

Zambia: journey towards cash based interventions in refugees settlements

Background

Transition from food to cash: Since 2014, after the withdrawal of WFP's food assistance in Meheba, UNHCR Zambia, moved to providing targeted cash assistance to meet basic needs. The assistance was delivered through a partnership with Ministry of Community Development and Social Services (MCDSS) who was already running a social cash transfers for the most vulnerable residing in the remote and poor locations in Zambia.

Transition to digital payments: The introduction of the cash-for-food program was not without its challenges. The assessment conducted in Meheba settlement by UNHCR in collaboration with United Nations Capital Development Fund (UNCDF) revealed these key challenges: lack of reliability of CBI payment; fear of missing out during payment distribution; perceived lack of transparency; and CBI amount too low to meet needs. To address these shortcomings, in

Bank of Zambia and ZICTA approved Refugee Certificates as valid KYC document for mobile money and SIM registration in 2017, allowing UNHCR to provide CBI using mobile money



2017, through partnership with UNCDF, UNHCR Zambia shifted from providing persons of concerns in Meheba with cash in envelope to digital payments. The digitization is implemented through a contract between UNHCR and Standard Chartered Bank Zambia in partnership with Airtel Money in Meheba and MTN Mobile Money in Mayukwayukwa. The Bank of Zambia (BoZ) and Zambia Information & Communication Technology Authority (ZICTA) further facilitated the digitalization by recognizing

the Refugee Certificate (household level document) as valid Know Your Customer identity proof.

Transition to direct implementation: UNHCR also moved away from implementing CBI through MCDSS to direct implementation

Progress

CBI strategy for Zambia Operations: On the commitment from the Operations to monetize services offered to PoCs, a CBI strategy has been developed and approved by the operations. The strategy aims to expand and systemize the use of CBI across UNHCR's interventions in Zambia to the PoCs mainly refugees living in Lusaka, Meheba, Mayukwayukwa and Kawambwa. Under this strategy, an unconditional multi-purpose cash grant is provided on a bi-monthly basis to targeted groups including new arrivals, single headed-households, differently abled persons, unaccompanied minors and elderly population. It also, envisaged to pursue a CBI sectoral approach to support livelihoods, education and shelter.

Process of implementation: To assist UNHCR Zambia staff to carry out CBI and achieve efficiency and quality output, Standard Operating Procedures (SOP) has been developed to govern and guide the implementation including transparent eligibility criteria for enrolment in CBI.

Key achievements and impact

UNHCR has transferred ZMW 3,701,040 (\$308,000) as CBI for basic needs since January 2019 reaching about 4,000 PoCs on a bi-monthly basis.

CBI amount increased from ZMW 100 (\$10) per individual to ZMW 280 per individual (\$28)

The duration of CBI support prolonged from 12 months to 18 months

Collaboration: The preparation and launch of the digitalization required incessant community engagement and mobilization, and concerted efforts from all the stakeholders (UNCDF, Standard Chartered Bank, Airtel Money, ZICTA, BOZ) involved in the testing and iteration of the digitalization processes.

Key Achievements

Multipurpose cash grant increased from ZMW 100 to ZMW 280

Support increased for new arrivals from 12 months to 18 months

Identified needs and remaining gaps

📄 *Limited number of cash-out points:* The absence of banks, financial institutions, agents or tellers in the settlement continue to increase the fear of missing out withdrawing CBI from temporary agents; increase time taken for withdrawals as well as pose potential security risks

📄 *Float and liquidity management:* Lack of permanent agents in the settlement due to regulatory barriers, investment requirements for float as well as rebalancing cost due to distance to the closest branches continue to affect ability of PoCs to withdraw CBI as and when they require the money. This also has implications on potential security risk of high amounts of cash brought in during disbursement as well as for PoCs and also challenges the ultimate goal of financial inclusion and investment in livelihood by storing value in the mobile money account of PoCs



📄 *Reliability and timely payments:* Several internal and external challenges like recording or update of SIM card numbers, availability of agents and PoCs for SIM registration and cash outs have resulted in delays in paying of CBI. This has resulted in ad-hoc payments creating affecting PoCs' ability to plan for meeting their basic needs

📄 *Multiple SIM cards and or wrong SIM card information:* Some of the PoCs do not have access to phones and due to operational constraints, UNHCR supports PoCs only with SIM Cards. PoCs tend to lose or misplace their SIM Cards and often procure multiple SIM Cards. This leads to multiple numbers updated on the system, or incorrect (older SIM card numbers) updated in the system etc. resulting in inability to transfer CBI entitlement to the right SIM Card

📄 *Absence of a customer feedback and complaints mechanism:* Complaints are not addressed systematically resulting in confusions as well as vulnerability and fear of not receiving the entitlement and not knowing the reason or next steps to be taken

📄 *Absence of PoCs in settlement during SIM Registration:* Some of the eligible PoCs are not available in the settlements. The SIM registration dates are published in advance, but PoCs

do not make themselves available for procurement of SIM cards. This results in ad-hoc registration as well as ad-hoc payments contributing to further delay and also chances of duplicate payments being made



† *Assessment of Persons with Specific Needs (PSNs):* The assessment for PSNs has been a challenge with resource constraints causing delays. This results in inclusion and exclusion errors. There have also been challenges with appointing guardians for unaccompanied and separated children resulting in delays for SIM Registration and subsequently in delays and potential non-payment of CBI

- 📁 *Limited funding:* Lack of committed funding to assist all POCs in need especially those with specific needs
- 📁 *Lack of knowledge on digital financial services along with limited literacy amongst PoCs:* Use of digital financial services is not very common in the settlements. This coupled with low literacy levels have resulted in multiple challenges including potential issues like sharing of PINs, multiple SIM cards etc.
- 📁 *Limited access to phones amongst POCs:* Many PoCs especially elderly do not have access to phones and since they are assisted with only SIM cards, they also lose the SIM Cards. Due to lack of electricity in the settlement and reliability on paid battery recharge centers, some PoCs also struggle with the cost involved to reach the charging points as well as the payment for charging
- 📁 *Reaching unaccompanied and separated children:* Bank of Zambia and ZICTA regulations require the minimum age for mobile money account opening to be 16. This has implications on those unaccompanied and separated children who are less than 16 and do not have a guardian as it would not be possible to register SIM Cards in their name resulting in delay in receiving CBI or being missed out from payment

Way forward

Addressing existing identified challenges are key to ensure that UNHCR delivers services to the persons of concerns in an efficient, reliable, transparent and systematic manner. The Operations intend to use the following approaches to address some of the identified gaps before the close of 2019. The Operations was awarded a small grant through the UNHCR Community Connectivity Fund in June 2019. Through this fund, the Operations hopes to address some of the challenges faced.



- 📁 *Permanent agents in the Settlement:* A portion of the grant has been set aside to provide float support to a super-agent, who would then hire tellers from Meheba to provide on the ground SIM Registration and also support cash out and other services. The super-agent would be responsible to ensure that tellers have sufficient SIM Cards for registration, sufficient physical cash and e-value to ensure that PoCs can withdraw when they require the assistance.

- 🗣️ *Absence of a customer feedback and complaints mechanism:* Through the grant support, the Operation will set up a customer feedback mechanism to ensure issues are brought to the attention of UNHCR and corrective action is taken and feedback provided to PoCs.
- 📄 *Multiple SIM cards/ wrong SIM card information:* Till a reliable method of collection and issuance of SIM Cards including biometric verification is designed, the operation will move to cash in envelope for those cases where issues persist
- 📄 *Limited funding:* Operation will continue its efforts to raise additional funds to support PoCs.
- 📄 *Addressing unmet needs and linkages:* With adequate funding, UNHCR intends to couple CBI with key sectorial interventions like education, shelter, energy (pay-as-you-go solar, digital agent for energy), savings and livelihoods opportunities as a way to support PoCs move from assistance to self-reliance

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