



In Cox's Bazaar, refugee families receive electronic food vouchers that enable them to choose the food they want and need. Food Cards are loaded with a monthly stipend per person and can be used by up to three family members in combination with their biometric fingerprint, which is registered to their card alone.
WFP/Shehzad Noorani. May 2017.



6B

INVESTING IN INNOVATION FOR CVA

**Global objective: Strengthen the
evidence base and invest in innovation**

Practitioners' appetite for and the level of investments in CVA innovation has decreased since 2017, although it continues to be prioritised as an investment area by funders

Since the publication of the previous report, the following trends can be highlighted in the innovation¹ and technology landscape, with direct relevance to humanitarian CVA provision:

- 1) **Continued increase and penetration of mobile-based services and corresponding growth in use of mobile money for CVA.** For the first time since the mobile money industry was established, globally there is now more money circulating (USD \$22bn) than being cashed out (USD \$18bn). In GSMA's 2019 Global Adoption Survey, 60 percent of mobile money providers reported partnering with a humanitarian organisation to deliver CVA. Mobile money may no longer be considered an innovation for humanitarian cash provision, however key informants highlighted that despite overall growth in the level of adoption, implementation challenges remain. Concerted effort is needed in **process innovation** using collaborative and partnership development approaches (see box 6.7 Innovating through better partnering).
- 2) **Continued emphasis on digital identity provision and management as a critical enabler of access to aid and broader financial services.** Donors, researchers, and implementers have invested significant time and effort in this area. This has included pilots of blockchain based ID management platforms that put the aid recipients in control of their data² and noteworthy policy developments around use of biometric technology in registration and ID verification processes.³ These have resulted in thoughtful and considered approaches to the use of sensitive technology across humanitarian programming (including CVA specific use cases). For example, the development of ICRC's Biometrics Policy⁴ included a review of all scenarios in which the ICRC is processing or considering the use of biometrics, an evaluation of the "legitimate basis" and specific purposes for the processing, and the identification of organisational, technical and legal safeguards. In its analysis the ICRC found that a balance could be found that would still allow the institution to leverage the advantages that biometric authentication offers in respect to efficiency and effectiveness and ensure end-to-end accountability in its aid distributions, while minimizing recipients' exposure to risks. This balance rests on operations wishing to use biometric data in the registration and verification of recipients limiting the processing to a token-based system. In practice this means that recipients may be issued with, for example, a card on which their biometric data is securely stored, but that the ICRC will not collect, retain or further process their biometric data⁵ and will not therefore establish a biometric database.
- 3) **Steady growth in disintermediated and token-based financial service models**, is still somewhat hindered by regulatory provisions (see the section below on Libra and Celo).

BOX 6.6 Organizational perspectives on innovation



68%

of surveyed organizations are investing in innovations to overcome challenges in the delivery of quality CVA assistance at scale

The latter two trends (digital identity, and disintermediated financial service models) are set to continue to shape the financial assistance landscape, as reflected in the FFA report,⁶ which also notes the wide disparity in access to technology between contexts. Private sector key informants reported a decreasing appetite for INGOs to engage in CVA innovation. Alongside factors such as contextual nuances in access to and ability to use digital technology, this can also be attributed to increased financial compliance and scrutiny of NGOs, shrinking humanitarian space, the global political economy and, in some cases, increased regulatory control from host governments. At the same time, funders active in

1 Innovation is a broad term used to describe both technology-enabled product-specific innovation (e.g. provision of CVA using Distributed Ledger Technology) and innovation through application of processes (e.g. application of social research techniques in designing a CVA intervention)

2 Humanitarian Innovation Programme (May 2019) Four of Norway's largest humanitarian organisations have come together to help tackle the challenge of providing digital identities in cash programming (Blog post).

3 Hayes, B. & Marelli, M. (October 2019) Facilitating innovation, ensuring protection: the ICRC biometrics policy (Blog post).

4 ICRC (2019) The ICRC Biometrics Policy. Geneva: ICRC.

5 Hayes, B. & Marelli, M. (October 2019)

6 CaLP and IARAN (2019) Future of Financial Assistance: An outlook to 2030. Oxford: CaLP, pp. 37 & 54

humanitarian innovation continue to prioritise both early stage and scale-out/diffusion innovation focused on CVA.⁷ Technology-enabled innovation with relevance to CVA appears to centre around digital identity management,⁸ crypto or token-based currency provision⁹ and data management.¹⁰ The first two heavily lean on distributed ledger technology (DLT), while any experimentation with the latter increases the pressure on partnering organisations to analyse and mitigate significant risks associated with digital trail and metadata.¹¹

Key informant feedback and some secondary sources are aligned on the fact that these trends, whilst positive, all call for **careful consideration of potential real-life harms to individual recipients, greater investment in risk assessment and thoughtful risk management**. Chapter 2 of this report investigates data management as an emerging new area of risk. The FFA report also warns that the amount of digital identification data (including biometric data) collected and stored about vulnerable populations increases their vulnerability to political exclusion/discrimination, persecution, commercial exploitation, and digital criminal attack. Risks are heightened when users do not understand the system, when it is not voluntary (or if there is no other option for obtaining assistance), and when there is inadequate regulation and governance. ID systems require strong rights protections, such as the ability to forego already given consent, so that users can trust the entities managing their data.¹²

BOX 6.7 Innovating through better partnering with the private sector

46% of the practitioners surveyed agreed that humanitarian agencies and private sector actors are developing and implementing effective working relationships in CVA programmes, marking a 9% drop since 2017. This change in perception could be partly attributable to the closure of Electronic Cash Learning and Action Network (ELAN) in October 2018. ELAN played an important role in convening and facilitating an effective dialogue between private sector actors playing a role in emergency CVA and humanitarians. Key informants acknowledged that there is a need to stop looking at private sector actors only as service providers and instead develop true partnerships where they can customise their products and innovate according to need. The research on 'navigating the shift to digital' outlines such a partnership between GSMA and IRC. Key considerations for humanitarian and private sector actors summarised in the guidance from GSMA, and learning from IRC point to the need to:

- Build relationships early to help speed up implementation through dedicated focal points on either side to manage the partnership and invest in standby agreements
- Invest time in identifying how to meet the longer-term aims of both parties, to create a commercially sustainable partnership that can benefit all stakeholders (including end users) in the short and long term.

The research highlights that many mobile network operators (MNOs) are motivated to work with humanitarian organizations not only because of an opportunity to expand the business, but also because the core values of the organisation are to serve their own communities at risk. Humanitarians often overlook this driver and tend to view the relationship with the financial service providers as linear "client/service provider". Alignment is not possible as humanitarian principles govern one party and commercial viability and profitability governs the other. The GSMA research on effective partnerships between MNOs and humanitarian organizations, reiterates the moral imperative and a desire to help communities as one of the key reasons for MNO engagement in the humanitarian sector. GSMA categorises value for MNOs into four broad areas that can come into play when deciding whether to engage with the humanitarian sector: i) increased revenue, ii) competitive advantage, iii) influence and iv) improved reputation. The report also highlights that MNOs and humanitarians often share a user base and common objectives and that partnerships with a well-designed solution can present a win-win-win scenario.

7 e.g. GSMA Humanitarian Innovation Fund

8 Humanitarian Innovation Programme (May 2019) Four of Norway's largest humanitarian organisations have come together to help tackle the challenge of providing digital identities in cash programming (Blog post).

9 Grassroots Economics (2020) White paper: Community Inclusion Currencies (CICs) and Funding SDGs.

10 Porcari, E. (Feb 2019) A statement on the WFP-Palantir partnership (Blog post)

11 Privacy International (December 2018) Practices of humanitarian sector are learning aid recipients at risk, PI and ICRC find (Press release)

12 CaLP & IARAN (2019), p.39

BOX 6.7 Innovating through better partnering with the private sector (cont)

Private sector actors such as MNOs are increasingly spending time and effort working more closely with humanitarian actors on training to ensure frontline staff (agents) are adequately trained on “humanitarian principles” (see [GSMA’s initiative](#) with Alight and MTN Uganda). A joint UNHCR/WFP initiative on Mitigating Risks of Abuse of Power in Cash Assistance has also had a positive impact on the cash recipients experience.

Source: GSMA & IRC (2019) Navigating the Shift to Digital Humanitarian Assistance: Lessons from the International Rescue Committee’s Experience

Key informants also stated a **need for caution against the use of technology for technology’s sake**, instead emphasising the importance of using available technology innovatively to address problems such as insuring the uninsured, digital identity and data management. Many have also highlighted the need to focus on basics, such as the IRC Safer Cash toolkit,¹³ and on collaborative, inter-agency and inter-sectoral approaches. Some key informants also reflected that there is a tendency to conflate innovation and going digital as one and the same thing and the need to avoid “innovation for innovation’s sake”, but instead **invest in understanding and analysis of the innovation from an end-user side**.

Interest in DLT and digital currency in CVA remains high, but real-life application at scale is a long way off

When asked to provide examples of innovation, many key informants cited blockchain, cryptocurrencies and token-based solutions. At the time of this report’s development there were no examples of blockchain-based humanitarian CVA provision that has achieved scale. However, some interesting pilots, such as Oxfam’s UnBlocked Cash pilot project in Vanuatu and white papers proposing use of community currencies based on blockchain¹⁴ had been reported.

Since 2017 efforts to develop an appropriate level of regulation for digital and cryptocurrency have increased,¹⁵ although at least 25 countries (including at least 9 with ongoing large scale CVA) continue to ban them explicitly or implicitly.¹⁶ To this end, the World Economic Forum’s recent announcement of a Global Consortium to develop a governance framework for digital currencies including stablecoin, is a welcome step in the right direction.¹⁷

At the global scale, 2019 saw Facebook announce the launch of its own cryptocurrency Libra, and e-wallet Calibra (see box 6.8: “Libra - What are the potential pros and cons from a Humanitarian CVA perspective”). The announcement received a mixed response from the CVA community with some seeing it as a promising development, while others highlighted significant adoption barriers.

BOX 6.8 Libra – What are the potential pros and cons from a Humanitarian CVA perspective?¹⁸

Libra has potential to connect to the economy and financially include four billion people worldwide who are unbanked or underbanked. For many of these people, Facebook is the only way they access the internet, often for free. Libra was announced as a ‘stablecoin’, pegged to a basket of fiat currencies including the Euro and USD. The aim is for Libra to be an open platform, allowing new players to come on and an opportunity to offer financial services that work better for the poor, with the potential to transform how aid is delivered.

13 IRC & USAID (2019) Safer Cash Toolkit: Collecting and using data to make cash programs safer. New York: International Rescue Committee.

14 Uwantege Hart, S. (September 2019) Betting on blockchain to deliver cash in the Pacific (Oxfam Views and Voices blog post); Grassroots Economics (2020)

15 <https://www.loc.gov/law/help/cryptocurrency/world-survey.php>

16 <https://www.loc.gov/law/help/cryptocurrency/map1.pdf>

17 WEF (January 2020) Governing the Coin: World Economic Forum announces global consortium for digital currency governance (Press release).

18 Box 6.8 sources: <https://futureofgood.co/facebook-new-libra-coin/>; <https://www.mercycorps.org/articles/libra-creating-financial-opportunity-all>; <https://news.nd.edu/news/expert-discusses-pros-and-cons-of-facebooks-new-cryptocurrency-libra/>; <https://www.forbes.com/sites/enriqueadans/2019/06/17/facebook-cryptocurrency-great-idea-wrong-company/#108885f62f98>; <https://www.theguardian.com/technology/2019/jun/18/libra-facebook-cryptocurrency-new-digital-money-transactions>; <https://www.theguardian.com/technology/2019/jun/21/facebook-co-founder-warns-against-libra-cryptocurrency>

BOX 6.8 Libra – What are the potential pros and cons from a Humanitarian CVA perspective? (cont)

Proponents say this could offer a more stable, low-volatility currency, providing more financial stability for people in crisis and thus refuge from inflation. As it relies on blockchain technology, financial institutions could use transaction records to assess creditworthiness and make lending decisions. Given Facebook's ubiquity, the entry barrier would be significantly lower, compared to bitcoin. At its announcement, promises were made that it will use the same verification and anti-fraud processes that banks and credit cards use, implementing automated systems to detect fraud and offering strong customer redress for incidents of hacking and theft from digital wallets.

Opponents argue that Libra would provide Facebook with even more data to exploit. And that it has the potential to disrupt or weaken nation states, threatening governments' ability to manage their own fiscal policy. From an end-user perspective, it will be a huge trade-off between convenience and privacy. At the time of writing, the formal product launch is running behind schedule and has been shifted to the last quarter of 2020, with many high-profile founding members choosing to leave after a significant backlash from regulators.¹⁹

Alternative solutions, such as Celo,²⁰ have also appeared on the market. In a similar fashion to Libra, Celo is a stablecoin platform, although not a centralised issuer, that supports the price pegs with fiat held in banks. Instead, Celo has developed the underlying blockchain and applications that run on top, which offer an unlimited number of stablecoins backed by crypto assets held in reserve. Additionally, Celo allows users to send/receive money to a person's phone number, IP address, email, as well as other identifiers, a feature that removes the need for counterparties in a transaction to share their public keys with each other prior to a transaction.

However, given how difficult some of the operating environments for humanitarian CVA are, with some well-known **barriers to consider** such as access to phones and internet, level of digital and financial literacy, and patchy data protection, we are **unlikely to see large-scale adoption beyond isolated pilots for a while**. Perhaps most importantly, as noted above, there is an ethical imperative to consider, and be driven by, recipient choice rather than agency interests and priorities. We should "experiment in labs, and not on people".²¹

It is not all about technology, people-centred innovation has gained in popularity

The application of social research techniques has opened the door to data collection that focuses on understanding recipient perceptions and aims to create feedback loops between recipients, aid implementers and policymakers. However, this work is still in its infancy and the voices of CVA recipients are still not routinely being heard or informing decisions (see chapter 3). Organisations such as Ground Truth Solutions have introduced new approaches to recipient feedback, the latest being the merging of participatory development thinking with 'the business world's emphasis on customer satisfaction'²² through large scale surveys, key informant interviews and the attempt to create feedback mechanisms. Their goal is to ensure that implementing agencies



We (as a community) went away from people with the focus on tech, on scale, and now coming full circle back to realizing the need to engage with people. We (in CARE) are trying to build relationships with actors to assist with this (researchers, universities etc.) at global level and this is helping. CARE

¹⁹ BBC (March 2020) Facebook 'rethinks' plans for Libra cryptocurrency (News item)

²⁰ Forbes (July 2019) As Facebook struggles for blockchain support, a truly decentralized challenger emerges (News item)

²¹ ICRC (2019b) Symposium Report: Digital risks in situations of armed conflict. Geneva: ICRC.

²² <https://groundtruthsolutions.org/our-work/all-projects/>

and policy makers hear the perceptions and experiences of local partner agencies to create greater accountability. Another example is African Voices who triage feedback calls with the option of speaking to a person for protection related issues.

In key informant interviews CARE and ActionAid discussed the importance of social research methods after realizing that the depth of engagement had to go further than simply asking recipients 'are you satisfied with the assistance?'. The application of social research methodologies, such as behavioural insights techniques applied by Ideas42.org in their work on improving financial health goals of CVA recipients,²³ achieving better outcomes for women through CVA,²⁴ and active listening are regarded as new innovative approaches.

PRIORITY ACTIONS

To continue to develop innovations which are effective in improving programming, the following actions are recommended:



Humanitarian actors, and relevant private sector and research partners, should maintain a **focus on collaboration and long-term partnership development between humanitarians financial service providers, including mobile money**, to ensure solutions are flexible and meet recipient's short and long-term needs.



Humanitarian actors, and relevant private sector and research partners, should continue to **explore and invest in innovations that prioritise quality outcomes for recipients and in which recipients find value**. This can build on a shift from 'tech for tech's sake' towards more inclusive technology and people-centred innovation, drawing from social science and getting the basics of assistance right.



Humanitarian actors should develop **stronger cross-sector collaboration to articulate and agree Data Rights and Governance standards** to ensure that the increasing use of innovations in digital identity and data management comply with the need to **"do no digital harm"**.

²³ Ideas42 (2019) Cash and Change: Using behavioural insights to improve financial health in three cash transfer programs. Ideas42.

²⁴ Ideas42 & CARE (2020) Applying Behavioral Science to Humanitarian Cash & Voucher Assistance for Better Outcomes for Women. Ideas42 & CARE International

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