Leveraging the Power of Cryptocurrency to Improve Humanitarian Outcomes in Ecuador
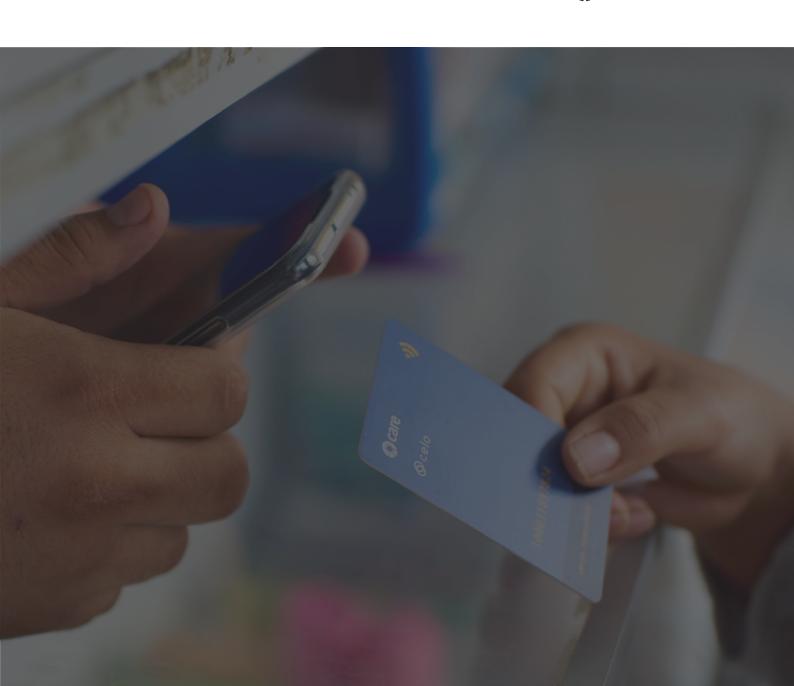
Expanding Access to Cash and Voucher Assistance for Vulnerable Women, Girls, Refugees and Migrants in Portoviejo and Manta Provinces

care

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UMOJA LABS

Background

For Venezuelans and Colombians seeking refuge from economic collapse and ongoing armed conflict, finding a new home in Ecuador is perilous. With strict border lockdowns and visa requirements, Venezuelans and Colombians are entering Ecuador at unprecedented levels using unofficial border crossings or "trochas," resulting in increased risks for migrants such as sexual abuse, discrimination, exploitation, and trafficking. Women and girls are particularly vulnerable to these risks and are CARE's #1 priority. The UNHCR anticipates that more than 80% of these migrants and refugees will require humanitarian assistance.

To meet the emerging needs of migrants and refugees, along with vulnerable host communities, one critical element of CARE's response must be scaled up: providing cash and voucher assistance (CVA). But creating an end-to-end solution that identifies, enrolls, and delivers financial aid affordably at scale is challenging. It is necessary to technify the delivery of cash and vouchers to ensure more agile and innovative processes.

The Approach

CARE engaged Umoja Labs and CELO to assess the viability of digital cash transfer programs. From January to March of 2022, in partnership with Umoja Labs, CARE piloted its first ever blockchain-based humanitarian aid program united with a mission to combat poverty and provide economic security.

> "It's a major innovation in humanitarian assistance; the platform is able to process payments and transactions smoothly, it is a decisive new innovation and improvement in efficiency and agility."
>
> – CARE Staff Member

The Umoja Services team trained CARE Ecuador to manage on-the-ground implementation and onboarding, Umoja Labs provided the technical solution for digital cash distribution, and CELO funded the program with their stablecoin, Celo Dollars, an ERC-20 token pegged to the value of the US Dollar. The pilot, rolled out in the Portoviejo and Manta municipalities of Ecuador, was designed to provide CARE with a framework for deploying more scalable, efficient and immediate CVA models as well as for better understanding the impact crypto-based aid can have on local economies.

Using the Umoja platform, CARE disbursed crypto vouchers directly to each program participant with NFC cards loaded with between $100 and $150 in balance. Funds were spent at participating small local service providers who had been equipped and trained to accept digital payments. The platform unifies three main products as a 'digital cash assistance in a box' solution:

"Tap-and-pay" cards used for purchasing health services and products at participating service providers.
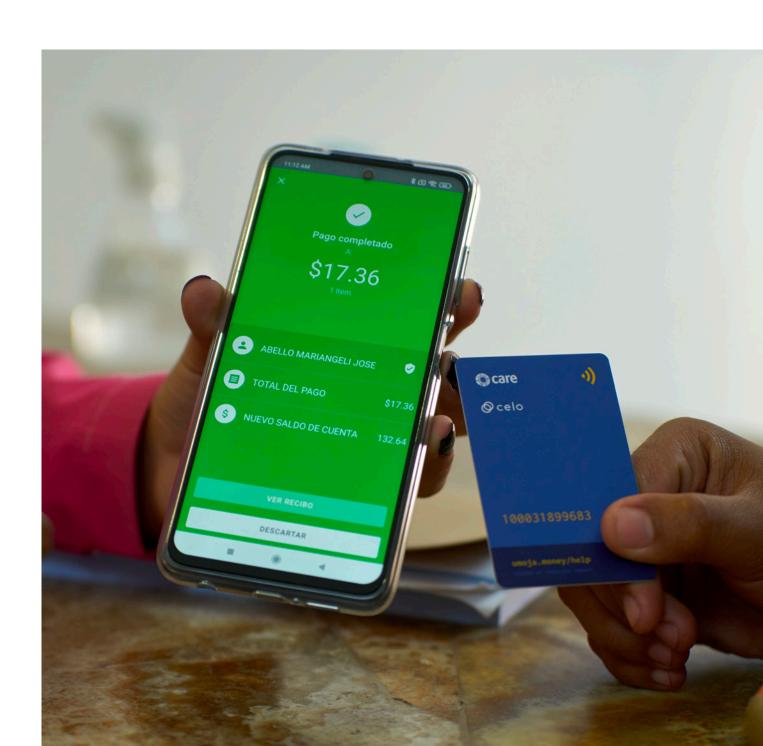
Smartphones with the Umoja POS app used by participating merchants to accept crypto payments.
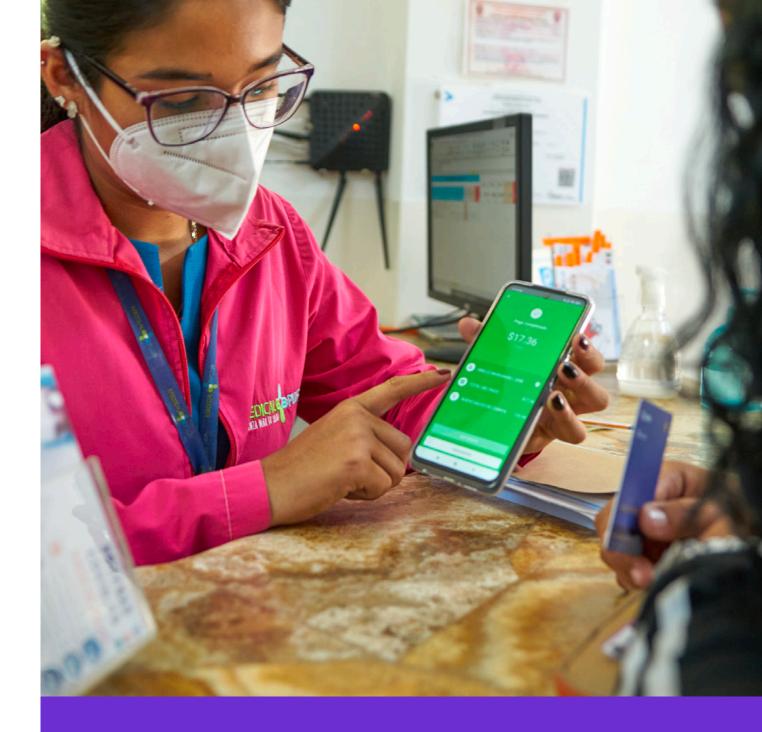
The Umoja Management Dashboard used by the CARE team to disburse funds and monitor transactions remotely in real-time.

Through this collaboration, CARE delivered access to reproductive and sexual healthcare to 250 women, particularly pregnant women, nursing mothers, heads of households, survivors of gender-based violence, sex workers, LGBTQ+ people, and families with young children in vulnerable conditions. In total, eight health service providers (pharmacies, health centers, clinical laboratories and imaging centers) provided care and accepted crypto payments using Umoja. Service providers were then able to digitally cash-out their crypto into dollars - the national currency in Ecuador.

Within the micro-economy of participating service providers, the stablecoin-based digital assistance worked like cash; recipients were free to purchase whatever health services or products were offered at the service providers.

"It is difficult here to find work, and it is too expensive for us to afford medicines and exams. My health situation was not good. When I met CARE, I received this card, and I was able to do some medical tests. The card helped me a lot and my family, too. I am very happy!"

– Elderly Beneficiary

Results

Economic security for vulnerable women

The pilot had a notable financial impact on the lives of participants. Prior to the pilot, only 20% of recipients were able to meet all their basic needs with the resources available to them. After the crypto vouchers were distributed using Umoja, 86% of participants reported that they were able to pay for all or most of their basic needs realted to sexual and reproductive health.

Merchants love accepting payments with Umoja

The use of digital vouchers reduced payment time to service providers from more than 30 days to less than one week. In addition, program vendors who had been devastated by the economic crisis caused in part by COVID-19, benefited from the injection of money into their local economy. It helped businesses recover, while also providing quality services to refugees, migrants and vulnerable host communities.

Digital cash and voucher assistance is safe and secure

Aside from the benefits that cash assistance offers recipients in terms of economic security, another major windfall was an increased sense of physical security. At the end of the program, 86% of participants reported feeling safe when using the Umoja card to make purchases or pay health providers. All participating service providers preferred the payment approach over conventional cash assistance approaches.

Transparency gains over conventional assistance approaches

The Umoja digital payment suite improved project management by providing real-time infor-mation on voucher usage, including date when vouchers are redeemed and the amount; and which services are accessed and how often. With these tools, both implementing NGOs and donors can see, in real-time, where the funding goes and what it is spent on.

"Transaction tracking is usually a huge challenge for us. We now have info in real time regarding the expenditure and the program budget available."

– CARE Staff Member

The Opportunities Ahead

This pilot clearly demonstrated that humanitarian assistance and digital financial inclusion can be complementary pathways to improving people's lives. Many in the crypto community, including CELO, CARE and Umoja Labs, envision a future in which vulnerable communities can rely on digital currencies to gain access to lower-cost digital financial services that the traditional financial sector has been unable or unwilling to deliver. The pilot offered beneficiaries choice and dignity while economically empowering them to solve their problems more directly with reusable tools that solidify long-term financial inclusion.

In its next phase, CARE and Umoja Labs aim to build on the pilot's success and expand access to crypto-based assistance for 10,000 women and girls in 2023. Scaling this program is the next hurdle to validating the potential for blockchain to serve as a real world solution for transforming social protection programs and promoting dynamic local economies.

"Digital cash assistance needs to prove that it can provide access to more people in need in a direct and easy way and to ensure that responses are tailored to needs. This pilot showed that we did all three of these."

– Alexandra Moncada
  CARE Ecuador Country Director.

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