

Economic Growth

# Cash transfers: an effective tool for international development and humanitarian aid



The international development and humanitarian aid sectors have been experimenting with a new tool in recent years: direct grants of cash given to people in need. This paper explores challenges and opportunities arising from the increased use of cash transfers.

*Mr Anocha [...] spent half the money on his home, and half on timber and chickens. Those two businesses now turn a monthly profit of nearly \$90. "If you've got the money and the mindset," he says, "you can change your life." (The Economist, 2013)<sup>1</sup>*

## Overview

In the last 20 years direct payments to recipients have emerged as an effective way to deliver aid to vulnerable people. Evidence from 200 studies shows that direct cash transfers<sup>2</sup> (CTs) have a strong impact on poverty reduction, and that they are particularly efficient in emergency situations. We want to launch a prize to support and develop cash transfers as a tool for development. We believe that appropriate use of CTs would be a step towards a more efficient and effective international aid system. We think CTs can be a trustworthy and accountable way to offer autonomy to poor people, giving them a choice over how to address their priorities and needs.

## The context

There is a lack of resources in the development sector. The humanitarian sector alone is missing around \$20 billion required to address the needs of nearly 90 million people, who

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<sup>1</sup> The Economist (2013) "Pennies from Heaven", 26th Oct 2013 [online] Available at <http://www.economist.com/news/international/21588385-giving-money-directly-poor-people-works-surprisingly-well-it-cannot-deal> [Last accessed on 18 June 2016].

<sup>2</sup> In this report we refer to direct cash transfers as public bodies or international organisations (foundations, NGOs) sending money directly to households/individuals in the field. This covers both money sent within international development programmes or humanitarian assistance in response to emergency situations.

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are not currently receiving aid.<sup>3</sup> CTs can, however, get these limited resources to people who need them more efficiently, so that over 90% of the donor's funds reach the recipients directly, while cutting corruption and improving transparency. In emergency situations for example, sending cash instead of food assists up to 18% more at no extra cost, as demonstrated in a comparative study in four countries.<sup>4</sup>

Yet CT programmes represent only 6% of total humanitarian aid.<sup>5</sup>

At the turn of the century this began to change. Governments, mainly in Central and Latin America, including Mexico, Brazil and Peru established national CT programmes<sup>6</sup>. At the same time, remittances by migrants - private direct payments - have increased by more than 180% and are the principal source of finance for many developing countries.

In-kind support can often get sold on by recipients because they don't need it. 70% of Syrian refugees in Iraq have been reported to have sold aid supplies to others.<sup>7</sup> CTs are more responsive to recipients' needs, empowering them to make their own choices, while having a direct impact on local markets and reducing the risk of waste.

However CTs do not work everywhere. In particular, there has to be an active and viable local market, as well as the guarantee that money will be used for development outcomes rather than consumer goods or illegal trade. In many developing world contexts, beneficiaries might need additional capacity development and training to effectively spend the money.

In 2015 the Overseas Development Institute (ODI) led the High Level Panel on Cash Transfers. The panel argued that a greater use of unconditional cash transfers would improve the efficiency of aid by promoting financial inclusion, beneficiaries' ownership of development policies, alignment between programmes and accountability of organisations. NGOs are taking this on board: World Vision have pledged that by 2020, 50% of their humanitarian programmes will adopt a cash-based approach.<sup>8</sup>

### The challenges facing cash transfers

Despite this global movement towards increased interest in CTs, their use still faces several barriers. There is an ongoing debate on when to use CTs, how to do so, and what type of

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<sup>3</sup> According to the UNHOCA report 125.3 million people are in need of aid, 87.6 million people do not receive it and the sector is missing \$20.1 billion to address those need. UNHOCA (2016) 'Global Humanitarian Overview 2016' report [online]. Available at <http://www.unocha.org/stateofaid/> [Last accessed on 18 June 2016]. P.4

<sup>4</sup> Overseas Development Institute, and Centre for Global Development, (2015) 'Doing cash differently How cash transfers can transform humanitarian aid' Report of the High Level Panel on Humanitarian Cash Transfers, September 2015. London: Overseas Development Institute. P.8

<sup>5</sup> Ibid, p.17

<sup>6</sup> Glickhouse, R. (2013), 'Explainer: Conditional Cash Transfer Programs in Latin America, 8th February 2013, Americas Society, Council of Americas [online] Available at <http://www.as-coa.org/articles/explainer-conditional-cash-transfer-programs-latin-america> [Last accessed on 14 June 2016]

<sup>7</sup> Overseas Development Institute, and Centre for Global Development,(2015) 'Doing cash differently How cash transfers can transform humanitarian aid' Report of the High Level Panel on Humanitarian Cash Transfers, September 2015. London: Overseas Development Institute. P.18

<sup>8</sup> World Vision International,(2016) 'Commitments', [online] Available at <http://www.wvi.org/disaster-management/our-commitments>, [Last accessed on 14 June 2016]

CTs are appropriate. This highlights a series of challenges based on moral, cultural and technological barriers.

### Moral Challenges

*"[...] cash-based programming supports the agency of people by allowing them to purchase the goods and services they need most." (Ban Ki Moon, 2016)<sup>9</sup>*

Economic research demonstrates that individuals usually spend their money to meet basic needs first, and only once these are fulfilled, they spend money on other goods or services.<sup>10</sup> Yet donors still require a strong rationale to allow the use of cash in aid programmes. In developing countries, which are often challenged by poor human rights records, corruption and/or lack of education, there can be a lack of trust for programmes relying on free circulation of money. Moreover, money cannot tackle all the issues needed to ensure sustainable economic and social development.

#### *How can we know what recipients really need?*

*"Is it better to give a cow or cash? Are such approaches hand-outs or a hand up for the extreme poor? In the development sector, we often pose simple either/or questions. Yet these simple questions are more complex than may meet the eye, and the answers vary greatly based on beneficiaries' background, local contexts, the organisations involved and livelihoods pursued. In most cases the answers to these questions are not 'either/or' but rather 'both, and.'" (Rod Dubitsky and Sadna Samaranayake, 2015)<sup>11</sup>*

Aid agencies usually run needs assessments to identify whether to send cash or in-kind support. Yet needs assessments are difficult, time consuming and costly, and can contain bias and mistakes. This is particularly so in developing countries, due to lack of freedoms, illegal activities and discontinuous or poor data.

CT programmes work in some cases, but not all. In emergency situations for instance, local markets might be affected and non-functional, in which case in-kind support is a more sensible solution than cash. Conversely, if somebody is growing their business and needs economic support for it, cash could prove to be a useful solution. So, how do we know when to use this tool?

Needs assessments are necessary to be able to design what type of cash intervention is most likely to provide positive results. In particular, cash can be given with conditions, meaning specific requirements around how cash can be spent: conditional cash transfers (CCTs). They can also be given without conditions on how they are spent - unconditional

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<sup>9</sup> CaLP Press Release (2016), 'Ban Ki-moon - give people cash not goods as best form of assistance in emergency', May 2016, Cash learning partnership [online] Available at <http://www.cashlearning.org/news-and-events/news-and-events/post/333-press-release--bank-ki-moon---give-people-cash-not-goods-as-best-form-of-assistance-in-emergency> [Last accessed on 18 June 2016]

<sup>10</sup> Samson, A. (2014) 'The behavioral economics guide 2014', Alain Samson [online] Available at <http://www.behavioraleconomics.com/BEGuide2014.pdf> [Last accessed on 20 June 2016]

<sup>11</sup> Dubitsky, R., Samaranayake, S., (2015) 'Cash Versus Cows - Looking at the Benefits of Asset Versus Cash Transfer Programmes' Business Fight Poverty, April 27, 2015 at 11:00 [online]. Available at <http://community.businessfightspoverty.org/profiles/blogs/rod-dubitsky-and-sadna-cash-versus-cows-looking-at-the-benefits-o> [Last accessed on 18 June 2016]

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cash transfers (UCTs). In either case, CTs can be used alone or in combination with other interventions.

GiveDirectly is an NGO that has pioneered the use of UCTs, mainly working in rural communities in Kenya and Uganda. They target households through publicly available data, and vary their criteria according to the region they are working in. They then run an independent check to verify the eligibility of recipients, and in particular their legal status; providing this is positive they transfer \$1000<sup>12</sup>.

Though GiveDirectly's outcomes are considered by many to be positive<sup>13</sup>, their method may not be easily transferable to governments or multilateral agencies who might need additional guarantees and reasons to support a cash transfer programme. Public bodies, who aim to embed CTs in their policies, need to agree what information is required to overcome decision-making barriers and demonstrate the value for money of CT programmes.

### *How can we know the money will be spent effectively?*

One of the major barriers to implementing innovative programmes in the international development and humanitarian sectors is risk aversion among international agencies and donors.

Donor trust in both the recipients and the effectiveness of a programme is the main challenge in enabling more CT, and in particular UCT, programmes. There is a widely shared fear that recipients will use money to buy cigarettes or alcohol, though research shows that the vast majority of people don't behave that way<sup>14</sup>. GiveDirectly's research in 2013 showed that 34% of beneficiaries from their UCT programme had increased their earnings; 52% increased their assets; and there was a 42% reduction in days that children went without food. There was no effect at all on alcohol or tobacco spend<sup>15</sup> and only a tiny minority of cases have shown illegal use of the cash<sup>16</sup>.

In advocating substantial use of CTs in aid programmes, the issue of legal or illegal use of the money shouldn't be underestimated. However, as will be further explored in this report, the technologies linked with CTs can permit tracking of money to a far greater extent than was previously possible – even if this comes with some ethical concerns. And even without these technologies, CTs have already proven themselves to improve transparency and accountability in the use of aid resources.

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<sup>12</sup> GiveDirectly, (2016), Operating Method, [online] Available at <https://www.givedirectly.org/operating-model> [Last Accessed on 18 June 2016]

<sup>13</sup> Haushofer, J., Shapiro, J., (2013) 'Household Response to Income Changes: Evidence from an Unconditional Cash Transfer Program in Kenya' November 15 [online] Available at [http://www.princeton.edu/~joha/publications/Haushofer\\_Shapiro\\_UCT\\_2013.pdf](http://www.princeton.edu/~joha/publications/Haushofer_Shapiro_UCT_2013.pdf) {Last accessed on 6 June 2016}

<sup>14</sup> Harvey, P., Bailey S. (2015) State of evidence on humanitarian cash transfers Background Note for the High Level Panel on Humanitarian Cash Transfers. Overseas Development Institute [online] Available at <https://www.odi.org/sites/odi.org.uk/files/odi-assets/projects-documents/283.pdf> [Last accessed on 20 June 2016]

<sup>15</sup> Cfr. note 17

<sup>16</sup> The Economist (2013) "Pennies from Heaven", 26th Oct 2013 [online] available on <http://www.economist.com/news/international/21588385-giving-money-directly-poor-people-works-surprisingly-well-it-cannot-deal> [last accessed on 18 June 2016].

### Cultural Challenges

Growing the use of CTs would require cultural and behavioural change in aid agencies which can often become siloed in responding to their specific mandates. CT programmes, particularly UCTs, disrupt these silos and undermine the model of NGOs focusing on a single aim. As well as being a challenge to the way NGOs work, this is also an opportunity for them to work more closely together towards shared aims. For that, though, CT programmes need to be supported by strong coordination between donors, in order to address questions such as how to avoid duplication and wasted resources, how to balance local perspectives with international efforts, and how to share institutional memory between organisations on how to scale and improve CT programmes.

These questions highlight three main challenges: coordinating efforts to avoid duplication, building local/international resilience and sharing information.

#### *Avoiding duplication by ensuring alignment and harmonisation of programmes*

By offering recipients a free choice in buying services, cash transfers empower recipients to prioritise their own needs, disrupting the model of multiple aid agencies providing different services. But this potential to coordinate or combine programmes in a way which is responsive to recipients' needs has not been harnessed yet. In Lebanon in 2014, more than 30 different aid agencies provided cash transfers and vouchers for 14 different objectives.<sup>17</sup>

Overcoming these silos requires leadership and strategic coordination. To avoid overlapping programmes, CaLP propose the use of Multipurpose Cash Grants (MPGs). MPGs – similar to UCTs – are grants of money that recipients can spend on different goods and services such as education, health, protections, shelter, water and sanitation, livelihoods, food security and core relief items. MPGs encourage aid agencies to address development in a holistic way and with close attention to local economies and market landscapes.

In addition, the Agenda for Cash, discussed in May 2016 at the World Humanitarian Summit (WHS), includes the proposal to create a full time cash focal point<sup>18</sup> in order to coordinate the use of CTs for national disasters.

#### *Building local and international resilience*

*The transformational potential of cash transfers in our own programmes [ can be seen ] when undertaken in a way that is sensitive to market forces, respectful of affected populations' preferences and needs, and, to the greatest extent possible, leveraged to support people to invest in their long-term food security and livelihoods.*

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<sup>17</sup> Overseas Development Institute, and Centre for Global Development, (2015) 'Doing cash differently How cash transfers can transform humanitarian aid' Report of the High Level Panel on Humanitarian Cash Transfers, September 2015. London: Overseas Development Institute. P.9

<sup>18</sup> CaLP (2016), 'An Agenda for Cash' Part of CaLP's '100 days of cash' initiative, May 2016, p.6 [online] Available at <http://www.cashlearning.org/downloads/100daysofcash-agendaforcash---final.pdf> [Last Accessed on 18 June 2018] P.6

<sup>19</sup> Maphosa, T., (2016) Cash transfers: an innovative solution to the greatest humanitarian challenges, Global Citizen, Finance and Innovation 23, May [online] Available at <https://www.globalcitizen.org/en/content/cash-transfer-humanitarian-aid-poverty-effective/> [ Last accessed on 14 June 2016]

CTs could be used to strengthen local capacity and resilience. For this, though, there needs to be a stronger links between all actors involved in a humanitarian or international aid programme. One possible example for this would be strengthening the connections between humanitarian cash transfers and social protection systems. Similarly, households and grassroots organisations could be linked with humanitarian monitoring and evaluation units. An aid system in which numerous actors are providing complementary programmes is one that solves problems in a more comprehensive and sustainable way, creating more resilient local communities.

One example where this has already been done is the Building Resilience in Central Somalia programme, launched in 2013. The programme is implemented by five international NGOs: Cesvi, Concern Worldwide, International Rescue Committee, and Save the Children, under the lead of the Norwegian Refugee Council<sup>20</sup>. It combines different and complementary interventions (including both cash-for-work and UCTs) to tackle vulnerabilities directly at community and household levels, balancing both humanitarian assistance with long-term capacity-building.

### *Sharing the right message: effective advocacy*

The challenges of assessing needs and coordinating actions mean that even now, CT programmes need champions to grow. This is also due to fear among aid organisations who may believe that a growing use of direct payments could undermine their place in the development sector.

However CT programmes should not be understood as a one-size-fits all solution. There are significant miscommunications around CTs as a tool for increasing efficiency in aid. It is therefore important to promote CTs as one tool that can be used as part of long-term solution for sustainable development. The international aid community should seize the opportunity to share lessons and evidence around CTs in a more systematic way and with openness to talking about failure and room for improvement. The ability of CTs to deliver positive impact is strongly linked with the way international aid agencies are able to communicate their effect and tailor their use to achieve long-term outcomes.

### Technical challenges

Adopting a new way to deliver aid requires a big shift in behaviour, both for delivery agencies and recipients. This highlights the need to understand how to best use advances in modern technology in order to approach such changes safely and effectively.

There are a number of issues linked with electronic transactions which are often not well understood. Unlike the private sector, the humanitarian sector lacks expertise in secure personal financial transactions, secure management of recipients' personal data, and the capacity to ensure the transparency of transactions.<sup>21</sup>

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<sup>20</sup> Piton, P., (2016), 'Cash transfer and community resilience programming in South Central Somalia' CaLP [online ] available at '<http://www.cashlearning.org/news-and-events/news-and-events/post/230-cash-transfer-and-community-resilience-programming-in-south-central-somalia>' [Last accessed on 18 June 2016]

<sup>21</sup> Overseas Development Institute, and Centre for Global Development, (2015) 'Doing cash differently How cash transfers can transform humanitarian aid' Report of the High Level Panel on Humanitarian Cash Transfers, September 2015. London: Overseas Development Institute. P.13

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The principal questions are around what technologies are most effective, the risks to beneficiaries in using digital finance, and the way in which digital finance can support more effective use of resources. Such questions highlight three main challenges: understanding local markets, protection of individuals' data and broader management of data.

### *Understanding local markets to develop tailored programmes*

*The adoption of new technology like SMS messaging may help close the gap between aid giver and aid recipient, but it will not be sufficient to ensure that aid givers respond to the views and wishes of affected people.” (Kim Scriven, 2016)<sup>22</sup>*

Mobile money services are becoming one of the principal technology used for CTs. Mobile phones now have huge market penetration, even in very poor and remote parts of the world. 50% of people worldwide already use mobile phones, 59% are expected to by the end of the decade and 87% of the world's population lives in an area with mobile network coverage<sup>23</sup>. In 2014, 33% of people worldwide had access to mobile internet services, and this is expected to rise to 49% by 2020.<sup>24</sup>

Mobile money services have the advantage of reaching households even when there is not a strong financial ecosystem, or in remote and insecure areas. Mobile payments also permit tracking of where the money goes, improving monitoring and evaluation. For these reasons there has been a considerable growth of mobile phone-based financial services in developing countries.

But not all markets are evolving in the same way. For instance, M-Pesa, a mobile money service from Vodafone, has achieved great results in Sub-Saharan Africa, but has struggled in South Africa. Research shows that mobile financial services are effective only when there is not a strong banking sector. But in South Africa 75% of adults have bank accounts – meaning that the challenge there is more about supporting how people save, spend and invest their money than it is about access to basic financial services<sup>25</sup>.

In growing cash transfers, it is not realistic to think one technology will fit all solutions. Digital financial services need to show themselves to be economically viable and socially sustainable. There needs to be a range of technologies in place, which are capable of responding to different needs and levels of development in different countries.

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<sup>22</sup> Scriven, K. (2016) 'Humanitarian Innovation and the Art of Possible', Humanitarian Innovation, Special Feature, Number 66 April 2016, London: Humanitarian Practice Network p.6

<sup>23</sup> Huawei (2015), 'Connecting the Future' Digital Enablement: Building the Digital Divide to Connect People and Society, Huawei.

<sup>24</sup> GSMA (2015), 'The Mobile Economy 2015' GSMA [online] Available at [http://www.gsamobileeconomy.com/GSMA\\_Global\\_Mobile\\_Economy\\_Report\\_2015.pdf](http://www.gsamobileeconomy.com/GSMA_Global_Mobile_Economy_Report_2015.pdf) [Last accessed on 18 June 2016]

<sup>25</sup> Mbele, L., (2016) 'Why M-Pesa failed in South Africa' BBC Africa Business Report, Johannesburg 11 May 2016 [online] Available on <http://www.bbc.co.uk/news/world-africa-36260348> [Last accessed on 14 June 2016]

### *Protecting beneficiaries' personal data whilst ensuring transparency and accountability*

Leaks of personal data are a threat in any country. In insecure areas and conflict zones, poor management of individuals' data could result in particularly grave consequences, such as people being targeted for violence or harassment, or fraud being committed with impunity.

Despite a high number of e-transfer guidelines<sup>26</sup>, humanitarian and international development agencies tend to underestimate this aspect, or simply lack financial and technical knowledge to enable the right level of data protection<sup>27</sup>. New electronic financial systems coming onto the market – such as Apple Pay and Android Pay – require storage of biometric data such as fingerprints, adding a new dimension of personal information that needs to be protected.

Lessons can be learnt from the use of data in the private sector which could lead to a series of opportunities for better delivery of CT programmes – both to protect personal data better, and to use it better.

One possible area is around transparency and tracking of digital payments. Electronic transfers can partially address donors' and governments' concerns about corruption and illegal use of funds, by providing an audit trail of how money is used – particularly if combined with electronic management of money (through m-banking or M-Pesa-style services) and electronic payment at points of sale (widespread in developed countries, and growing in some developing nations). There needs to be a frank discussion about the extent to which this would be ethically acceptable – and how it could be combined with principles of data protection. If such systems do go ahead, there would be a need for better data management systems and for agencies to share best practice on the use, storage, and communications of data gathered through digital transactions.

### Opportunities

Money alone cannot solve the systemic problems that underlie poverty. But cash transfers have the potential to support humanitarian coordination, improve recipients' ownership, generate and grow a set of useful data and evidence, and bring private financial and technical expertise into public programmes.

There is significant political and institutional support for the growth of cash transfer programmes, from the UN, World Humanitarian Summit and many NGOs. The global rise of interest in CT programmes demonstrates there is still much to do to increase their use and develop their potential. There are a number of delivery mechanisms for CT programmes but the challenges discussed so far also demonstrate the need to introduce substantial change in the ways CT programmes are designed and managed.

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<sup>26</sup> CaLP's website shares a series of reports posted by practitioners in the field. Moreover, in May 2016, CaLP launched ELAN, the electronic cash transfer learning action network. Available at <http://elan.cashlearning.org/>

<sup>27</sup> Cfr note 23

*“The biggest innovations are needed not necessarily in the delivery of the programmes but the management of it.”<sup>28</sup> (McNutt, 2016)*

We believe that challenge-driven innovations could promote positive change in this sector. There are four specific areas in which we see opportunities to support innovations that could lead to systemic change: scaling solutions, creating more public private partnerships, improving data management skills and developing new fintech solutions.

### Scaling innovation

Experts stress the need to be context specific when dealing with scaling innovation to local communities. Even if there are existing solutions to handle the ‘how’ of direct payments, there still needs to be a better understanding of the ‘when’ and ‘where’.

Scaling solutions means aligning them with local priorities and financial ecosystems. For this to happen, we need to derive experience from existing programmes and to communicate effectively amongst stakeholders. Technologies must also be more responsive to local communities’ needs, whilst NGOs need to be better at using new technologies.

Possible impacts of innovating in this space would be:

- Saving resources by avoiding re-inventing the wheel and reducing cost of piloting new solutions
- Further research based on a larger evidence base

### Innovation in Public-Private Partnerships

There is a general need to improve the partnership between private and public sectors, as a way to ensure long-lasting development. CTs as a means for development can coordinate the interest and expertise of both public and private stakeholders. The private sector – particularly banks, fintech firms, money transfer operators and communications firms – can share skills whilst accessing new markets. Some of the most needed skills in the humanitarian sector are related to technological expertise, financial market knowledge and best practice to ensure a correct use of e-payments, as well as product distribution capabilities.

Innovating in this field would require the willingness to try new solutions and finance public-private partnerships. It would also require the development of long-term relationships with the private sector which go beyond contractual partnerships. The private sector needs to be able to participate in ecosystem development to increase both the efficiency and the numbers of direct payment channels.

Possible impacts of innovating in this space would be:

- Stronger resilience in local communities
- Greater flexibility for international organisations
- More efficient use of resources, skills and expertise
- Opening/developing new markets

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<sup>28</sup> McNutt, H. (2016), Interview, on 1st June 2016

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- A more transparent and accountable humanitarian sector

### Innovation in data management

Data management is one of the core issues in many development programmes. International development organisations monitor and evaluate their programmes in order to justify procurement and grant-making policies, transparency and accountability criteria, and trust from civil society.

Developing tools for better data management in CT programmes would allow better needs, feasibility and risk assessments, along with using data collected through CTs to improve the quality of monitoring and evaluation. In particular, it would be interesting to explore the potential for bottom-up needs assessment which could allow beneficiaries to express their priority on a regular basis, rather than only for *ad hoc* situations. This could allow the identification of standardised datasets needed to design programmes.

Similarly, individual data could lead to a series of additional opportunities. On the one hand, it may be necessary to implement better data protection and develop tools where appropriate. On the other, CT data can be used for better accountability and transparency of donors and humanitarian organisations, as well as better quality of monitoring reports and better datasets for evaluation reports.

Possible impacts of innovating in this space would be:

- Improved recipient ownership
- More effective needs assessment
- Collection of stronger evidence and case studies to support behavioural change and improve programmes

### Fintech innovations

Although the mechanisms for delivering cash transfers are not a major issue, in the broader direct payments landscape there is growing attention on improving technology.

The remittances market is a good example of this type of innovation. In particular there is great attention being given to finding solutions to reduce the cost of transactions, improving connectivity in rural areas and improving value of services for customers.

One of the possible opportunities in the area is linked to blockchain technology. Blockchain is an example of a structured peer-to-peer network which has been developed specifically to act as a ledger system for online currency. The blockchain has been used to develop services that allow people to record and track their data, or allow unique access to such information. Blockchain demonstrates very good attributes of security, transparency and traceability. Also, the blockchain allows for new innovations around the attribution of data, because of its unique ability to trace transactions.

Possible impacts of innovating in this space would be:

- Saving money thanks to reduced transaction costs

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- Provide a secure way of recording and validating transactions through a distributed system

### Summary of challenges and opportunities

Challenges	Opportunities
<i>Moral</i>	
<ul style="list-style-type: none"> <li>• Ensuring all people, with no discrimination, can express their will.</li> <li>• Making the right choices based on realistic needs assessment.</li> <li>• Standardising the level of information required to assess whether to use a CT-based intervention, and if so, what type.</li> <li>• Building trust in people and organisations through stronger monitoring and evaluation of programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementing correct needs assessments to understand what should be provided, to whom and how much - including in-kind and other cash-based responses.</li> <li>• Allowing beneficiaries to actively participate in needs assessments and design phases.</li> </ul>
<i>Cultural</i>	
<ul style="list-style-type: none"> <li>• Ensuring programmes are aligned with local needs and priorities.</li> <li>• Ensuring local and international resilience in responding to both emergencies and more systemic issues.</li> <li>• Supporting stakeholders' accountability in delivering and receiving direct payments.</li> <li>• Avoiding confusion around tools and long-lasting solutions.</li> <li>• Sharing insights and lessons learned, even when programmes are proved to be failing.</li> </ul>	<ul style="list-style-type: none"> <li>• Designing programmes that respect context-specific priorities, and in particular what local markets look like, and if there is the right balance of supply and demand.</li> <li>• Coordinating efforts from different aid agencies, local/national governments, grassroots organisations and other donors, to ensure better results.</li> <li>• Improving public-private partnerships to transfer skills into the international aid sectors and support a transformation in humanitarian and international aid delivery and coordination.</li> </ul>
<i>Technical</i>	
<ul style="list-style-type: none"> <li>• Western approach to tech, which could result in a lack of localised services and lack of culturally appropriate services.</li> <li>• Ensuring transparency of transactions and traceability of money whilst protecting individuals' data.</li> <li>• Appropriate data management in sharing lessons learned and in designing new programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing skills of humanitarian agencies in fintech methods, risks, barriers and opportunities.</li> <li>• Ensuring appropriate management of data to protect individuals whilst collaborating in sharing transparency and accountability programmes.</li> </ul>

## Possible challenge prizes

**An innovation prize** to collect proposals on how to most effectively deliver humanitarian cash transfers, focusing on existing solutions. Such a prize would focus on solving barriers like:

- Scale
- Context specificity
- Coordination

**A partnership prize** to leverage the potential of cash transfers as a model to develop stronger alignment between public and private initiatives for global development. Such a prize would focus on solving barriers like:

- Programme alignment
- Technical knowledge
- Resilience and accountability

**A data prize** to use innovation and new technologies to collect the necessary information to select communities eligible for UCT or CCT programmes. Such a prize would focus on solving barriers like:

- Needs assessments
- Trust
- Behavioural change

**A technology prize** to develop innovations that would ensure correct use of data and data management. Such prize would focus on solving barriers like:

- Beneficiary data protection
- Transparency
- Monitoring and evaluation

Prepared for the Nesta Challenge Prize Centre by Eleonora Corsini. Last updated 23/06/2016.