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**A JOINT UNHCR-WFP PROJECT**

# MITIGATING RISKS OF ABUSE OF POWER IN CASH ASSISTANCE

UNHCR and WFP are implementing a joint project to identify and mitigate risks of abuse by private sector service providers in their delivery of cash assistance to vulnerable populations. The project involves work with financial service providers, traders and other private sector stakeholders, as well as awareness raising of cash recipients about their rights and capacity-building on financial literacy. It will be rolled out in 24 countries by end of 2019.

## WHAT IS THE ISSUE ?

The increasing reliance on cash as a transfer modality to refugees and other vulnerable populations potentially exposes them to higher risks of abuse of power by Financial Service Providers (FSP) in such programmes.

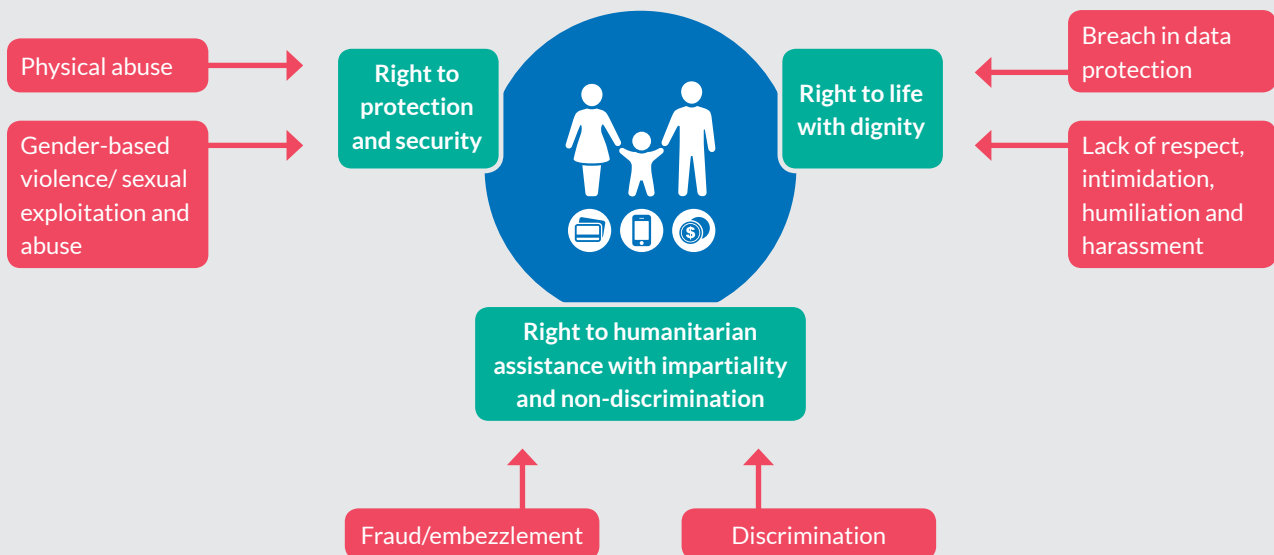
Regular customers can usually choose between several providers. People assisted by humanitarian agencies are however “captive customers”. Such imbalance of power can lead to abuses of power.

Many also use financial services for the first time, making them particularly vulnerable to potential abuse through the cash transaction.

Risks for consumers with lower income and less experience in digital finance have already been documented by several institutions working on financial inclusion. Anecdotal evidence also exists related to humanitarian cash transfers, including excessive fees, humiliation and harassment.

## WHAT TYPES OF RISKS COULD DERIVE FROM THE IMBALANCE OF POWER BETWEEN FINANCIAL SERVICE PROVIDERS AND PEOPLE RECEIVING CASH ASSISTANCE?

Abusive behaviours of FSP agents may violate the rights of recipients of cash assistance in different ways as illustrated below. The gravity of such violations may also depend on inequalities arising from gender, disability, ethnicity, religion, sexual orientation and age.



## WHAT ARE THE MAIN OBJECTIVES OF THE PROJECT?

**THE PROJECT HAS FIVE MAIN OBJECTIVES:**

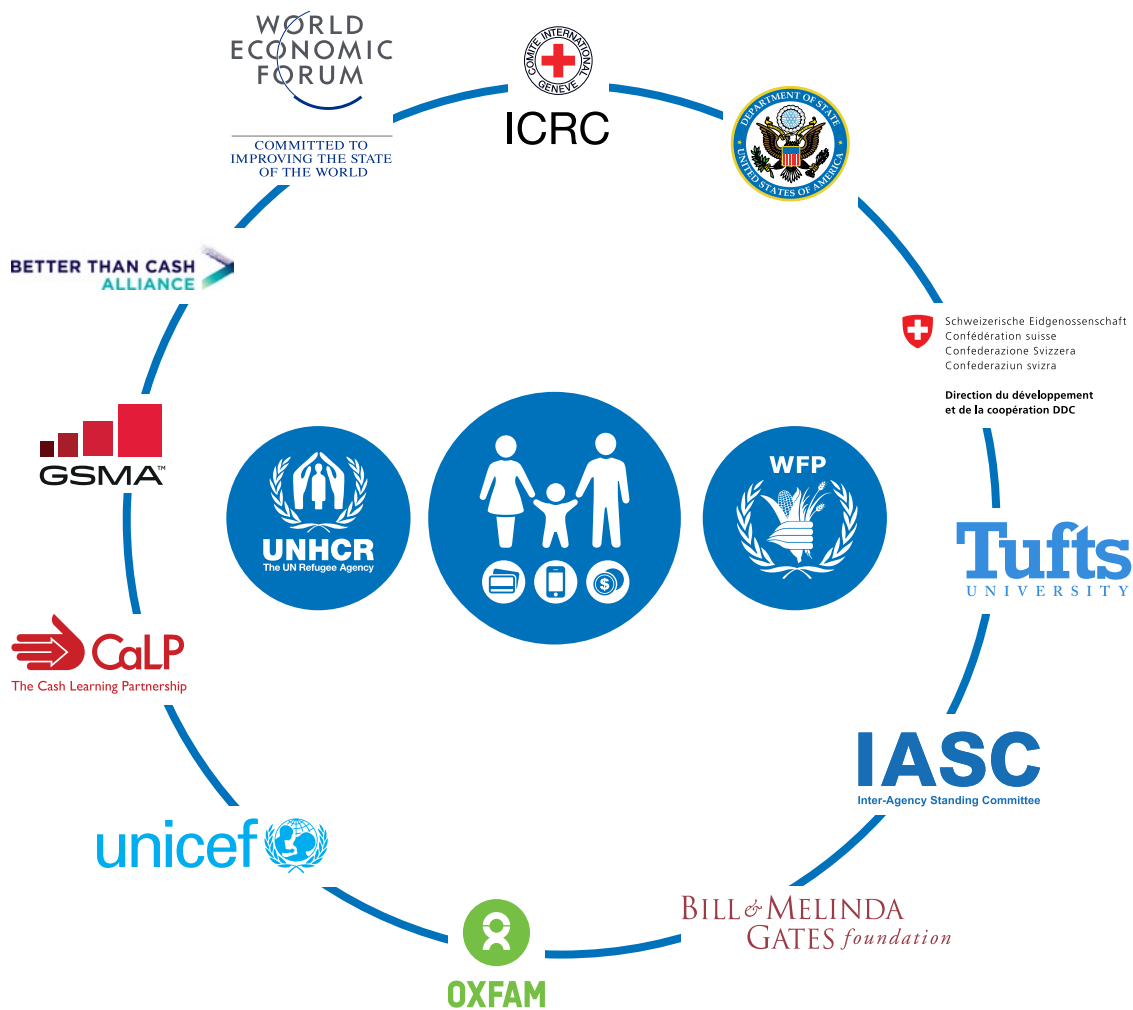
- 1 Promoting appropriate behavior by FSP agents, traders and service providers through establishing incentives to improve customer services, and possibly sanction mechanisms for any breach of codes of conduct;
- 2 Ensuring appropriate reflection of the FSP responsibility (and that of traders and other service providers) to prevent and follow up abuse cases in the UNHCR/ WFP contracts with FSPs;
- 3 Building the capacity of cash beneficiaries on their consumer rights vis-à-vis FSP field agents and in basic financial/ digital literacy;
- 4 Identifying and documenting good practice for beneficiary complaint and feedback mechanisms and referrals;
- 5 Developing a toolkit and an approach for mitigating risks of abuse of power which will be of use for the broader humanitarian community and FSPs.



## WHAT IS THE TIMELINE OF THE PROJECT ?

Initiated in July this year, WFP and UNHCR will conduct two pilots projects in the Democratic Republic of Congo end of October and in Cameroon end of November 2018. Initial lessons and future solutions will be discussed in a workshop in Nairobi in December 2018. WFP and UNHCR will implement the project in 24 countries by mid-2020.

## PROJECT STEERING COMMITTEE







## WHAT WILL SUCCESS LOOK LIKE ?

At the end of the project, recipients of cash assistance will feel protected and empowered as real clients of financial service providers.

To achieve this vision, UNHCR and WFP will in 24 countries:

- 1 Promote appropriate behaviour by financial service provider agents and traders involved in the delivery of cash assistance. This includes:**
  - Increasing awareness of the existing risks with private sector stakeholders, humanitarian agencies and national social safety nets focal points.
  - Developing practical training for FSP agents on code of conduct anchored in the humanitarian principles with sanctions in case of breach.
  - Supporting FSPs' review of agents and their remuneration structure to incentivise good behaviour.
  - Developing a toolkit to improve customer service and communication from agents to clients at each stage of the cash assistance.
- 2 Ensure appropriate reflection of the FSP responsibilities (and that of traders and other service providers) in the humanitarian agencies' contracts with FSPs to prevent and follow up abuse cases. This includes:**
  - Collaborating with national regulators to influence a favorable regulatory environment.
  - Developing standard clauses for contracts between humanitarian agencies and financial service providers and sharing with humanitarian, development and national stakeholders involved in cash assistance.
  - Documenting good practice of improved accessibility, governance and referral between various complaints and feedback mechanisms.
- 3 Build the capacity of cash beneficiaries on their consumer rights vis-à-vis FSP field agents and traders, and in basic financial and digital literacy. This includes:**
  - Developing a communication plan including innovative approaches to convey key messages related to cash recipient rights in cash assistance at each step of the intervention.
  - Strengthening capacity of cash recipients on data protection, digital and financial literacy, including for those with specific vulnerabilities related to gender, disability, ethnicity, religion, sexual orientation and age.



# PROJECT IMPLEMENTATION: KEY STAKEHOLDERS

## AT COUNTRY LEVEL

### Financial service providers

Banks

Mobile money operators

Traders

Remittances companies

Micro finance institutions

### National and regional regulators

Central banks

Relevant ministries

### Users

Vulnerable / displaced persons receiving humanitarian cash assistance

Consumer associations

### Agencies contracting financial service providers

UNHCR, WFP and implementing partners

Cash working group members

Government-led social safety nets

### Influencers

Donors

## AT GLOBAL LEVEL

### Project Steering Committee

Comprising of members of humanitarian organisations, academia, private sector and multi-stakeholder alliances, the Steering Committee ensures the project benefits from informed advice from thought leaders in relevant sectors.

### Project Coordination

#### At global level: Project Coordinator

- Manage the project ( activities, budget, team of experts and roll out plan)
- Develop guidance for private sector stakeholders to mitigate risks of abuse of power in cash assistance and ensure respect of humanitarian principles as a non-negotiable clause
- Develop a toolkit for humanitarian stakeholders contracting FSPs for cash assistance
- Document and share learning and guidance
- Advocate for necessary changes in regulatory frameworks and with private sector associations in order to incentivize good behavior and prevent risks

#### At country level: cash experts and protection staff

- Roll out project in countries and accompany financial service providers and humanitarian agencies in the prevention of risks of abuse of power in cash assistance

### Team of digital/ financial literacy and consumer rights experts

- Raise awareness of displaced persons' rights vis à vis FSPs
- Build capacity on basic digital and financial literacy
- Contribute to improved communication through innovative approaches and increase trust in complaints and feedback mechanisms

### Third party monitoring

- Baseline user-cash journey to inform selected countries and work with FSPs
- Ongoing monitoring of changes in user perception related to risks, private sector agents' attitude and consumer rights





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## MORE INFORMATION

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