



Humanitarian cash and voucher assistance programmes in Ethiopia:

Context analysis and capability assessment of the mobile money ecosystem

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Contents

Acronyms	3	Key stakeholders in the ecosystem	26
Executive Summary	4	Key product and service features	28
1 Introduction	8	Main access channels for mobile money	32
2 Objective and methodology	10		
3 Context analysis	11	7 Capability assessment of mobile money service providers	34
Leading mobile money services in Ethiopia	11	Capacity assessments of service providers: key considerations	35
The cash transfer ecosystem in Ethiopia	11		
4 The CVA experience in Ethiopia	15	8 Basic requirements for the use of mobile money enabled CVA	37
Current CVA implementation	15	Network coverage	38
CVA implementations by the government	15	Regulatory requirements	40
CVA implementations by NGOs	16	Mobile phone access	41
Challenges and lessons learned	18	Literacy and digital literacy	42
Lessons from the RPSNP	19		
Challenges with using mobile money for RPSNP e-payments	19	9 Recommendations	45
Community feedback	19	Deciding on a delivery mechanism	45
		Selecting a service provider and defining service-level agreements	46
		Implementing mobile money enabled CVA	47
5 Electronic payment channels used for CVA	20		
Bank account	21	10 Conclusion	48
Mobile money	21	Annex 1: Mobile money services in Ethiopia	50
Pre-paid or debit cards	22		
E-voucher systems	22	Annex 2: The evolving regulatory landscape in Ethiopia	53
E-cash versus e-vouchers	23		
		Annex 3: Definitions of key stakeholders in Ethiopia's mobile money enabled CVA ecosystem	55
6 The mobile money ecosystem in Ethiopia	24		
The regulatory framework	24	References	56
Implications of the changing regulatory environment for humanitarian cash transfers	25		

Note 1 Definition of a mobile money service in the Ethiopian context

This report examines the potential to use mobile money for cash and voucher assistance (CVA) programming in Ethiopia. A “mobile money service” refers to all the services mentioned below, unless otherwise indicated.

Mobile money services that meet the following criteria are included in the GSMA Mobile Money Deployment Tracker:

- **The service includes transferring money and making and receiving payments using a mobile phone.**
- **The service must be available to the unbanked (people who do not have access to a formal account at a financial institution).**
- **The service must offer a network of physical transactional points which can include agents, outside of bank branches and ATMs, that make the service widely accessible to everyone. The agent network must be larger than the service’s formal outlets.**
- **Mobile banking or payment services (such as Apple Pay and GooglePay) that offer the mobile phone as just another channel to access a traditional banking product are not included.**

According to this definition, there are five mobile money deployments currently operational in Ethiopia: Abay Be Deje, CBE-Birr, Hello Cash, H-Birr and M-BIRR. There are several mobile financial services (MFS) that offer similar products and services in Ethiopia, but do not meet the criteria for a mobile money service according to the GSMA definition. This is primarily due to the size and concentration of the mobile financial service’s agent networks having limited reach of Ethiopia’s unbanked population. In addition, many mobile financial services in Ethiopia are bank-led where the size of its formal bank branch networks are larger than their respective agent networks, becoming incompliant with GSMA’s mobile money definition.

However, for the purposes of this document, when referring to ‘mobile money’, all abovementioned services and the following services – Amole, Awash M-Wallet; E-Birr; EnquPay and Oro-Cash (see [Annex 1: Mobile money services in Ethiopia](#)) – are included unless otherwise indicated. Please see the [GSMA Mobile Money Metrics](#) website for more information on mobile money deployments across the globe.

Acronyms

API	Application Programming Interface	MFI	Microfinance Institution
CBE	Commercial Bank Of Ethiopia	MFS	Mobile Financial Services
CBI	Cash-Based Interventions	MNO	Mobile Network Operator
CCD	Collaborative Cash Delivery	NBE	National Bank Of Ethiopia
CTP	Cash Transfer Programme	NFC	Near-Field Communication
CVA	Cash And Voucher Assistance	NGO	Non-Governmental Organisation
DFS	Digital Financial Service	PIN	Personal Identification Number
ECWG	Ethiopia Cash Working Group	POS	Point Of Sale
FSP	Financial Service Provider	PSNP	Productive Safety Net Project
IDP	Internally Displaced Person	RPSNP	Rural Productive Safety Net Project
IVR	Interactive Voice Response	SMS	Short Messaging Service
JEOP	Joint Emergency Operation For Food Assistance In Ethiopia	TSP	Technology Service Provider
KYC	Know Your Customer	UPSNP	Urban Productive Safety Net Project
		USSD	Unstructured Supplementary Service Data





Executive summary

This report, in partnership with the Collaborative Cash Delivery (CCD) Network, explores the context and capability of the mobile money ecosystem in Ethiopia. With a focus on humanitarian cash and voucher assistance (CVA) programming, it aims to help humanitarian and development actors assess the feasibility of deploying mobile money for CVA programming in the country.

Context

The development of the mobile money ecosystem in Ethiopia can generally be defined as early stage. The first mobile and agent banking directive was issued in late December 2012,¹ and the first mobile money deployment for CVA programming was launched in mid-2015 under the Productive Safety Net Project (PSNP).

The mobile money ecosystem in Ethiopia follows a bank-led model whereby banks and microfinance institutions (MFIs) partner with a technology provider to offer the service. As of December 2019, about 10 banks and eight MFIs – often through collaboration models where financial institutions use the same technology platform provider to provide mobile money services to over 10 million mobile

money accounts, through 10 mobile money services, nationwide. The industry is regulated by Ethiopia's central bank, the National Bank of Ethiopia (NBE), and infrastructure is provided by the publicly owned, sole telecom operator in the country, Ethio-Telecom.

Despite limited infrastructure and a restrictive regulatory environment, about 40 per cent of the population owns a SIM card (lower than the regional average), and 49 million devices are registered in the country's telecom network, the majority of which are basic phones.² The GSMA reports that between 2020 and 2025, Ethiopia is expected to record the second fastest growth in Sub-Saharan Africa in SIM card subscriptions – 11 per cent annually.³

Mobile money enabled CVA in Ethiopia

Several governmental, development and humanitarian agencies have tested and deployed mobile money for cash transfer programming in Ethiopia. Notable examples include:

- The PSNP, which deploys mobile money in 146 woredas (districts) across five regions⁴; and
- A variety of small pilots by CCD members, such as Mercy Corps, the World Food Programme (WFP), and the USAID-funded Joint Emergency Operation for Food Assistance in Ethiopia (JEOP).

However, a number of challenges stand in the way of effective mobile money deployment:

- Poor infrastructure;
- Low levels of mobile phone ownership and awareness of mobile money services and the potential benefits of access to them;
- Low numeracy and literacy (including digital) levels in the target population (poor and marginalised segments); and
- Technical and financial capacity constraints of financial service providers (FSPs).

Despite these persistent challenges, recent developments in the financial and telecom sectors are set to bring about concrete changes and improvements to the mobile money ecosystem.

These include:

- The Government of Ethiopia's (GoE) plan to liberalise part of the telecom sector to open it to international mobile network operators (MNOs);
- New directives from the NBE to allow mobile network operators (MNOs) to offer mobile money services;
- New currency note changes aimed at improving electronic transactions and minimising the circulation of paper money; and
- National digital strategies aimed at digitising government-to-person (G2P) payments and services.

¹ By Ethiopia's central bank, the National Bank of Ethiopia (NBE)

² Ethio telecom (2019), *Annual Report 2019*.

³ GSMA (2019), *The Mobile Economy: Sub-Saharan Africa 2019*.

⁴ There are approximately 670 rural woredas and 100 urban woredas.

Recommendations and ways forward

The following considerations and actions are recommended for CVA implementers that are looking into using mobile money as a cash delivery channel and should focus on three key areas:

1 Deciding on a delivery mechanism

Ensuring end-users/recipients are at the centre of any decisions made and understanding the context is at the core of the development of relevant, appropriate interventions.

- Put end-users at the centre.
- Measure cost-effectiveness of different disbursement mechanisms.
- Remember context is key.
- Conduct a feasibility assessment of service delivery providers.
- Understand local conditions prior to selecting delivery mechanism and think longer-term.
- Consider ways to increase mobile money viability and use.
- Advocate where possible and appropriate.

2 Selecting a service provider and defining service-level agreements (SLAs)

Ensuring the service provider selected is appropriate for the specific intervention location (e.g. a smaller provider may have better coverage in a particular location than a more well-known provider) and that realistic SLAs are agreed upon prior to implementation.

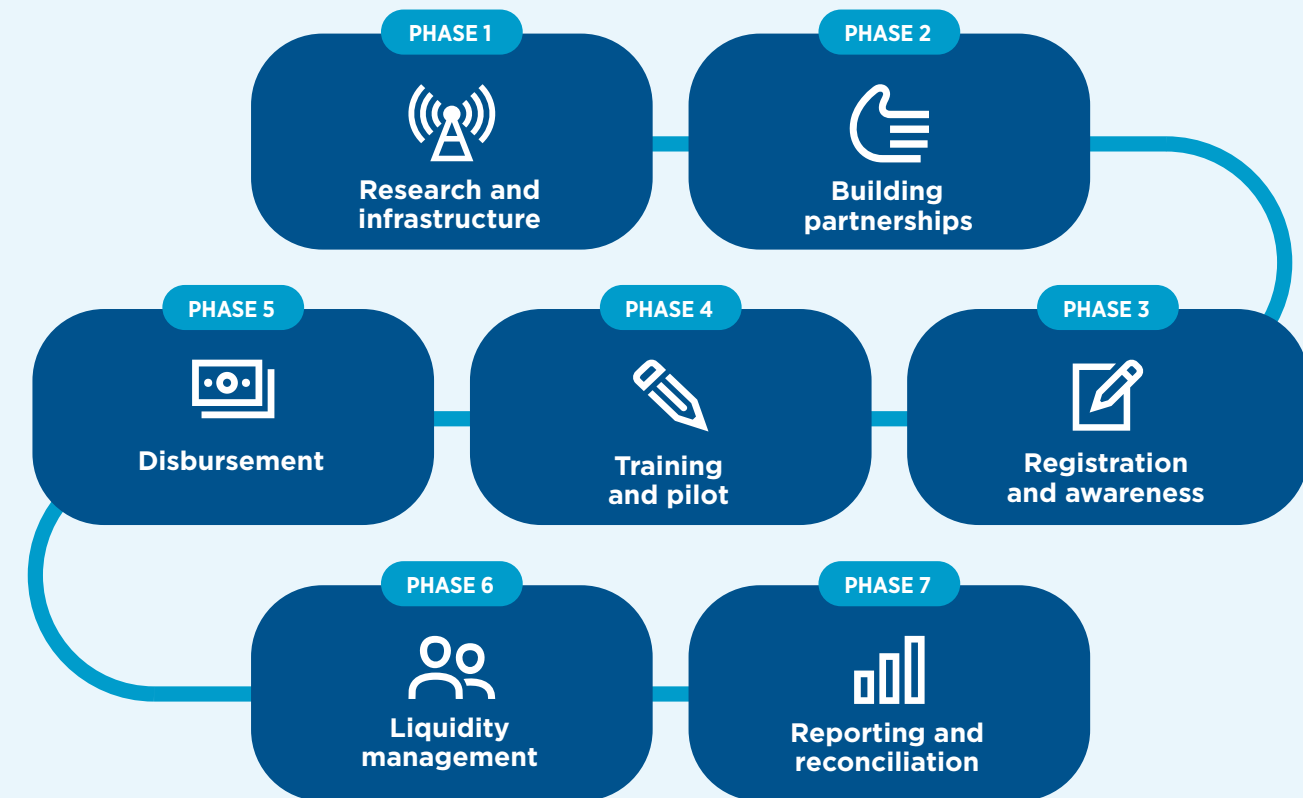
- Select an FSP that is appropriate for the specific implementation location.
- Ensure service level agreements are clear, cover what is required and are achievable.

3 Implementing mobile money enabled CVA

It is important to clearly define the roles and responsibilities of stakeholders involved in the CVA implementation, including responsibility for tasks that are outsourced/completed by third parties. Taking on board and following the seven phases of operationalising mobile money enabled CVA would help in ensuring key mechanisms and measures have been put in place to facilitate the successful running of operations.

- Clearly define roles and responsibilities.
- Embed digital literacy training into mobile money enabled CVA programming.
- Provide ongoing support to recipients.
- Raise awareness of recipients of the potential benefits of mobile money use beyond receipt of CVA.
- Ensure adequate mechanisms are in place for liquidity management.

The seven phases of launching mobile money enabled CVA⁵



Conclusion

Deciding which payment system to use should always be context specific and will depend on the recipient profile, delivery options available, what the programme aims to achieve and its scale and scope. Using mobile money brings both benefits and its own set of challenges to CVA implementation.

However, experience shows that under the right conditions, the benefits are worth the effort and in order to achieve this, efforts should focus on:

- Understanding potential barriers and implementing measures to overcome/mitigate them and where possible, extend the reach of market-based approaches that maximise concrete benefits to marginalised and targeted communities.
- Working with private-sector partners to adapt digital financial services, where necessary, to deliver cash.
- Expanding the definition of 'e-payment' to accommodate various delivery mechanisms and models that meet the objectives of a CVA intervention and are best suited to recipients and their unique context.

The state of the mobile money ecosystem in Ethiopia and the potential of mobile money to be deployed in a humanitarian context have come a long way since 2012. **Infrastructure has been developed and improved, more financial institutions are providing mobile money services and there is a growing appetite in the GoE and humanitarian and development agencies to deploy digital payments for CVA programming.** Furthermore, the positive results of various mobile money pilots by humanitarian and development organisations have boosted awareness and interest in deploying mobile money in humanitarian programming in Ethiopia.

The potential for growth is clear – it will now take key stakeholders in the sector to set aside the time and will to turn the opportunity of mobile money enabled CVA for end-users, mobile money providers and CVA implementers into a reality.

⁵ GSMA (2019). [Mobile money enabled cash aid delivery: Operational handbook for Mobile Money Providers](#).

01 Introduction

There is proven recognition among humanitarian actors (both in-country and globally) that cash transfers can be a more effective form of assistance for people affected by humanitarian crises than in-kind aid in several contexts.⁶ As a result, the humanitarian sector is shifting to cash and voucher assistance (CVA) to address humanitarian crises in contexts where it makes sense and is feasible, as exemplified by the coronavirus pandemic. This report explores the context and capability of Ethiopia's mobile money ecosystem for humanitarian CVA programmes. It aims to provide insights into the mobile money ecosystem, including the current and potential use of mobile money in CVA programming by humanitarian and development organisations, as well as government institutions.

This shift is supported by a global body of evidence on the benefits of cash transfers for supporting local economies and increasing the transparency, accountability and efficiency of humanitarian interventions. **However, the greatest benefit is that cash transfers have the potential to enable marginalised groups to make their own decisions based on their needs and priorities.** In line with these global trends, governmental, humanitarian and development actors in Ethiopia are increasingly using cash assistance to respond to emergencies and address humanitarian and development needs across different sectors.

When cash delivery was first being tested in Ethiopia in early 2015, cash-in-envelope was the most common delivery approach. However, over time and several interventions later, the logistical, operational and security challenges presented by the movement of large amounts of cash to isolated or insecure areas meant that humanitarian and development interventions needed a more robust and effective way to deliver cash to intended recipients. This has given rise to the use of electronic payment channels, also known as e-payments. What began as a government pilot in 2015 in two districts of two states (Amhara and Oromia) is now being used by numerous humanitarian and development actors and in national flagship social protection programmes.

In Ethiopia and globally, CVA implementers are adopting and implementing a range of digital channels to deliver cash transfers. Some of the main channels used globally include direct payment into a bank account, mobile money, pre-paid or debit cards issued by banks or e-voucher systems. Of

the e-payment channels in use, mobile money is considered one of the most promising to deliver humanitarian aid in low and middle-income countries such as Ethiopia due to the comparatively low infrastructure requirements and wide mobile phone penetration.

Box 1

The rise of mobile money services globally

Since the introduction of mobile money services, uptake has been significant in low and middle-income countries (LMICs) where traditional brick-and-mortar banking had fallen short in terms of access, cost and inclusivity. According to the GSMA [2019 State of the Industry Report on Mobile Money](#), there are over a billion registered mobile money accounts globally with 290 deployments in 95 countries.

A key feature of mobile money is the use of small and mid-size retail shops as agents for (Financial Service Providers (FSPs) and offering basic financial services such as opening an account, accepting deposits (cash-in) and paying out cash (cash-out) to customers at their locations. This has been an innovative model in bringing accessibility of financial services to those from lower socioeconomic status and reducing the cost of service delivery.

Mobile money is a relatively new phenomenon in Ethiopia. The first mobile money regulation was issued in December 2012 and it allowed banks and MFIs to offer the service. The first mobile money service - M-BIRR - was launched as a pilot by the Government of Ethiopia (GoE) in 2013 and officially launched in 2015. It, and all other mobile money services, are regulated by the National Bank of Ethiopia (NBE), which issues directives and mobile money licences to financial institutions. As of December 2019, there were 10 mobile money services provided by 18 financial institutions and 10 million registered mobile money accounts.⁷ However, only a handful of these mobile money platforms are currently being used for cash transfer programmes. There are also no MNO-led mobile money services in Ethiopia due to regulatory restrictions that allow only financial institutions to provide mobile money services.

Which payment system to deploy for cash assistance programmes in Ethiopia (also globally) depends on many factors, such as the context, delivery options, programme/project goals, scope and scale and

the recipient profile. Using e-payment channels has both benefits and its own set of challenges to CVA implementation. However, evidence from many countries demonstrate that, under the right conditions, the benefits far outweigh the effort and cost. Efforts should therefore be concentrated on overcoming known barriers, improving the reach of market-based approaches for marginalised and targeted communities and working with private sector partners. Such an approach will enable financial technologies to be adapted, which in turn will enhance the ability to deliver cash and advance financial inclusion on both a national and global scale.

E-payment channels like mobile money offer distinct benefits to humanitarian interventions by enabling safe, fast and transparent cash delivery.⁸ However, in Ethiopia, the adoption of e-payments in general, and mobile money in particular, has only just begun.

⁶ Grand Bargain commitment 3 states: Increase the use and coordination of cash-based programming. For further information see: [The Grand Bargain \(Official website\)](#)

⁷ Draft Market assessment of mobile money providers in Ethiopia, Tewodros Tassew, January 2020

⁸ Baah, B. (2019). [Mobilising cash and voucher assistance programmes: The case for mobile money](#). GSMA

02 Objective and methodology

The objective of this report is to provide a comprehensive context and capability assessment of the mobile ecosystem for humanitarian cash and voucher assistance (CVA) programming in Ethiopia. We explore existing mobile money solutions in the market, ongoing interventions and how digital payment solutions are being adapted for cash transfer programming. We provide insights into the challenges and lessons of major cash-based interventions and highlight recent policy shifts in and around the e-payment ecosystem in Ethiopia.

The methodology used in this research included 14 semi-structured interviews, 13 key informant interviews (KIIs) with key stakeholders from mobile money providers, government and humanitarian organisations, desk research and document reviews by members of the Ethiopian Collaborative Cash Delivery (CCD) Network⁹ and insights gathered from private and public sector actors in three consecutive webinars held between March and October 2020.

⁹ For more information see: [CCD Ethiopia](#)

03 Context analysis

Leading mobile money services in Ethiopia

There are 10 operational mobile money services in Ethiopia – the four most prominent services are: [M-BIRR](#) (provided by six MFIs), [HelloCash](#) (provided by three banks and one MFI), CBE Birr (provided by the state-owned Commercial Bank of Ethiopia) and Amole Mobile Money (provided by Dashen Bank S.C.) (see [Annex 1](#)).

Some regional MFIs like the Somali Microfinance Institution also collaborate on an as needed basis with various humanitarian and development actors for cash-based interventions in the Somali region.

The cash transfer ecosystem in Ethiopia

Over the years, Ethiopia has faced repeated natural and human-induced disasters, including severe droughts and sporadic intercommunal conflicts over regional boundaries. This has led to persistent food insecurity and malnutrition, disease outbreaks and high numbers of internally displaced persons (IDPs).¹⁰ As a result, over 21 million people in Ethiopia were estimated to need humanitarian assistance in 2019.¹¹ In addition to humanitarian assistance, several governmental and non-governmental organisations

(NGOs) also deliver development and social protection programmes across the country.

A cash-based response is defined as the use of cash or vouchers to enable households to meet their basic needs for food, non-food items and/or services, or to buy assets essential to resume economic activity.¹² Cash-based interventions include cash grants (conditional or unconditional) or vouchers to exchange for specific goods or services in the local market.¹³

¹⁰ Persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalised violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally-recognised state border.

¹¹ [UN OCHA \(2019\)](#)

¹² [OECD \(2017\), Cash Based Response](#)

¹³ See [Cal.P Glossary of Terms](#)

Box 2

Types of CVA transfer

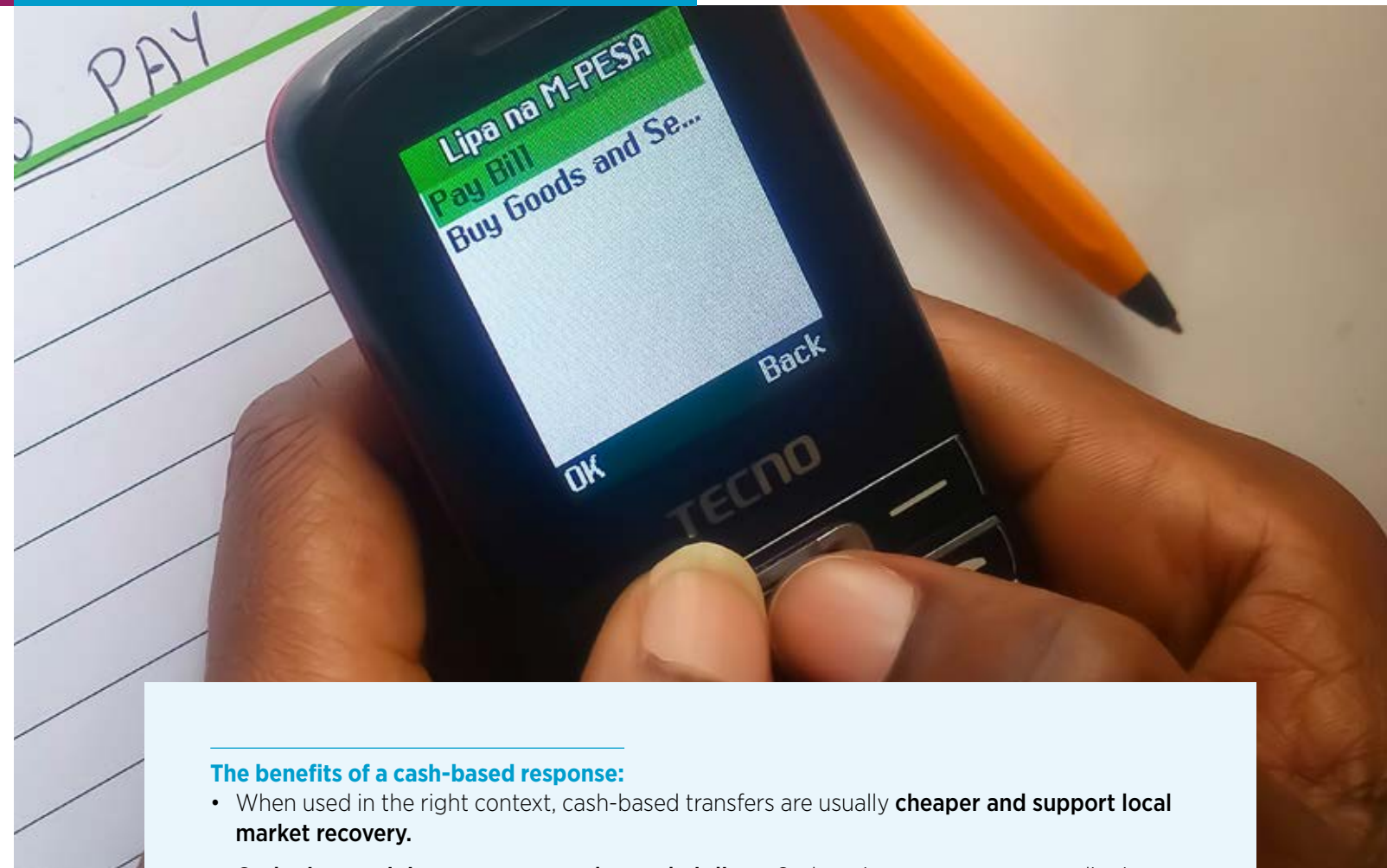
Cash-based interventions can be designed as 'conditional' or 'unconditional' transfers depending on the tasks or activities recipients need to complete. Funds are transferred into a restricted or unrestricted category depending on whether there is a specified use for the cash transfers.

- **An unconditional cash transfer** is when a recipient doesn't have to do anything to receive the assistance, other than meet the criteria to be part of the programme.
- **A conditional cash transfer** is where the recipients must meet certain eligibility conditions to receive the transfer, for example, a child needs to maintain full attendance in school before cash can be transferred.
- **An unrestricted cash transfer** is when there are no limitations on how a recipient spends their assistance. However, the goals of the organisation making the transfer may place restrictions on the type of transfer chosen, which may require creative solutions or possible product development from the mobile money provider.
- **A restricted transfer** limits how the recipient can use the cash transfer (e.g. transfer can only be used at pre-approved merchants) and is often managed through a voucher system.

In all cases, e-payments can be applied in some form or another, although implementation processes may differ depending on the design of the programme.

To address humanitarian and development programming needs, global practice is shifting from traditional in-kind aid to cash-based interventions. There is growing recognition among donors and humanitarian practitioners that cash transfers are a more efficient and effective form of assistance for

people affected by humanitarian crises.¹⁴ Cash transfers support local economies, increase transparency and accountability, allow limited humanitarian aid budgets to go further and, most importantly, put people at the centre of aid.¹⁵



The benefits of a cash-based response:

- When used in the right context, cash-based transfers are usually **cheaper and support local market recovery**.
- **Cash gives recipients more control over their lives.** Cash assistance can promote dignity and choice because it **gives people the ability to prioritise their needs and decide how to use it**. In contrast, when people receive in-kind commodities they do not need, they often sell them, which can distort local markets.
- Digital payments and technologies, such as mobile money transfers and card-based systems, are usually **a safer and more efficient way to deliver cash**.¹⁶
- **Cash-based responses can be transformational** in terms of the opportunities to improve humanitarian assistance. **Cash assistance provides opportunities to link with other cash interventions** (i.e. government social safety nets and social protection systems), and **enable humanitarian and development organisations to deliver a more coherent and coordinated response**. This can promote locally managed payment systems and help deliver a more sustainable impact.

¹⁴ Former UN Secretary-General Ban Ki-moon has called for cash-based programming to be the default method of support for affected populations where markets and operational contexts permit, and the 2016 World Humanitarian Summit and Grand Bargain committed top donors and aid agencies to make humanitarian aid more efficient, and generally endorsed a shift to greater use of cash transfers.

¹⁵ Center for Global Development (2015), [How Cash Transfers can Transform Humanitarian Aid](#). ODI

¹⁶ Baah, B. (2019), [Mobilising cash and voucher assistance programmes: The case for mobile money](#). GSMA.

When CVA programmes first began, implementers put cash in envelopes and handed them to recipients. However, the logistical, operational and security challenges of distributing large amounts of cash to isolated or insecure places required a more robust and effective delivery method.

Implementers began adopting e-payment channels, to deliver cash transfers to recipients and mitigate some of the risks associated with cash-based interventions.



Some of the main advantages of using e-payments for CVA include:

- Greater **cost savings and efficiency in managing low-value, high-volume payments**;
- **Increased transparency** in programme management due to the digitisation of payment processes and traceability of transactions;
- **Reduced leakage of funds** that can occur in cash-based interventions with ghost recipients and field-level fraud; and
- **Reduced security risks to staff and other stakeholders** associated with moving cash to distribution points;



From a recipient's perspective, e-payments offer several benefits, including:¹⁷

- **Greater security from not carrying cash** assuming that recipients do not withdraw their transfers all at once and have been provided adequate training on how to perform multiple withdrawals among other things;
- **Lower risk of extortion and/or arbitrary fees** imposed by local authorities on cash payments (there is also a risk of extortion with e-payments, but redressing grievances with e-payments is often easier and faster than with manual cash delivery);
- **Greater convenience** from reduced travel and shorter wait times to collect payments; and
- **Access to a wider range of financial and other value-added services** e.g. savings, loans and insurance, as well as pay-as-you-go (PAYG) services, such as energy, education and information.

¹⁷ For examples of the perceived benefits from recipients' perspectives, see GSMA (2019), [Navigating the shift to digital humanitarian assistance: Lessons from the International Rescue Committee's Experience](#).

04 The CVA experience in Ethiopia

Current CVA implementation

According to data collected by the Ethiopian Cash Working Group (ECWG) between 2017 and 2019, there have been over 30 cash-based interventions in Ethiopia that have reached around 2.2 million recipients.¹⁸ This number rises to 10.8 million when the nearly eight million clients annually in the

[Rural Productive Safety Net Project \(RPSNP\)](#) and 604,000 clients from the [Urban Productive Safety Net Project](#) who receive either direct support through unconditional cash payments or cash for labour contribution in public works, are taken into account.

CVA implementations by the government

The Government of Ethiopia has adopted cash-based interventions for its national social protection programmes. The RPSNP, under the Ministry of Agriculture of Ethiopia (MoA), as well as the UPSNP are currently using cash-based interventions on a large scale.¹⁹

The PSNP was established in 2005 and will soon enter its fifth phase. This federal social security programme targets food-insecure households by delivering annual predictable transfers of food, cash or a combination of both to tackle chronic food insecurity, rural poverty and vulnerability. Additionally, the PSNP Risk Finance Mechanism enables the PSNP to be scaled up in crisis situations to benefit additional people facing food insecurity or to extend the payment period to existing recipients when necessary.

The RPSNP was designed to address the food insecurity of poor households through the provision of predictable resource transfers. Transfers are provided in the form of cash or food through the GoE's financial and food management systems and, in some cases, through the WFP and NGOs. The

programme provides a range of support to food-insecure households in Afar, Amhara, Dire Dawa, Harari, Oromia, Southern Nations, Nationalities and Peoples (SNNP), Somali and Tigray. Through the RPSNP, the GoE is currently providing a safety net for eight million people from 2.5 million chronically food-insecure households Ethiopia.

The RPSNP applies a "cash first" principle whenever possible because it is believed that cash offers greater flexibility to recipients, stimulates local markets and supports a shift away from food aid. The RPSNP uses cash transfers in 322 of the 382 woredas²⁰ (administration districts) where it operates. Cash transfers are both manual and electronic cash payments through mobile money channels, which by 2019 had reached 146 woredas. This approach is expected to continue and scale up further as market conditions improve, including greater availability of service providers, expansion of telecom infrastructure, more client exposure to e-payments and other enabling conditions that would further promote the use of cash.

¹⁸ [ECWG \(2019\) Q3 Report](#).

¹⁹ World Vision Ethiopia (2017). [World Vision Ethiopia signs Development Food Assistance Program \(DFAP\) agreement with Oromia regional state sector bureaus](#). See: <https://www.wvi.org/ethiopia/article/world-vision-ethiopia-signs-development-food-assistance-program-dfap-agreement>

²⁰ There are approximately 670 rural woredas and 100 urban woredas.

Table 1

Government UPSNP and RPSNP CVA payment mechanisms

Projects	Disbursement mechanism	Service provider	Description
Urban PSNP	Bank account	Commercial Bank of Ethiopia (CBE)	Safety net payments to 604,000 recipients
Rural PSNP	Combination of direct/manual cash payments and mobile money	Mobile money used in five regions using a regional MFI	Safety net payments for nearly eight million recipients

The Urban PSNP is using bank accounts as a delivery channel for cash transfers through a partnership with the CBE while the Rural PSNP is using both manual cash payments (cash in envelopes) distributed by government-employed cashiers²¹, and mobile money payments using regional MFIs to 136 of the 382 woredas that are part of the programme.

The National Disaster Risk Management Commission (NDRMC) is using cash-based responses for humanitarian assistance in selected parts of the country using manual cash payments. In addition, the GoE, in partnership with the WFP, is using manual cash payments to provide assistance to refugees who are hosted in refugee camps across the country.

CVA implementations by NGOs

More and more NGOs in Ethiopia have been adopting CVA in the last few years. Considering the growing interest in cash-based interventions and the practical benefits of cash, this is only expected to increase.

Most CVA implementations involve outsourcing manual cash payments from humanitarian organisations to FSPs to manage, but some

humanitarian organisations distribute payments themselves in the form of manual cash transfers. According to data from the ECWG, as of December 2019, there were 23 cash transfer programmes being managed by aid agencies in Ethiopia. Some of the largest CVA implementations are detailed in Table 2 below.²²

Table 2

CVA implementations by NGOs in Ethiopia

Projects	CVA implementer	Disbursement mechanism	Service provider	Description
CCD-ECHO	World Vision, Save the Children/ Action Against Hunger (ACH), IRC	Direct/manual cash payments	Berhan International Bank, Awash International Bank and Oromia International Bank	Cash assistance to 83,500 conflict- and drought-affected recipients in Oromia and Somali regions
Cash assistance to refugees in various camps	WFP in partnership with the GoE	Direct/manual cash payments	Government cashiers	Various camps in Afar, Somali, Tigray, and Benshangul Gumz regions. Targeting a total of nearly 600,000 recipients.

²¹ Also known more generally as mobile money agents, where cash-outs and other services are provided.

²² Comprehensive data on the various mobile money platforms in Ethiopia can be found in Annex 1.

Projects	CVA implementer	Disbursement mechanism	Service provider	Description
Fresh Food Voucher Project	WFP	Mobile money	HelloCash by Lion International Bank S.C	A project that supports pregnant and lactating mothers to promote diversified and nutritious food consumption. Amhara region, North and South Wollo Zones, six regions, targeting 21,000 recipients. Mobile money is used with a customised, dedicated wallet for the project Which applies transaction limits for merchant payments at partner merchants.
Providing access to basic and household items for urban refugees in Addis Ababa	UNHCR	Bank account	Commercial Bank of Ethiopia (CBE)	Supporting refugees living outside of refugee camps to access sufficient basic and household items. Targeting 6,000 recipients in Addis Ababa.
Joint Emergency Operations Programme (JEOP)	Consortium of multiple INGOs	E-voucher	Lion Bank	Supporting communities affected by natural hazards. Targeting 7,326 recipients in the Amhara region and woredas.
SWAN Consortium (led by Save the Children; includes World Vision, Action Against Hunger and the Norwegian Refugee Council)	World Vision Ethiopia	Direct/manual cash payments	Awash Bank	Supporting IDPs and host communities. Targeting 2,000 recipients in Oromia and SNNP regions, Gedo and West Guji zone.



Challenges and lessons learned

The mobile money industry in Ethiopia is considered to be in an early stage given the market size and potential, and the fact that services are not yet available nationwide or a part of everyday life. CVA programmes that use the mobile money channel therefore face the same challenges as mobile money service providers – a lack of widespread adoption.

Some of the challenges and barriers to mobile money adoption include:

- The novelty of mobile money in the country;
- Regulatory environment and restrictions;
- Insufficient coverage of agent network and poor agent retention;
- Lower literacy and/or digital literacy levels among target customers; and
- Limited capacity of service providers.

Meanwhile, there are some other, more specific challenges with using mobile money for CVA. Some of the common challenges cited by CVA implementers include:

- Low level of infrastructure (roads, network, electricity, etc.) in implementation areas;
- No or little prior experience or knowledge of financial services among recipients;
- Lack of financial institutions providing mobile money services;
- Low mobile phone ownership among recipients;
- Difficulty finding qualified agents in the area; and
- Managing agent liquidity to perform cash-out.

When selecting a delivery mechanism for cash assistance, CVA implementers should consider the extent to which these challenges are present in their target environment.

Lessons from the RPSNP

The major benefits for RPSNP in adopting mobile money-based e-payments are:

- Transparency and traceability from the use of digital channels;
- Opportunity to support financial inclusion and access to finance, such as loan facilities for recipients (over a million households now have an account with an MFI, which opens access to full-fledged financial services like savings and credit);
- Significant growth of mobile money payments in the last three years, which have now reached nearly 33 per cent of woredas and 30 per cent of recipients; and
- Positive response from recipients on the use of e-payments (as found in two separate studies²³ and various field interactions with stakeholders).

Challenges with using mobile money for RPSNP e-payments

There have been a number of issues cited as major challenges to RPSNP CVA implementation challenges:

Limitations of the payment channel: The lack of alternative cash-out options when the core requirements for the mobile money channel, such as adequate network coverage and mobile phone ownership, were unavailable. This has had an adverse impact on the quality of the service and led to workarounds that introduced security risks to cash delivery. For example, allowing recipients without a mobile phone to use an agent's phone meant that their PIN was known to agents during cash-out transactions.

Operational issues: As with other mobile money enabled CVA programmes implemented in more rural, harder-to-reach locations, intermittent network availability poses challenges. There have been some challenges cited around the capacity of agents. To address these challenges, there is opportunity to maximise the role of agents to drive inclusion and efficiency of services through training and education, for example, digital literacy training and efforts to increase exposure of digital financial services (DFS) of recipients, as well as through improvements in operational capacity, for example, implementation of liquidity management mechanisms.

Community feedback

In 2017–18, the World Bank commissioned a survey to collect feedback on the satisfaction of recipients when using e-payments for RPSNP. According to the survey findings,²⁴ the vast majority (84 per cent) of respondents expressed satisfaction with

the e-payment channel. The study highlighted that most respondents perceived e-payments as substantially more careful with the verification of identity documents, allowed them to save better and required less time to collect their assistance.

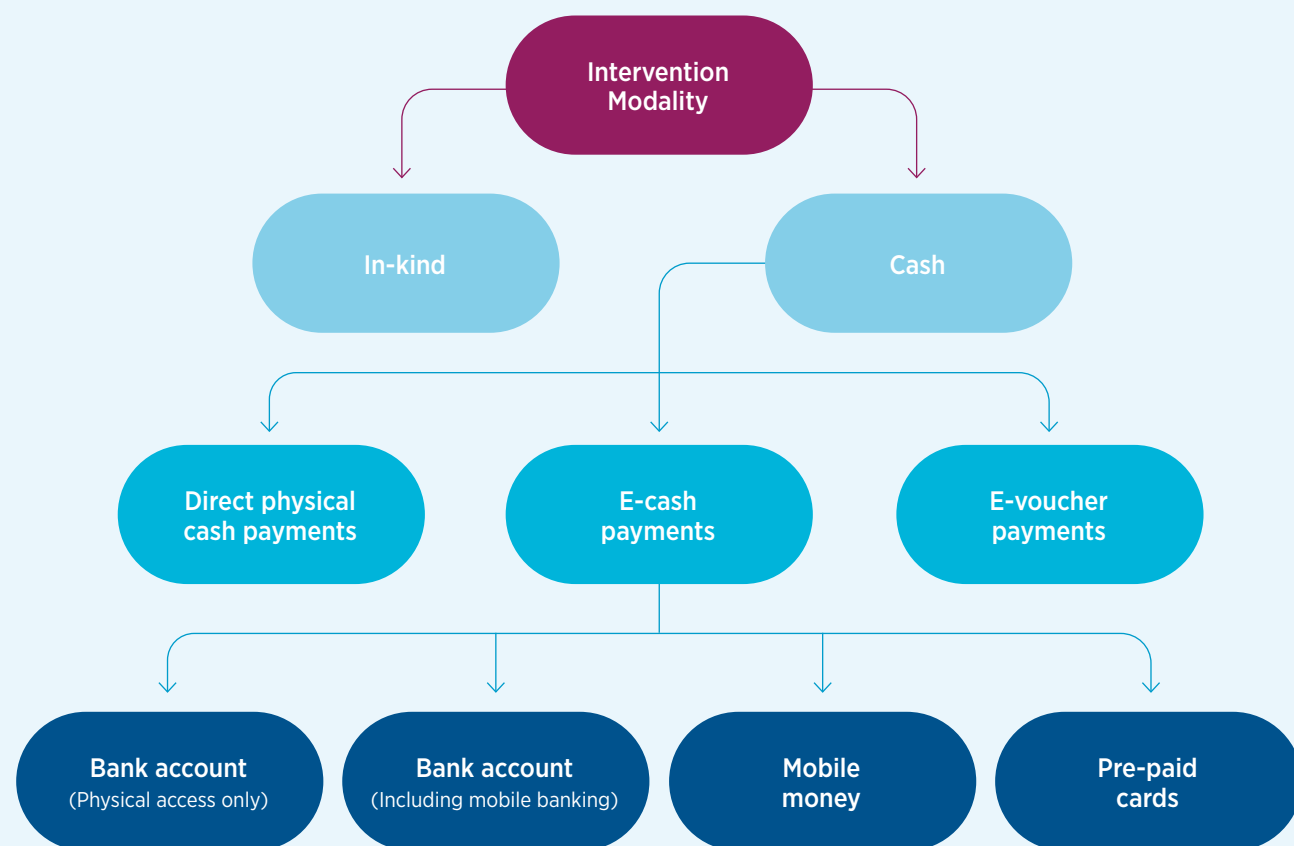
²³ PSNP Financial Capability learning Needs Assessment (2018) & e-PSNP Satisfaction Survey (2017), World Bank Group <http://documents.worldbank.org/curated/ar/830381505613638420/pdf/project-appraisal-document-pad-P163438-EU-edits-for-Board-version-08252017.pdf>

²⁴ PSNP Financial Capability learning Needs Assessment (2018) & e-PSNP Satisfaction Survey (2017), World Bank Group

05 Electronic payment channels used for CVA

CVA implementers have adopted and implemented a range of channels to deliver cash transfers. Some of the most prominent channels used globally include direct payment to a bank account, mobile money and pre-paid or debit cards issued by banks or e-voucher systems. Each of the payment channels has its own set of regulatory and technical requirements that determine whether it is appropriate for use in CVA programming.

Figure 1
Types of interventions, payment methods and payment channels



The following section outlines these payment delivery channels in detail.

Bank account

This channel enables CVA implementers to make cash transfers directly into a recipient's conventional or dedicated bank account using available financial service providers (FSPs). This is very similar to an employee receiving a salary payment via bank deposit. Recipients withdraw money by visiting a bank branch or using other channels, such as ATM machines. This channel primarily uses a conventional

mix of a bank passbook, photo ID and signature to authorise transactions during payment collections and excludes access to banking services through a mobile phone (i.e. mobile banking).

Example: Commercial Bank of Ethiopia and the Urban Productive Safety Net Project

Mobile money

This channel enables recipients to use a mobile money account to receive cash transfers. The mobile money account may be issued by a bank, MFI or, where regulations permit, telecom companies and other parties. As mentioned earlier, there are no MNO-led mobile money services currently operating in Ethiopia. The mobile money wallet has similar functions as a conventional bank account, although for mobile money accounts there is a daily maximum balance and transaction limits.

Mobile money services use mobile phones as the main tool to operate the account. Customers can access their accounts mainly through the USSD channel, which does not require an internet connection and is embedded in all mobile phones, while some service providers offer smartphone apps for customers with smartphone devices. SMS are used for notification of transactions.

Recipients can make withdrawals by visiting the service provider's branches or nearby retail shops that operate on behalf of the FSP as cash-out points (agents). Although not commonly seen in the Ethiopian market, recipients may be able to use their funds to pay for goods and services directly at merchant locations.



Recipients are usually required to have a mobile phone (at least a basic or feature phone) to manage their accounts, although custom solutions have been applied in a few cases, for example the RPSNP, where recipients are permitted to use the phone number of an agent or MFI cashier to conduct transactions. This channel mainly uses PIN codes to authorise transactions, but sometimes a one-time password or biometric information may be required by service providers. Mobile money requires a certain level of digital literacy for the end user to operate the mobile phone and interact with apps.

Example: M-BIRR mobile money service used for Rural PSNP



Pre-paid²⁵ or debit cards



This channel enables CVA implementers to partner with a bank or MFI to distribute payments via a bank account which they access using a debit card. This channel is used primarily in urban areas since it requires recipients to have access to an ATM and/or point of sale (POS) device at nearby locations. It would also require a certain level of literacy to interact with and operate these devices.

Card-based systems allow recipients to access cash (or commodities) via ATMs or payment merchants, without the need for a bank account (i.e. via pre-paid cards). The cards can also be co-branded depending on the volume of the programme and partnership arrangement with the service provider. This channel primarily uses PIN codes for transaction authorisation although a one-time password may sometimes be required by service providers. Although there have not been any reported CVA interventions using bank cards to distribute cash, discussions are underway in the UPSNP to add debit cards to the regular bank account as described above (whereby beneficiaries present their bank books and program or government issued ID to withdraw their benefits) channel to allow ATM withdrawals.

Example: *Hunger Safety Net Programme (HSNP) in Kenya using Equity Bank*

monitoring transactions, determining the transaction process, authorisation mechanism, restrictions and many more details depending on the needs of the programme. Because e-voucher solutions must be customised to the requirements of every programme, they are very expensive to deploy. Other

e-payment solutions, such as mobile money, can offer many, if not all, the benefits of a customised solution.

Examples: *The Danish Refugee Council in Gambella uses RedRose and World Vision is using LMMS in its Gedeo and West Guji IDP response.*

E-cash versus e-vouchers

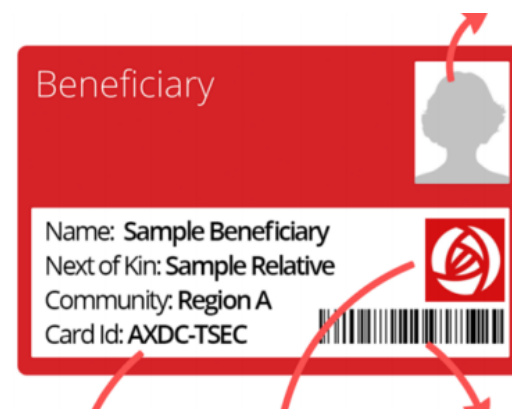
E-cash payment channels (a bank account, mobile money or pre-paid bank cards) are considered a market-based approach. A CVA programme uses “electronic cash” by leveraging the existing products of FSPs subject to the regulations and requirements set by the central bank. The e-voucher system, meanwhile, uses a paper voucher with “electronic value” that recipients can use to access particular goods or services. These systems are used primarily in interventions where restrictions need to be applied to the use of the cash transfer.

Compared to e-voucher systems, e-cash payments give recipients the flexibility to spend their cash transfer as they choose. Therefore, with the exception of pre-paid cards, e-payments have the potential to facilitate greater financial inclusion for recipients. Recipients can use the digital payment services after the CVA response is over, or use complementary products offered by the service provider, such as other mobile money services (e.g. airtime top-up or person-to-person (P2P) transfers).



E-voucher systems

E-voucher systems are specialised applications that allow CVA implementers to manage cash and in-kind responses in an integrated and customised manner. It is a fully-fledged benefit management system offered by specialised technology companies targeting the humanitarian sector. E-voucher systems are created and managed by CVA implementing organisations, while the hardware and software is provided by an e-voucher technology service provider (TSP).²⁶ The CVA programme implementer is usually responsible for establishing a network of local vendors and equips them with the hardware and training they need to accept e-vouchers for payment of goods and services. In instances where recipients have the option to cash-out their assistance, the CVA programme implementer may perform cash-out on its own or via an outsourcing arrangement with a third party, with the transaction managed and processed by the e-voucher system.



Recipients receive cash value or other benefits through the e-voucher system, and access their benefits at established networks of merchants and agents or from organisation staff using a smart card, biometric solution or mobile device. E-voucher solutions usually use portable devices, such as a POS or smartphone devices, at the access point where recipients collect their payments. Since e-vouchers are a specialised platform, CVA implementers have more control over issuing e-voucher value,

²⁵ Pre-paid cards may not be suitable for programmes/projects that also have financial inclusion as an intervention goal since they are not linked to a bank account.

²⁶ In this context, a TSP is a financial technology (fintech) company that develops, provides and supports the technology systems that are used for delivering mobile money services.





06 The mobile money ecosystem in Ethiopia

The regulatory framework

Mobile money is relatively new to the Ethiopian market where the first mobile money deployment – M-Birr – was introduced in 2015. Mobile money is regulated by the National Bank of Ethiopia (the central bank), which issues directives and licences to financial institutions. The first regulation on mobile money was issued in December 2012 with the mobile and agent banking directive No. FIS/01/2012. Unlike neighbouring countries such as Kenya and Tanzania, which allow telecom companies to deliver mobile money services, Ethiopia’s directive solely permits a bank-led model in which only banks and MFIs can provide the service.

There are discussions at the National Bank of Ethiopia to revise the directive in light of mobile money developments in 2020.²⁷ The major change expected is allowing a new category of digital financial service (DFS)²⁸ providers to operate as digital banks and offer mobile money services in parallel with banks and MFIs. This may make it possible for telecom companies, such as Ethio-Telecom, to establish a subsidiary DFS provider and enter the mobile money market. As of December 2019, there are 18 financial institutions (eight MFIs and 10 banks) offering mobile money products in the Ethiopian market, resulting in 10 mobile money services (see [Note 1 - Definition of mobile money service in the Ethiopian context](#)). As at December 2019, there is no account-to-account payment interoperability between the mobile money services in the country. As a result, a mobile money customer can only make transfers to other customers of the same mobile money service.

However, interoperability is supported between financial institutions that use the same technology platform provider. For instance, there are currently six financial institutions using M-BIRR’s mobile money platform that are interoperable. Four financial institutions that use the HelloCash mobile money platform have piloted interoperability and are waiting on regulatory approval of clearing and settlements arrangements to fully operationalise it. See [Annex 1](#) for a complete list of financial institutions providing mobile money services.

²⁷ 'MTN, Etisalat, Safaricom Others in the race to win 40% Stake in Ethiopia's Telecom Sector' (Tech sight now; November 2020)

²⁸ DFS providers, including mobile network operators, and many other FSPs that use digital platforms.

Implications of changing regulatory environment for humanitarian cash transfers

There have been and continue to be a number of regulatory changes (see [Annex 2: The evolving regulatory landscape in Ethiopia](#) for full details) in Ethiopia which will have an impact on the design, arrangements and implementation of humanitarian CVA programmes. The regulatory environment has direct impact on mobile money adoption and usage and the regulatory changes made in Ethiopia have the potential to significantly improve access and usage further.²⁹ The major implications are summarised below:

More service providers: CVA implementers are expected to have more options to add to their roster of potential service providers as they can now partner with banks, MFIs and new specialised payment instrument issuers to deliver transfers.

Flexible KYC requirements: The latest government push for financial inclusion and the expansion of digital financial services will allow much more flexible KYC requirements for opening a bank account,

which has been a challenge for humanitarian CVA programmes. The new directive will enable low-value transactions in emergency situations where it is not possible to perform pre-distribution registration for opening accounts.

Change in partnership agreements between banks and technology service providers (TSPs):

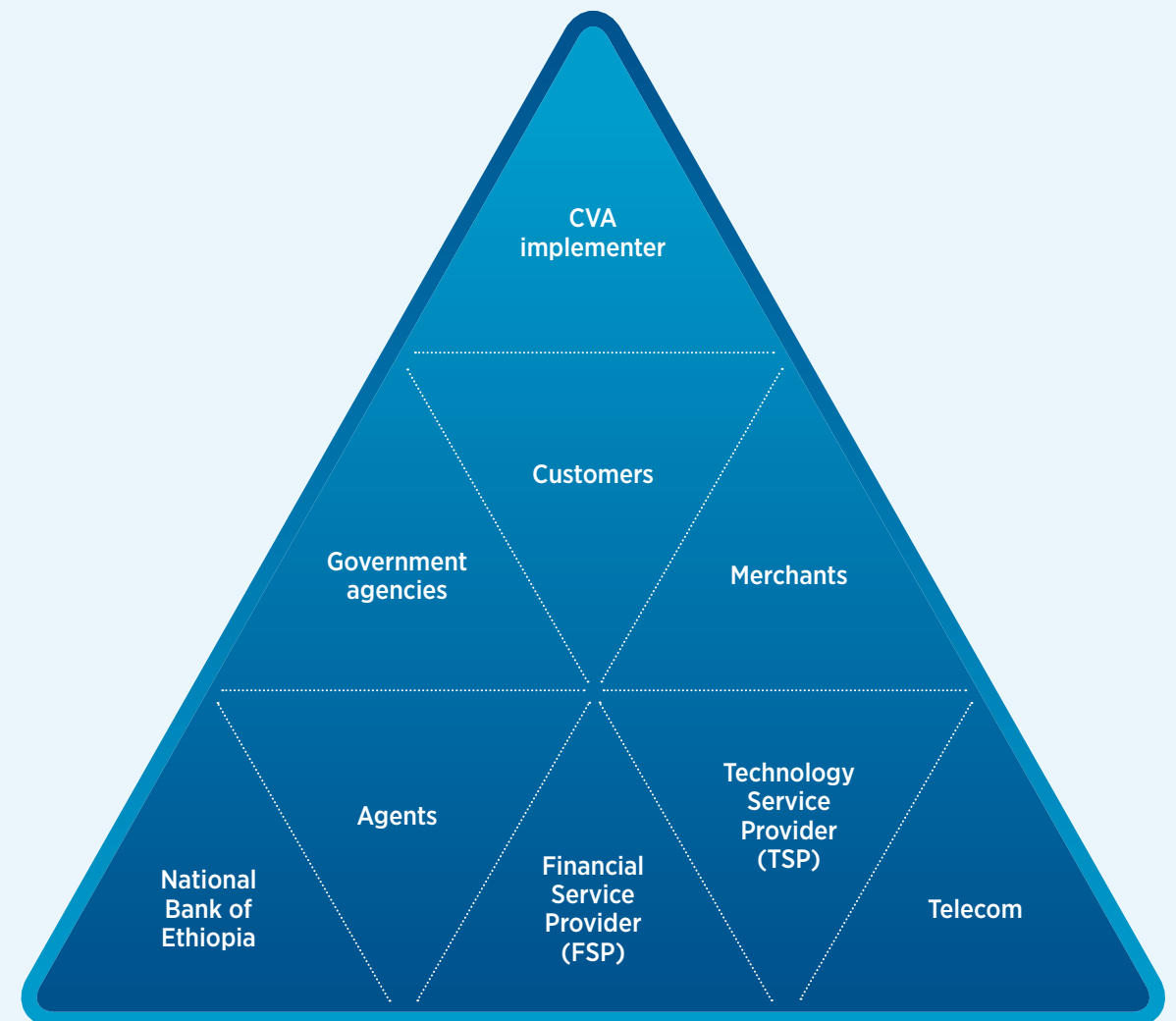
The NBE is considering changing requirements of existing TSPs to either meet the criteria of applying to become a payment instrument issuer or change their current revenue-sharing model to a standard software acquisition model. This could affect both on-going and future CVA programmes that work with banks and TSPs, as it may discourage TSPs that play an important and active role in implementation. If TSPs that are currently active in CVA programmes as platform providers are not allowed to use the revenue-sharing arrangement with FSPs, as is now the case, they may reduce their level of engagement and reduce service quality.

Key stakeholders in the ecosystem

Multiple parties play a role in the adoption of mobile money and other e-payment systems for cash-based interventions. The key stakeholders in Ethiopia’s mobile money ecosystem are outlined in Figure 2 and explained further in Table 6 in [Annex 3](#).

Figure 2

Key stakeholders in Ethiopia’s mobile money enabled CVA ecosystem



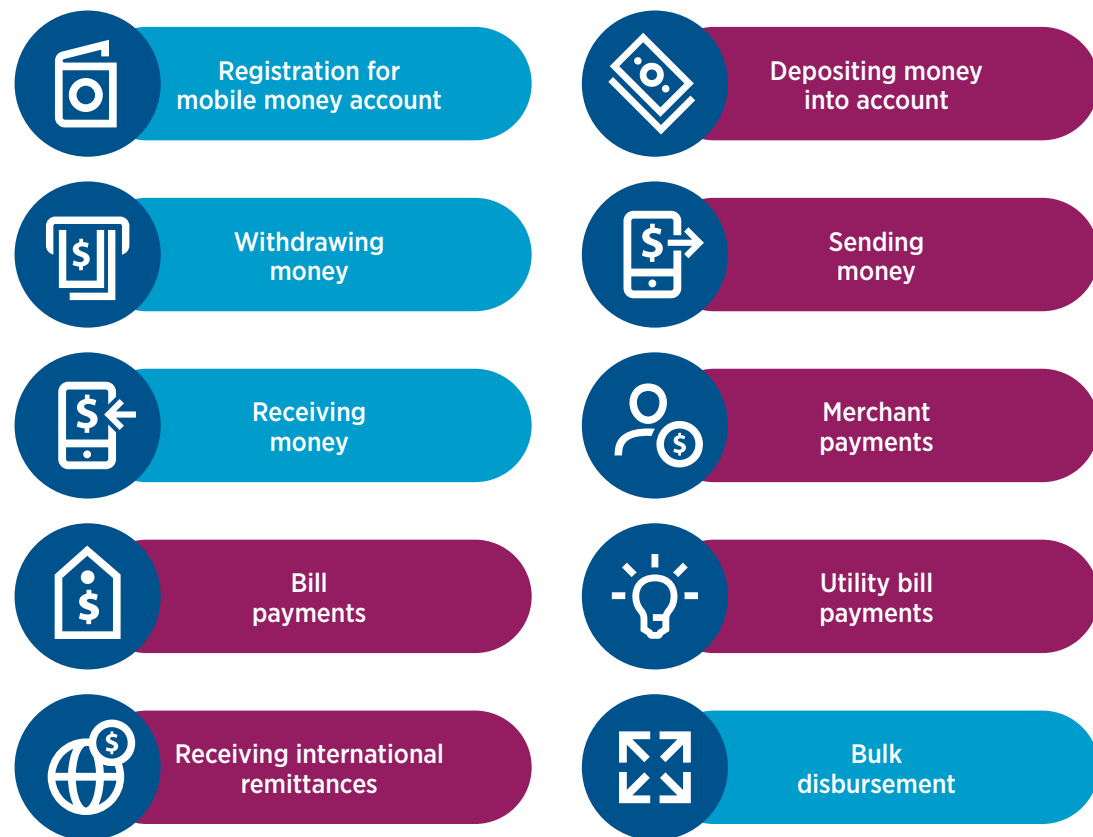
²⁹ See: [GSMA \(2021\), Mobile Money Metrics, Regulatory Index](#).

Key product and service features

The product features listed below are generally offered by all mobile money brands operating in Ethiopia, with some variations in pricing, the channel used, transaction processes and extent of use.

Figure 3

Key mobile money product and services






The use of these features depends on the product life cycle, the capacity of service providers and the market context. **For CVA implementation, the most commonly used features are highlighted in blue: registration for mobile money account**






(i.e. account opening), bulk disbursements and withdrawing money from branch and agent outlets. Table 4 provides detailed information on each of the above product features and use cases.




Table 3

Key product features for mobile money enabled CVA in Ethiopia

Product features	Description
 <p>Registration for a mobile money account</p>	<p>Customers can register at a branch or agent location by providing a valid form of ID (see list below) and completing a registration form.</p> <p>Some providers also allow self-registration by dialling a short code and then visiting a branch and/or agent for account activation.</p> <p><i>Examples: Amole by Dashen Bank and CBE-Birr by Commercial Bank of Ethiopia</i></p> <p>The types of IDs accepted to open a mobile money account:</p> <ul style="list-style-type: none"> • Resident ID – issued by the local administration • Driving licence • Passport • Other government-issued ID (student, military, etc.) • Employer ID • Programme-issued ID (in the case of CVA) <p>For CVA, most providers support bulk registration with customer information (name, address, ID number) provided in soft copy, which they then upload to create accounts for groups of recipients.</p> <p>There is no fee to register for a mobile money account.</p>
 <p>Depositing money into account (cash-in)</p>	<p>Customers can load their account by visiting a bank/MFI branch or agent outlet.</p> <p>Based on current NBE regulations, the maximum an individual can have in their account is ETB 25,000.³⁰</p> <p>There is no fee to make deposits into a mobile money account</p>
 <p>Withdrawing money (cash-out)</p>	<p>Customers can withdraw their money in cash by visiting a bank/MFI branch or agent outlet.</p> <p>They must have their mobile phone, ID card and PIN to make a withdrawal.</p> <ul style="list-style-type: none"> • In some cases, service providers arrange for branch staff or agents to travel to the customers to conduct monthly cash-out services for recipients of CVA transfers. • Based on current NBE regulations, the maximum an individual can withdraw per day is ETB 6,000, which should be enough for most CVA implementations. • Most service providers charge a service fee for withdrawals depending on the value of the withdrawal. In some cases, withdrawals are free at branches, but a fee is charged at agent outlets.

30 The birr is Ethiopia's currency (ETB). Based on the exchange rate issued by the NBE on 17 May 2020, 1 USD=33.84 ETB

Product features	Description
 <p>Sending money (P2P)</p>	<p>Registered customers can send money using their mobile phone. The sender is required to enter the mobile phone number of the recipient, the amount and a PIN code to process the transaction.</p> <ul style="list-style-type: none"> Based on current NBE regulations, the maximum an individual can transfer per day is ETB 6,000. Charges on money transfers range from ETB 3 to ETB 50 depending on the value of the transfer. The charges are applied to the sender.
 <p>Receiving money (P2P)</p>	<p>Registered customers can receive money from other customers. The transactions are processed in real time and the recipient gets an SMS notification.</p> <ul style="list-style-type: none"> Some providers allow unregistered customers to receive money and then visit a branch or agent to open an account and access the money. <i>Examples: HelloCash and M-BIRR</i> There is no fee to receive a mobile money transfer.
 <p>Buying airtime (top-up)</p>	<p>By working in partnership with Ethio-Telecom, service providers allow customers to use their mobile money account to buy airtime vouchers.</p> <ul style="list-style-type: none"> Customers can purchase airtime value from ETB 5 up to ETB 1,000. There is no fee charged for airtime purchases.
 <p>Merchant payments</p>	<p>This service allows customers to use their account to pay for goods and services face-to-face in retail shops, supermarkets, restaurants, etc.</p> <ul style="list-style-type: none"> Depending on the preference of the user, the transaction can be initiated by either the customer or the agent. A service fee is charged to either the business or the customer for merchant payment transactions, depending on the service provider. <p><i>Example: A World Food Programme (WFP) fresh food voucher project in the Amhara region enabled recipients to receive cash transfers in their mobile money account and then purchase food items from participating merchants using their mobile phone.</i></p>
 <p>Receiving international remittances</p>	<p>Banks that offer mobile money are adding a feature to allow customers to receive remittances directly into their mobile money account. They can then withdraw the money at a nearby agent or branch.</p> <p><i>Examples: CBE-Birr; HelloCash through Wegagen Bank</i></p> <p>No fee is charged to customers receiving money from abroad.</p>

Product features	Description
 <p>Bill payments</p>	<p>Service providers partner with schools, ticket offices, cinemas, associations, e-commerce websites, and other businesses and organisations to allow customers to pay for goods and services using their mobile money account.</p> <ul style="list-style-type: none"> Most bill payment transactions are for subscriptions and e-commerce websites where the payer receives a payment request from a business for products or services they have purchased. <p><i>Examples: Instalment payments for solar energy devices through HelloCash or DSTV subscription payments through M-BIRR.</i></p> <p>The adoption of this service is still at an early stage and the number of business accepting bill payments varies from one service provider to another. A service fee is charged to either the business or customer for bill payment transactions, depending on the arrangement between the business and mobile money service provider</p> <p>Utility bill payments</p> <p>Mobile money service providers are working with utility companies (e.g. water, electricity, telephone) to use mobile money as a payment method for services. For example:</p> <ul style="list-style-type: none"> Bill payments for water, electricity and traffic violations in Addis Ababa through CBE-Birr, and Water bill payments in some towns in Oromia through the Cooperative Bank of Oromia <p>The adoption of utility payments is still in early stages and mainly in urban settings.</p> <p>Utility bill payments are mostly free of charge, but fees are expected to be applied in future.</p>
 <p>Bulk disbursement</p>	<p>Most service providers support bulk disbursement transactions whereby a transfer is made from a single account to multiple recipients at once. This feature is offered for businesses or organisations.</p> <ul style="list-style-type: none"> This is a very important feature for CVA implementations since money needs to be disbursed to thousands of recipients at the same time. Service providers (e.g. M-BIRR for RPSNP) may offer to perform the bulk disbursement on behalf of the CVA client, while some may offer a web interface to allow the CVA clients to do it themselves. <p><i>Example: HelloCash for the WFP fresh food voucher project (see Merchant payments example).</i></p> <p>There is usually a service fee charged to the sender depending on the contract between the service provider and sending organisation or business.</p>
 <p>Add-on services planned for the future</p>	<p>In addition to the above, service providers are planning to add advanced features, such as microloans and insurance services.</p>

Main access channels for mobile money

Most service providers use standard communication channels for their mobile money offerings. Table 4 provides a detailed description of the telecom channels used to deliver mobile money in Ethiopia.

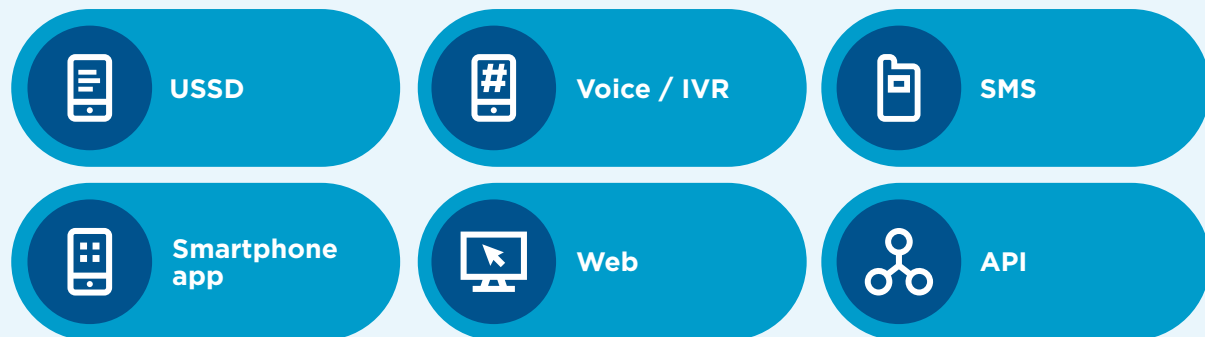





Table 4

Main access channels for mobile money

Access channels	Description
 <p>USSD</p>	<p>This is the most widely used channel. Customers dial a dedicated short code, such as *994#, to access the service menu in text format.</p> <p>The text is customisable in local languages. Most service providers currently support English, Amharic, Oromiffa, Somali and Tigringa.</p> <p>Accessing the USSD menu is currently free of charge.</p>
 <p>Voice/IVR</p>	<p>Customers dial a dedicated short code, such as #904, to hear a voice recording of available services.</p> <p><i>Example: Press 1 to send money, press 2 to check balance</i></p> <p>This channel has not been widely adopted and is currently only offered by HelloCash.</p>
 <p>SMS</p>	<p>This channel is mainly used for transaction notifications and for informational purposes.</p> <p>Customers receive a SMS text for every transaction, as well as promotional and other messages from service providers.</p> <p>The text is customisable in local languages.</p> <p>Customers are not charged a fee to receive an SMS.</p>

Access channels

Description

 <p>Smartphone app (internet-based)</p>	<p>This is a standard smartphone app with an interactive user interface that uses an internet connection to conduct transactions and other services.</p> <p>This channel is most appropriate in areas with high internet coverage and smartphone use.</p> <p>Usage is limited for CVA in Ethiopia since most CVA programmes are in remote areas where recipients are unlikely to own and operate smartphones.</p> <p><i>Examples: CBE-BIRR, Amole, HelloCash, M-BIRR, E-Birr</i></p>
 <p>Smartphone app (USSD-based)</p>	<p>This is a smartphone app with an interactive user interface similar to standard apps, but it uses a USSD connection to conduct transactions and other services.</p> <p>This channel is more appropriate where users have smartphone devices, but are unable to access the internet regularly or are sensitive to the cost of connection.</p> <p>Usage is limited for CVA in Ethiopia since most CVA programmes are in remote areas where recipients are unlikely to own and operate smartphones.</p> <p><i>Example: HelloCash</i></p>
 <p>Web</p>	<p>The web channel is offered to businesses and organisations that are able to visit a service provider website and login with a username and password.</p> <p>The web offers additional features, such as bulk payments, sending payment requests and transaction reports.</p> <p><i>Examples: M-BIRR, CBE-Birr, HelloCash</i></p>
 <p>APIs for interfacing with third-party apps</p>	<p>API integration allows mobile money payment channels to interface with other applications to enable advanced features, such as automated disbursements, payment reconciliation and reporting.</p> <p>This is a valuable feature in CVA implementation for organisations with in-house systems, as it enables them to manage recipient data and automate payment processing and reporting with the mobile money service provider's system.</p> <p><i>Examples: Service providers that are ready to offer API integration include M-BIRR, HelloCash, CBE-Birr and Amole.</i></p>

07 Capability assessment of mobile money service providers

As of December 2019, 10 mobile money services were being provided by 18 financial institutions³¹ to nearly 10 million registered accounts³² in Ethiopia (see [Note 1 - Definition of mobile money service in the Ethiopian context](#)). However, only a handful of these mobile money services are currently being used by humanitarian and development actors for cash transfer programming. As mentioned earlier, Ethiopia's financial sector uses a bank-led model for the provision of mobile money services. Only banks and MFIs are authorised by the NBE to provide mobile money services.

Banks and MFIs acquire technology from a Technology Service Provider (TSP) by paying software licensing fees upfront or by entering into a partnership under a revenue-sharing arrangement. In a revenue-sharing arrangement, the TSP plays a significant role in CVA implementation activities,

such as customising technology, enrolling recipients, managing agent networks and reporting. The major TSPs in the Ethiopian market are MOSS ICT (M-BIRR), BelCash Technology Solutions (HelloCash) and Moneta Technologies (Amole).³³ Under a revenue-sharing arrangement, banks and MFIs may use the same brand name for their mobile money products if they partner with the same technology provider and have co-branding arrangements.

In some situations, it may be possible for an implementing organisation to use a dedicated recipient management system and partner with an FSP to distribute cash payments, through simple outsourcing of the contract or advanced, integration-level partnerships.³⁴ The latter is recommended given the complexities often involved in operationalising mobile money enabled CVA programmes for humanitarian assistance.³⁵

Capacity assessments of service providers: key considerations

Capacity assessments of mobile money service providers will differ depending on the requirements of a CVA implementation, namely, the implementation area and the specific demands of the project. The following section provides key assessment criteria and questions for CVA implementers to consider when selecting a service provider.³⁶

Table 5

Quality of financial products and systems

	Key assessment criteria to consider	Key questions
Organisational capacity	Availability of service coverage in the programme area	<ul style="list-style-type: none"> Does the service provider already have a presence in the CVA implementation area?
	Capacity to establish and maintain an agent network	<ul style="list-style-type: none"> Are agents located within a reasonable distance of programme participants? If not, is the FSP willing to deploy agents during community distributions? Can the service provider manage liquidity requirements for the scale of the transfers required?
	Prior experience delivering services in a CVA context	<ul style="list-style-type: none"> Does the service provider have previous experience with CVA implementations and, more specifically, serving recipients with a similar profile as those targeted by the CVA implementation (refugees, rural communities, elderly, etc.)?
	Accessibility of bank branches and agents to recipients	<ul style="list-style-type: none"> Is there, or will there be, a network of branches and agents accessible to recipients?
	Level of technical support and customer service	<ul style="list-style-type: none"> Will quality customer support be provided to you and your participants? What days and hours? How easy will it be for you to access transaction data for reporting, reconciliation and troubleshooting? How does the service provider process transactions when networks are unavailable?

31 For instance, M-BIRR is licensed through six different financial institutions, but is considered just one mobile money service.

32 Data on number of active accounts was not available at the time of publication.

33 Please refer to [Annex 1](#) for a full list and basic information on mobile money services currently available in the market.

34 This is referring to an internal programme management system used by the CVA implementer. For example: MIS system for PSNP or WFP's in-house system called SCOPE. In such cases where the program is managed by an IT system/platform, direct integration with the payment platform is recommended to automate data exchanges and processing payments.

35 Baah, B. and Downer, M. (2020), [Partnering During Crisis: The Shared Value of Partnerships between Mobile Network Operators and Humanitarian Organisations](#). GSMA.

36 Additional guidance can be found in the GSMA's two handbooks on operationalising mobile-money enabled CVA: [Mobile Money-Enabled Cash Aid Delivery: Essential Considerations for Humanitarian Practitioners](#) and [Operational Handbook for Mobile Network Operators](#).

Key assessment criteria to consider

Key questions

Quality of product and offerings	Product features	<ul style="list-style-type: none"> • What type of technology channel (mobile money, cards, biometrics, etc.) will be used for the cash transfers? • Does the service provider have contingency plans for offline environments or network outages? What type of hardware (SIM cards, etc.) will be required? • Is the service provider willing to provide and/or distribute the required hardware? Will they offer training to the implementing organisation? • Does the service provider offer full-fledged and appropriate financial services that meet the needs of the target recipients? • What type of training will be offered to recipients and what arrangements will be made for continuous support?
	Access channels	<ul style="list-style-type: none"> • Are the access channels offered appropriate and aligned with the CVA implementation area, recipient profiles and programme needs?
	Security of systems and authentication mechanisms	<ul style="list-style-type: none"> • Does the service employ appropriate and reliable security standards on account protection and transaction authorisations?
	Reporting	<ul style="list-style-type: none"> • What reports are offered and in what format? • If the reporting platform is accessed online, does it allow for different access levels?
	Ease of adoption of technology for target recipients and target area	<ul style="list-style-type: none"> • How easy will it be for target recipients to use the technology in terms of their profile, exposure to technology and perceptions?
	Requirements for product use (hardware, software, literacy level, etc.)	<ul style="list-style-type: none"> • What are the hardware and software requirements for recipients to use the service?
	Cost of the services	<ul style="list-style-type: none"> • How much does the service provider charge for the service (both implementation and transaction costs)? • What other fees are included? • What have other NGOs or agencies paid for similar services?

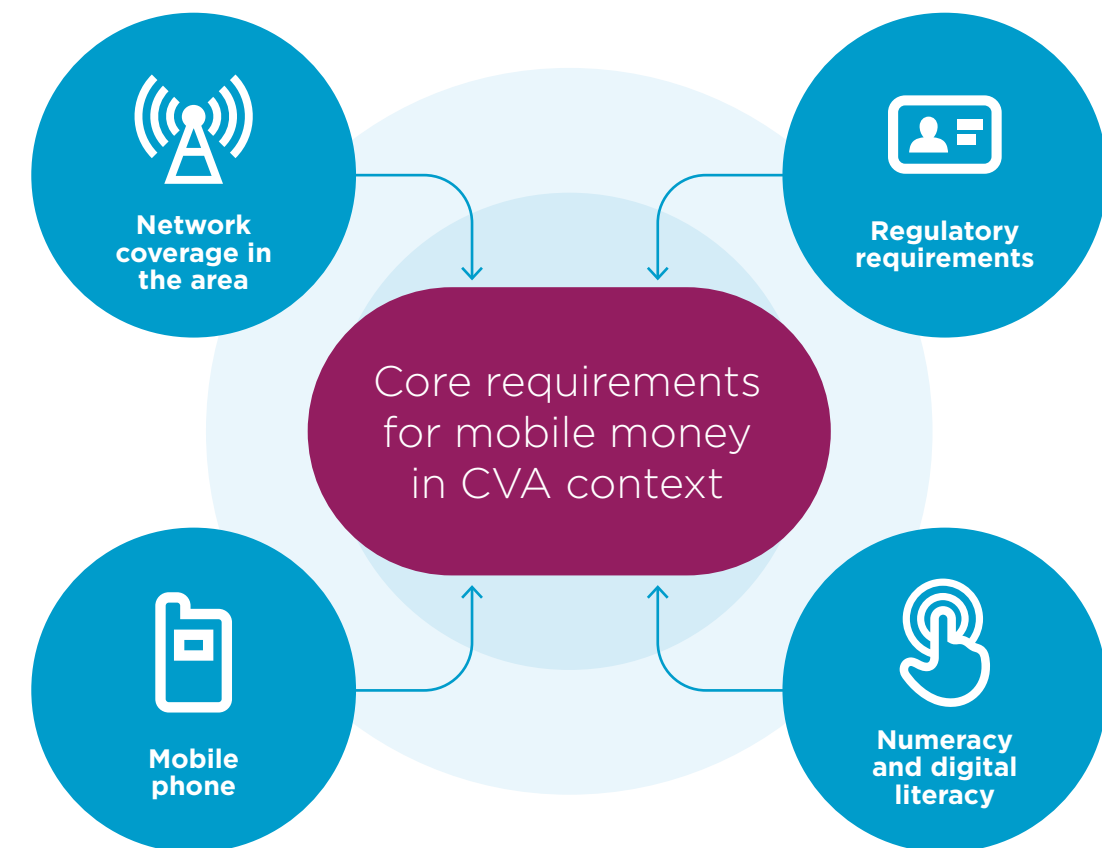
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Basic requirements for the use of mobile money enabled CVA

The following are the basic requirements and considerations for the adoption of mobile money for CVA.

Figure 4

Core requirements for mobile money in CVA context





Network coverage

Mobile money services use mobile devices and telecommunication infrastructure to facilitate transactions between accounts. Many of the service providers require a basic GSM network to be available for voice calls, SMS and USSD connections in the implementation area. Some service providers may also require internet connectivity in cases where internet-based smartphone apps are used. Network coverage is therefore a core requirement for adopting mobile money in CVA contexts.

In most cases, internet connectivity is necessary to make disbursements to recipients' accounts. This disbursement may be performed by the service provider after receiving instruction from a CVA implementer or, in some cases, they may provide a web portal to the CVA implementer to disburse the transfer from its own office. In both cases, the disbursement will require a connection between a computer and the mobile money system via the internet or local area network (LAN). The availability of a mobile phone network would also facilitate SIM card and phone ownership among potential clients in the project areas.

Mobile phone use and network coverage are continually growing in Ethiopia. As of July 2019, Ethio-Telecom reported impressive growth in the

number of telecom subscribers. The number of unique SIM cards has reached nearly 44 million (40 per cent of the population) and network penetration is now 45 per cent across the country, providing a great opportunity for the delivery of CVA using mobile phone technology.

The Government of Ethiopia (GoE) is planning to liberalise the telecom market and provide licences to two new telecom companies by March/April 2021.

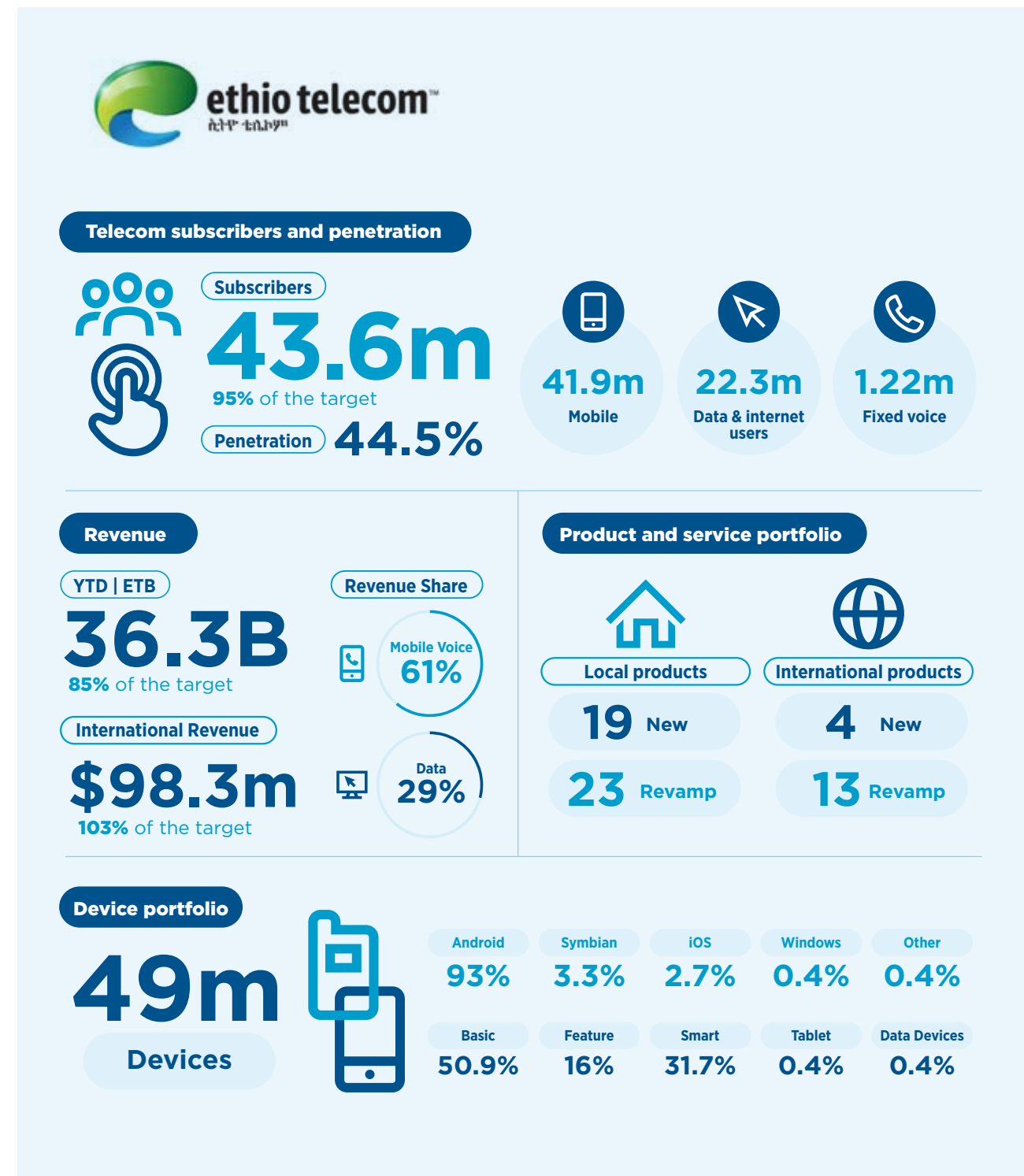
In June 2019, the GoE approved a new proclamation that paved the way for a new telecom regulatory authority to be established and manage these efforts. So far, the new [Ethiopia Communications Authority \(ECA\)](#) has conducted public consultations on the liberalisation process and is finalising the regulatory framework and time frame for issuing the new telecom licences.

The liberalisation of Ethiopia's telecom sector is expected to boost network coverage for telecom services while also bringing down costs through greater competition.

CVA implementers should consider the telecom and network infrastructure when considering digital payment channels, and conduct an assessment to verify the availability and reliability of telecom connectivity for their CVA solution.

Figure 5

EthioTelecom performance report on mobile phone subscriptions³⁷



³⁷ [Ethio telecom 2018/2019 FFY Business Performance Report](#)



Regulatory requirements

As part of international and national banking regulations, Know-Your-Customer (KYC) procedures dictate that registering for standard banking services and opening a mobile money account requires formal identification (ID). The same form of ID is needed to open a bank or mobile money account. However, many of the poorest do not have IDs and those who have been displaced may have lost them. In such contexts, implementing KYC can prove difficult. People do not tend to carry IDs and many are unaware as to why agents require their IDs to register them for a mobile money account.

Ethiopia has pledged to introduce national IDs, but this has not yet been implemented. In the absence of a national ID, regional governments in Ethiopia issue

IDs to residents, usually through the local Kebele administration. However, some Kebele administration offices in border towns do not have the ability to issue IDs, and the regional or central government may revoke this ability for political and/or security reasons.

Mobile money service providers are, however, willing to accept project participant ID cards issued by CVA implementers as part of the programme identification for KYC purposes and issue an account. This would resolve the ID issue for most programmes. For example, RPSNP clients are provided with a mobile money account based on the RPSNP ID issued by the programme and additional profile data they provide.



Mobile phone access

With approximately 40 per cent of the population owning a SIM card, Ethiopia falls below regional averages for mobile penetration. However, the rate of mobile phone ownership is expected to be much higher at the household level where most CVA targeting occurs. Based on data from Ethio-Telecom, as of 2019 there are 49 million mobile devices in the telecom network over 90 per cent of which are mobile phones.

The types of devices break down as follows: 50 per cent basic phones, 17 per cent feature phones and 31 per cent smartphones (figure 5 above).

The number of mobile phones is expected to grow in coming years with the liberalisation of Ethiopia's telecom market and a global trend of declining

mobile phone costs. In addition, the GSMA reports that Ethiopia will record the second fastest growth in Sub-Saharan Africa in SIM card subscriptions with an expected 11 per cent annual growth between 2020 and 2025.

In areas where recipients do not own or have access to a mobile phone or SIM cards, MFIs issue unique ID cards linked to a PIN to cash out. However, these cards can still be problematic. PSNP implementers, which have used this card-based solution for some of its transfers, have reported that recipients with low literacy levels can be more vulnerable to theft from agents. With just a single use case, the solution also limits opportunities for financial inclusion through CVA.

Box 3

Freedom of choice: Facilitating phone ownership amongst CVA recipients for those who want it

In its response to the 2014–15 drought in the Siti zone of the Somali region, the Mercy Corps PRIME project provided mobile phones to recipients. This intervention demonstrated that facilitating access to mobile phones for most programme participants contributed to relatively high levels of product uptake and use, and could lead to increased future product use as people gradually increase their digital literacy and become more comfortable with mobile technology. However, purchasing phones for all programme participants can be costly, and competes with limited resources to meet basic needs.

The subsidised, opt-in loan model used in this programme enabled participants to prioritise phone ownership if desired. The fact that almost everyone in the programme purchased a phone demonstrates its value to this population. Still, the project design was flexible enough to provide this access without infringing on others' preference for more critical consumption needs.

It should be noted that, as electricity is required to charge phones, limited or unreliable sources of energy, even in areas with good network coverage, may be a challenge.

Murray, S. (2016). [Can e-transfers promote financial inclusion in emergencies?](#) Mercy Corps, ELAN; MasterCard.



Literacy and digital literacy

The use of a mobile money service requires recipients to have basic literacy (and a minimum level of numeracy) and experience using a mobile phone, such as dialling a number and reading and responding to text messages. This may be a barrier for certain segments of programme recipients, especially the elderly and illiterate. Efforts have been made by service providers to improve accessibility and make the interaction as easy as possible, for example, adding local language options and making

it a shorter process. However, illiteracy combined with a lack of previous exposure to technology or banking, can result in recipients revealing their PINs to others to help them collect their payments, and potentially expose them to coercion or fraud. Therefore, CVA implementers should consider the literacy and digital literacy capacity of recipients, and their exposure to mobile phone technology, when designing cash-based interventions using digital payment channels, and training recipients.³⁸

Implementing mobile money in CVA programmes: key activities

The GSMA has developed two handbooks to help mobile money providers ([Operational handbook for mobile network operators](#)) and humanitarian organisations ([Essential considerations for humanitarian practitioners](#)) operationalise CVA programmes using mobile money. The latter provides a step-by-step guide for mobile money providers and humanitarian organisations to structure a successful mobile money enabled CVA intervention through seven phases.

The seven phases of implementation are standard for all countries, but the stages within each phase vary across countries and contexts, and between MNOs and humanitarian organisations, which may have their own operational manuals. Figure 6 provides a summary of the key operational steps. The various activities involved in each phase is outlined, in addition to indicating which stakeholder - the MNO or humanitarian organisation - have leadership responsibilities for each phase, or where responsibility is shared (indicated in brackets).

38 GSMA (2020). [Digital Literacy Training Guide: A Guide for Mobile Money Agents and Digital Literacy Change Agents](#)

Figure 6

The seven phases of launching mobile money enabled CVA



For detailed guidelines on these seven operational steps, please see the [GSMA's Mobile Money-Enabled Cash Aid Delivery](#) report, section 2: "Structuring successful operations"



09 Recommendations

The following considerations and actions are recommended for CVA implementers that are looking into using mobile money as a cash delivery channel.

Deciding on a delivery mechanism

- ➔ **Put end-users at the centre.** End user requirements should be a key consideration when deciding on the delivery channel. This would require conducting a needs assessment to understand mobile access and use and whether a particular delivery mechanism is appropriate.³⁹
- ➔ **Remember context is key.** Mobile money should only be considered in contexts where it makes sense, and CVA implementers should always adopt the model best suited to the targeted recipients, the intervention and the objective of the CVA programme.
- ➔ **Measure cost-effectiveness of different disbursement mechanisms.** The cost-effectiveness of different types of humanitarian aid should be a key metric in getting the right mix of cash and in-kind assistance, and value for money from all types of assistance. CVA implementers need to analyse the efficiency and real costs of delivering cash payments through their selected channel. One of the best indicators of cost efficiency would be to use the percentage of the delivery cost from the total transfer budget allocated to recipients.
- ➔ **Conduct a feasibility assessment of service delivery providers.** While mobile money platforms and agent banking appear to be the most viable cash transfer channels (since access to these services for conventional bank and MFI branches in rural areas is very low), CVA implementers should conduct a feasibility assessment in the design phase to check mobile network coverage, mobile phone access and use across marginalised groups, existing agent networks and the potential of establishing agents in the implementation areas.⁴⁰

³⁹ GSMA (2021). [Connectivity, Needs and Usage Assessment \(CoNUA\) Toolkit](#)

⁴⁰ See GSMA (2021) [Connectivity, Needs and Usage Assessment \(CoNUA\) Toolkit](#)

➔ **Understand local conditions prior to selecting delivery mechanism and think longer-term.**

It is important to note that certain key factors, such as regulation, the capacity of organisations and service providers as well as the operating context, would need to be considered when deciding whether to use mobile money for CVA interventions. In addition to meeting the [core mobile money requirements in implementation areas](#), the duration of the project should also be considered. Rolling out mobile money for CVA requires substantial time and cost in the initial stages. Therefore, mobile money may not be appropriate for short-term emergency response interventions if the necessary infrastructure, such as mobile phone and network coverage, are not already in place. Investing in the mobile money channel is recommended as a main gateway to financial inclusion for Ethiopia's large unbanked and financially excluded population,⁴¹ and for long-term, development-oriented interventions.

➔ **Consider ways to increase mobile money viability and use.** If mobile money is adopted, CVA implementers should consider using technologies that can facilitate mobile money use and improve verification of mobile money services (e.g. biometrics).

➔ **Advocate where possible and appropriate.** The humanitarian community should play an advocacy role with regulatory bodies to improve regulations and policies for new technology. This could be done through forums such as the ECWG.

Selecting a service provider and defining service-level agreements

➔ **Select an FSP that is appropriate for the specific implementation location.** For national programmes seeking to make bulk cash payments in various regions, there may be significant advantages in terms of cost and coordination to working with a financial institution with nationwide network and broad coverage. Meanwhile, smaller and location-specific interventions should use an established service provider in that area for e-payment services.

➔ **Ensure service level agreements are clear, cover what is required and are achievable.** It is important to have clear and measurable deliverables when contracting with service providers, including recipient registration (KYC requirements), enrolment, account creation, training and awareness raising for both recipients and implementing stakeholders, real-time reporting and a feedback mechanism.

- Communications and support requirements for field staff and the head office.
- List and format of reporting requirements from service providers.
- The fee structure for both implementation and transactions.
- Management of unused funds and processes for refunds, where applicable.

Implementing mobile money enabled CVA

➔ **Clearly define roles and responsibilities.** It is important to clearly define the roles and responsibilities of stakeholders involved in the CVA implementation, including responsibility for tasks that are outsourced/completed by third parties.

➔ **Embed digital literacy training into mobile money enabled CVA programming.** Introducing and promoting digital literacy, especially to people who are new to mobile technology, requires on-going training and opportunities to practice, may be a challenge in short-term humanitarian programmes. It is therefore critical for CVA implementers and partners to ensure that recipients who are unfamiliar with mobile technologies are sensitised in advance and receive on-going support to access their transfers during the project, from both field staff and cash-out agents.

➔ **Provide ongoing support to recipients.** Financial and digital literacy, as well as awareness on the part of recipients is critical.⁴² The key players in the operation of a cash transfer programme – the CVA implementer, FSP and, where applicable, the TSP – should all be involved before and during the disbursement period to observe whether recipients understand the communications they receive, can count the cash they receive and take steps to address the barriers they encounter. For example, even if recipients are not literate in the language of the SMS messages, they can be taught how to recognise and count the funds they receive.

➔ **Raise awareness of recipients of the potential benefits of mobile money use beyond receipt of CVA.** It is important to note that although the use of e-payments, including mobile money for CVA, are often presented as an opportunity to bring financial services to the unbanked, it does not automatically lead to the uptake of new financial services by recipients. Recipients typically withdraw their full transfer when it becomes available and rarely use their new accounts for non-programme-related transactions. This is the case for both large government social safety net programmes like the PSNP and other humanitarian cash transfer programmes managed by NGOs. According to discussions with key informants in the sector, since the funds transferred to recipients are low value, they are less likely to consider savings. In addition, mobile money providers do not always raise awareness or provide incentives for recipients to keep money in their account. Therefore, additional efforts and collaboration are required between the implementing agency and FSPs to promote the benefits of a mobile money account in the daily lives of recipients so they continue using the service even after the intervention ends.

➔ **Ensure adequate mechanisms are in place for liquidity management.** A network of agents should be deployed to where it is needed for humanitarian purposes when required. The CVA implementer could work together to pool their requirements, leading to co-financing arrangements between donors, governments and service providers to support the extension of mobile money to underserved and risk-prone areas.

⁴¹ The GoE piloted mobile money in FY 2015 as part of its National Financial Inclusion Strategy (NFIS).

⁴² See [GSMA Mobile Internet Skills Training Toolkit \(MISTT\)](#)

10 Conclusion

Based on the context analysis and capability assessment of the mobile money ecosystem and service providers in Ethiopia, we can draw the following conclusions:

- Cash transfers have the potential to be delivered much more efficiently, utilise public- and private-sector capacities more effectively and require fewer organisations than in-kind assistance, which involves multiple parties. The benefits of cash-based interventions increase significantly with the use of e-payment channels, which digitise aid delivery and make it more efficient and transparent.
- Experience has shown that CVA implementers that have worked with e-payment service providers in emerging markets have the potential to influence the uptake and use of financial services.⁴³
- E-payments, such as mobile money, can offer distinct benefits for a humanitarian response, and are typically a safe and transparent way to deliver cash. However, mobile money adoption is not widespread in Ethiopia, with barriers including limited access, social and cultural factors, low literacy rates, high cost of operations and lack of infrastructure in remote settings. The capability and experience of FSPs in the CVA context are also limited. However, partnerships and joint efforts between CVA implementers and FSPs can lead to an increase in both the demand and supply of mobile money solutions, and efficient and large-scale cash-based responses.
- The humanitarian sector should also leverage the e-payment systems already being used by other implementers, such as governments to deliver social protection transfers. This would build on existing systems rather than developing parallel systems.
- Market-based approaches are more appropriate when cash transfers are unrestricted while programmes that apply restrictions may prefer e-voucher platforms, which offer a high level of customisation and control.
- In areas where the basic requirements for mobile money-based approaches cannot be met, if bank branches are accessible near the implementation areas, organisations should consider options such as bank accounts or card-based payments.

⁴³ One such example is from Mercy Corps Experience in Somali region of Ethiopia. See: Bailey, S. (2017). [Electronic transfers in humanitarian assistance and uptake of financial services: a synthesis of ELAN case studies](#). ODI.

Predictions and considerations for the road ahead

The ongoing crisis caused by the COVID-19 pandemic is affecting the daily life of almost everyone in the world. CVA programmes will be forced to reconsider their approach to interventions based on the health, economic and legal implications of COVID-19. The pandemic is expected to exacerbate the humanitarian crisis around the globe, with the [World Bank estimating that COVID-19 will push 49 million people into extreme poverty in 2020](#). This would mean implementers would need to be ready to scale up their operational capacity to cope with increased demand and the working conditions on the ground. CVA programmes are further complicated due to the potential risk of COVID-19 transmission through the handling of physical cash. This could make e-payment methods like mobile money a necessity (if not mandatory) in all future interventions.

Digital payments, such as mobile money, are expected to gain traction in Ethiopia following the recent string of developments and interest of the GoE in building a digital economy. Digital payments have also been recognised as key to improving the quality of government services, including humanitarian CVA programmes. There is also great enthusiasm by the private sector, which sees an array of opportunities, as well as political commitment from the government to make digital payments a reality across all service delivery and cash transactions. CVA programmes should be wary of how recent developments in Ethiopia and around the globe will affect them, and prepare to take advantage of the opportunities and mitigate the risks associated with using mobile money services for humanitarian CVA programmes in Ethiopia.

Deciding which payment system to use depends on the recipient profile, the context, delivery options available, what the programme aims to achieve and its scale and scope. Using mobile money channel brings both benefits and its own set of challenges to CVA implementation. However, experience shows that under the right conditions, the benefits are worth the effort.

Efforts should focus on:

- Understanding potential barriers and implementing measures to overcome/mitigate them and where possible, extending the reach of market-based approaches that maximise concrete benefits to marginalised and targeted communities.
- Working with private-sector partners to adapt digital financial services, where necessary, to deliver cash.
- Expanding the definition of 'e-payment' to accommodate various delivery mechanisms and models that meet the objectives of a CVA intervention and are best suited to recipients and their unique context.

The state of the mobile money ecosystem in Ethiopia and the potential of mobile money to be deployed in a humanitarian context have come a long way since 2012. **Infrastructure has been developed and improved, more financial institutions are providing mobile money services and there is a growing appetite in the GoE and humanitarian and development agencies to deploy digital payments for CVA programming.**

Furthermore, the positive results of various mobile money pilots by humanitarian and development organisations have boosted awareness and interest in deploying mobile money in humanitarian programming in Ethiopia.

The potential for growth is clear – it will now take key stakeholders in the sector to set aside the time to turn the opportunity of mobile money enabled CVA for end-users, mobile money providers and CVA implementers into a reality.

Annex 1

Mobile money services in Ethiopia

Data as at December 2020:

Financial service provider (FSP)	Mobile money brand	FSP type	Year service launched	Technology service provider (TSP)	Arrangement with TSP	No. of branches	No. of agents	Total service locations	No. of registered customers/ accounts
1 Amhara Credit and Saving Institution S.C	M-BIRR	MFI	2015	MOSS ICT	Revenue sharing	806	2,738	3,544	575,442
Addis Credit and Saving Institution S.C	M-BIRR	MFI	2015	MOSS ICT	Revenue sharing	163	1,822	1,985	399,289
Dedebit Credit and Saving Institution S.C	M-BIRR	MFI	2015	MOSS ICT	Revenue sharing	213	1,098	1,311	273,921
Oromia Credit and Saving Institution S.C	M-BIRR	MFI	2015	MOSS ICT	Revenue sharing	384	4,782	5,166	638,735
OMO Microfinance S.C	M-BIRR	MFI	2015	MOSS ICT	Revenue sharing	244	1,219	1,463	297,922
PEACE MFI S.C	M-BIRR	MFI	2016	MOSS ICT	Revenue sharing	29	103	132	21,419
2 Somali Microfinance S.c	HelloCash	MFI	2015	BelCash ICT	Revenue sharing	32	1,339	1,371	306,370
Lion International Bank S.c	HelloCash	Bank	2015	BelCash ICT	Revenue sharing	244	2,265	2,509	375,179
Cooperative Bank of Oromia S.c	HelloCash	Bank	2015	BelCash ICT	Revenue sharing	290	2,173	2,463	544,677
Wegagen Bank S.c	HelloCash	Bank	2017	BelCash ICT	Revenue sharing	348	796	1,144	81,215

Financial service provider (FSP)	Mobile money brand	FSP type	Year service launched	Technology service provider (TSP)	Arrangement with TSP	No. of branches	No. of agents	Total service locations	No. of registered customers/ accounts
3 United Bank	Hi-Birr	Bank	2015	Bole Atlantic	Software licensing	N/A	N/A	N/A	11,703
4 Dashen Bank	Amole	Bank	2015	Moneta Technologies	Revenue sharing	400	0	400	1,900,000
5 Awash Bank	Awash M-Wallet	Bank	2015	Misys International	Software licensing	430	30	460	600,000
6 Abay Bank	Abay Be Deje	Bank	2016	S2M	Software licensing	N/A	N/A	N/A	N/A
7 Oromia International Bank	Oro-Cash	Bank	2016	Techno Brain	Software licensing	N/A	N/A	N/A	110,285
8 Commercial Bank of Ethiopia	CBE-BIRR	Bank	2017	Huawei	Software licensing	1,500	10,441	11,941	3,080,589
9 Abyssinia Bank	EnquPay	Bank	2018	PayQwik Tech	Revenue sharing	N/A	N/A	N/A	8,033
10 Cooperative Bank of Oromia S.C	E-Birr	Bank	2018	E-Birr Tech	Revenue sharing	N/A	N/A	N/A	N/A

Additional information on the four leading mobile money services in Ethiopia:

M-BIRR

M-BIRR is a mobile money service currently being provided by six MFIs: Amhara Credit and Savings Institution (ACSI), Dedebit Credit and Savings Institution (DECSI), Addis Credit and Savings Institution (ADCSI), Omo Microfinance (OMO) and Oromia Credit and Savings (OCSSCO). M-BIRR was the first mobile money service to be launched in the country. It began as a pilot for government safety net programme payments in 2013 and was officially launched in 2015. Its technology is provided by [MOSS ICT](#), an Irish-owned company with partnership agreements with the six MFIs based on a revenue-sharing arrangement. The MFIs have set up their own technology company called Ethiopian Inclusive

Finance Technology (ETIFT), which operates on behalf of the MFIs in dealing with MOSS ICT and other stakeholders, such as Ethio-Telecom.

In addition to providing the technology for M-BIRR, MOSS ICT provides technical support in the form of marketing, business development, training and CVA implementation support to partner MFIs. The M-BIRR service is the main mobile money service used for RPSNP, and other organisations, such as the Relief Society of Tigray (REST), UNICEF and Catholic Relief Services (CRS) have also used the service for their cash-based interventions.

HelloCash

HelloCash is a mobile money service currently being provided by Somali Microfinance institution (SMFI), Lion International Bank (LIB), Cooperative Bank of Oromia (CBO), Wegagen Bank (Wegagen) and, as of 2020, Debub Global Bank (Debub). The technology is provided by a Dutch-owned company, [BelCash](#) Technology Solutions. BelCash provides the technology platform, operational

support and project management support for CVA implementations to its partner financial institutions. HelloCash is one of the most mature mobile money services in Ethiopia. It has been used for CVA by RPSNP in the Somali region and by other organisations, such as UNOPS, WFP and Mercy Corps.

CBE Birr

CBE Birr is a mobile money service provided by the state-owned Commercial Bank of Ethiopia (CBE). With a network of 1,500 branches nationwide, it is the biggest bank in the country in terms of size, operations, customers and profits. CBE Birr was

launched in 2018 and has registered three million customers for mobile money services, according to data provided by CBE officials through KIIs conducted for this research.

Amole

Amole is a mobile money service that has been offered by [Dashen Bank](#) since 2018. The bank has partnered with local tech company Moneta Technologies to acquire the platform and implement the service through a revenue-sharing arrangement. The service is gaining traction in Addis Ababa due to features such as the ability to purchase event tickets,

as well as integration with third-party applications, such as e-commerce sites. However, penetration outside Addis Ababa is very low, especially in rural settings, so it has yet to be used in CVA implementations.

Annex 2

The evolving regulatory landscape in Ethiopia

There has been several developments in digital financial services in Ethiopia since February 2020. The following changes are relevant to our assessment of the mobile money ecosystem in Ethiopia for humanitarian CVA programmes.

Payment Instrument Issuer Directive

The NBE has issued a new directive that will regulate payment instrument issuers. The directive includes mobile money, digital wallets and similar DFS. Titled “Licensing and Authorization of Payment Instrument Issuer Directive No. ONPS/01/2020”, it went into effect on 1 April 2020 and has replaced the 2012 mobile and agent banking directive that allowed banks and MFIs to provide mobile money services via agents. Customers could sign up at an agent or branch location, transact up to 6,000 birr daily and have a maximum account balance of 25,000 birr. In addition, banks and MFIs were allowed to partner with TSPs through either software acquisition or revenue-sharing arrangements.

The new directive brings significant change to the market as it paves the way for MNO-led mobile money services. The directive has also introduced the concept of tiered KYC, whereby customers can

qualify for three different account levels depending on the KYC procedure they complete. A customer with a level 1 account can register through a referral by another customer and is not required to visit a bank branch or agent in person. They can hold up to 5,000 birr and transact up to 1,000 birr daily while Level 2 and Level 3 customers are required to present a valid ID card, can transact up to 5,000 and 8,000 birr daily and can have a balance of up to 20,000 and 30,000 birr, respectively.

Following the directive, there is an expectation that new players would join the market as service providers and offer new products and services as well as enhanced versions of existing products on the market. The directive would also enable Ethio-Telecom to establish a specialised DFS company and offer mobile money services.

Payment System Operator Directives

The NBE has drafted a new directive for payment system operators that paves the way for new players to offer payment switch, ATM, POS and online payment gateway operators' services. The directive effectively gives fintech players regulatory recognition and new business opportunities in the sector. According to the directive, licensing will be offered to companies that are established specifically to operate a payment operator system,

and includes rigorous requirements for shareholders, for governance structure and business operations, and for paid-up capital, which ranges from 1 million to 20 million birr depending on the type of licence. Like payment instrument issuers, the sector would be closed to foreign shareholders. Following consultation with banks and non-bank stakeholders, the directive came into effect in August 2020.

E-Transactions Proclamations

The Ministry of Innovation and Technology (MiNT) has finalised a new proclamation to regulate electronic transactions that covers e-commerce and e-government services. The proclamation provides a regulatory framework for conducting digital payments, electronic trade, taxation, authentication of documents, electronic signatures,

consumer protection and data integrity. In addition, it establishes a new Digital Economy Council (appointed) that will be tasked with promoting and facilitating the sector. The proclamation has been reviewed and approved by the Council of Ministers and was ratified by the House of Peoples' Representatives in May 2020.

National Technology Support Task Force

During the COVID-19 pandemic, a national task force is being chaired by MiNT that aims to accelerate the adoption of digital platforms for the provision of business and government services. The task force is comprised of government institutions, such as the National Bank of Ethiopia, Ministry of Revenue, Commercial Bank of Ethiopia and Ethio Switch, as well as private companies, including fintechs. There are currently over 170 government services identified to go digital and the task force has listed nearly 100

use cases for digital payment solutions, including social safety net payments that can be fast-tracked for implementation. Some of the top priorities include launching inter-bank accounts for account transfer services, facilitating utility payments using all available payment options and enabling digital payments for e-government services.

Annex 3

Table 6

Definitions of key stakeholders in Ethiopia's mobile money enabled CVA ecosystem

Stakeholder	Role
National Bank of Ethiopia	Ethiopia's central bank regulates financial institutions and issues directives and licences related to mobile money services.
Government agencies	Multiple government agencies play an indirect role in the use of mobile money for CVA interventions. For example, Kebele and other bodies that issue ID cards, trade regulations that affect agents and agencies such as Ministry of Trade and Industry, and the Administration for Refugee and Returnee Affairs (ARRA) and National Disaster Risk Management Commission (NDRMC), which are involved in refugee and emergency response activities.
Ethio-Telecom	The sole telecom company providing telecom infrastructure for mobile money services, such as network coverage, SIM cards and telecom channels (SMS, voice, USSD, internet, etc.).
Bank or MFI	A financial institution that has a licence from the central bank to provide mobile money services.
Technology service provider (TSP)	A technology service provider (TSP) is a financial technology (fintech) company that develops, provides and supports the technology systems used for delivering mobile money services. The role of a TSP will vary depending on its contract with a bank or MFI. Some TSPs will have a broader role in the delivery of mobile money services; a partnership model could include involvement in operations, marketing and business development.
Customers	Individuals who use mobile money services. Customers are required to have a mobile phone, a SIM card and a valid ID to register for a mobile money account in their own name. For CVA, service providers may offer customised solutions when customers are not able to provide some or any of the accepted identity documents.
Agents	Small and mid-size retail shops that sign an agency agreement with the service provider and offer mobile money services to customers at their location. Agents receive commission payments from the service providers.
Merchants	Shops that are registered for a mobile money business account and accept mobile money as payment for goods and services.
CVA implementer	Government agencies or NGOs that use mobile money for cash-based interventions in humanitarian assistance and/or development programmes.

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