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# MITIGATING RISKS OF ABUSE OF POWER IN CASH ASSISTANCE

10-11 December 2018 Workshop  
Nairobi, Kenya

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UNHCR and WFP are implementing a joint project to identify and mitigate risks of abuse of power by private sector service providers in the delivery of cash assistance to vulnerable populations. The workshop, held in Nairobi on 10-11 December 2018, followed visits to the first two pilot countries, Democratic Republic of the Congo (DRC) and Cameroon. It aimed to build further on initial takeaways, share existing tools, guidance and initiatives and discuss potential future solutions to be adopted by various stakeholders across the public, humanitarian and the private sectors in the mitigation of these risks.

Financial service providers (FSPs - banks and mobile money operators), national central banks, social safety net representatives, retail analysts, donors, members of the project Steering Committee, and humanitarian and government agencies contracting private sector service providers for cash assistance were amongst the key participants.

The main messages at the outset of the workshop were centred around the notion that people assisted by humanitarian agencies are 'captive customers' given the absence of choice, which leads to an imbalance of power, and potential abuse of power, including physical and psychological abuse,

exploitation, extortion, fraud, embezzlement, discrimination and harassment, amongst others. Illiteracy and lack of financial education exacerbates this vulnerability. The project ultimately aims to ensure that recipients of cash assistance feel protected and empowered as real clients of financial service providers, with financial services extending beyond enabling the mere receipt of assistance.

## KEY WORKSHOP OUTCOMES

Risks exist at various levels and need to be addressed and prevented simultaneously through several mitigation measures in order to move the vulnerable populations from captive customers to real clients. Potential immediate and longer-term solutions were identified, drawing on the expertise and experience of the different participants.

### STRENGTHEN THE NORMATIVE FRAMEWORK

- **Advocate with national regulators for consumer protection norms targeted at vulnerable populations**, as well as interoperability of systems and adapted Know Your Customer

requirements ('light KYC'). Encourage exchanges of experience between national regulators: some countries have already advanced protection enabling legislation which can inspire others.

- **Capitalise on proactive private sector's attitude to setting standards and monitoring systems.** Use existing codes of conduct, standards and principles and encourage adoption of certification (GSMA certification/ the Smart Campaign) and good practices (including BTCA Responsible Digital Payment Guidelines).
- **Strengthen contractual measures relating to standards of conduct for financial service providers (FSPs), retailers and their agents and monitoring obligations, with clear sanctions if breached.**

## REINFORCE CAPACITIES OF PEOPLE RECEIVING CASH ASSISTANCE

- **Enhance financial and digital literacy.** Work together towards solutions that are tailored to the needs of people receiving cash assistance and the maturity of the market to ensure cash recipients are able to use the tools (such as mobile phones) provided and are aware of their rights, entitlements and obligations of FSP agents. Capitalise on the creative tools already developed by specialist agencies, such as UNCDF, CALP or GSMA toolkits.
- **Embrace technology and digitisation** when appropriate: innovation and digital solutions can indeed contribute to increased transparency, accountability and ultimately protection for vulnerable populations, as long as their needs and participation are taken into account.

## STRENGTHEN ACCOUNTABILITY SYSTEMS

- **Promote the systematic and coherent use of complaints and feedback mechanisms,** which can lead to increased trust and improved programming. Ensure referral pathways for sensitive issues such as sexual exploitation and abuse.
- **Uphold mutual accountability** across FSPs, governments and humanitarian organisations.

## INVEST IN QUALITY SERVICES

- **Encourage the systematic use of a gender/age/ diversity lens:** adapt products, technologies, strategies, complaint and feedback mechanisms to specific needs and languages.
- **Address the underlying causal factors leading to abuse of power,** such as low remuneration packages for agents working in fragile contexts. Support agents in liquidity management. Develop merchant payment systems to reduce cash out.
- **Ensure agents treat beneficiaries of cash assistance as clients.** Invest in building capacity of agents working on behalf of FSPs to ensure customer service quality and incentivize integrity.
- **Actually know your customer!** Plan frequent monitoring visits of FSPs and humanitarian actors (including joint field visits) to locations where humanitarian cash assistance operations take place.
- **Advocate with donors to recognise that the call for efficiency and value for money has a direct impact on the quality of services provided by the private sector.** Appropriate risk mitigation measures have cost implications that must be acknowledged. Funds are needed to cover for the presence of FSP agents in the field and their training, raising clients awareness of their rights, setting up and manning of complaints desks, and daily face-to-face problem solving led by protection officers.

## SHARE INFORMATION AND GOOD PRACTICES ACROSS STAKEHOLDERS

- **Build trust between FSPs and the humanitarian community to improve customer services** beyond basic contractual agreements. Clarify expectations on the services requested, be transparent on the capacity to deliver, work in a spirit of partnership to manage operational challenges, and share information transparently.
- **Encourage exchange of good practice among FSPs** related to risk management in humanitarian cash assistance operations. Encourage information to be provided to customers at each stage of the process, the use of complaints and feedback mechanisms and certification.



## NEXT STEPS

- ✓ Address the protection risks and shortcomings identified in DRC and Cameroon and upcoming country case studies.
- ✓ Following DRC and Cameroon, the remaining pilot countries Iraq, Uganda and Rwanda, will implement the project in early 2019. The rich set of tools, approaches and hypotheses identified in the workshop will then be discussed and piloted as the project gradually develops a toolkit and general roll-out approach.
- ✓ 22 countries will implement the project by 2020. The approach and toolkit will be adapted to the specific country contexts, capitalising also on growing knowledge and learning across countries and stakeholders.

In 2019, the project will:

- ✓ Draw on a wide and knowledgeable network of experts going forward and establish a fora for regular and constructive dialogue.
- ✓ Develop and apply a strong monitoring and evaluation framework for the project.
- ✓ Identify, document and capitalize on existing tools and guidance, best practices, and share key lessons with the broader stakeholder community through a website/ platform. All relevant tools and documents will be hosted on the Cash Learning Partnership (CaLP) webpage.
- ✓ Strengthen relationships and dialogue with national regulators of roll-out countries to establish appropriate normative frameworks for the protection of consumer rights with a focus on vulnerable populations.
- ✓ Nurture relationships, beyond solely the contractual ones, through mutual accountability and ownership across both the public and private sectors.

