THE FUTURE OF
FINANCIAL ASSISTANCE

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CaLP
The Cash Learning
Partnership

AN OUTLOOK TO 2030
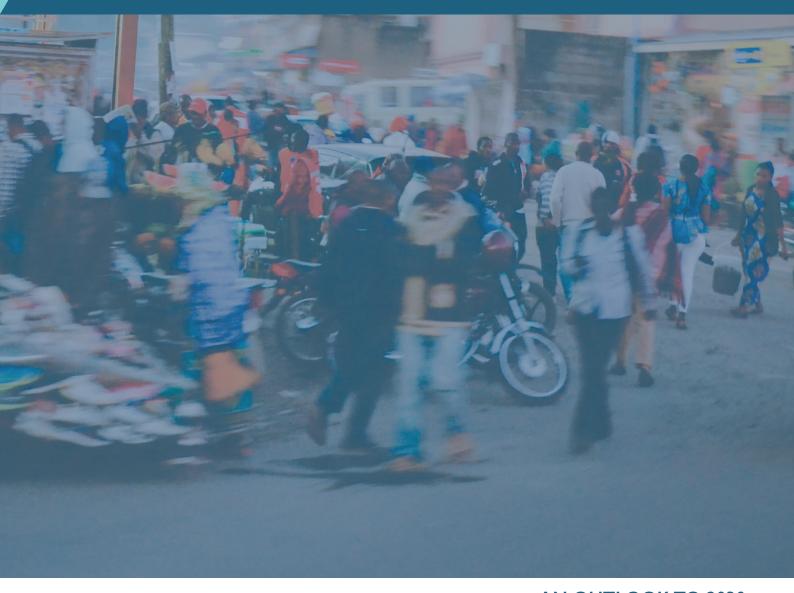
EXECUTIVE SUMMARY

The scale-up of Cash and Voucher Assistance (CVA) is catalysing rapid change in the humanitarian sector: new operational models, changing use of technology, evolving partnerships with private sector actors, and stronger links between humanitarian assistance and other types of financial flows. These changes have implications for the future roles of humanitarian actors and for the ways they plan and deliver programmes to optimize results for people affected by crisis. This report is intended to support actors to think through how opportunities and challenges may evolve, and how they can better prepare to deliver effective assistance in future.

This report looks at humanitarian CVA within the broader landscape of financial assistance, including remittances, social transfers, and person-to-person giving, which reach people affected by crisis. Looking at CVA in isolation does not provide the full picture. It is important to understand how cash assistance can work with and alongside other financial assistance mechanisms to optimize the outcomes for users.

The future of financial assistance will be heavily shaped by the drivers of change that operate in the humanitarian ecosystem, and by changes in the broader global environment. Several specific drivers will have the most influence on how financial assistance evolves within this changing context. These are: the role of the private sector, the role of crisis-affected country governments, mobile technology and internet access, ID and its digitization, data and data protection, the use of financial services by crisis-affected people, funding levels for financial assistance, and population movement. The complexity of interactions between these drivers, which can create change in each other and the wider ecosystem, highlights how dynamic the financial assistance space will be in the near future.

The report explores what the future of financial assistance might look like in four scenarios[1] which we term 'control', 'chaos', 'emergence' and 'synergy'.

CONTROL SCENARIO

In the control scenario, crises are largely contained within national borders, with governments in control of the response. Financial assistance is tightly controlled by sovereign governments, which significantly restrict external assistance. Government-led social transfers are the primary form of financial assistance, often expanding access and ensuring sustainability, but in some cases excluding marginalized populations. The environment for financial services, internet and data is highly regulated, with governments having full oversight of ID credentials and other personal data.

Top-line implication for users of financial assistance: Risk that assistance is not needs-based and that marginalized groups are excluded from receiving assistance.

Top-line implication for the formal international humanitarian sector: Because international humanitarian actors' roles in directly delivering financial assistance are limited, it is critical to build strategic, demand-driven partnerships with – and provide effective support to – national civil society organizations, where possible.

CHAOS SCENARIO

In the chaos scenario transnational crises are the norm, with needs far outstripping resources. Cross-border and multi-actor approaches are required to provide financial assistance to populations on the move. The lack of resources and the deregulation/limited coordination of formal humanitarian and development assistance has reduced predictability and thus eroded user trust. Scarce external funding for financial assistance is prioritized for sudden onset humanitarian crises, reducing funding for social transfers. Governments privilege citizens over refugee populations in their delivery of financial assistance, a segregation compounded by the digital divide.

Top-line implication for users of financial assistance: The growing gap between needs and resources means that many people in need are unable to access financial assistance. The large number of refugees and migrants incentivizes the development of financial products better tailored to populations on the move.

Top-line implication for the formal international humanitarian sector: The challenge of providing assistance to large populations on the move requires new tools and approaches. Collective engagement with governments on financial assistance policy and regulation is key, as part of regional crisis preparedness.

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1 These four scenarios are based on analysis of how the eight most influential drivers of change may unfold in the global scenarios built for the IARAN (2016) The Future of Aid: INGOs in 2030.

EMERGENCE SCENARIO

In the emergence scenario financial assistance is primarily provided through new localized networks with specific expertise, which are not coordinated by the government or formal humanitarian actors. The private sector takes on many of the functions of formal humanitarian actors, which catalyses technological innovation but does so in the absence of common principles or standards. ID management and the collection and storage of personal data are fragmented, creating multiple vulnerabilities for users.

Top-line implication for users of financial assistance: The entry of new actors into the financial assistance space increases the range of assistance options available to users from which to choose. Increased competition results in products and services that are better tailored to crisis-affected people.

Top-line implication for the formal international humanitarian sector: At the sub-national and transnational levels, humanitarian actors need to work under different sets of varied, highly localized norms and guidelines developed by new networks of partners.

SYNERGY SCENARIO

In the synergy scenario financial assistance is funded, designed and delivered in a collaborative manner between different types of actors, supported by enabling national and global regulations, and underpinned by common principles and standards. Entry points for supporting government-led social transfers, including in humanitarian crises, are clear. Civil society supports accountable social transfer provision and/or fills gaps in coverage. Blockchain drives coordination and interoperability, including across borders, while safeguarding privacy.

Top-line implication for users of financial assistance: Global ID standards and the accessibility of transnational financial services facilitate access to assistance across providers and across borders.

Top-line implication for the formal international humanitarian sector: Humanitarian actors reinvent themselves. Rather than focusing on delivery, they play primarily a coordinating role, as well as an advocacy/watchdog role on adherence to standards (ideally in support of the government).

By 2030, financial assistance will be integral to what humanitarian and social assistance look like. The ways in which organizations respond to emerging opportunities and threats, adopt new technologies, and build new partnerships are likely to be highly varied. However, there are some areas that actors in the international humanitarian sector should focus on:

▸ **Treating CVA as part of a broader landscape of financial assistance** – International humanitarian actors need to explore how to work better with and alongside other actors and other types of financial flows.

▸ **Evaluating collective impact and using this to drive programming decisions** – Humanitarian actors need to ensure they are transparently capturing what works and scaling only the most effective models, while also ensuring a strong user voice in this process.

▸ **Taking data responsibility seriously** – Humanitarian assistance is digitizing faster than the legal and ethical frameworks governing this digitization. Humanitarian actors need to work quickly to understand what 'doing no digital harm' looks like.

▸ **Preparing to better meet the needs of people on the move** – All four scenarios entail significant increases in population movements within and across borders, including through irregular channels. Humanitarian actors need to explore how to work with other partners to adapt tools and approaches to better meet the needs of people on the move.

▸ **Maintaining the trust relationship** – In an increasingly politicized environment and while working more closely with non-humanitarian actors, humanitarian actors need to consider how to safeguard the trust relationship with users.

▸ **Putting the needs and voices of users at the centre** – More financial assistance should imply a stronger decision-making role for users, but the scenarios show that this is not necessarily the case. Humanitarian actors need to urgently explore how to increase accountability to users.

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This report is the product of a collaboration between the Cash Learning Partnership (CaLP) and the Inter-Agency Research and Analysis Network (IARAN).

CaLP is the global partnership of humanitarian actors engaged in policy, practice and research within Cash and Voucher Assistance (CVA). CaLP currently has over 80 members who collectively deliver the vast majority of CVA in humanitarian contexts worldwide. CaLP's members include UN agencies, the Red Cross and Red Crescent Movement, donors, international NGOs, local NGOs and private-sector organizations. CaLP is based on learning, knowledge sharing, networking, policy, and coordination around the appropriate and timely use of CVA in humanitarian response.

IARAN is a collaborative hub of humanitarian professionals that brings foresight analysis and strategic planning together in the humanitarian sector. Through analysis and scenario building, IARAN enables aid organizations to plan 1–15 years into the future, pre-empt change, build adaptable strategies, and ultimately save time, money and lives down the line. IARAN's vision is an equitable and connected humanitarian ecosystem that enhances contributions to the Sustainable Development Goals (SDGs). IARAN's mission is to enable strategic thinking and actions via a collaborative ecosystem to build better futures for and with people in humanitarian need.

CaLP is leading the *Future of Financial Assistance* initiative, with and on behalf of its network. It has commissioned IARAN to produce this report using its foresight methodology and building on the scenarios in IARAN's 2016 *Future of Aid* report.