

HUMANITARIAN CASH TRANSFERS BY MOBILE MONEY: TOWARDS THE FINANCIAL INCLUSION OF BURUNDIAN REFUGEES IN SOUTH KIVU, DEMOCRATIC REPUBLIC OF CONGO (DRC)

DIANE BOMMART

2021



Introduction

Humanitarian cash transfers are becoming increasingly important in humanitarian programmes, increasing from 1% of assistance in 2006 to 10% in 2016.¹ One of the distribution mechanisms, **Mobile Money, has many advantages in** terms of security and traceability of payments, especially in hard-to-reach areas where transporting and securing cash is costly and risky; reporting; cost-effectiveness (compared to transfers made by banking institutions and transfer agencies); and sustainability, by promoting the medium-term financial inclusion of beneficiaries, who can keep their accounts after receiving assistance.

Inspired by positive experiences in Kenya, Rwanda, Lebanon and Jordan, among others, several humanitarian actors have tested Mobile Money approaches in humanitarian cash transfers in the DRC, notably within the framework of the ARCC (Alternative Responses to Communities in Crises) Programme, mainly funded by the UK Government Department for International Development (DFID) and coordinated by UNICEF as of 2011. Through ARCC, the largest multipurpose cash transfer programme in the DRC at the time, humanitarian actors explored the implementation of several distribution mechanisms, including Mobile Money. Other organizations, such as UNHCR, are working to develop the use of Mobile Money in their cash transfer programmes and other initiatives aimed at furthering financial inclusion.

However, **in the DRC, significant constraints limit the use of this tool** in humanitarian cash transfers; in particular: the extent and quality of GSM connection; the capacity of banking and Mobile Money agents, and especially knowledge of the needs of humanitarian actors and their beneficiaries. The latter sometimes lack the identity documents required to open an account, are less financially educated and are often located outside urban centres where mobile network operators focus most of their investments.

Despite the success of some Mobile Money humanitarian cash transfer programmes in 2017 and 2018, particularly in the east of the country through Airtel and Vodacom – the mobile network operators that manage the Mobile Money platforms “Airtel Money” and “m-pesa” respectively – direct cash transfers (issued in person by agents) seem to be favoured by the humanitarian community, to the detriment of digital solutions.

To inform the private sector of the opportunities presented by humanitarian actors and their beneficiaries, and to facilitate the financial inclusion of vulnerable populations in a bid to reduce poverty, ÉLAN RDC is committed to promoting enhanced collaboration between humanitarian agencies and mobile phone operators.

About ÉLAN RDC

ÉLAN RDC is a five-year market systems development programme funded by the UK Government and implemented by Adam Smith International (ASI). ÉLAN RDC works mainly with the private sector to design and propagate new economic models that increase income, create jobs and reduce prices for low income groups, viewing this population as valuable consumers and producers. In doing so, ÉLAN RDC aims to improve the livelihoods of 1.7 million low-income people in the Democratic Republic of the Congo (DRC).

Recognizing the important role that the humanitarian sector plays in markets in crisis areas in the DRC, ÉLAN RDC has forged a closed partnership with humanitarian actors, both bilaterally and through the Cash Working Group, to advocate for the use of Mobile Money in humanitarian cash transfers, when and where appropriate.

¹ <http://www.cashlearning.org/downloads/calp-sowc-report-web.pdf>

Promoting Mobile Money for humanitarian cash transfers in the DRC

In March 2018, ÉLAN RDC forged a partnership with UNHCR, the United Nations Refugee Agency, and m-pesa, the first Mobile Money company in the DRC, to support the implementation of a humanitarian cash transfer programme for Burundian refugees in the Mulongwe settlement in South Kivu, in the Fizi territory. The programme uses the Mobile Money m-pesa platform (implemented by Vodacash SA) to issue multipurpose cash transfers, aimed at helping more than 2000 households to meet their shelter, sanitation and education needs. For UNHCR, this was the first experience with Mobile Money humanitarian cash transfers in the DRC.



A participatory theatre group explains the use and benefits of Mobile Money

Support for the project “Multipurpose cash transfers for Burundian refugees in the Mulongwe settlement, South Kivu, Democratic Republic of Congo”

1. Objective

Collaborate on issues related to the financial inclusion of refugees and displaced persons in the DRC by facilitating the use and adoption of Mobile Money in humanitarian cash transfers. To do this, support a pilot project, identify and share recommendations at the national level to facilitate and promote the use of Mobile Money in cash assistance in the DRC, and thus increase financial inclusion to reduce poverty.

In doing so:

- Support Vodacash Mobile Money (m-pesa) in entering a market considered too risky and unattractive to penetrate otherwise, while extending services to low-income customers who would have limited opportunities to open mobile money accounts.
- Enable UNHCR to improve the efficiency and reduce the risks associated with the distribution of humanitarian cash transfers to vulnerable beneficiaries.

ÉLAN RDC has intervened to support two essential components of this activity:

- ✓ Raising awareness among beneficiaries through participatory theatre sessions on the use and benefits of Mobile Money, to promote their financial inclusion.

“ÉLAN RDC did sketches to explain how the money came in and how to use the phone. Everyone understood, it was easy to understand because they spoke in all languages” - Woman, 29 years old, Mulongwe Settlement

- ✓ The development of a network of m-pesa agents, merchants and super-agents in and around the Mulongwe settlement, to spread and sustain the Mobile Money (and digital finance) ecosystem in the area.

2. Some results

Through the partnership between UNHCR and m-pesa, and following the support of ÉLAN RDC, the following results have been achieved²:

- **Technology and financial services: 1,810 of the 1,917 households in Mulongwe have mobile phones and active m-pesa accounts.**
 - **13% of** surveyed beneficiaries report having **spent their money through m-pesa payments**, hence reducing pressure on liquidity in favour of digital financial flows.

² It is important to note that the statistics reported below are based on an analysis carried out by a third party in March 2019, based on UNHCR post-distribution monitoring forms collected in late 2018. This data, based on a sample of 170 respondents, is preliminary and has yet to be officially validated by UNHCR.

- **28%** of respondents with specific needs declared having **received money from friends and family through their mobile phone**, and some (1%) were able to **send money to friends and family via m-pesa**.
- These statistics seem to infer that the cash transfer program is fostering the development of a **digital finance ecosystem** for previously unbanked populations with low levels of financial education. **Risks associated with potential thefts** of cash during movements in remote areas are thus **contained**, while **financial education and inclusion** are **supported**:
 - Nearly **2/3 (62%)** of respondents could withdraw their money without needing help.
 - **92%** felt safe and protected from potential risks while commuting to withdraw.

Nonetheless, some areas for improvement remain:

- **10%** of surveyed beneficiaries faced technical issues slowing down their payments. Some made mistakes while using the tool (resulting in blocked or lost SIM cards, for instance), while Vodacash experienced delays in troubleshooting SIM SWAP and PIN RESET operations, due to insufficient network coverage and quality.
 - **All (100%)** of respondents who needed support to withdraw their assistance found the **cash-out point** to be **too far**. Additional efforts must be undertaken to further develop the agent network.
 - **88%** reported that **cash out took place without abuses on agents' behalf**. This figure mandates further efforts geared towards beneficiaries' education on their rights as clients, as well as on strengthening codes of conduct and related penalties for agents abusing their power.
- **Hygiene and shelter:** Mobile Money cash transfers were made to 1,810 households to support the construction of shelters and latrines: **1,623 shelters and latrines** completed to date.
 - **Education: School fees, kits and uniforms for 700 students** were paid through Mobile Money.
 - **Local economy:** Over **USD 300,000 injected since early 2018** (2 payment cycles by partners, and 5 payment cycles via M-Pesa).
 - **Communication: Vodacom** responded to one major project constraint by installing an **additional antenna** to improve network coverage. The company saw the potential of the market beyond Mulongwe and responded to network constraints by investing in an antenna, which also provides additional network **coverage for surrounding communities**.
 - **Awareness raising and financial education:** In addition to Vodacom's and UNHCR's training, ÉLAN RDC implemented awareness-raising and financial education activities through participatory theatre, training and working sessions. These led UNHCR to draft a document containing recommendations to strengthen these activities.

While Mobile Money has been introduced to a population previously unfamiliar with it, there is still significant progress to be made in collaboration with mobile network operators to improve the understanding and effectiveness of Mobile Money in the humanitarian aid sector:

- **46%** of respondents reported having **received training on the use of their mobile money/M-Pesa account and the withdrawal process**, contributing to the financial education and inclusion of vulnerable and unbanked households.
 - **51%** expressed a **need for additional information on the use of Mobile Money**, indicating a need for more awareness-raising and education activities.
- **Relations between mobile network operators, beneficiaries and humanitarian actors:** Following the experience gained during 2018, SOPs (standard operating procedures) are being finalised and approved. These **SOPs** are non-negotiable and auditable procedures and focus on payment management and reconciliation. A detailed operational implementation guide, based inter alia on the experience of collaboration with ÉLAN RDC, is being prepared to guide teams and partners on the minimum activities required for such projects.

Lessons learnt and recommendations

Through this close collaboration with UNHCR and Vodacash, ÉLAN RDC identified three main lessons learned for the successful implementation of Mobile Money humanitarian cash transfer programmes in the DRC:

- **Key performance indicators** (and related penalties if not achieved) should be included in contracts to minimize and penalize possible delays in payments and in resolving complaints and technical problems;
- Humanitarian actors should **test the quality and extent of the mobile network before the intervention**, even if operators confirm that network coverage is present and sufficient;
- **Awareness and training** of users (on the use of the tool and their rights as customers) and mobile network operators' agents (on humanitarian principles and their obligations to customers) should be planned and budgeted for in the contracts.

Based on these lessons learned, as well as through several events bringing together humanitarian actors, financial service providers and national regulators to strengthen coordination and cooperation among them, ELAN DRC has issued the following recommendations.

3. Recommendations relating to the Mulongwe project:

- **Establish well-defined communication and coordination mechanisms**, with a clear division of responsibilities, key performance indicators (and penalties if not achieved) to allow for a smooth and rapid exchange of information between the parties (operator and humanitarian agency), and an effective response to the challenges encountered within the established timeframes.
- KYC ("Know Your Customer": term referring to the national regulation on civil identification required to obtain a number and open a Mobile Money account): **Ensure, in coordination with the national authorities (BCC and ARPTC), that the identity documents available to beneficiaries are sufficient for the entire registration process** (including GSM registration, which allows for the allocation of a telephone number) and not only to open a Mobile Money account; and require operators to provide updates in the event of regulatory changes related to the civil identification required for these operations.
- Set up mechanisms **to assess the quality of the network**, its coverage across the intervention area and the capacity of the agent network (location, number and capacity of agents to deposit/withdraw), allowing a double verification of the information provided by operators during contract negotiation. If the operator undertakes to extend the coverage or network of agents, include in the contract deadlines, key performance indicators (and penalties if not achieved) for these operations.



Refugees in Mulongwe receive m-pesa accounts

4. General recommendations, to use Mobile Money for humanitarian cash transfers

- Create a **forum for humanitarian-private exchange on cash transfers**, through or on the margins of Cash Working Groups (CWG) and/or the Fédération des Entreprises Congolaises (FEC).
- Encourage stakeholders to include a **cost-effectiveness tool** that disaggregates one-time and recurrent costs related to equipment, fees (service, transfer, deployment, etc.) and any other expenses related to the successful implementation of the project, in contracts between financial service providers and humanitarian actors.
- Test and include **preliminary feasibility questions on Mobile Money** and on financial services used by populations **in all needs, market and multisectoral analysis tools** (among others) used by humanitarian actors, regardless of the sectors targeted by humanitarian interventions. For example, on the name of the network, the quality of coverage, the rate of telephone use and the presence/capacity of agents, etc.

- Create a **mobile platform for the exchange of experiences between humanitarian actors on the performance of private sector providers** that will enable financial service providers to respond and receive alerts when humanitarian agencies go to the field to assess the feasibility of distribution mechanisms.
- Establish a publicly accessible **mapping of GSM and Mobile Money coverage** covering the entire territory of the DRC, or, if impossible, establish an interface allowing a **rapid and reliable exchange between humanitarian agencies and mobile telephone operators**, to collect information on the available networks (and their quality) in the areas where cash interventions are planned.
- Develop a **toolkit on training and awareness-raising for beneficiaries and Mobile Money agents** based on the Mulongwe experience and make it available to humanitarian actors through the CWGs, as well as to Mobile Money operators.
- Encourage Mobile Money operators to **develop materials** and implement methodologies adapted to the populations targeted by humanitarian interventions in terms of **reporting complaints** (*e.g. green line dedicated to beneficiaries of humanitarian cash transfers*), **training in the use of the Mobile Money tool and financial education in general**.
- **Collect and synthesize existing regulations in the DRC** (or in preparation) regarding Mobile Money, including KYC issues; and conduct advocacy to facilitate the allocation of GSM numbers and the opening of Mobile Money accounts for households without identity documents and/or refugees, including on the issue of establishing and accepting digital identification mechanisms in the DRC.
- Continue to **raise awareness and advocate with mobile network operators** on the market opportunities represented by the populations targeted by humanitarian interventions; as well as on the **necessary investment and adaptation of their products to humanitarian needs** and populations living in rural areas and/or with little exposure to new technologies.
- Continue work on **preventing and mitigating risks of power abuse by** field staff and agents of financial service providers by developing a joint Humanitarian Agency-Mobile Network Operator Action Plan and a Charter of Commitments

Annex: List of acronyms

ARCC	Alternative Responses to Communities in Crises
ARPTC	Autorité de Régulation de la Poste et de Télécommunications du Congo
ASI	Adam Smith International
BCC	Banque Centrale du Congo (Central Bank of DRC)
DFID	Department for International Development
DRC	Democratic Republic of Congo
FEC	Fédération des Entreprises du Congo (the Congolese Federation of Businesses)
GSM	Global System for Mobiles (the mobile communication network)
KYC	Know Your Customer
PIN	Personal Identification Number
SIM	Subscriber Identification Module
SOP	Standard Operating Procedure
UNHCR	The United Nations Refugee Agency
UNICEF	The United Nations Children’s Fund

This report was made possible through a collaborative effort between our donor, government, NGO, and private sector partners. We want to thank Aditi Rajyalaxmi, Team Leader, Private Sector Development and Investment Team, FCDO, and the rest of the FCDO team for scoping, inputs, and review. Our appreciation, as well, to Lucine Le Moal, Team Leader, Élan RDC, for her leadership and guidance across Élan RDC's sectors. Lastly, our work would not be possible without support from our private sector, NGO, and government partners. Thank you.