tool that it has trained field officers to deploy in rapid-onset disasters.

> **"You need to have open communication lines. Don't just interview people through surveys, but talk to them in focus groups, preferably targeting different age groups, different groups with different needs, maybe groups with specific needs as well."**
>
> —Milos Terzan, Chief of Cash-based Interventions Section, UNHCR

Whether assessments are conducted broadly and pre-emptively to identify the range of aid delivery options to be offered, or are conducted on the ground for each aid program deployment, depends on the context and resources available. Partnering with local organizations and beneficiaries can help organizations strike a balance between the need to move rapidly and a desire to take more time to study the prevailing conditions.

> **"Do a needs assessment and then set clear criteria at the beginning to identify who you are targeting and why. You need to get that info. That information should largely come from the community and match with their definitions of what vulnerability is so that they'll accept the decisions that you make and have a fair and transparent process for that targeting."**
>
> —Kaitlyn Scott, Cash and Voucher Based Interventions Programme Specialist, FAO

Partnering with government agencies that are in charge of beneficiary registries, or with other humanitarian or grassroots organizations that maintain lists of vulnerable people in a specific location, can help with targeting. Some organizations are developing more innovative approaches. For example, in Togo, GiveDirectly worked with telecommunication companies to identify people in need through accessing subscriber phone data.

Market assessments in all locations are also important to understand the capacity of local markets to supply the correct volume and quality of goods that beneficiaries need and which digital payment mechanisms, for example, they are able to accept. Also map FSPs and telecom or technology providers to understand availability and costs. Other considerations range from exchange rate fluctuations or inflation and security concerns that could force markets to close.

> **"Clients who possess greater flexibility and find themselves with a solution that falls short of meeting their needs tend to allow us to engage with them directly, conducting a thorough examination of the challenges they're encountering and the issues they're seeking to resolve."**
>
> —Nkosi Moyo, Head of Global Payments and Mobile Sales, Crown Agents

C **Integrate multiple feedback loops and iterative design**

Humanitarian experts believe that integrating multiple feedback loops throughout the design and implementation of humanitarian aid programs is key to ensuring programs are efficient and impactful and that local needs are being met. They also recommend embedding complaints and feedback mechanisms at all stages, and especially during the targeting phase. For example, to make targeting more transparent and to improve local buy-in, communities should be consulted at the outset to ensure that the organization's definitions of vulnerabilities match theirs. Similarly, programs should be designed so that targeting exercises apply to all populations in a locality and do not breed enmity between different groups, especially between different ethnic groups or host communities and internally displaced persons.

Post-distribution monitoring to gather recipients' opinions on the method of aid delivery used, its impact, and – in the case of direct aid – how they used it, can also help hone future programs to be more people-centered, according to FAO's Kaitlyn Scott.

> **"There are assessments that we do to make sure that digital payment is a viable and the right payment model. What are the available FSPs? Are people able to cash out using mobile money? Is there a network of agents in this area? If not, can we work with telecommunications companies to get agents into this area?"**
>
> —Vera Lummis, Senior Manager for Innovation, GiveDirectly

For feedback to be meaningful, organizations must also gather and act on it quickly and efficiently, noted mobile industry association GSMA's Barnaby Willitts-King. For example, French NGO Solidarités International uses a chatbot to improve the speed with which it can respond to feedback and complaints from the Syrian refugees it serves in Lebanon. Via a standard WhatsApp conversation, the bot asks beneficiaries questions and uses their answers to fill in a feedback or complaints form. The capability – which is free to use and available to refugees around the clock – was launched in July 2021 as part of SOLIS bot, a chatbot project that Solidarités International uses for broader two-way communication with refugees in Lebanon and which was funded through a GSMA Mobile for Humanitarian (M4H) Innovation Fund grant. More than 3,000 feedback or complaints forms have so far been submitted using the bot.

> **"MEAL and customer journey feedback mechanisms are critical. We also facilitate that with government social protection transfers, because we use a project model that we call Social Accountability, which looks at longer-term and stronger citizen engagement with national governments regarding their policy commitments when it comes to inclusive and effective social assistance and benefits."**
>
> —Kathryn Taetzsch, Global Director, Humanitarian Partnerships and Cash Based Programmes, World Vision

Key Finding

2 Inclusivity and accessibility are paramount for successful program outcomes

Humanitarian aid programs – from digital cash to traditional in-kind – should serve all affected populations, including the most marginalized and vulnerable. However, the increasing volume and complexity of crises mean that many people often do not receive the assistance and protection they need.

Direct aid has the potential to empower recipients, build confidence, and maintain dignity even beyond the immediate crisis, and digital payments of humanitarian aid in particular can facilitate greater financial inclusion. For example, when a woman is able to use a digital ID to receive digitized payments in a humanitarian setting, it can help her become an economic actor who helps her family and community to thrive.
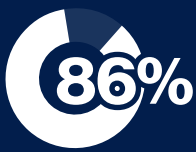
86% of surveyed aid professionals agree that providing aid through digital payment systems empowers beneficiaries and drives digital financial inclusion.

However, physical cash is still viewed by surveyed aid professionals as the most inclusive direct aid option, while digital payments in the form of issuance of financial credentials and e-vouchers are considered the least inclusive forms of direct assistance.

A lack of digital and financial literacy is another challenge for inclusivity, with 55% of surveyed aid professionals believing this to be the top barrier to the widespread adoption of digital payments for humanitarian aid.

This contributes to another key hurdle – lack of trust in digital and financial services. In sub-Saharan Africa, for example, women – who make up 84% of those forcibly displaced by natural disasters in emerging economies – are also more likely than men to need help using mobile money accounts, making them more vulnerable to financial abuse.

> **"If you're trying to use those channels to engage Syrians in Lebanon, you have to understand that you can't ask people to do certain things in public or online that people in other countries are much less concerned about. There are ways that you can use these tools, but you have to bring people along with you, and that involves training, listening, adapting, and customizing based on reality."**
>
> —Barnaby Willitts-King, Research and Policy Director, Mobile for Humanitarian Innovation, GSMA

Aid also does not always reach those who need it most, and may still exclude certain populations, such as the elderly, the unbanked or people with disabilities. For example, over 84 million forcibly displaced persons worldwide struggle to access formal financial services such as banking or mobile money, often due to difficulty obtaining digital IDs or satisfying strict Know Your Customer (KYC) processes. Refugees who – due to a lack of ID or proof of address, for example – are not able to open a bank account or mobile money wallet in their own name, or legally activate a mobile phone connection, risk becoming further marginalized or disempowered as access to humanitarian assistance is curtailed.

While more than 1.5 billion people received financial support during the pandemic from governments and humanitarian organizations via transfer programs, women were more likely to be excluded. This was due to a mix of factors, ranging from restrictive social norms and reduced digital and financial literacy to lower ownership of phones, registered SIM cards, bank accounts, and basic IDs. According to the 2021 Global Findex, over 40% of unbanked adults in Liberia, Mozambique, South Sudan, and Tanzania – most of whom are women – say that lack of documentation was a barrier to using mobile money.

Best practices for building more inclusive programs:

A. Design programs with vulnerable and marginalized populations in mind, for example by offering aid delivery by cash or vouchers alongside digital payment options.

B. Consider multiple forms of identification, and incorporate digital IDs or biometrics to target hard-to-reach beneficiaries or those who lack formal IDs.

C. Prioritize beneficiary safety by considering the risks of different forms of aid, and by committing to robust data protection practices.

A   Design programs with vulnerable and marginalized populations in mind

There is a large overlap between populations that are most in need of humanitarian aid and populations that are financially excluded and marginalized. In East Asia and the Pacific, for example, a report from the World Bank shows that 53% of unbanked adults are from the poorest 40% of households, according to CALP's Michael Belaro. Humanitarian aid programs should therefore seek to build longer-term financial inclusion in tandem with rolling out digital payments.

Experts believe a blended approach can foster inclusivity, with user-friendly digital payments offered first to those whose circumstances and skills make them an easier fit, while capacity-building support, workarounds, or short- and longer-term alternatives are crafted for those who find digital payments challenging or unsuitable.

> **"We're figuring out how to combine digital with traditional or field-based approaches to enrolling people and reaching people that leverage some of the efficiencies of digital while ensuring that we're not leaving anyone behind."**
>
> —Vera Lummis, Senior Manager for Innovation, GiveDirectly

B Consider multiple forms of identification

According to 70% of surveyed aid professionals, the COVID-19 pandemic demonstrated the importance of developing user-friendly regulations for accessing digital payments. There was a broad push to relax or refine regulations governing the types of IDs that were recognized to enable beneficiaries to satisfy KYC requirements and open bank or mobile money accounts. For example, governments in 37 countries allowed people to use functional IDs to register SIM cards in their own names to facilitate access to humanitarian payments. In March 2020, the guidelines from global anti-money laundering and counter-terrorist financing watchdog the Financial Action Task Force were updated so that simple identity documents available to refugees can now be accepted for accessing financial services, like bank accounts.

Partnerships aimed at establishing digital IDs using biometrics are also driving progress. For example, in Somaliland – where manually verifying that beneficiaries have received disbursements can be logistically challenging, especially in remote areas – CARE and Telecom, supported by the GSMA M4H program, have piloted using mobile voice identification for 2,000 households. Voice signatures are collected during registration so that payments can be disbursed and confirmed upon receipt of a matching voice signature.

In Jordan, UNHCR and WFP have used IrisGuard technology – which captures an image of the iris and converts it into a unique verifiable identity – to enable refugees to withdraw humanitarian aid transfers from ATMs or to redeem vouchers to buy food and other goods at stores.

Integrating biometrics in digital IDs with Paycode

The UK's Crown Agents Bank uses Paycode's biometric payment solution to help humanitarian partners create and pay into segregated mobile money or bank accounts for beneficiaries in Africa.

The Paycode solution enables donors to capture a beneficiary's details, including biometrics, and use these to open at least one digital wallet per beneficiary. Recipients can then draw from these using an associated card onto which their data has been installed in encrypted form. They can use the card – which can also be used in offline environments, such as where telecom connectivity is poor – to buy goods or services from merchants, to withdraw cash from agents or even receive regular medication.

"You can actually tokenize aid that is due to each beneficiary and create it as a unit on the system," explained Nkosi Moyo from Crown Agents. "And then when the beneficiary wants to receive aid, they go to a designated point and, essentially through biometric verification, they'll be able to then verify that they are the true beneficiary. So there is a fair amount of flexibility in terms of what can be done."

In Ghana, where the payments system of Crown Agents' partner is integrated into the country's banking infrastructure, beneficiaries receive a prepaid card that can be used at ATMs or point of sales issued by any local bank.

Crown Agents currently extends Paycode capabilities to partners in nine countries, but it aims to eventually expand this to about 500 million wallets in at least 40 countries in Africa.

C Prioritize beneficiary safety by considering the risks of different forms of aid

Delivering cash-based interventions could potentially expose beneficiaries to physical harm and the misuse of their personal data. Although our survey reveals that physical cash is viewed by many as the most inclusive form of direct aid, it could lead to the beneficiaries getting targeted by criminal elements. Physical cash and vouchers can be lost or stolen, and can be particularly dangerous for women living in abusive conditions. The UN International Organization for Migration's Emergency Manual for Cash-based Interventions advises humanitarian workers to assess whether the targeted recipients can safely access relevant marketplaces and determine whether specific protection needs to be provided for vulnerable groups that are at greater risk.

While sending cash aid electronically is a good way to reduce the risk of physical harm – both for the beneficiaries and the humanitarian workers transporting them – it also poses risks to recipients, particularly in contexts where there are no robust data protection mechanisms. Certain KYC and identity verification requirements expose recipients to the potential exploitation of their personal data. Governments, banks, and technology companies all have the ability to access the personal information that individuals share to receive digital payments, and concerns around unlawful and pervasive surveillance have been raised. So where reluctance to interact online or build an online profile is rational, building trust requires adapting programs to limit data gathering and sharing, and ensure that information is more rigorously protected. Humanitarian actors must therefore apply data minimization – or the practice of processing and storing data on an as-needed basis – and apply a privacy-first policy to allow recipients to share only what they are comfortable with.

> **"The risk level when it comes to the protection of personal data is completely different for different people, depending on who they are, where they live, whether they already have formal identification, and a number of other variables. The risk level can also change over time as the situation evolves. Do people always understand what will happen to their data when it is used for digital payments?"**
>
> —Jo Burton, Global Lead for Economic Security, International Committee of the Red Cross (ICRC)

Humanitarian aid professionals also recommend that – in addition to satisfying data protection rules in their country of operation – every time data is requested or collected from beneficiaries, agencies and their partners must first carefully consider whether and why they need it, where and for how long they will store it, and how they can future-proof its protection. UNHCR, for example, commits to undertaking data protection impact assessments and checking that data-sharing agreements with partners such as FSPs ensure adequate safeguards to protect the personal data of persons of concern.

Regardless of the aid mechanism used, humanitarian workers should remain aware of these risks and implement measures to mitigate them. Other examples of safety measures include equipping prepaid cards with PIN codes to ensure that only the intended beneficiaries can use them, and providing training and information campaigns on how beneficiaries can access their aid safely and securely.

Key Finding

3 Fast, efficient, and more effective approaches are needed to accelerate and scale aid delivery in rapidly evolving crises

The unpredictability of many natural disasters, health crises or conflicts means that humanitarian aid has historically tended to be reactive by necessity. Aid agencies, NGOs, and other partners are often required to start providing relief to populations while an emergency is still unfolding. This means that critical information about the number of people impacted and their immediate and longer-term needs are rarely available at the onset of a crisis. Organizations also need to assess whether a location is safe and accessible for aid workers, whether damage to – or the absence of – physical and digital infrastructure rules out certain aid delivery mechanisms, and the extent to which local markets for food and other essentials are still functioning.

But the huge impact of humanitarian crises – often now exacerbated by the effects of climate change – means they also demand a swift and effective response. Prompt action is crucial, especially when lives are at stake. Hastening aid delivery also requires efficiency, which brings the additional benefit of stretching scarce resources further. And because different aid delivery methods will be faster or more effective depending on the context, implementing partners should ideally be enabled to switch quickly and easily between a suite of options mid-program as beneficiary needs evolve.
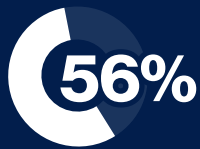
> **56%** When deciding the method of humanitarian aid distribution, the ability to deliver results efficiently and in a timely manner remains top-of-mind for more than half of the humanitarian aid professionals we polled.

One advantage that direct aid has compared with other delivery mechanisms is that it can often be deployed more quickly and flexibly than indirect aid, and digital payments can further streamline the entire process.

When asked about the benefits of effective digital humanitarian payment systems, 61% of the humanitarian aid professionals surveyed believe they are faster and more flexible, while 54% point to increased transparency and 42% to improved accountability. Three-quarters think that climate and disaster emergencies can benefit from digital payments in terms of delivering faster, more efficient, transparent, and scalable aid. For example, the transparency provided by automated digital modalities can speed up the process of auditing beneficiaries' receipt of assistance while also improving accuracy.

> **"A good humanitarian cash response is a quick one, particularly for rapid onset disasters or flood displacements. You want to be there with cash within a week to two weeks' time as an immediate humanitarian response."**
>
> —Rory Crew, Technical Advisor, Data and Digitalization, CALP Network

Digital payment solutions can hugely increase efficiency and cost-effectiveness, according to NRC's Gaurav Singh Basnyat. For example, digital payment and money movement capabilities have enabled the agency to distribute over $70 million of direct cash assistance (Multi Purpose Cash Assistance) in Ukraine over two years, with just eight people running the project. But "in contexts where digital is not feasible, we would require 200 staff, 500 enumerators, different project staff in area offices and different teams in different locations," he noted. "Digital has definitely better enabled us in terms of reach, efficiency and effectiveness, while cutting down the costs of programming. Otherwise, the administrative cost required to run a project of this type would be too heavy."

Best practices for timely aid delivery:

A. Develop anticipatory approaches, leveraging data and weather-predicting technologies to deliver pre-financing for climate disasters.

B. Partner with aggregators, prepare framework agreements with FSPs, and establish global aid distribution networks to accelerate the delivery of funds to local authorities.

C. Facilitate nimble switching between aid modalities throughout the life of a program, especially in rapidly evolving crises.

A Develop anticipatory approaches to deliver pre-financing for climate disasters

Acting ahead of predictable shocks or crises to prevent or mitigate their impact can lead to significantly more impactful, cost-effective, and fast humanitarian responses. For example, households in Bangladesh who received mobile money transfers ahead of peak flooding through a government scheme were 36% less likely to go without food for a day.

This is encouraging more actors to explore anticipatory approaches, such as using satellite data and early warning systems to target vulnerable communities and trigger the rapid release of pre-arranged financing in the very early stages – or even ahead – of a disease outbreak or natural disaster.

Facilitating collective anticipatory action

The U.N. Office for the Coordination of Humanitarian Affairs (UN OCHA) committed in its 2023-2026 Strategic Plan to support a systemic shift towards "coherent and embedded anticipatory approaches" and to use its own financing tools to facilitate, generate evidence for and scale up collective anticipatory action. As part of this work, it is now helping develop coordinated, collective anticipatory action frameworks aimed at generating faster, more cost-effective responses from the humanitarian community.

Each framework comprises three core elements, covering which model the anticipatory approach will follow, how it will be delivered and how it will be financed:

- A forecast-based trigger embedded in a clear decision-making process

- Pre-agreed action plans that can mitigate the impact of the emergency and the need for humanitarian relief

- Pre-arranged finance

> **"We're expanding our portfolio in anticipatory and early preparedness work that enables us to send payments to people impacted by humanitarian disasters and crises very quickly… Digital payments enable speed, and speed is critical when responding to rapid-onset emergencies."**
>
> —Vera Lummis, Senior Manager for Innovation, GiveDirectly

Oxfam's Building Resilient, Adaptive and Disaster-Ready Communities (B-READY) program employs an anticipatory action approach in providing humanitarian aid to beneficiaries when predetermined weather triggers are activated. B-READY was piloted in the Philippines and is now being scaled up globally with Visa utilizing an aggregator model to deliver focused and timely assistance in advance of the climate event.

GiveDirectly has also piloted the remote enrolment of communities in flood-prone areas, distributing SIMs to targeted groups and registering them with mobile money accounts so that payments can be sent as soon as floods arrive.
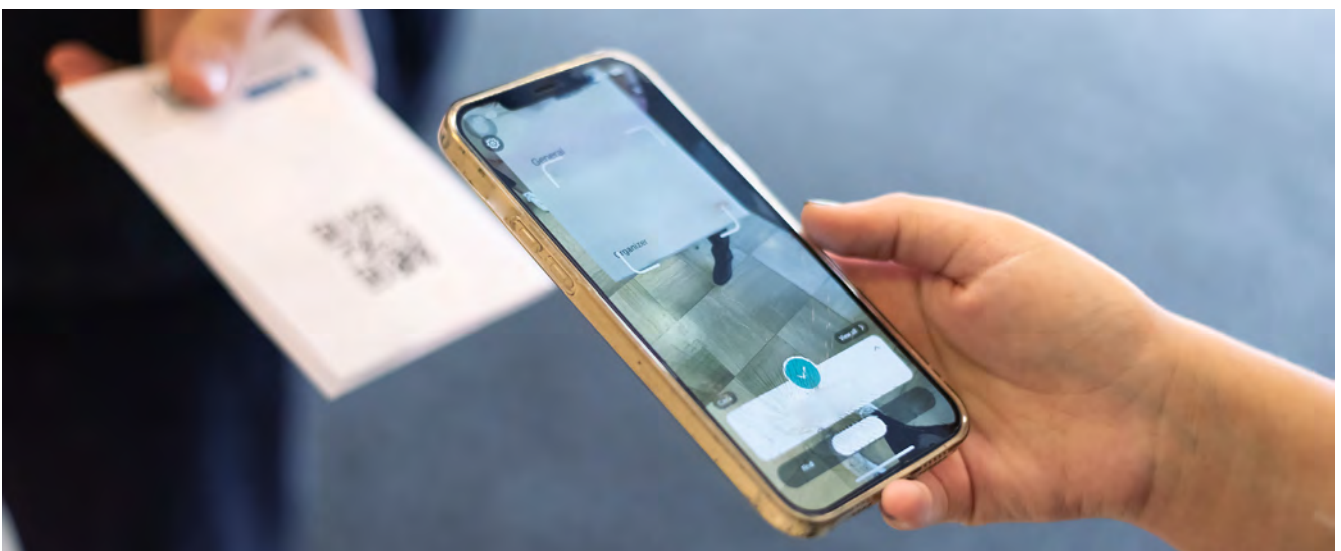
CASE STUDY

Investing in early preparedness to enable rapid aid distribution

As the frequency and severity of natural disasters continue to increase amid intensifying climate change, organizations need faster and more scalable ways to distribute humanitarian funds to impacted people in a form that meets beneficiaries' needs and is easy to use. Procuring from local FSPs is sometimes impossible or takes too long after an emergency strikes, meaning a degree of early preparedness is essential.

In 2014, the International Federation of Red Cross and Red Crescent Societies (IFRC) inked a regional framework agreement for the Americas with a company to provide prepaid cards that could be shipped out, with no monetary value, to emergency locations. Once distributed to individuals, the cards can be topped up with U.S. dollars through a web portal. Recipients can then use them to buy goods or services from vendors that accept Visa prepaid cards or to withdraw cash from ATMs. Importantly, the cards can also be distributed in advance of any crisis and then activated as needed.

When the Bahamas was hit by Hurricane Dorian in September 2019, the IFRC and Bahamas Red Cross Society were able to start distributing humanitarian funds via the prepaid cards in under a month – which was also when local markets started to function again. By February 2020, around $11 million had been loaded onto the cards to support more than 3,000 vulnerable households.

Between November 2019 and May 2022, the method was used in 14 countries in the Americas – including as part of the humanitarian response to hurricanes Eta and Iota and the volcanic eruption in St. Vincent – with over $13.6 million distributed via 16,700 activated cards.

B **Partner with aggregators, prepare framework agreements with FSPs, and establish global aid distribution networks to accelerate the delivery of funds to local authorities**

Experts recommend working with payment aggregators to speed up aid distribution by removing the need for procuring services individually from several different local FSPs. These companies have direct ties to local banks and other FSPs, allowing them to offer a wide range of payment options, including in humanitarian contexts. Aggregators offer the convenience of a one-stop shop for humanitarian workers looking to implement CVA programs and increase efficiency on the ground through their pre-established agreements with local FSPs.

By effectively delegating negotiations on rates and due diligence processes to the aggregator, responses to sudden emergencies, such as the outbreak of a conflict or a natural disaster, can sometimes be activated within days rather than weeks. Inking framework agreements with larger FSPs and other implementing partners can also deliver some of the same benefits.

Specialist aggregators like Segovia, MFS Africa, and RedRose also provide a centralized place to conduct auditing, reconciliation, and reporting, and can sometimes support training.

> **"RedRose really catapulted to prominence when they were one of the few companies that had a connection to FSPs in Ukraine. So when the Ukraine invasion happened, they were well-placed to deliver financial assistance. Then the ICRC and several other big organizations started using them."**
>
> —Rory Crew, Technical Advisor, Data and Digitalization, CALP Network

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Establishing payment rails ahead of time can also help accelerate the distribution of humanitarian aid via digital payments. UNHCR, for example, is developing a Digital Hub of Treasury Solutions that will act as a gateway for a number of digital payment modalities. The agency was also able to leverage existing partnerships and access to financial ecosystems to deliver financial assistance expediently to Ukraine and neighboring countries. "We want to have payment rails available and ready to go – that's the objective," said UNHCR's Carmen Hett.

C Facilitate nimble switching between aid modalities throughout the life of programs

Needs and preferences among crisis-hit populations are specific to culture, gender, and personal circumstances, but they are also dynamic rather than static. An aid modality that is most suitable for a beneficiary at the start of an emergency could be less suitable weeks or even days later.

For example, in-kind assistance can be the best and fastest way of meeting the population's basic needs – such as food or shelter – during the early, acute days of a natural disaster, especially if digital infrastructure has been damaged. But paper vouchers could offer more choice for beneficiaries once markets open, and prepaid cards can be rolled out rapidly once digital connectivity is restored. Displaced populations in particular may need to switch between multiple modalities as they travel between different locations with varying access to markets or payment services.

> **"We need to be clear that digital is the way to go, but we always need complementarity. Also, we need to be able to switch between modalities. We cannot just say 'Always use cash vouchers.' You need to be ready to go back to in-kind if you have inflation contexts."**
>
> —Kathryn Taetzsch, Global Director, Humanitarian Partnerships and Cash Based Programmes, World Vision

Key Finding

4 Longer-term, holistic planning builds resilience, facilitates choice, and leads to more sustainable outcomes

Due to the unexpected nature of humanitarian crises, building longer-term resilience remains a major challenge when humanitarian aid, by nature, focuses on immediate, lifesaving interventions. However, the inevitability of future shocks presents an opportunity for humanitarian workers to plan ahead of a crisis and embed resilience into their strategies. With prolonged crises and escalating displacement, a more strategic approach is needed to ensure that aid is multi-purpose, addressing both immediate and long-term vulnerabilities, and that beneficiaries and local implementers have the agency to choose the right solution for their circumstances.

Investments in infrastructure like health care facilities or earthquake-proof buildings, or in climate adaptation – such as flood defenses or agricultural irrigation systems – are of course important for minimizing the short- and long-term impact of natural disasters.

> **"Part of our advocacy and program intervention is to bring in the private sector to open markets within the area as part of disaster preparedness and sustainability. Financial inclusion comes in the recovery development phase, when there's more bandwidth and openness in a long-term approach where people can access other financial services to grow savings, invest, and diversify funds. Other financial products and instruments can come in so they're not absorbing shocks. They can also now purchase insurance, because they're being taught the value of social protection. All these are part of the design of the program."**
>
> —Nina Abogado, Project Manager, Building Resilient, Adaptive, and Disaster-resilient Communities (B-READY) Global Scale-up, Oxfam

But public investments in roads or transit systems can additionally enable in-kind assistance to reach crisis-hit communities more quickly while improving communities' longer-term ability to access health care, education and job opportunities. And private sector-led investments to strengthen local markets can similarly facilitate the roll-out of voucher or e-voucher aid following a crisis, while supporting local economies longer term.

Private sector firms can also improve a community's level of access to affordable gateway technologies, such as phones or computers, while lending their expertise to help build digital skills in target populations. Coupled with investments in digital infrastructure and payment services, these factors could all help facilitate the rapid rollout of digital humanitarian payments as well as position the beneficiaries to maximize longer-term opportunities in the digital economy.

But digital payment mechanisms can only deliver for the long term if they are built for the long term – and if stakeholders perceive this to be true.

> **"In areas where there are protracted crises – Afghanistan, Syria, DRC, Mali, northern Nigeria – there's reluctance to put faith in a new system. The expectation is that the system is not going to be useful in six months or a year. We have to be careful we're not using these populations to experiment, but rather take a longer-term view and think about how a humanitarian crisis can actually lead to real investment in these communities in the form of digital infrastructure... it's ensuring that you have the trust and confidence of the affected population and that technology is being put forth in a genuine way to allow for the well-being of a community."**
>
> —Sasha Kapadia, Director of Global Advisory, ODI

Humanitarian aid professionals note that digital payment systems are often hindered by insufficient mobile internet connectivity, access to and use of mobile phones – especially for under-served groups like women – and established and easily accessible networks of mobile money agents or card points of sale.

Top three enablers of humanitarian digital payments:

62%
Improved access to gateway technologies (phones, computers)

56%
Improved digital infrastructures

46%
Increased trust in digital payment services

Source: Devex survey

Top three barriers to the widespread adoption of humanitarian digital payments:

57%
Limited digital payment infrastructure

55%
Lack of digital and financial literacy

47%
Lack of sufficient access to mobile devices

Source: Devex survey

These challenges are exacerbated in contexts where the need for both rapid emergency aid and ongoing financial support are often highest. For example, while 62% of refugees globally live in locations with at least 2G network coverage, this shrinks to just 17% for rural refugees, and 20% of rural refugees have no mobile coverage at all.

Best practices for building programs with sustainable impact:

A. Design interventions for the long term, investing in physical and digital infrastructure to help deliver aid more effectively in future crises.

B. Include program components that build social protection, especially among the more marginalized and vulnerable.

C. Take time to build both digital and financial skills in the community, while fostering an awareness of programs and an understanding of the risks and benefits.

A Design interventions for the long term, investing in physical and digital infrastructure

Oftentimes, ensuring that humanitarian funds can deliver maximum, sustained impact relies on having the right infrastructure in place. Investing in roads or hospitals can help future-proof communities against the next shock while supporting livelihoods. Investing in the physical infrastructure that underpins digital connectivity – such as cell towers – can also facilitate ongoing access to services like telehealth or education.

> **"There are countries where we know the payments infrastructure is inadequate. Part of our conversation with various players in the sector is the question of 'Is it possible for multiple players to come together and address that infrastructure issue?' Because if we proactively address the infrastructure issue when there is no disaster, that infrastructure will support ongoing humanitarian needs. And on the day when you have a major disaster that infrastructure is already in place to support urgent payments."**
>
> —Nkosi Moyo, Head of Global Payments and Mobile Sales, Crown Agents

Areas that already have established interoperable payment rails tend to be better served by a wider choice of digital payment systems and FSPs. They are also home to populations that enjoy better rates of financial inclusion – as digital direct aid programs introduce underserved populations to financial services for the first time – and that are more familiar with and trusting of digital payment methods.

Acting alone, private sector actors can be reluctant to invest in digital infrastructure in locations they consider high-risk, or where the cost of operations can be prohibitive. Public investment or partnerships with aid agencies can help overcome this hurdle by risk-sharing or lowering the cost of market entry for private players.

B **Include program components that build social protection for vulnerable communities**

According to interviewed humanitarian experts, linking humanitarian aid with longer-term social protection programs can increase the resilience of communities against future shocks and improve political stability by strengthening the contract between populations and governments. Delivering social protection digitally can, for example, improve food security for low-income and rural communities.

"You're basically piggy-backing on the infrastructure that's already there and then just providing more choice and flexibility," said Stellar Development Foundation's Tori Samples. "If you get those global rails functioning, people truly are enabled to do what they need to do and make the best choices that they can for themselves."

Interviewed experts also note that embedding humanitarian aid into bigger, more regular payment flows in this way reduces the – currently high – likelihood that recipients of emergency humanitarian aid will instantly cash out, encouraging them to keep funds within the digital ecosystem.

This can create a virtuous circle whereby FSPs and other private sector players are more willing to invest in contexts that they perceive as higher risk or less profitable and roll out a greater choice of payment mechanisms, as well as complementary products such as savings or micro-insurance.

> **"The best type of program is one that touches on both short- and long-term needs. Having a social protection system of monthly payments for a long period of time, and then adding in a shock response or crisis modifier is a way to incorporate the emergency into what's essentially a development project."**
>
> —Kaitlyn Scott, Cash and Voucher Based Interventions Programme Specialist, FAO

At the same time, fusing emergency payment mechanisms with established social protection schemes can increase the speed and efficiency of payment delivery during crises. National social protection systems also generate and have access to data that – particularly if digitized – can be tapped to better target the most vulnerable or marginalized in an emergency.

However, delivering this level of integration will require better collaboration between humanitarian actors – which typically retain some independence from governments – and development-focused actors, which work with the public sector more closely. NGOs are also less accustomed to working with government payment networks, which are usually the payment channel for social protection programs.

Alternative solutions may also have to be offered for non-nationals, such as refugees, who are often excluded from social protection systems.

COVID-19 and the digitization of social protection

The COVID-19 pandemic transformed the way many governments deliver social assistance. Countries that had already established digital public infrastructure – such as connectivity, interoperable payment systems and digital IDs – were able to quickly roll out digital payments to support low-income or vulnerable households.

For many recipients, this was the first time they had received a payment digitally or been included at all in the formal financial system.

For example, Colombia's emergency program, Ingreso Solidario, had by April 2021 delivered payments to 4 million households – over 64% of them headed by women – via bank accounts or mobile wallets.


> **"If the government has a strong social protection scheme, and if there was already a method of making payments to those people before a crisis, in theory, humanitarian actors might be able to piggyback off of that. In reality, it's a lot more complex than one might think. This is where the walking the talk from donors, from all actors, has to come into play. Because it's still the humanitarian actors providing a separate financial solution, in parallel, as opposed to piggybacking off of something that's already built."**
>
> —Clara Setiawan, Global Lead for Cash and Voucher Assistance, ICRC

C Take time to build both digital and financial skills in the community

Delivering a combination of digital and financial literacy training to vulnerable groups can empower them to access a broader range of humanitarian aid options and improve the uptake of humanitarian aid programs. For example, World Vision has partnered with DreamStart Labs to offer – and provide training towards the use of – digital saving accounts for groups that can be linked to wallets for humanitarian cash transfers.

The COVID-19 pandemic demonstrated the importance of expanding digital and financial literacy campaigns, according to 65% of surveyed aid professionals, with stronger digital financial literacy and skills viewed as the top enabler for building more trust in digital payments. Additionally, 43% of respondents consider providing training and education to beneficiaries to be best practice when implementing digital humanitarian payments.
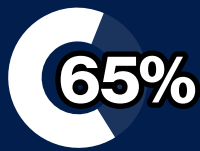
65% of surveyed aid professionals believe that the COVID-19 pandemic demonstrated the importance of expanding digital and financial literacy campaigns.

According to UNHCR, training should focus on ensuring that recipients can use payment instruments – such as mobile money wallets, SIMs, or point of sale systems – confidently, independently and correctly. Humanitarian aid providers are already implementing programs that are geared toward building these skills among the population to help enable digital options for aid delivery, when the situation calls for it. For example, in 2016 the IFRC and Hellenic Red Cross supported migrants on how to use ATM cards.

Classroom-based training in local languages and "learning by doing" are considered particularly effective for many beneficiaries. But humanitarian aid professionals recommend that training should be tailored around the needs, circumstances, level of access to gateway technologies, and existing skills of recipients, especially when it comes to the more vulnerable or excluded groups like women and the elderly. For example, training for women should be gender-sensitive, preferably using female trainers and delivered at locations and times that are safe and accessible for them.

Interviewed experts also argue that recipients should be equipped to make basic financial decisions to maximize the benefit they derive from financial assistance. At the same time, they should be made aware of their financial rights, of other financial services that are available to them, and of the benefits and opportunities from keeping funds within a digital ecosystem – if this modality is offered – rather than cashing out immediately. Introducing beneficiaries to other financial products – such as savings, bill-pay, peer-to-peer transfers or micro-insurance – can improve their economic resilience longer term, such as through enabling them to participate in the digital economy and start a business.

Finally, capacity-building programs should not be limited to beneficiaries, but incorporate comprehensive training of trainers and skills building for other aid workers. Some 68% of surveyed aid professionals believe that building digital financial literacy among humanitarian communities will also build confidence and empower local communities.

> "Young people, no matter where they live, are digital natives. So by insisting upon a digital tool, are you excluding older populations who might not be so familiar or so comfortable using digital tools? You often see young people assisting the elder members of their community to help claim their assistance or to claim their benefits, because they just don't have the ability to do so without that support."
>
> —Sasha Kapadia, Director of Global Advisory, ODI

> "In a lot of contexts we work in, we need to pay particular attention to individuals who cannot use phones or digital payments effectively. Typically, what we'll do is find helpers or custodians to receive payments on someone's behalf and get them registered in the system, and then we'll follow up quite closely with these groups, because they're more at risk of fraud, to make sure that everything is going fine for them. But we do have to think through work-arounds for certain groups."
>
> —Vera Lummis, Senior Manager for Innovation, GiveDirectly

Key Finding

5 Diverse, coordinated, and well-resourced partnerships are key for next-generation aid programs

Humanitarian crises are becoming longer and more complex amid accelerating climate change and heightening geopolitical tensions. An increase in interconnected social problems in many locations – such as educational or health inequalities, and conflict between different groups – requires a more intersectional approach to crisis relief and aid delivery, and makes local knowledge and cultural context more critical when designing programs.

Input from a diverse array of local, regional and international actors from both the public and private sectors is essential to ensure that humanitarian aid programs are efficient, inclusive, and sustainable. Gathering insights from all the relevant stakeholders also ensures that beneficiaries and NGOs working on the ground are empowered to choose from a variety of aid delivery mechanisms. Developing well-coordinated, inclusive partnership structures that facilitate communication and knowledge sharing can help ensure that the needs and priorities of beneficiaries, donors, NGOs, and private sector players are better aligned and that efforts are not duplicated. Where real collaboration occurs, aid delivery can be faster and more cost-effective, and assistance can reach more people.

At GiveDirectly, "cash programs involve partnerships from end-to-end," says Vera Lummis. For some programs, the organization partners with private sector technology companies, like Viamo, to enable potential recipients to self-enroll via their mobile phones. In some countries, the organization partners with the government to tap national ID databases to support verification. Partnering with payment aggregators, such as Segovia or pawaPay, to channel payments further creates efficiencies compared with integrating with individual mobile money operators.

Strong and mutually beneficial partnerships among stakeholders in the digital payments ecosystem can help maximize funds and may even attract more funding for humanitarian aid. As more organizations embrace digital payments and build partnerships to facilitate larger payment volumes, fees gradually decrease, noted Nkosi Moyo at Crown Agents. "You'll find ultimately that it is a lot cheaper, because now you're dealing with economies of scale, rather than where solutions involve each client or each program doing things in isolation."

At the 2017 World Economic Forum Annual Meeting, 18 global private-sector and humanitarian organizations committed to the following principles to shape public-private collaboration in humanitarian payments:

- Build strategic partnerships pre-crisis to prepare for response

- Design the transfer mechanism

- Collect data that is relevant, proportional, and standardized/shareable

- Protect, empower, and serve the customer

- Encourage coordinated approaches

- Build institutional capacity for partnerships

Best practices for developing impactful partnerships:

A. Build diverse partner networks with varied technical, operational, and circumstantial capabilities and expertise, globally and locally, to tackle complex challenges and deliver holistic solutions.

B. Facilitate coordination and better align interests, including through knowledge sharing and participation in consortia.

C. Invest in institutional capacity, such as dedicated staff, to support and galvanize partnerships.

A   Build more diverse partnerships

Improving the diversity of partnerships and including a wider array of actors in humanitarian aid programs encourages more holistic approaches. As each partner organization contributes according to their operational strengths, resources, and areas of expertise, the aid program stands a better chance at meeting the beneficiaries' complex needs. For example, when designing programs that include a digital payment option that local populations could be unfamiliar with, incorporating community groups or local educational providers in partnerships can help identify and plug skills gaps to raise acceptance rates and improve inclusivity.

Working with myriad partners – some of which may serve global roles while others focus on local execution and delivery – can also help stimulate innovation and expand the range of humanitarian aid offerings available for beneficiaries to choose from.

Surveyed humanitarian aid professionals believe that individual actors in partnerships can play equally important roles, with a fairly even spread of opinion among those polled in terms of their preferred type of implementing partner. For example, a quarter of respondents prefer to work with INGOs focusing on financial inclusion, while about a fifth favor global payment networks such as Visa or prefer local or regional fintechs or FSPs.

> **"We have a lot of engagements with central banks in the various countries because that helps them to understand our role within the financial services sector and how we are trying to assist some of our clients to be able to deliver aid into those countries."**
>
> —Nkosi Moyo, Head of Global Payments and Mobile Sales, Crown Agents Bank

But within those partnerships, each should play to their individual strengths. Government institutions, for instance, are responsible for providing basic needs and services to its citizens, and creating an enabling environment for other players to operate effectively within their jurisdiction. This means their participation in partnerships can help scale programs, maintain longer-term impact, and facilitate the eventual withdrawal of humanitarian actors. Humanitarian aid professionals therefore recommend consulting governments before intervening, and – where possible – aligning programs with existing government schemes.

"We work with governments to map out what we can do, what we can't do, and in some cases we've also been able to get derogations from the government to serve refugees in a certain payment mechanism that normally wouldn't be possible because of KYC, for example," noted Hanna Mattinen at UNHCR. The agency has worked closely, for example, with Uganda's government to allow refugees to use UNHCR's digital ID credentials to access mobile payments. In Zambia, tight collaboration with the government contributed to public policy amendments to provide refugees access to mobile money.

> **"Look at FSPs and the private sector as partners rather than a service that you will contract to deliver assistance. There's so much expertise from the other side of the fence. The private sector can offer so much that humanitarian actors don't necessarily have through a real partnership."**
>
> —Michael Belaro, Asia-Pacific Regional Representative, CALP Network

Interviewed experts also argue that FSPs and other private sector actors should be considered not just as channels for aid but as real partners when designing humanitarian delivery programs. FSPs have a unique contribution to make in partnerships, especially in contexts where governments are non-functioning or compromised. For example, "in a place like Lebanon, as long as the licensed FSPs are comfortable operating – like MoneyGram – then we're good with that," noted Samples. "If there's a licensed bank in Afghanistan that wants to serve as an on-ramp or an off-ramp to the Stellar network, then absolutely. We rely on their local expertise in their environment to guide us," she added.

Early engagement with traditional leaders or elders can also help foster relationships and build credibility with communities. This is particularly useful for facilitating needs assessments or preparatory activities. Coordinating with other NGOs also helps harmonize efforts and avoid overlaps.

> **"In the move towards localization, we want to work more and more with local partners, although this may create challenges to moving faster to digital payments, as they often lack capacity in this and cash in hand is more widely used. But increasing the use of digital payments requires commitment from all stakeholders."**
>
> —Annika Sjoberg, Senior Cash-based Interventions Officer, UNHCR

Transferring more responsibility to local NGOs so they can implement the entire CVA program cycle can empower them to tap funding from donors directly. At the very least, they will be able to collaborate more deeply with INGOs in program development. Building more equitable partnerships in this way can also lead to better and more contextualized support for beneficiaries. To this end, the Collaborative Cash Delivery (CCD) facilitates spaces for local NGOs that might feel excluded by formal coordination systems to collaborate and share best practices.

"We strongly believe that partnering with local actors, local NGOs, and civil society organizations that are already in place delivering humanitarian systems is often the best solution, and we should only operate directly if we are able to add value to that. If not, local organizations should be at the forefront and leading the humanitarian effort. That's a programmatic partnership that we always keep in mind as the first option whenever we start a new intervention. We call it a partner-first approach."

—Stefano Battain, Deputy Director of Cash and Markets, IRC

CASE STUDY

Multi-stakeholder partnership generates a new humanitarian aid option

A blockchain payment solution that gives internally displaced persons and other war-affected people in Ukraine a new option for receiving humanitarian aid offers one example of how diverse public-private partnerships can foster innovation and facilitate choice.

UNHCR and the International Rescue Committee (IRC) teamed up with the Stellar Development Foundation – the non-profit arm of the Stellar blockchain network – and several private sector partners to launch Stellar Aid Assist pilots in December 2022.

The IRC and award-winning UNHCR pilots both use the Stellar blockchain to distribute payments in stablecoin network provider Circle Internet Financial's USD Coin (USDC) to Vibrant digital wallets that recipients can download onto a smartphone within minutes, according to Tori Samples at Stellar Development Foundation. Recipients can withdraw the funds as cash in dollars, euros or local currency at any global MoneyGram location, or use them to make digital payments for rent, food and other essentials.

This solution offers recipients a secure, transparent, and efficient way to receive, store, and transport funds, including across borders, according to Samples. The use of USDC – a stablecoin that is always equal to one U.S. dollar – also preserves the value of the funds while they remain in the wallet, offering recipients some protection against high inflation or currency volatility in their home or destination country.

The exchange rates offered by cash-out partner MoneyGram are also much better than the official rate in many countries, Samples added.

"In Argentina, if an aid organization sends USDC to their recipients instead of just sending pesos, the recipients get the MoneyGram rate, which is about twice as good as the official rate," she says. "That means that the humanitarian organization is able to double the stretch of their money, and so serve twice as many people or achieve double the impact for the same number of people."

In the first year of the UNHCR pilot, Stellar Aid Assist disbursed over $1.1 million to more than 1,500 individuals. IRC has also launched a separate but similar pilot with Stellar in Ukraine.
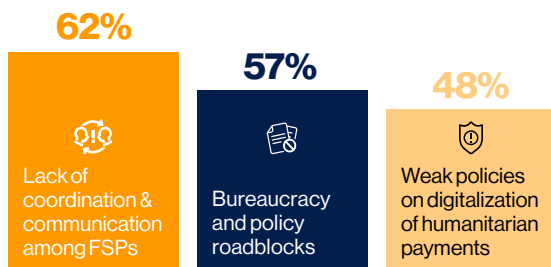
Stellar has since rebuilt and published an open-source version of the underpinning technology, called the Stellar Disbursement Platform, which any organization offering bulk payments can now use.

B   Encourage coordination and better align interests through knowledge sharing

An ad hoc approach to cash coordination can result in delays, duplication of effort, resource gaps, and inter-agency tensions in humanitarian aid programming. Harnessing the strengths of individual actors towards one shared goal requires strong and regular communication so that partners understand each other's priorities and work to align their sometimes mismatching interests. For example, by proactively consulting and collaborating with governments, humanitarian actors can gain better buy-in for programs, potentially leading to valuable tax incentives for digital initiatives that can help stretch humanitarian funds further.

However, at a time when accelerating adoption of direct aid in humanitarian contexts is making collaboration more important than ever, cooperation among stakeholders in the digital payments ecosystem remains limited.

Top challenges to the collaboration of actors involved in the digital payments ecosystem for humanitarian aid:

62%
Lack of coordination & communication among FSPs

57%
Bureaucracy and policy roadblocks

48%
Weak policies on digitalization of humanitarian payments

Source: Devex survey

> "FSPs are encouraging partnership-centric models because they're saying 'We can do things differently, but you need to talk to us and we can figure out together what the actual preferred service is, and you can't do that by just sending us this RFP.' Because the process is designed to keep distance between the NGO and the FSP – it doesn't allow for that open communication and co-creation."
>
> —Rory Crew, Technical Advisor, Data and Digitalization, CALP Network

Several interviewed experts cited humanitarian actors' strict reliance on requests for proposals (RFPs) when procuring services as a major barrier against tapping the creativity of FSPs and building more collaborative partnerships. NGOs and donors rarely have a comprehensive and up-to-date understanding of all the products and services that FSPs can offer, which can render RFPs redundant. Rather, open and honest communication between all partners from the inception of a program can help unlock each actor's expertise and lead to more effective solutions.

Interviewed experts also suggested that humanitarian actors should provide evidence of the revenue that private sector players can expect from participating in programs to help private sector actors and their humanitarian counterparts reach a common understanding. Laura Meissner at USAID recommends humanitarian actors "understanding but not over-stating the business case" available to private sector partners and asking themselves the following questions: "Is this provider looking to expand into this area? Do they see low-volume, high-frequency transactions as part of their growth model, or is that not what they're going for?"

"Often there's a different understanding of where the sweet spot lies," according to Barnaby Willitts-King, who believes GSMA can act as a "trusted intermediary" between the two sides. "Humanitarian organizations actually transfer vast amounts of cash in humanitarian crises but they have particular requirements, they have particular needs from a donor point of view. And similarly, mobile operators need to fulfill certain business requirements. So talking them through that and identifying where the opportunities are is a big part of what we do."

> "In some countries, working groups or donors keep pushing that there should be basically 0% transfer fees – any amount, they feel like they need to negotiate down. And yes, we want more money to go to beneficiaries, but they are a business and they have to pay their staff. It is legitimate to pay a percentage for the transfer fee, because that's what we are contracting them to do."
>
> —Kaitlyn Scott, Cash and Voucher Based Interventions Programme Specialist, FAO

Stellar Development Foundation also seeks to play a "bridging role, translating between the different sides," according to Samples. "Within the private sector, there's probably a tendency to think there's a high degree of waste or inefficiency across the public sector and NGOs and the U.N. But I think most of them would find as they start to enter into those partnerships that the reason things can feel like they take a long time is that there's so much attention on every single dollar and cent that passes through there. So learn their language, expect the timelines to be longer, and understand the funding impacts they face."

Making more proactive use of knowledge-sharing platforms, consortia and learning networks, focused on either geographical regions or specific types of aid delivery, can enable partners to address their differences, find areas of common ground and jointly problem solve.

> **"The requirements that the humanitarian sector requests are challenging – tender documents can be quite exhaustive and demanding. For the private sector, it's sometimes difficult to engage. It would be beneficial to have a partnership-kind model, because then you can build a solution together, instead of requesting and being provided with a service. In this type of partnership, however, it needs to be clear what the expectations of both sides are."**
>
> —Clara Setiawan, Global Lead for Cash and Voucher Assistance, ICRC

For example, cash working groups (CWGs) for individual countries act as a valuable forum for organizations that are working on cash programs to collaborate and coordinate the delivery of CVA, address unmet needs, maximize resources and avoid duplication of effort. But while governments, FSPs and other stakeholders are sometimes invited to the table, humanitarian aid professionals would like to see them more actively involved. CALP's Triangle Table initiative also brings together FSPs, regulators and CVA implementers at the country level to stimulate dialogue and work towards building a people-centered program.

> **"We collaborate with the U.N. and donors as part of CALP. We are a member of that network as well, developing policies, thought leadership, capacity building, and effort on cash. At the country level, we are always part of cash working groups and collective efforts."**
>
> —Stefano Battain, Deputy Director for Cash and Markets, IRC

The Connecting Business Initiative is another excellent resource for facilitating country-level networks and match-making or co-creating with local and global private-sector partners, according to Kathryn Taetzsch at World Vision. The CashHub – a global resource platform hosted by the British Red Cross for the Red Cross Red Crescent Movement – has also launched a Private Sector Reference Group that aims to build trust between fintechs, digital service providers and others, and to foster informal dialogue and problem solving around CVA.

Several initiatives are also working to overcome hurdles associated with lack of interoperability among FSPs and in turn reduce costs and improve beneficiary choice. For example, the Common Cash Facility – a platform used by UN agencies, NGOs and the Jordanian governments to deliver direct cash assistance – has helped drive down bank transfer fees from 5% to 1.67%.

The National Payments Corporation of India has also created a unified payments interface that allows money to be transferred directly between bank accounts in real time. The GSMA Mobile Money API initiative enables mobile money providers to 'speak the same language' through a harmonized API for mobile money transactions. WFP has created a portal that enables FSPs to access payment lists and KYC data, and RedRose enables each stage of cash-based interventions to be managed from a single location.
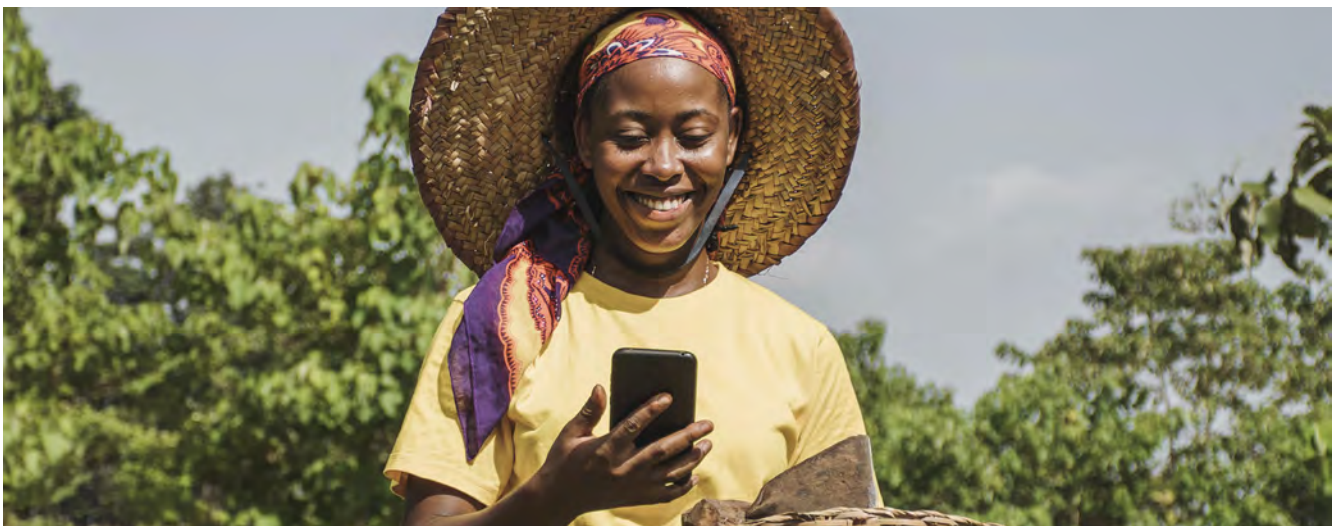
CASE STUDY

Bridging the cash coordination gap through Cash Working Groups

Aiming to enhance coordination and response effectiveness during emergencies, UN OCHA oversees a humanitarian cluster system that organizes various humanitarian actors into specialized sectors, such as health, food security, and water, sanitation, and hygiene (WASH). Each cluster is led by a designated agency, with designated meeting platforms that serve as spaces for sharing insights and fostering collaboration among professionals working within specific areas. Cash programming, due to its cross-cutting nature, posed a unique challenge as it did not neatly fit into any single sectoral framework.

"Cash didn't fit into any existing coordination mechanisms," explains Rory Crew of CALP. CWGs emerged as crucial forums outside the traditional structure, bringing together diverse stakeholders – aid organizations, governments, private sector players – to collaborate on CVA delivery. For instance, the CALP Network's Global Cash Working Group is a platform for actors to regularly come together to share learnings, research findings, and emerging needs. They discuss ongoing CVA programs, identify gaps, and strategize on effective responses.

Seeking to formally integrate CWGs into the wider humanitarian framework, the Inter-Agency Standing Committee (IASC), the global humanitarian coordination body, launched a consultation in 2022. This initiative aims to standardize CWG operation, providing them with defined terms of reference, resource access, and clear leadership structures. The rollout, spearheaded by the Global Cash Advisory Group, began in November 2022, marking a significant milestone in CVA's journey. By formalizing CWGs, IASC acknowledges their critical role in streamlining CVA delivery and optimizing its impact on communities in need.

CWGs stand as a testament to the transformative power of collaboration and knowledge sharing in humanitarian aid. As these groups gain formal recognition and resources, they have the potential to further revolutionize CVA delivery, empowering communities to rebuild their lives with dignity and resilience.

C Invest in institutional capacity

Committing resources to humanitarian aid partnerships and investing in institutional capacity to support them is essential to ensure collaboration is effective and enables the best outcomes for partners and beneficiaries.

Interviewed experts recommend hiring dedicated staff whose sole role is to build and strengthen partnerships. For instance, the effectiveness of CWGs largely hinges on the individuals leading them. "It needs an organized mind and a high-energy leader who can bring people together," emphasizes CALP's Rory Crew.

According to interviewed humanitarian experts, time constraints represent a major barrier to effective collaboration, and relying on volunteers who juggle multiple responsibilities can lead to opportunities for collaboration being missed or to miscommunication between partners. When organizations invest in dedicated country collaboration managers, either full-time or part-time, a significant shift occurs. These individuals can focus solely on fostering participation, providing support, developing resources, and tracking action items. This dedicated attention fuels the engine of collaboration, enabling smoother progress and more impactful outcomes.

Participating in CWGs and networks can also help with capacity-building. CALP, for example, publishes a wealth of capacity building materials, which includes guidance on building partnerships.

Recommendations

In the face of increasingly complex humanitarian crises and constrained funding, humanitarian workers and their partners are compelled to deliver greater impact with fewer resources. The urgency that comes with a rapidly unfolding crisis, particularly when lives are at stake, necessitates swift and efficient solutions that keep the beneficiaries at the forefront of these initiatives. To this end, our report outlined several best practices and actionable recommendations to help ensure that aid is able to benefit those that are most in need. These are synthesized below:

- **Understand the situation:** Every crisis is unique, and every community has specific challenges that need to be addressed. Cultural norms and practices can affect the way that aid can be delivered just as much as the availability of physical infrastructure. Humanitarian actors – whether from government, civil society, or the private sector – will benefit from taking stock and becoming aware of these factors before implementing aid programs.

- **Consider the beneficiaries' perspective:** The uptake of aid depends largely on the willingness of the beneficiaries to participate in aid programs, making a top-down approach less likely to succeed. Humanitarian workers must incorporate local voices and offer a range of options when delivering aid. By considering the beneficiaries' perspective – from their preferences to their ability to make full use of the aid being offered – aid can be truly inclusive and impactful.

- **Adjust to evolving needs:** The needs at the onset of a crisis often differ from the needs in the latter stages of humanitarian intervention. While lifesaving assistance – food, shelter, water – might be of utmost importance in the short-term, this might not be the case as the community looks to rebuild in the wake of a crisis. Alongside offering an updated menu of aid delivery modalities best-suited for the changing needs of the situation, establishing feedback loops with the affected community is important to remain flexible, adaptive, and attentive to the needs of the communities.

- **Plan for sustainability:** Designing longer-term solutions helps ensure that any initial investments made toward a community gets maximized and that impact is sustained over longer periods. Investing in infrastructure that makes aid delivery more seamless – from roads to digital infrastructure – is one way to plan for future crises. Elevating knowledge and skills within the community also allows the population to take ownership of the initiatives and continue to drive progress long after humanitarian programs have come to a close.

As the challenges that humanitarian crises bring become increasingly daunting, it is imperative that humanitarian workers ensure that aid is maximized. Collaboration with partners is essential – by harnessing each other's strengths, all actors stand a better chance at navigating these challenges and meeting the diverse and evolving needs of the affected communities. Just as no single solution offers a way to address all types of emergencies, no single actor can deliver aid effectively on their own. Effective collaboration from all stakeholders – including and especially the beneficiaries – will help ensure that aid will achieve greater impact and reach those who need it most.

Actionable recommendations for actors to enhance aid delivery:

INGOs

- Foster partnerships with local NGOs and community organizations to enhance local ownership and effectiveness of aid programs.
- Prioritize capacity-building initiatives for both beneficiaries and aid workers to improve digital financial literacy and skills.
- Embrace a partner-first approach, empowering local organizations to lead humanitarian efforts where possible.

Local organizations

- Engage in collaborative efforts with INGOs and other stakeholders to share best practices and resources.
- Advocate for inclusivity and accessibility in aid programs to ensure that vulnerable populations are not left behind.
- Build relationships with traditional leaders and elders to facilitate community engagement and credibility.

Donor agencies

- Foster strategic partnerships pre-crisis to prepare for response.
- Design transfer mechanisms that are efficient, transparent, and responsive to the needs of beneficiaries.
- Collect relevant and standardized data to inform decision-making and improve aid delivery.

Local governments

- Collaborate with humanitarian actors to align priorities and support effective aid delivery.
- Provide regulatory support and incentives for digital initiatives to enhance the efficiency of aid programs.
- Support longer-term planning in aid initiatives and social protection programs to build resilience.

Private sector

- View FSPs as partners in aid delivery, harnessing their expertise and resources for more effective assistance.
- Invest in contexts perceived as high-risk or less profitable to expand payment mechanisms and complementary products.
- Collaborate with humanitarian actors to enhance the speed and efficiency of payment delivery during crises.

FSPs

- Facilitate the delivery of aid through digital means to improve efficiency and reach in humanitarian assistance.
- Offer a range of payment mechanisms and complementary products to cater to diverse needs and preferences of beneficiaries.
- Collaborate with stakeholders to enhance financial literacy and empower local communities to make informed choices.

Conclusion

The escalating frequency and interconnectedness of crises – climate change, conflict, disease outbreaks, and natural disasters – demand a profound shift in humanitarian aid approaches. We must move beyond reactive or cookie-cutter interventions and embrace a future of rapid, flexible, and inclusive delivery that prioritizes choice and human dignity.

Offering beneficiaries and the local NGOs and organizations that serve them a suite of aid delivery options, including a range of traditional aid methods but also incorporating newer digital capabilities, is critical. And to ensure aid delivery aligns with communities' evolving needs and targets the most vulnerable, more comprehensive needs assessment and feedback loops are required.

Programs should also be designed with inclusivity at their heart, with any move to digital payments, for example, accompanied by digital and financial skills building, as well as efforts to improve access to those lacking formal IDs.

Focusing on longer-term solutions, strengthening local systems and aligning programs with existing social protection schemes will also help ensure the impact of aid delivery is more sustainable. But more rapid aid delivery options, as well as an increased focus on anticipatory action, are also needed, with data and weather predicting technologies tapped to trigger financing to communities ahead of or in the early stages of emergencies.

Public-private collaboration must also be strengthened, with dedicated staff focused on strengthening partnerships, and engagement in consortia and learning networks helping to align stakeholder interests.

By embracing these critical actions, we can forge a future where humanitarian aid is timely, responsive, and inclusive, empowering communities to weather the storms of a complex world and build a more resilient future.

Acknowledgments

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