An electronic voucher distribution takes place in eastern Democratic Republic of Congo. Photo: Francesca Reinhardt/Oxfam

HARNESSING THE POWER OF E-TRANSFERS IN THE DRC

How smooth transactions and payments can help reduce security risks in volatile environments

Oxfam in the Democratic Republic of Congo (DRC) has created safe market spaces to ensure that food reaches those who need it most when conflict damages supply chains. Using electronic vouchers and digital beneficiary registration tools as part of the Scaling Humanitarian ICTs Network (SHINE) programme has not only saved time and promoted accountability, but has also made transactions safer in a tense and dangerous market environment. This case study presents one of the technologies introduced and discusses the benefits.

1 INTRODUCTION

The Democratic Republic of Congo (DRC) is a country marked by poverty, conflict, violence and human rights abuses that have been fuelled by decades of civil war. In eastern DRC, Oxfam's Emergency Food Security and Livelihoods team seeks to assist communities affected by the ongoing instability and fighting.

One form of support, distributing cash, can be particularly challenging in this context, as not many people use formal banking, local businesses have low liquidity (liquid cash flow), and mobile money is not reliable. In addition, transporting cash can be dangerous given the presence of armed groups and lack of law enforcement. In some places cash is the limiting factor (either unsafe or unavailable), while in other places local markets can't meet demand for essential food commodities. Small rural markets are often under-stocked as goods are unable to reach them due to the conflict or poor roads. Although eastern DRC is very fertile, some areas experience food shortages because farmers are cut off from their fields by armed groups.

In response, Oxfam sets up contracts with the nearest suppliers that can meet local demand without driving up food prices. This stimulates the local and regional economy, and also engages local stakeholders to use their resources and influence to ensure safe transport of food to beneficiary populations. Using an electronic transaction platform, beneficiaries receive vouchers with barcodes, which allow them to do their food shopping with designated suppliers. The vouchers generate an electronic transaction record that enables suppliers to invoice Oxfam quickly and transparently, and be paid safely through their bank accounts. This also avoids Oxfam staff having to carry around hundreds of thousands of dollars in physical cash to pay suppliers, reducing the security risks for all concerned.

In areas where cash is the only limiting factor, beneficiaries can do their shopping on regular market days in the suppliers' usual locations. In areas where existing markets are inadequate, Oxfam sets up a safe temporary market site with a few dozen contracted suppliers. This means beneficiaries can shop around for quality, as they would usually do, and the suppliers have an incentive to maintain acceptable standards.

2 DIGITALIZING DISTRIBUTIONS

In 2016, Oxfam piloted an electronic voucher tool called 'RedRose' to help speed up transactions and payments. RedRose is one of a number of information communications technologies (ICT) service providers aimed at the humanitarian sector, which are changing the face of humanitarian assistance. As an emerging sector, there are still a lot of

improvements to make, but the system has proved viable in remote areas of the DRC. Two important features for the DRC are that the platform works offline, and can be run on cheap, replaceable android devices. It is also able to integrate Excel spreadsheets and other simple, open-source applications like Open Data Kit (ODK).

Beneficiary lists are uploaded to the RedRose platform, which then creates a beneficiary account with an identification (ID) card, unique serial number and barcode. For the beneficiary, there is no stigma attached to this approach in this context. Electronic barcode vouchers are issued on presentation of a valid ID card. For a food programme, the commodities that beneficiaries are entitled to are clearly indicated at all distribution and market sites. Because of low literacy rates, images and person-to-person messaging are also used to communicate what is available.

A fair and transparent process

At Oxfam's voucher distribution sites, beneficiaries form lines according to their household size or special requirements, which then determines their allocation. Community monitors can help verify if people are in the right place and receiving the right allocation. At temporary markets, all items are weighed at the site exit and people are sent back if they have the wrong quantities of goods. Beneficiary committees appoint monitors and meet with the supplier committees to discuss any disagreements that arise or issues around quality.

The RedRose platform tracks electronic vouchers issued and used, enabling Oxfam to monitor distributions, avoid duplications and speed up payments to suppliers. According to Oxfam's Standard Operating Procedures, the activated vouchers are treated like cash, with suitable financial controls, although they carry less risk to the bearer than actual cash. Voucher serial numbers are activated by the finance team and then signed out to programme teams (in the same way as they would sign out a cash float, for example). Programme teams distribute the vouchers, verify beneficiary ID and return unused vouchers at the end of the day. Separate teams are involved in voucher distribution and in the counting of vouchers, as an anti-fraud measure.

More accurate, more efficient and more accountable

Daily reconciliation reports are printed out and signed off by suppliers, and Oxfam collects and keeps all used vouchers for auditing. The finance team can verify transactions by comparing the online record with the physical vouchers, which can be counted with a digital scanner or used to conduct spot checks. The team also ensures that online reports and invoices match up. Because the reports are automated, the finance team can sign off activities more quickly, and the risk of errors (and time spent correcting them) is significantly reduced. This means that suppliers can invoice for items they have distributed at the end of each day, and receive payment within a matter of weeks.

3 THE VALUE-ADDED OF ICTS

Minimizing disagreements – and reducing security risks

All too often it is stated that ICTs save us time, without clarification about what this really means or who benefits. The electronic system is a vast improvement on the paper system in terms of speed, accuracy and transparency. Previously, it would have taken two weeks just to count the paper vouchers, let alone to process payment requests. Disorganized suppliers could easily lose track of sales and payments, and disagreements about payments presented a serious security risk. With the electronic system, suppliers can be paid more quickly, accounts are finalized each day, and disagreements are much less likely.

Emergency Food Security and Vulnerable Livelihoods Coordinator Francesca Reinhardt explains:

'This is essentially a loss and control system which speeds up payments and reduces risk for suppliers and beneficiaries. For beneficiaries, we have an easy way to manage their accounts and trace what's happened to their voucher allocation. The transparency we get from digitalizing voucher reconciliation and lists minimizes disagreements or delays of payments with suppliers, which under normal circumstances can be a security risk.'

A workable solution in a challenging context

Francesca continues: *'For the beneficiaries, this electronic voucher system definitely still takes time, but it is quite normal for people to dedicate a day going to market, often travelling very long distances on foot. We try to reduce the distances, in line with SPHERE standards, and provide a clean and safe environment with reasonable prices, and assistance for people with special needs.'*

'The voucher markets are also a major contact point [for Oxfam] with the community, and a way to layer other community activities. All forms of assistance are essentially a social settlement that the community has to accept; we are only able to assist the most vulnerable, and everyone has to understand that. Having this process that the community leaders can see, provides accountability to the community that we are delivering what was agreed, and that the right people are being served.'

A safe shopping environment for vulnerable people

Markets in the DRC may be beset with all kinds of risks and inconveniences, for shoppers and suppliers alike. These include highway robbery, petty theft, and general drunken and disorderly behaviour. Some markets suffer from illegal taxes imposed by an assortment of opportunists, including armed groups and local authorities. For vulnerable people, Oxfam's temporary voucher markets mitigate some of these issues. They are set up in accessible but sheltered places, for example near a church. Oxfam works with communities to negotiate with civil, political and military authorities to curb illegal taxes and ensure humanitarian assistance is not targeted.

Oxfam's logistics team also monitors quality to ensure consistency across the board, and people with special requirements, such as the elderly, disabled and pregnant women, get served first. Suppliers can rotate stalls so no one can claim others have an unfair advantage, and weighing scales are harmonized each morning to ensure that all transactions are fair. With good community mobilization (and good weather), voucher markets can be relatively quiet and calm, finishing around 3pm so that beneficiaries can get home in good time.

The SHINE programme

The Scaling Humanitarian ICTs Network (SHINE) programme is a three-year multi-country innovation programme dedicated to exploring how information communications technologies (ICTs) can add value to activities across the humanitarian project cycle through improving the quality and efficiency of humanitarian aid. Launched in Ethiopia in 2014, the programme scaled to support activities in Mali, DRC, Iraq and Indonesia before coming to an end in March 2017.

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The information in this publication is correct at the time of going to press.

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