

Dear Mr. Kooge, Richard,

As announced earlier I herewith submit, on behalf of stichting Dorcas Aid International, the written request for a scope change regarding the 121 Personal Cash Aid Project.

In this regard I refer first of all to the "DRA Innovation Project Grant Agreement 121 Personal Cash Aid" as agreed in December 2018 between the "stichting beheer subsidiegelden DRA" and "stichting Dorcas Aid International". Conform article 1.5 of this agreement the various project components form an integral part of the agreement. These include the project log frame, budget and narrative that have also been included as annexes 1-3 to the agreement.

General remarks about the project

The 121 project and system is a collaborative effort between NGOs, private sector and research institutes. In 2017 the first research and development was done by the Netherlands Red Cross. Since then several DRA members have joined. The DRA Innovation fund project is giving a big boost to the research, development and piloting of 121. Now 1 year into the DIF project, the 121 network of organizations has also been able to secure additional funding, through GSMA innovation fund, the Ikea Foundation, and the National Postcode Lottery. All these funds, in total 1.6M euro are flowing into the same development, benefiting all partners.

The 121 project is an ambitious innovation project. It doesn't look for an incremental change, but rather a radical change, to how humanitarian aid is delivered. The ambition of 121 is to help people in need in a safe, fast and fair way, by supporting aid workers with new digital technologies. The project was foreseen to take at least 5 years of research, development and piloting to reach a state of implementation. We are now in year 2-3. The DIF project is therefor providing an essential step forward on a longer roadmap to completion.

The 121 system is developed as a fully open source solution. 121 is unbranded, it doesn't carry the logo of any of the network members. All knowledge is shared openly between partners and with the general public. Not having an owner makes this project unique, because each partner can benefit in the same way.

After the DIF pilot first half of 2020 we will start designing the 121 governance, where we will put in place a more formal network and sector wide decision making structure for future 121 developments and funds. This will help the network partners to co-design and develop the future functionalities, and pool resources to further test the system in several context, and share learnings. The DRA can be part of this governance structure.

Rationale for a scope change

As for all innovation projects, innovation projects for the humanitarian sector aim to improve or break through a status quo by trying out new ideas, taking routes where it is less easy to predict what will be encountered. While having fixed resources and timelines, this requires us to be very agile.

In this project we have decided to work with beneficiaries in some of the most remote places, which gives great constraints on the digital literacy of people, and the access of people to the internet. To understand these constraints we apply a human centered design approach. By designing with beneficiaries and aid workers, we have gained new and valuable insights that influence the design of the 121 system. Due to this we had to revise our initial system design and reprioritize functionalities,

to ensure that we would deliver a system that can meet end-user needs, and does no harm to the people. We realized that certain components will not work out the way they were described in the project proposal. Almost one year into the project, we have obtained a clearer picture of how we can pilot 121.

We have underestimated the complexity and dynamic of the DIF consortium, with two startups, 4 NGO's working in multiple countries. The technical development team of these organizations work virtually together, because developers are spread around the world. During the project it has turned out that the financial service providers that 121 needs to make final payments are far less digitized than expected. We are depending on the ability and willingness of these FSPs to connect their systems to the 121 financial backend. This organizational complexity has led to a much higher time investment in coordination for all partners. It has also slowed down the decision making. It is through the hard work of all partners that we are moving forward. Each partner had to invest from their own funds to find the additional time needed to overcome this complexity. Some major lessons learned from this process are:

- A large multi-disciplinary consortium might be appealing to donors, but in practice complicates the innovation process and leads to a lot of time and resources spend on coordination. Future applications should work with a lean and mean consortium and donors should be made aware of this bottleneck.
- The 121 DIF proposal has been developed very output driven as is done in regular humanitarian project. A true innovation project should however be developed more process and vision oriented, because the exact outputs are almost impossible to determine at the start of the project. If outputs can be determined at the design stage one should wonder if it is really an innovation.
- When assessing and developing an innovation process the lead applicant and donor should not only look at the proposal, but also assess the composition and strength of the teams that are going to work on the project. Multi stage funding might also be a good concept to ensure continues deliverables and testing.

Impact of the scope change

The current scope change aims to support the DIF consortium to:

1. Change the technical scope of the project, with the goal to have a feasible pilot in Malawi and Ethiopia, within the budget and timelines of DIF.
2. To reduce the complexity of the project, by
 - a. simplifying the pilot in Malawi
 - b. simplify the way in which features and functionalities of 121 for the pilot are prioritized and agreed upon

The impact of the proposed scope change can be summarized as follows:

- The scope change mainly affects the narrative project proposal and the functionalities that were described in it. For more details, see "Detailed scope change proposal" below.
- The scope change has a small impact on the budget division between partners. The overall project budget remains the same.
- The scope change has minor impact on the log frame, the assumptions or learning questions of the project. Also the overall project planning is not directly affected.

Detailed scope change proposal

We propose a scope change regarding the following topics that are mentioned in the narrative project proposal.

1. Revised Malawi pilot – For the pilot in Malawi we propose to work with less local partners. SOLDEV and Malawi Red Cross will no longer actively participate in the pilot.¹ The coordination burden in the project is higher than anticipated due to the complexity of the project and the number of partners involved. We believe that with a smaller number of partners we can better manage the quality of the pilot. This affects the budget division between partners. A budget €17.049 for coordination of the Malawi pilot will be shifted from the Netherlands Red Cross to stichting TEAR.
2. No self-sovereign identities (SSID) on smartphones – In the vision of 121, SSIDs, people controlling their own data on their own device, are important.² From the beginning we needed to take into account both the SSID option and the centralized stored identity option, due to limited access to smartphones. Recently we became aware that the technology that we use for the SSID requires a certain version of the Android operating system that is even much less available among our target groups. This makes it no longer relevant to focus on the SSID option during the pilots planned for 2020, as we know we are developing for the future. Looking at the timeline we propose it better to focus the available resources on the centralized storage option. Still the principle of privacy by design remains very much valid in the execution of the pilot and beneficiaries will be able to register on their own smartphone.
3. Monitoring and evaluation outside the system – The narrative proposal states that 121 would be integrated with IATI reporting tools, and post distribution monitoring would be possible to carry out in the 121 system.³ Integration of existing business processes of a humanitarian organization with IATI takes a lot of investment. We realized that at this point in time with the system still under development, it not worth to invest heavily in this while the added value remains contestable as many organizations do have a link established between their project management system and IATI. Integrated post distribution monitoring and complaint mechanism will be more cost and resource intensive to pursue now the SSID scenario needs postponing. Both IATI reporting and post distribution monitoring will be carried out for this project, but outside the 121 system.
4. No automated fraud detection / reduction of duplication⁴ – Several options to do this have been researched. A technical solution to do this is not yet possible without violating the principles of privacy by design. A solution could be to develop technical standards between organizations on which data standard will be shared about completed aid programs and link this to a digital identity. This is however resource-intensive and needs to be moved up to a scale-up plan. During the planned pilots there will not be multiple organizations registering people in the same locations so for now development of this feature is not a must.
5. Because the majority of beneficiaries will not have a own smart phone during the pilot the linkages to Protection referral systems will be difficult to implement. Beneficiaries will however still receive information on available Protection services during registration and/or validation. This way they are aware of the Protect services available to them in the area and can access them by using the received cash.

¹ See narrative proposal p.1.

² See narrative proposal p.2, bullet point 1.

³ See narrative proposal p.3 bullet point 3, p.11.

⁴ See narrative proposal p.3 bullet point 2.

Scope specification

6. Hard-coded programs, questionnaires, selection criteria and cash allocation. This topic was included in an earlier version of the current scope change request. At closer look it is somewhere in-between a scope change and a scope specification. The proposal and logframe mention the end-to-end system will be made available and accessible for DRA members and will “integrate easily in their existing workflows”.⁵ Initially we aimed at a fully dynamic way of setting up cash programs in the 121 system, in which humanitarian organizations could choose within their interface certain parameters of cash programming, for example unconditional vs. conditional cash, duration, frequencies of transfers, etcetera. We realized however that before this is developed in the software, more testing with users than has been and can be planned for in the current pilot is needed. The 121 system will continue to be ready, piloted and accessible for DRA members in the form of open source code, but could be more easily customized when the program is soft-coded and implementation in others settings will need additional development and customization. This should be addressed when scaling up 121.

We believe the above adaptations will result in more realistic pilots in which a first test of the 121 system can be conducted. The pilots will be used as testbed to generate insights in how affected persons, aid workers, individual donors experience the interfaces to register, validate and donate and their usability, feasibility and desirability. It will also provide insights in how humanitarian organizations perceive working with the end-to-end system and its privacy-by-design-principles and what possible improvements they observe. These insights will be valuable contributions to further development and scale-up of the 121 Personal Cash Aid System.

We look forward to your response, please feel free to ask for clarification where needed.

Best regards,

On behalf of Dorcas

Anton van Wijk and Ruben Mulder

⁵ See narrative proposal p.8, logframe indicator 1.1.