

Mastercard experiences during the humanitarian response in southern Europe

By Paul Musser and Sasha Kapadia



Paul Musser is Senior Vice President of Humanitarian, Development & Donors, Mastercard. Paul Musser leads

the team responsible for Mastercard's humanitarian and development solutions. His work focuses on creating and implementing innovative business models and technology solutions leveraging a shared value approach. His clients and partners include UN agencies, international NGOs and funders. Current examples of projects he and his colleagues are working on include the Mastercard Lab for Financial Inclusion in Kenya, commercialising the new electronic aid voucher service known as Mastercard Aid Network, and developing new approaches to data privacy, identity and financial inclusion enablement. Musser possesses more than two decades of payment and senior leadership expertise.



Sasha Kapadia serves as Director, International Development, in Mastercard's Public Private Partnerships

division. In her role, she works with humanitarian and development organisations to jointly deploy programmes that showcase the ability of electronic payments to transform lives. Notably, she helped build the Mastercard Aid Network, a digital voucher platform designed to work in remote areas, and launch prepaid programmes for refugees in Southern Europe. Prior to Mastercard, she worked at the U.S. Department of State in the Office of Afghanistan Affairs and the German Marshall Fund of the United States. She is a graduate of the Fletcher School, where she focused on fragile and failed state development, and New York University.

Following the issue of a cash distribution debit card, a Mercy Corps team member helps Walaa, 23, and her three children withdraw cash from an ATM.



Corinna Robbins for Mercy Corps

Location: Southern Europe

What we know: The private sector is playing an increasing role in the humanitarian and development sectors; one keen area of innovation is around cash programming.

What this article adds: Mastercard has worked with public and non-profit partners to enable safer and more efficient aid (cash) distribution in recent emergencies. Innovations include Mastercard Aid Network, a digital voucher platform, and Mastercard Send, a means to distribute funds via mobile phones. In Southern Europe in 2016, Mercy Corps launched a pilot programme in partnership with Mastercard and the Serbian Ministry of Labour to distribute prepaid debit cards to eligible refugees traveling through Serbia, the first programme in the region. Due to its success, Mercy Corps and Mastercard launched a complementary cash transfer programme in Greece to provide basic assistance to refugees - currently accounting for 25% of all refugee cash programming in Greece and its islands. Going forward, Mastercard sees a focus on the "customer" experience, that of both Mercy Corps and the refugee, as critical to the success of a public-private partnership.

Nearly four years ago, Mastercard brought together a group of aid organisations for a joint workshop under the assumption that the private sector could play an important role in spurring new innovations for the humanitarian and development sector. We quickly discovered that we had a lot to learn about payments in the humanitarian context.

To bridge the knowledge gap, we took the same approach we use with our banking partners - we focused on listening to their needs. That approach has proven to be successful. Working with public and non-profit partners, we have empowered more than 2.5 million vulnerable people - the vast majority of them refugees across Africa, Asia, and Europe in countries including Kenya, Jordan, Lebanon, Serbia, Yemen, Nepal, Ethiopia, Mozambique, Niger, Nigeria, Greece, and the Philippines - through faster, safer and more efficient aid distribution.

Instrumental to our success has been the ability to provide flexible solutions tailored to meet our partners' needs in a variety of contexts. During our consultations with international non-governmental organisations (NGOs), we heard about the difficulty to reach recipients in an effective and efficient way. They needed an aid delivery mechanism that leveraged local economies and enabled recipient choice.

We created the Mastercard Aid Network, a digital voucher platform that utilises chip cards, Android devices, and an easy-to-navigate app, in

response to this need. It helps streamline aid delivery, even in remote environments, since it operates offline and does not require partnerships with additional service providers. Since its launch in the autumn of 2015, the Mastercard Aid Network has been rolled out by Save the Children, the International Rescue Committee, Mercy Corps, and World Vision all around the world.

In a similar vein, we have also adapted our disbursements technology, Mastercard Send, with the American Red Cross to distribute funds to drought-affected families in Indonesia via their mobile phones for the purchase of water and other items. The pilot programme provided a safe and convenient way for beneficiaries to access aid so that participants could spend the funds on what they needed most.

However, it is our prepaid technology that has made the biggest impact on supporting the needs of refugees.

Providing refugees with mobility, flexibility and dignity

In 2013, the World Food Programme (WFP) and Mastercard rolled out a "digital food" programme in Lebanon and Jordan to deliver food assistance to Syrian refugees so they could access food locally through Mastercard branded prepaid cards. Loaded at the beginning of each month, the cards are used to purchase food from more than 400 local shops, boosting the local economy and providing Syrians

with access to fresh produce, dairy products, poultry and meats. Since the money is automatically transferred onto the cards, refugees need not wait in line to receive their benefits.

In Southern Europe beginning in February 2016, Mercy Corps launched a pilot programme in partnership with Mastercard and the Serbian Ministry of Labour to distribute prepaid debit cards to eligible refugees traveling through Serbia. Families received cards with a value of about €210 euros, and individuals approximately €70 euros, and the funds could be used to make purchases to meet immediate needs. Mercy Corps' program was one of the first in the region to use an international cashless payment mechanism to respond to the refugee crisis.

The cards were distributed to Syrians, Iraqis, and Afghans whose travels had taken them to Serbia, with an emphasis on reaching the most vulnerable: people with disabilities, the elderly, women traveling alone and those in financial need. In one case, a woman traveling on her own asked where she could buy eyeglasses upon receiving her card. In another example, a pregnant woman temporarily residing at a refugee camp quickly used her Mastercard prepaid debit card to help feed herself and her unborn child.

The programme was designed so that cards came pre-loaded with the estimated funds families would need to buy essential supplies and obtain shelter over the 72-hour period typically spent in Serbia. During the pilot, approximately €66,900 euros were distributed to nearly 400 families and individuals. Within the first month, more than €52,957 euros was spent on such items as transportation, food, medications and lodging.

Based on the success of the pilot programme in Serbia, Mercy Corps and Mastercard launched a complementary cash transfer programme in Greece in March 2016 to ensure refugees could cover their basic needs. This programme began on the islands of Lesbos and Leros, where nearly 1,000 people living in shelters for extremely vulnerable people were provided with cash assistance via prepaid cards. The programme expanded to five camps on the mainland in Greece. Mercy Corps is now responsible for roughly 25 percent of all cash programming among the refugee response in Greece and its islands, currently distributing around €600,000 a month at seven locations. A total of 16,828 beneficiaries have received a share of €2,849,100 on the Greek mainland and islands.

When we began discussing potential solutions with Mercy Corps for the delivery of aid to refugees, rapid response was the primary factor. Mercy Corps wanted to provide a solution to quickly address refugee needs, so we determined that the best course would be to leverage existing infrastructure.

We identified two potential options: mass distribution of anonymous gift cards or personalised prepaid cards. While the gift cards were attractive because they did not require "Know

Your Customer" (KYC) due diligence, they didn't allow for ATM withdrawals, a must for Mercy Corps. KYC is a process by which financial service providers obtain information about the identity of its customers in order to ensure that services are not misused. In addition, only up to €250 could be loaded onto the gift cards with no option to reload funds. With the personalised prepaid cards, the limit for loads is much higher and programme participants could access ATMs. Only a small amount of information such as name and birthdate would be captured.

At Mastercard we believe innovation not only occurs when you build something new, but can also happen when you are able to leverage existing technology in a new way. Working with Mercy Corps, we modified a programme typically used by employers to distribute employees' wages electronically via a card. In the humanitarian setting, Mercy Corps was the "employer" distributing funds to refugees. Mercy Corps distributed unrestricted cash to refugee recipients via a prepaid debit card. These cards were not branded with Mercy Corps' logo or that of a donor – refugees were indistinguishable from any other payment card holder, providing the dignity of interacting in the local market as locals would. They also had the freedom to use the cards wherever Mastercard is accepted, regardless of geography or type of shop.

The cards were issued in partnership with a bank in the United Kingdom, and Mastercard worked directly with Mercy Corps on the programme implementation. The funds were bulk loaded onto the cards via the Mastercard platform.

What we learned

In August 2016, executives from Mastercard joined Mercy Corps and other corporations, including TripAdvisor and Airbnb, on a field visit to Greece. We wanted to better understand the conditions and needs within the refugee community, assess the impact of our solutions, as well as learn how we could do more. The trip was eye opening.

Nothing can prepare you for such an experience – hearing first-hand accounts from refugees on their plight, abandoning all they knew for safety and protection. For example, while visiting Pikpa, a small but inspiring camp on the island of Lesbos, two small children played in their tent while their mother recounted the harrowing journey from Pakistan, the pain of starvation and losing her father to criminals along the way. She still doesn't know his ultimate fate.

Later we heard the story shared by parents of four boys who, on the day they left Syria, needed to make the unimaginable choice of leaving one 10-year-old behind because he could not be found at the moment they needed to leave. Again, they live with no knowledge of his fate.

Even in these terrible circumstances, there is some relief. Humanitarian organisations are making significant contributions to put lives

back together and help Greeks build inclusive communities for these refugees.

During the trip, we gained fundamental insight into how our prepaid card programme was working on the ground, which will allow us to make improvements and identify best practices for future programmes. Three concepts – the "customer" experience, end-to-end delivery, and need for flexibility – resonated as keys to success.

It goes without saying that operating within a humanitarian context poses unique challenges. We learned that joint implementation with the partner is necessary to ensure sound practices are being followed to minimise risk and create efficiencies.

We found out that our platform should accommodate various needs that arise over the course of the programme. While ATM access was a requirement for programme implementation, cash withdrawals didn't allow for line of sight into how and when the funds were spent. Mercy Corps used the reports from Mastercard's platform to gain insight into programme participant purchases, and as such, the needs of the population. ATM functionality, however, could not be turned off in the midst of the programme, so Mercy Corps relied on self-reported data on cash spending, a less than ideal scenario.

Mercy Corps believes cash-based transfers are the most rapid, efficient and dignified manner of providing humanitarian assistance. Even a small amount of cash lets people choose how they prioritise their individual needs, in addition to offering a measure of protection.

Programmes like Mercy Corps' infuse cash into the local economy, fostering economic and social ties between the host population and refugees. If the money is not immediately spent, it is not lost. The implementing agency can re-allocate the funds for other purposes at a later time. In-kind programmes that distribute food baskets or blankets lack this flexibility.

Over the course of more than a year working together on these prepaid programmes, Mercy Corps and Mastercard made significant strides to improve the lives of refugees, and at the same time, learned critical lessons that can be applied to future programmes. As a result, both organizations have generated industry recognition for their efforts and demonstrated leadership among peers in this space.

With Mastercard's support, Mercy Corps was one of the first international NGOs on the ground to run electronic cash-based programmes. Mercy Corps provided Mastercard with a better understanding of the needs of the sector, which will inform our product development process. In fact, Mastercard is in the process of building a fit for purpose humanitarian prepaid product that incorporates feedback from partners like Mercy Corps and the World Food Programme.

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