PARTNERING WITH GLOBAL ALLIANCES

USAID’S CONTRIBUTIONS TO ECOSYSTEM OUTCOMES

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USAID’s Digital Financial Services (DFS) Team’s vision is to support secure, inclusive, and sustainable digital ecosystems in USAID partner countries. This vision is centered on the USAID Digital Strategy, the Agency’s commitment to improve development outcomes through the use of digital technology and to strengthen digital ecosystems. The DFS team pursues this vision by focusing on two objectives: (1) integrating DFS into USAID programs, to accelerate development and humanitarian objectives, and (2) broadening sector- and program-specific efforts to foster inclusive enabling environments, private sector investment, and demand for inclusive financial services.

Core to the efficacy and efficiency of the team’s model is evaluating its work to ensure continuous learning, adaptation, and application of best practices that result in sustained market level change. To this end, the team engages in an annual effort to identify models or examples of success that demonstrate the achievement of DFS team objectives and lessons learned for replication and scale. This case study is one of the bright spots identified and evaluated in 2021, substantiating outcomes achieved through the team’s engagement in global alliances including the Consultative Group to Assist the Poor (CGAP), the Better than Cash Alliance (BTCA), and the RegTech for Regulators Accelerator (R2A).

For the sake of this case study, global alliances refer to multi-member partnerships focused on promoting a common agenda. The DFS team, on behalf of USAID, is an active member in the broader digital finance community of practice and collaborates with industry leaders and governments to support inclusive policies that expand relevant digital financial services to customers at the base of the economic pyramid. Demonstrating USAID’s commitment to this global community, the DFS Team is an executive committee member for the Consultative Group to Assist the Poor (CGAP) and co-founder of the Better Than Cash Alliance (BTCA) and the RegTech for Regulators Accelerator (R2A).

Methods

This case study follows an Outcome Harvesting evaluative approach. Outcome Harvesting is an evaluation method used to identify and verify evidence of change as a result of an intervention. Outcome Harvesting is applied in retrospect after an intervention has happened to look for plausible explanations, logic chains, and to verify results are connected to the implementer’s actions. The DFS Team selected Outcome Harvesting to allow for identification of both intended and unintended changes and results stemming from the long-term engagements across the three prioritized alliances.

The initial sample was purposive, meaning it was identified by the DFS team based on known actors who were thought to have the best oversight of the alliances’ work and would be able to identify the most concrete outcomes. Secondary interviewees were then identified from these initial points of contact (snowball sampling) connected to each outcome.
Any outcomes that were articulated and captured in initial conversations with the core implementer(s) then need to be substantiated. Substantiation serves to verify through additional evidence gathering (usually key informant interviews) whether outcomes have occurred, what their significance is, and what is USAID’s contribution to the outcomes. Evidence is gathered directly from individuals impacted by the work to extend beyond the implementer lens. Overall, 15 interviews and 2 focus group discussions were conducted with a variety of USAID staff, alliance secretariat members, in-country partners, and more. While this is a small dataset, evidence supporting each outcome was triangulated at a minimum and counts by excerpt and source are given for any other findings stemming from thematic analysis around the value of global alliances to USAID and reciprocal influences.

Interviews focused on:
- The background of the intervention;
- Identification of outcomes from the intervention (who did what and what happened as a result);
- Identification of any barriers and enablers that affected the realization of the various outcomes (discuss outcome by outcome);
- How the outcomes were solidified and how they are being sustained.

**Identified Value of Global Alliances**

In addition to looking at specific outcomes from USAID’s work and participation in global alliances, this case study also examined the value of global alliances in contributing to the Agency’s goals. From the analysis, the strongest value to USAID from participating in global alliances is the convening power and multiplier effect they afford to USAID (7 excerpts from 4 sources). For BTCA, examples of this value include bringing together partners on the ground and setting high-level direction, like in the response to the Ebola crisis in West Africa and stakeholder coordination with private sector partners like Unilever. For CGAP, USAID is able to achieve a multiplier effect by participating in conversations with donors and countries where the Agency may not have individual relationships, and this extends USAID’s influence and message, also enabling greater visibility. USAID staff (5 excerpts from 3 sources) explicitly mentioned the value of CGAP as an honest broker - a neutral, independent resource viewed as a trustworthy source of unbiased information and research. They also highlighted the value of BTCA and CGAP as avenues for advocacy and awareness-raising of specific issues of importance to USAID.

Other emergent values of alliances include: pathways for the replication and scale of innovative technology; increased attention to issues like regulatory technology (regtech); research that is independent and action-oriented; technical resources and expertise; sharing of insights and knowledge; serving as a public good; and an avenue for USAID to share technical expertise.

By participating in these global alliances, USAID has expanded its influence and capacity and engaged in dialogue and coordination with a variety of actors working in digital financial inclusion beyond the Agency’s traditional reach. These global alliances advocate for specific issues of importance to USAID, support USAID in communicating the Agency’s technical posture both among people at USAID and at international standard-setting bodies, and provide a broader reach for USAID messaging, insights, and priorities. Lastly, specific to CGAP, USAID staff shared that one of their key values is their role as an honest broker, an organization that shares research independent from political dynamics that can help inform evidence-driven USAID programming.
The following outcomes were substantiated from multiple sources and are particular to each alliance. The validated outcomes demonstrate a range of results achieved through partnership and collaboration, from improved evidence informing development programs to scaling innovative regulatory solutions to private sector commitments to expand financial inclusion.

Consultative Group to Assist the Poor

The Consultative Group to Assist the Poor (CGAP) is a partnership made up of over 30 development organizations all over the world with the goal of advancing the lives of poor people through financial inclusion. CGAP is a steward of good practices for donor investments in financial inclusion, a source of policy guidance for financial authorities, and a source of knowledge about implications of new products and business models for inclusive financial services. Beyond government counterparts, CGAP also influences non-governmental organizations and financial services providers with action-oriented research, field-testing, and market-focused consultations. At the time of this case study, USAID serves on the executive committee for CGAP, the board representing the Bilateral II Constituency, and a member of the steering committee for external evaluation.

Outcome #1: Multiplier Effect of CGAP Alliance

By connecting with CGAP, USAID has a multiplier effect that the Agency does not have on its own in the digital financial inclusion space. Given limitations and the political implications of public comments, and the diffusive nature of working in many sectors, coordinated and trustworthy international platforms like CGAP enable the Agency to reach a concentrated group of actors working on a specific issue(s), as well as country actors who are currently USAID partner countries. CGAP provides USAID a meaningful seat at the table to contribute to international policy and a space to participate in collective impact in the global digital financial ecosystem. Beyond an external multiplier effect, partnerships like CGAP have been able to raise awareness internally, as well (associated with Use of Resources outcome).

This outcome is ongoing, although it has evolved over time depending on how active USAID was in the membership. Currently, the DFS team participates as the representative for the bilateral II constituency in the CGAP Board, as well as a core member of the Executive Committee, and member of the steering committee on external evaluations. Through the DFS Team’s leadership as USAID’s representative, USAID has been exceedingly engaged and responsive, providing feedback on all drafts, proposed content, and decisions in their various roles within CGAP. The DFS team also seeks to bring other Agency Operating Units’ interests and feedback into CGAP.

"It is not an affinity group and if it was, it would not reach many people but CGAP reaches thousands, who reach millions. More broadly, for our tendency to go it alone versus be a part of organizations. We don’t have the capacity to reach everyone by ourselves. As the African proverb says, if you want to go fast, go alone; if you want to go far, go together. Going together with CGAP influences more people than we can on our own."

— Former USAID Staff
This is often ad hoc or driven by relationships, further limited by the CGAP membership funding coming from the Innovation, Technology, and Research Hub's budget versus prioritized across the Agency, and limited knowledge across the Agency that CGAP is a valuable platform for more cohesive representation. No single member is prioritized within CGAP, but due to the DFS team's level of engagement, USAID has strong influence; they are responsive to requests and consistently provide feedback.

**Outcome #2: Use of CGAP Resources at USAID**

CGAP is viewed as an important, high-level, and unbiased resource by many at the Agency. This outcome is ongoing, as many of the staff using CGAP resources started using them before working at USAID. Staff working in the digital financial inclusion space or adjacent areas of expertise follow CGAP's work and use their research and evidence in their work, especially as trustworthy resources to share with Missions. Their primary research is viewed as unbiased due to the breadth of the membership and processes in place to ensure research isn’t unduly influenced by one particular member’s interests. However, members that are heavily engaged in CGAP can bring new study topics to light and stress the importance of particularly timely evidence building that can inform smaller, secondary research projects. For example, this has led to a rapid response in the generation of resources around financial inclusion and COVID-19, and an emphasis on private sector engagement over the past few years.

"Whenever you see statistics or reports you have to look at not just who is writing it but who is funding it and what that might mean. That is a huge value for CGAP, it’s independent, higher-level, and its mission is different than others who are out there. [...] Always will pull what I learn and see from CGAP to the Agency writ large." — USAID Staff

The Digital Finance team helps shape some of the resources and deliverables that CGAP pursues, such as the midterm evaluation, and assists in their dissemination within USAID. But the DFS team is not the only way USAID staff access CGAP resources, some of the people interviewed also used CGAP resources in previous positions. This outcome has a medium substantiation ranking because while it was triangulated, it is not a representative sample of Agency staff. While USAID does influence the selection and/or prioritization of some topics at CGAP, as a membership organization many other voices and considerations inform which resources are pursued by CGAP.

**Better Than Cash Alliance**

USAID is a founding member of the Better Than Cash Alliance (BTCA), a global partnership of governments, businesses, and international organizations working to accelerate the transition from cash to digital payments in pursuit of the Sustainable Development Goals. To achieve this, BTCA provides technical assistance and/or funding to governments and private sector organizations to transition to digital payments and improve capacity. BTCA also produces research, reports, and case studies documenting how to shift from cash to digital, espousing the benefits of digital payments, convening partners, creating best practices, etc. USAID served on its Executive Committee from its founding in 2012 up to 2020, and USAID also funded BTCA on a near-annual basis during those years. The team provides technical guidance via participation in the editorial and publications committee and the member services committee.

"USAID as an organization, and the DFS folks from a start-up perspective, [...] make] sure that we’re aware of what’s going on, publications, information sharing on committees, financial support. It’s been great steering to help us be fit-for-purpose." — BTCA Stakeholder
Outcome #3: Country-level Networks and Actor Coordination

Alongside funding and engagement through the executive, research, and member services committees, USAID leverages their in-country and global networks to support the advancement of various BTCA in-country efforts. This often includes coordination with Embassy counterparts, bringing Mission colleagues onboard during the opportunity conceptualization phase through implementation, and including other technical experts from various Operating Units depending on the initiative. This has led to Missions funding key action points in country diagnostics like in Senegal, coordination with ongoing government activities in Colombia, and USAID involvement in larger scale private sector initiatives, such as the Shakti entrepreneur work with Hindustan Unilever in India (see Outcome #5 for this work). While this does not happen in every BTCA country-level engagement, it is an important contribution from USAID and has enabled key country-level outcomes for the alliance.

It should be noted that the ability to leverage USAID networks can heavily influence both opportunity selection and successful BTCA initiative implementation, but USAID is not the only actor whose networks are leveraged and BTCA initiatives are not fully dependent on USAID networks at this stage.

"As part of that committee, [...they have] always been very effective and useful in contributing. Through [member of the DFS team], [we're able to] pull in other folks from USAID - i.e. discussing the diagnostic in Bangladesh, pulling in colleagues in Bangladesh, and if discussing products with energy, bring in someone with that expertise." — BTCA Stakeholder

Outcome #4: Digitizing Payments from Bangladesh to the International Labor Organization

From 2018 through 2020, there was an intensive and evolving effort to build the case for digitization of payments in the private sector by BTCA. In Bangladesh, USAID was involved at the initial level and provided feedback when BTCA presented the country strategy. USAID also supported the diagnostic (a benchmark and roadmap for deepening digitization in the market) on digital payments by providing technical inputs to strengthen and clarify the findings, leveraging its networks to disseminate the diagnostic, and sharing recommendations for digitization in the textile industry with partners. The diagnostic informed the “Digitizing wage payments in Bangladesh garment sector” report, which was an initial attempt to build a case for the importance of digital payments. In 2019, Gap came on board as a member and joined H&M to create a working group facilitated by BTCA. The working group tried to get members to commit to source from factories that would pay their workers digitally. This was supported in parallel with efforts from Queen Maxima (UN special Advocate for Inclusive Finance), and BTCA worked closely with that office to support the advocacy work and leverage the convening power of the Queen of Netherlands. The efforts of the working group and the UN-led inclusive finance team led to the first digital wages summit in Bangladesh in 2019. Stemming from that summit, two other brands joined the working group and made commitments - Inditech and Marks & Spencer. Furthermore, H&M made a global announcement that all suppliers’ factories would have digital payments to factory workers by 2020, which has been achieved this past year. This work also led to collaboration with the International Labor Organization, which joined the Alliance and set up a new program to digitize wages, supported by the Gates Foundation.
**Outcome #5: Investing with Unilever to Support Women Merchants in India**

As a member of BTCA, Hindustan Unilever committed to digitizing payments for the Shakti merchants, a network of more than 130,000 micro-retailers in rural areas of India led by women entrepreneurs. India being a focus country for both Unilever and BTCA and one of the most innovative and vibrant markets for inclusive digital finance, Unilever and BTCA agreed to co-design and cost-share the initiative, ensuring there was strong buy-in for the partnership. USAID helped secure a matching contribution from Hindustan Unilever, as well as provided technical input on what is required for woman merchants to have digital payments, and management support to the implementation of the subsequent joint efforts.

With the partnership now active, the Alliance provides technical input, expertise, and good practices to drive digital onboarding and adoption for women merchants to access digital payments and grow their businesses. The partnership is focusing on digitizing 2,500 merchants, and then Unilever will scale to 120,000 merchants based on learnings from this pilot. The project team adapted to the impact of the COVID-19 pandemic in India in 2020 and there have been some early outcomes around Shakti women ordering products digitally and accessing digital payment services, which will expand as the pilot continues.

This work is continuing with an additional partnership between BTCA and Unilever in Ethiopia to support digital payments and credit for women-led retailers in rural areas with technology payment providers. The Alliance has also worked with the National Bank of Ethiopia over the last year to develop a national digital payment strategy. There is an important opportunity to bring the digitization of merchant payments to the front of that strategy and make sure any company that was working on the distribution of fast-moving goods could leverage the growing movement around digital payments in the country.

"All in-country services have been designed with five criteria with [member of the DFS Team]. Everything we do, (1) governments need to have skin in the game, (2) we need to have a champion to work with, (3) it should generate potential learnings to apply elsewhere, and (4 & 5) initiatives that can scale require buy-in and approval. [...] All initiatives have had inputs from USAID. [...] Lots of very good advice and technical input and suggestions to figure out what’s required for woman merchants to have digital payments and how to make their lives better and grow business." — BTCA Stakeholder

**RegTech for Regulators Accelerator**

In 2016, the Digital Finance team launched the RegTech for Regulators Accelerator (R2A) in partnership with the Bill and Melinda Gates Foundation and Omidyar Network and run by BFA Global. R2A’s objective was to catalyze innovation and create a market for technology-enabled tools that enhances the capacity of financial sector regulators and reduces the compliance burden of the private sector. USAID’s involvement in R2A ended in 2018 and the accelerator has since moved from BFA Global to the Cambridge Centre for Alternative Finance.

**Outcome #6: Improving Consumer Protections with the Central Bank of the Philippines**

When considering opportunities and possible prototypes for the RegTech Accelerator in 2017-2018, the Philippines presented a fantastic enabling environment. The Central Bank of the Philippines (BSP) recently launched the Financial Consumer Protection framework in 2014. Leveraging a key champion between the USAID Mission and BSP, the R2A team engaged in co-identification of two RegTech pilots that would carry out the BSP’s supervisory mandate (to supervise banks’ operations and activities) and promote consumer protection and financial stability.
One pilot was to monitor consumer complaints and capture them appropriately and the other was to efficiently collect and acquire information from regulated entities. BSP had a consumer protection group consisting of a call center with ten agents fielding all complaints. The complaints volume kept increasing, growing 80% per year just in the urban areas. A request for proposals was issued to find a vendor who could improve BSP’s multi-lingual complaint management system. Proto, the vendor, was selected and built a mobile application that enables Filipinos to file complaints with BSP through their mobile handsets via an app or via SMS. The system also enables BSP to address these complaints through a chatbot, manage automated discussions leveraging historical data, track the turnaround time on the request, and use the chatbot’s data to inform general oversight and policy adaptations. Proto piloted the application with two financial institutions - a larger commercial bank and a smaller rural, agricultural bank. After the initial pilots were successful, the chatbot was deployed across the entire country. Coverage of the costs of implementation taken on by R2A accelerated the process and enabled BSP to more confidently move forward with the tech and pay the licensing fees to scale. Today the application covers 776 financial institutions in the Philippines. The chatbot was launched to the public and went through a naming contest to appeal to the public – they chose BSP online Buddy or BOB.

Since the success of the chatbot in the Philippines, the vendor has been working to see how this solution might benefit other contexts. In 2021, they were awarded a contract by the African Development Bank to roll out the application in four markets. The Gates Foundation has also leveraged this technology for deployment in Zambia, Ghana, and Rwanda.

The BSP worked with The Croatian tech company (CRT) to develop an API and Back Office Reporting and Visualization Application to more efficiently collect and acquire supervisory info from regulated entities. Before R2A, the information from the financial entities was collected in Excel-based templates and they had to encode, populate, and then send via email for submission and validation to the BSP. This took about 20-30 minutes per file and was a challenge for the banks to populate these templates and extract from database systems, and for banks that were not as technologically savvy, they would have to manually process and code the information, leaving room for potential inconsistencies and the gaps might open risk related to the accuracy of the gathered information. Every time the BSP initiated new data requirements, the banks would have to update their processes.

The API methodology succeeded as a proof of concept in reducing time from the banking system to directly extract information from the financial institutions and the process of validation; the total time was reduced from 20/30 minutes to 2 minutes and that was not at the fully optimized level. In addition to improved efficiency, this process also ensured the data was in a safe and secure protocol, sent by authorized entities, and there were built in capabilities for data visualization. Based on their procurement rules, since the API technology is not new, the BSP was not able to go into direct negotiations after the successful pilot but is currently in process of acquiring the technology.

The DFS team was key to the original conceptualization of the RegTech Accelerator, providing funding for its initial phase of implementation, helping select the original set of countries, and coordinating connections with USAID/Philippines and the BSP through a Mission colleague. A BSP staff member identified that it was through USAID that the BSP was able to connect with R2A directly, and without the proof of concept, they would not have had the international supervisory technology tools ready for them to test.

"[The application] amplifies the voice of consumers generating new insights about the customer journey and experience, and allows BSP supervisors to detect market misconduct. By improving data quality and access and developing new tools for data visualization and analysis, the solution supports BSP’s efforts to provide all Philippine financial consumers with effective access to a complaint system."
— R2A Stakeholder
Beyond the discrete outcomes that were substantiated, interviews also identified another key aspect of engaging with the global alliances: influence. Key findings were identified both in regards to the influence of alliances on USAID, as well as USAID’s influence on the alliances.

Global Alliances’ Influence on USAID

The strongest influence on USAID by global alliances identified in the data has been through sharing and use of the CGAP’s resources to inform USAID programming (5 excerpts from 3 sources).

"These organizations help us influence the overall design of programming, multiply our voice, and invite us into critique, influence, add our own opinions and requirements in some cases. We are constantly asked for our opinions or take on things and consequently we get to influence other influencers. Most of the groups we are involved in are fully aligned with our interests and our values." — USAID Staff

"I certainly tap into different [CGAP] papers and other research into my work with other teams. For example, for work in Colombia, I'll draw upon research on forcibly displaced persons and how to reach populations you haven’t accessed before." — USAID Staff

Other, more emergent influences identified include: using resources to advise Missions, creating awareness of what other donors are doing, acting as an honest broker and/or neutral technical resources, supporting stakeholder coordination, influencing the design of USAID programming, and convening power. Alliances have had a positive influence on USAID. Alliance resources, especially those from CGAP, have been leveraged as trustworthy evidence to share across USAID and have influenced programming design.

USAID’s Influence on Global Alliances

USAID’s most significant influences on global alliances are sharing USAID’s and USG’s priorities (13 excerpts from 7 sources), providing input to strategies, new initiatives, and priority setting of the global alliances (10 excerpts from 6 sources), and providing seed funding to get new ideas started and bring other actors to the table (9 excerpts from 5 sources on the value of funding, and 4 excerpts from 3 sources on being the first supporter).

"But one of the things we always heard from [members of the DFS Team] at one point was to ensure that we were working with in-country champions and leveraging as much as we could the lessons from other markets to drive systemic change and there was a clear assessment of how it was going in terms of the national digital strategy. It really shaped the whole strategy and its implementation." — BTCA Stakeholder
In addition to providing funding, USAID is also often the idea generator (8 excerpts from 6 sources), coming up with innovative concepts and then bringing together the right actors (3 excerpts from 3 sources) to jointly test new ideas in a variety of global markets. This is complemented by USAID’s technical expertise (6 excerpts from 4 sources) and building connections with USAID Missions for country-level projects (5 excerpts from 4 sources).

Beyond supporting innovative ideas in partnership, USAID is also valued for sharing lessons learned and evidence from their work (8 excerpts from 5 sources) and for their reputation as a large, influential bilateral donor (6 excerpts from 5 sources).

**Recommendations**

Global Alliances present a key opportunity for the Agency to multiply its reach, contribute to innovative ecosystem-level changes to global markets, share and receive cutting edge and trustworthy research on key digital technical areas, and so much more. In order to continue and strengthen engagement with global alliances, the Agency should continue to fund and actively participate in the global alliances, as well as implement the following recommendations:

- When offering support and engaging with global alliances, USAID should continue to build and consider partnership through a multifaceted lens, offering a combination of expertise, fundings, new ideas, and on-the-ground connections to enable innovative initiatives. The value of USAID’s participation is seen through this multifaceted lens by alliance secretariats and other external actors. And, although global alliances clearly value USAID for more than just the funding that the Agency provides, it is important to note that funding is often the necessary lever to enable other key areas of influence for USAID, like bringing in other partners, demonstrating approval and sharing USAID’s reputation, and kickstarting action on a new idea.

- The USAID alliance POCs should continue to intentionally share and raise awareness of available resources from the alliances, especially from CGAP as data validates they are seen as a reliable and independent source of insights, knowledge, and expertise at the Agency and in the international community. The USAID POCs and others at USAID may be able to further leverage the alliance’s ability to support stakeholder convenings and provide information about what other donors are working on in associated areas of interest, such as financial inclusion. Similarly, resource sharing should go two ways. USAID POCs should keep USAID’s global alliance partners informed about USAID’s activities to identify areas for collaboration and to take advantage of the multiplier effect. This will require enhanced internal coordination and information sharing. USAID POCs should use these global alliances as effective communicators for sharing technical expertise, guidance, and expanding advocacy efforts for ideas and issues that go well beyond USAID focus priorities.

“The other part is with the other CGAP members, and the work that [USAID is] doing on the ground, the experience and expertise, and knowledge you extract is quite good and is of value.” — CGAP Stakeholder