2022 CLA CASE COMPETITION

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Case Title:

CLA Drives First-of-its-Kind Cash Grant Model in Morocco

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Organization: USAID/Morocco and GiveDirectly

Members of the agriculture cooperative "Fellahate Ahmar," one of the beneficiaries of the USAID Cooperative Financing Program (CFP) located in the province El Youssoufia - Region of Marrakech-Safi in Morocco. Credit: GiveDirectly

Summary:

Through open and transparent external collaboration and a collective willingness to adapt design, implementation, and models across stakeholders, cooperatives across Morocco now have relief in the face of repeated shocks.

USAID/Morocco's Cooperative Financing Program (CFP) provides grants to vulnerable cooperatives in rural and urban areas to alleviate the negative economic consequences of the COVID-19 crisis and other shocks, fostering economic growth, stronger livelihood opportunities, and adaptive resilience capacities. USAID/Morocco is implementing this activity in partnership with GiveDirectly in collaboration with local Government of Morocco (GOM) partners such as the National Initiative of Human Development (INDH) under the Ministry of Interior (MOI) and local authorities. The activity targets thousands of shock-vulnerable cooperatives in five regions in Morocco, granting each approximately $10,000 to foster enhanced business and livelihood opportunities.

In designing this activity, USAID and GiveDirectly prioritized multiple components of the CLA Framework, namely external collaboration with host government actors and adaptive management to pilot a transformational model of providing capital infusions (cash) to vulnerable populations. This CLA approach was crucial to securing approval from the GOM. As a result of this collaborative design, GiveDirectly has adapted, for the first time, their global operational model to the local context with group cash transfers and will contribute to the technical evidence base of economic strengthening. USAID and GiveDirectly have already far exceeded initial goals of providing funding to 500 cooperatives. Understanding that women are the first and most impacted by shocks, 60 percent of program participants are women.

Which two subcomponents of the Collaborating, Learning & Adapting (CLA) Framework are most reflected in your case? Please reference them in your submission.

- Internal Collaboration
- External Collaboration
- Technical Evidence Base
- Theories of Change
- Scenario Planning
- M&E for Learning
- Pause & Reflect
- Adaptive Management
- Openness
- Relationships & Networks
- Continuous Learning & Improvement
- Knowledge Management
- Institutional Memory
- Decision-Making
- Mission Resources
- CLA in Implementing Mechanisms

1. WHAT: What is the general context in which the case takes place? What organizational or development challenge(s) prompted you to collaborate, learn, and/or adapt?

The Moroccan economy is undergoing the first recession in decades due to the COVID-19 pandemic. The economy reportedly lost 589,000 jobs in the second quarter of 2020, with a loss of 520,000 jobs in rural areas and 69,000 in urban areas. In 2020, Morocco experienced a 6.3 percent contraction in economic growth. In 2021, Morocco's GDP growth was around 6.9 percent, which barely accounted for the 2020 contraction.

To alleviate negative impacts of the COVID-19 pandemic on vulnerable populations and promote overall economic growth, USAID partnered with GiveDirectly, an organization known globally for their individual cash disbursement approach. Initially, USAID and GiveDirectly proposed a cash relief program for financially vulnerable families and microentrepreneurs. However, the regional authorities and the Ministry of Interior (MOI) resisted both approaches as they considered individual cash disbursement riskier than in-kind contributions, particularly near elections and in the face of limited government resources for COVID relief. After several discussions, the Moroccan government suggested channeling the funding to cooperatives.

Cooperatives play a vital role in Morocco's national economic and social development and the fight against poverty. Unfortunately, cooperatives suffered significantly during the pandemic, particularly those in industries like tourism and handicrafts. Most of Morocco's 28,000 cooperatives and micro-initiatives halted or slowed their income-generating activities, affecting close to 600,000 members and employees.

USAID and GiveDirectly thus developed a new concept of cash grants in close collaboration with local partners to support small and medium cooperatives, especially for rural and women-owned groups. USAID and GiveDirectly adapted the original individual cash transfer approach and formally launched this Cooperative Financing Program (CFP) in Morocco in July 2021. GiveDirectly operates in seven countries in Africa, and this is the first time they have adapted their model away from households to socio-economic groups like cooperatives.

2. WHY: Why did you decide to use a CLA approach? Why was CLA considered helpful for addressing your organizational or development challenge(s)?

USAID/Morocco places strong emphasis on CLA approaches across the Program Cycle, and given the limited budget, uses co-creation and external collaboration to ensure local ownership of activities. GiveDirectly has also been open to work with USAID on adaptive approaches to project delivery. This project's context necessitated a CLA approach, which was critical to securing host government buy-in and adapting cash distribution approaches to reach some of the hardest-hit communities during the COVID-19 pandemic.

USAID/Morocco aims to collaborate with the GOM to leverage investments and secure local ownership of activities, with the goal that local partners will scale up approaches if proven successful. Initially, USAID and GiveDirectly proposed providing cash transfers to individuals, particularly vulnerable families or young entrepreneurs. However, after several working sessions with the Ministry of Interior, it became clear that they were unfamiliar and apprehensive about this method of economic support for multiple reasons, including politics, resource constraints, and logistics. This necessitated flexibility on the part of USAID and the implementing partner and willingness to adopt a new approach. Thus, USAID and GiveDirectly began an intensive external collaboration with the National Initiative of Human Development (INDH), one of the key governmental stakeholders focused on financing poverty reduction and social inclusion in Morocco. USAID and GiveDirectly also saw this as an opportunity to adapt an existing cash transfer approach and apply a new model of implementation to expand the technical evidence base for the group funding model.

3. How: Tell us the story of how you used a collaborating, learning and/or adapting approach to address the organizational or development challenge described in Question 2.

The main adaptation approach used for this program is the focus on external collaboration. This concerted effort led to a rare thing - a first organizational adaptation of GiveDirectly's global model of cash grants. As previously described, initially USAID and GiveDirectly proposed to implement a cash relief program for financially vulnerable families or to microentrepreneurs in two target regions. However, the regional authorities and the Ministry of Interior resisted both approaches as they considered individual cash disbursement riskier than in-kind contributions, particularly near elections. As a result of several collaborative sessions, the GOM suggested channeling the funding to targeted groups via existing institutions, preferably cooperatives. With that green light, USAID, GiveDirectly, INDH, and the Wilayas (governors) in targeted regions engaged in a co-design process to ensure the delivery of a coherent cash transfer program with a transparent design and structure that would benefit cooperatives hard hit by the economic downturn caused by COVID-19. This collaborative process created a strong level of trust with INDH, which has mobilized continuous support from its provincial branches to efficiently support the program's implementation.

Instead of implementing the standard GiveDirectly operational model which relies on NGOs to collect data on vulnerable individuals targeted by the program, the first step of this innovative group cash grant model was to launch a "Call for Interest" for cooperatives in targeted regions. Then small regional committees consisting of local partners, GiveDirectly, and USAID (as an observer) identified and selected qualifying cooperatives. The GiveDirectly team then enrolled the eligible cooperatives and proceeded with data verification before disbursing working capital grants to the cooperatives in two tranches, sent directly to the cooperatives' bank accounts. Following the transfer, GiveDirectly conducted internal audits with selected cooperatives and followed up with cooperatives to monitor disbursed funding and provide regular reporting to update partners and stakeholders on implementation.

At the end of the Phase One of CFP, GiveDirectly conducted an analysis in order to learn more about the strengths and challenges of this new, adapted cash transfer approach. During Phase One, the provincial INDH offices mobilized selection committee members in their respective provinces in order to bring their local knowledge and experience in evaluating and selecting cooperatives. This approach proved effective and will continue in Phase Two.

USAID, GiveDirectly, and INDH have created a dynamic of regular brainstorming for tweaks and positive adaptations of the model. For example, the provincial INDH offices targeted the initial calls for applications to institutions and organizations that work closely with sector-specific cooperatives. In Phase Two, partners plan to improve the dissemination strategy to further reach the most vulnerable cooperatives in remote communes as well as more intentional targeting of cooperatives that are owned and operated by marginalized women, youth, and persons with disabilities. USAID, GiveDirectly, and local partners will continue to learn and adapt to ensure this innovative new group-funding model is effective. Likewise, these lessons learned will serve as a model to help GiveDirectly build an evidence base for potential expansion of this approach in other countries.

The program's total budget is $14.2 million: $6.35 million from USAID and $7.85 million from GiveDirectly. That is a remarkable leverage ratio for a social protection program and it helped ensure the clarity of commitment and joint risk-taking between USAID and the partner. GiveDirectly's organizational investment also inspired confidence in both the design of the adapted model and the commitment to a successful implementation. This program is a strong example of the power of combining strong CLA with a well-balanced and leveraged investment.

4. ORGANIZATIONAL IMPACT: How has collaborating, learning and adapting affected your team and/or organization? If it's too early to tell, what effects do you expect to see in the future?

As we often see within a portfolio or an activity, CLA begets CLA. The case of CFP demonstrates how on-the-spot and transparent problem-solving among stakeholders can prompt strong learning and adaptation that can spread across the program and beyond. Facing hesitancy around cash transfers amongst Moroccan institutions during the sensitive period of the pandemic and elections as previously described, GiveDirectly was very open and flexible, in close collaboration with USAID, to pivot its programming model from individual-focused cash transfers to a group-focused intervention. As a result, the Cooperative Financing Program is currently the first and only group-focused cash intervention for GiveDirectly globally and is considered a pilot for future group-focused models.

This adaptation required openness to a number of changes in the operational structure. Namely, GiveDirectly:
--Pivoted from a field-based operations model to a remote call center model to serve the cooperatives and send cash transfers in the midst of the pandemic.
--Adjusted the average cash-transfer size based on the needs of the cooperatives. This involved close cooperation with INDH and ODCO (the national organization in charge of cooperatives). USAID and GiveDirectly also adjusted the budget structure of the program to accommodate the new cooperatives model.
--Shifted responsibilities to focus on relationship management which is essential to maintain the close collaboration with the INDH provincial offices and headquarters.

Further embracing the CLA approach, GiveDirectly signed a Memorandum of Understanding with another flagship USAID activity focused on inclusive governance and economic growth in April 2022. At the technical level, the MOU's objective is to capitalize on GiveDirectly's financial support to vetted cooperatives by providing them with tailored technical assistance through the regional socio-economic development activity. This strong collaboration between activities further exemplifies the CLA approach that USAID/Morocco aims to achieve across its portfolio.

5. DEVELOPMENT IMPACT: How has using a CLA approach contributed to your development outcomes? What evidence can you provide? If it's too early to tell, what effects do you expect to see in the future?

In the absence of a CLA mindset among stakeholders, this program could have stopped in its tracks. We often see an implementer, partner government, or USAID itself resist adaptation at the detriment of effective and context-relevant programming. CLA helped to avoid this and keep the focus on program participants and vulnerable populations.

Overall, this new approach has been well received by the beneficiaries and the Moroccan local partners and has significant potential for upward scaling by the GOM. By the end of December 2021, GiveDirectly selected and enrolled 607 eligible cooperatives in the CFP program. So far, 3,921 cooperative members have benefited from this program and 59.19 percent are women, 31.75 percent are youth, and 2.3 percent are persons with disabilities.

In Phase One of the program, more than 77 percent of the enrolled cooperatives reported spending a portion of their stipend on machinery and 13 percent on livestock. This data suggests the willingness of cooperative members to invest in the economic growth of the whole group. We expect future results to reflect the existing evidence base on the benefits of cash to advance livelihoods of group-focused intervention. Thus, a group funding model can act as an effective way to target funding to groups that have already established an intention to collectively generate income.

Overall, USAID and GiveDirectly anticipate that CFP will have a significant impact on investment and job creation for marginalized women, youth, and persons with disabilities. CFP will also contribute to increased socio-economic inclusion for growth, particularly under the CDCS strategic objective to expand business and livelihood opportunities by enhancing vocational training and workforce skills, operationalizing and streamlining the business enabling environment for increased investment, and promoting entrepreneurship and innovation.

6. ENABLING CONDITIONS: How have enabling conditions - resources (time/money/staff), organizational culture, or business/work processes - influenced your results? How would you advise others to navigate any challenges you may have faced?

The GOM was reluctant to issue its approval for the initial cash relief program due to their understanding of a number of obstacles in the region. For example, the GiveDirectly activity initially planned to target a relatively low number of beneficiaries compared to actual needs during the pandemic, and the government believed this might exacerbate existing frustrations, particularly following protests by individuals who did not receive support through the GOM's COVID-19 Special Fund. Likewise, the GOM was concerned that local authorities would have difficulty managing and monitoring individual cash disbursements, particularly during the pandemic. Finally, the GOM also expressed concern that providing individual cash transfers in the run-up to local elections could become misconstrued by the population as being part of the platform of local officials in target regions.

A major positive contribution in this scenario was the adaptability of USAID and GiveDirectly to engage in external collaboration through a co-creation process with the government and a willingness to take measured risk while testing new models and approaches. To address these obstacles, USAID served as a major convening power, building on the strong relationship with the GOM and supporting GiveDirectly and INDH to work in close collaboration to successfully identify a path forward and pivot accordingly. Both the government and GiveDirectly relied on a sense of openness to understand each other's priorities and expertise. For example, INDH was unfamiliar with the GiveDirectly operational model as this was a newly established partner in Morocco. Likewise, GiveDirectly learned to navigate the political and cultural context in Morocco in order to partner with the government. The result of the entire experience should provide an evidence base and a path forward for an adapted model for cash transfers, further innovating on an already cutting-edge approach to providing development assistance.