

Principles for Digital Payments in Humanitarian Response

We believe that cash transfers in humanitarian response can be leveraged to prioritize emergency needs first and, at the same time, build a bridge towards sustainable development goals including economic, social, and financial inclusion.

When cash is transferred through digital payment¹ mechanisms -- one of many options available for delivery of cash in humanitarian assistance -- this potentially provides an opportunity to offer recipients a basic transaction account² that can be leveraged in the future for more robust financial inclusion. At the same time, a principled approach is required in order to ensure effective, fair, and durable use of digital payments as a transfer mechanism.

Recognizing this, we agree to the following Principles:

I. Select payment mechanisms for recipient empowerment.

- Products and services put people in need of assistance first, and aim to maximize recipient value and choice.
- Agency understands recipients' **needs**, preferences, and livelihoods; and knowing and mitigating the various recipient **risks** in using digital payments.
- Training and information provided to recipients focuses on clarity and relevance based on their needs and capacities, and are focused on building recipient protection, confidence, and trust (in the device, service, and system).

The following organizations have contributed to the development of these principles:

Better than Cash Alliance, Bill and Melinda Gates Foundation, Cash Learning Partnership (CaLP), Catholic Relief Services (CRS), Consultative Group to Assist the Poor (CGAP), Danish Church Aid (DCA), Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO), Electronic Cash Transfer Action Network (ELAN), Food and Agricultural Organization (FAO), International Rescue Committee (IRC), Mercy Corps, NetHope, Norwegian Refugee Council (NRC), Save The Children, UK Aid, UN Capital Development Fund (UNCDF), UN Development Programme (UNDP), UN High Commissioner for Refugees (UNHCR), UN International Emergency Children's Emergency Fund (UNICEF), UN Office for Coordination of Humanitarian Affairs (UN OCHA), United States Agency for International Development (USAID), United States Department of State, World Economic Forum (WEF), World Food Programme (WFP)

¹ Also referred to as electronic payments or e-transfers

² The phrase "transaction account" in this instance means an account belonging to the beneficiary that could be from a bank, mobile money provider, prepaid card processor, or other financial

- Recourse and inquiry/complaint resolution mechanisms are built in and customers are encouraged to use them.

Sample Resources

- Resources: Understanding Customer Risks in Digital Social Payments: <https://openknowledge.worldbank.org/bitstream/handle/10986/24568/Understanding000inclusion0potential.pdf?sequence=1>
- Resources: WFP Cash & Voucher Manual, Chapters B.5 and B.7.3 <http://www.wfp.org/content/cash-and-vouchers-manual-second-edition-2014>

2. Collect data that is relevant and proportional.

- Proportionate know your customer (KYC) requirements are defined by context and risk assessment.
- Digital identification is leveraged where possible and appropriate in order to anonymize and protect digital data and link to longer-term services.
- Data collected is leveraged to test, monitor, learn and iterate for continuous improvement of the digital payment delivery system.
- Collaboration with other organizations during the data collection process is attempted, when possible.

Sample Resources

- Resource: ELAN Data Starter Kit: <http://elan.cashlearning.org/>
- Resource: UNHCR and World Vision Know your customer standards: <http://www.cashlearning.org/resources/library/818-know-your-customer-standards-and-privacy-recommendations-for-cash-transfers>
- Resource: ISPA Payments Tool <http://ispatools.org/payments/>

3. Safeguard the right to data privacy and protection.

- Data sharing recognizes and adheres to good practices in data security and protection.
- Anonymized, aggregated data is prioritized.
- Clarity is established on how to use, share and store data within MOUs and contracts with service providers.

Sample Resources

- Resource: CALP Protecting Beneficiary Privacy: <http://www.cashlearning.org/resources/library/389-protecting-beneficiary-privacy-principles->

[and-operational-standards-for-the-secure-use-of-personal-data-in-cash-and-e-transfer-programmes](#)

- Resource: ELAN Data Starter Kit: <http://elan.cashlearning.org/>
- Resources: WFP Personal Data Protection and Privacy Guidelines: <http://documents.wfp.org/stellent/groups/public/documents/communications/wfp276721.pdf>

4. Facilitate pathways to financial inclusion when possible and appropriate.

- Priority is given to open-loop systems³ that connect recipients with a personal account that leverages local markets and ecosystems.
- Digital payments offer recipients access to and ability to use at least one formal transaction account that can perform most, if not all, payment needs; safely store some value; and serve as a gateway to other financial services. They can be delivered via mobile phone or card-linked accounts, and accessible at agents, merchants, ATMs, and bank branches.
- If digital payments are not possible at the onset, agencies plan for future inclusive payments by considering options that could most easily provide a link to financial services later.

Sample Resources

- Resource: NetHope Toolkit Step 4 and 5
<http://solutionscenter.nethope.org/toolkit/view/c2e-toolkit>
- Resource: WFP Cash and Voucher Manual Chapter A.6.2 Commercial Solutions
- <http://www.cashlearning.org/downloads/wfp-cash-and-vouchers-manual-2014.pdf>
- Resource: CGAP Focus Note “*Electronic G2P Payments: Evidence from Four Lower-Income Countries*” <http://www.cgap.org/publications/electronic-g2p-payments-evidence-four-lower-income-countries>
- CGAP Focus Note “*Social Cash Transfers and Financial Inclusion*”
<http://www.cgap.org/publications/social-cash-transfers-and-financial-inclusion>

5. Prioritize and build on existing local systems and infrastructure.

- Agencies give preference to digital financial and payment services that are available locally, and are under the supervision of the country’s central bank or relevant regulatory body.
 - Domestic social cash-transfer programs are leveraged, as available and feasible, in order to avoid duplication of efforts and to support national safety nets and social protection systems related to targeting, accountability, delivery mechanisms and monitoring.
- Agencies coordinate with existing national identification schemes, when available and secure, to strengthen access to national ID systems.

³ In this context, open-loop systems refer to payment systems that enable recipients to store value, withdraw cash, purchase items, or perform a variety of other transactions based on what the digital payment mechanism being used allows for.

Sample Resources

- Resource: UNICEF presentation on utilizing the social safety net program, Pantawid Pamilya (4ps), for targeting and providing cash transfers: [http://www.unicef.org/eapro/Session_3 - UNICEF_Philippines._Unconditional_cash_transfer_program.pdf](http://www.unicef.org/eapro/Session_3_-_UNICEF_Philippines._Unconditional_cash_transfer_program.pdf)

6. Invest in organizational preparedness to quickly leverage digital payments, when appropriate.

- Agencies prioritize, and donors invest in, organizational preparedness to deploy digital payments.
- Organizational policies provide training and guidance for staff around designing and implementing a digital payment delivery mechanism.
- Organizational standards are created covering monitoring, reporting and data management for digital payment delivery mechanisms.

Sample Resources

- Resources: WFP Emergency Preparedness and Response Package (EPRP) <http://documents.wfp.org/stellent/groups/public/documents/resources/wfp251892.pdf>
- Resource: NetHope Toolkit Step 5 <http://solutionscenter.nethope.org/toolkit/view/c2e-toolkit>

7. Develop institutional and collective capacity for effective humanitarian - private sector engagement.

- Regular digital payment service provider capacity and service quality assessments are institutionalized, enabling organization staff to perform due diligence and make informed decisions on products and services.
- Digital payment product agreement templates are developed to promote best practices around service level agreements and product statement of requirements.
- Staff understand the operational and commercial realities for digital payment schemes in order to optimize collaboration.
- Private digital-payment service providers are encouraged to better perform in remote areas with less commercial interest.

Sample Resources

- Resource: NetHope Transition from Cash to Digital Toolkit <http://solutionscenter.nethope.org/toolkit/view/c2e-toolkit?/programs/c2e-toolkit>
- Resource: Better Than Cash Alliance Toolkit

<https://www.betterthancash.org/tools-research/toolkits/development-partners>

- Resource: Mercy Corps e-transfer Guide <https://www.mercycorps.org/sites/default/files/E-TransferGuide.pdf>

8. Coordinate the use of multipurpose and shared payment systems.

- Preference is given to interoperable payment systems that enable transfers to be made across multiple payment platforms, and provide distribution and access to services in a non-exclusive manner.
- When possible, agencies engage in local consortiums or working groups, to ensure proper coordination and optimization of resources around the use of digital payment systems for cash transfer programming.