Financial report

Name of Grantee Organization:		
Project title:		
Grant Agreement No.:		
Period Covered by this Report:	From:	To:
a Total Grant Amount:		
b Less: Total Disbursements to date:		
c = (a-b) Undisbursed balance to date:		

Prepared by: _____ Position: _____ Date prepared: _____
Name of grantee staff person

Reviewed by HIFIVE Project:

_____ _____ _____
Name   Position   Date of Review

Comments/Observations:

Performance Report

Name of Grantee Organization: **Mercy Corps**	
Project title: **Mobile Money Integration**	
Grant Agreement No.: HIFIVE Award #20	Report No.:
Period Covered by this Report:	From: October 2010 To: December 2011

I. Accomplishments for this Reporting Period:

Summary

The general goal of the Mercy Corps Mobile Money Integration Program was to foster financial inclusion over the long-term for displaced and vulnerable rural populations in Haiti by championing the use of Mobile Money in its humanitarian response to the January 2010 earthquake that had led to a massive exodus of Internally Displaced Persons (IDPs) to the country side. Synergies were created with existing USAID and American Red Cross-funded humanitarian cash transfer programs. Mercy Corps partnered with Voilà, a Mobile Network Operator (MNO) and Unibank, a local bank consortium who operated an electronic fund system called *T-Cash* that allowed mobile phones to be used as a mechanism for depositing, storing and distributing money electronically.

Mercy Corps undertook two vital steps to achieve the overall goal. The first step consisted of integrating Mobile Money into the afore-mentioned humanitarian programs, which allowed the mobile technology to be introduced to a selected group of beneficiaries of these programs but which largely called for a limited application of the mobile wallet (m-commerce) in order to achieve the humanitarian objectives of these programs. The second step consisted of training the beneficiaries on the full set of functionalities the mobile wallet has to offer and exposing them to the range of financial services that can be accessed through the use of the mobile technology.

The program successfully integrated Mobile Money into three programs: The *Kenbe La* Food Assistance Local and Regional Procurement (LRP) Program – funded by USAID/Food for Peace; the Emergency Cash Transfer Program – funded by USAID/OFDA; and the American Red Cross (ARC)-funded Non-Food Item (NFI) Market Fair Program. It should be noted that the emphasis of Mobile Money integration was put on the *Kenbe La* Food Assistance Program and this report will therefore mostly focus on this program.

All programs were implemented in the Central Plateau and the Artibonite. Overall, we reached and registered a combined target group of 8,937 beneficiary households and 100 vendors with over US$ 2.8 million transacted through the mobile channel.

Table 1: A summary of all three programs' Mobile Money integration

Program/Donor	Type of distribution (Cash for work vs. grant)	Restricted vs. Unrestricted	Number of beneficiaries reached	Type of beneficiary	Number of payment cycles	Amount of payment per cycle	Location	Payment Dates
Kenbe La Food Assistance Local and Regional Procurement (LRP) Program Funded by USAID/Food for Peace	Cash grant	Restricted voucher based (buy staple foods including rice, beans, oil and maize)	7,815	Host Families, IDPs & Vulnerable Families	Up-to 9	US US$40-US$50	St. Marc, Verrettes, La Chappelle	December 2010 – September 2011
Emergency Cash Transfer Program (Cash for Work and Unconditional Cash Grants) Funded by USAID/OFDA	Cash grant	Unrestricted	100	Host Families, IDPs & Vulnerable Families	1	~US US$125	Saut d'Eau	February 2011
Market Fair Program (Bayo Chwasi) Funded by the American Red Cross	Cash grant	Restricted voucher based (NFIs for purchase only by vendors at Market Fair)	999	Host Families, IDPs & Vulnerable Families	1	~USUS$ 225	St. Marc	May 13, May 31, June 7, 2011

Mercy Corps conducted a Mobile Money pilot by integrating *T-Cash* into the OFDA emergency cash transfer program in Saut d'Eau in February 2011, whereby we disbursed unconditional cash grants to 100 beneficiaries' e-wallets (electronic wallets) which offered all *T-Cash* functionalities: cash-in (putting value on a mobile wallet at a merchant-agent), cash-out (transfer of stored value in a mobile wallet to a merchant-agent who then provides physical cash), m-commerce (mobile commerce) and peer-to-peer transfers. This was the only integration project where the mobile wallet was not restricted.

In another pilot, Mercy Corps integrated Mobile Money into the ARC-funded Market Fair Program in Saint Marc in May and June 2011, whereby 999 beneficiaries used their mobile e-wallets to purchase non-food items and shelter materials at the Market Fairs.

The *Kenbe La* food assistance program was the focus of our Mobile Money Integration project, which began in earnest in December 2010. All transfers to and by the participating 7,815 beneficiaries were done electronically via *T-Cash*. As *Kenbe La* was a food assistance program, the beneficiaries' e-wallets were restricted to allow them only to purchase selected food items (corn, oil, beans and rice) as defined by the *Kenbe La* program objectives and this was done from participating merchants who accepted e-money (electronic money) for payment.

After the close of the *Kenbe La* program, Mercy Corps conducted beneficiary trainings to introduce participants to all the available *T-Cash* functionalities, as they had deliberately not been exposed to them during the course of the program. The full wallet training was incorporated into a basic financial literacy module. Through these trainings, Mercy Corps was also able to introduce the broader array of financial services (e.g. savings, insurance, credit etc) that could be accessed through the use of Mobile Money.

In addition to the beneficiary trainings, there was a training component for the merchants. This consisted of a basic business skills training as well as liquidity management training for those merchants who qualified as official *T-Cash* cash-in/cash-out agents towards the end of the program.

Specific Objective 1: To develop a replicable model for integration of Mobile Money across multiple programs

1.1 Beneficiary and merchant databases

To effectively manage pertinent beneficiary and vendor information, Mercy Corps used two sets of databases: one based on Microsoft Office software such as Excel, Access and Word; and another based on an on-line *T-Cash* platform developed by Voilà. The *T-Cash* platform was used to manage the transfer of Mobile Money to beneficiaries through the Mobile Money agent - account Voilà created for Mercy Corps. Authorized Mercy Corps staff that had access to the administrative portal of the agent account acted as disbursement agents and automatically transferred funds to beneficiary mobile wallet accounts. Individual merchant-agents' accounts (i.e., program vendors) were also managed through this administrative portal.

Additionally, Mercy Corps developed a master document in Excel (later converted into Access) to manage beneficiary and vendor information. Beneficiaries were uniquely identified in the Excel and Access databases using: beneficiary name, Mercy Corps' Program ID (MC PID), and Mobile Number (MSISDN). Where applicable, National IDs (NIF and/or CNI) were also considered for supplementary beneficiary identification. Additional program specific attributes including Community Location (Location ID) was also used. Vendors were uniquely identified using their Mercy Corps Program ID (MC PID), Vendor Name, Vendor Location, and Mobile Number (MSISDN). Mercy Corps' unique program ID for beneficiaries and vendors was linked to the MSISDN in the program database to provide high confidence and authentication for the mobile wallet transaction reporting.

The database also provided an opportunity for comparison and qualitative interpretation of the project results. For example, the operating standard procedure of Mobile Network Operators (MNOs) is to recycle MSISDNs that are inactive due to failure to top up airtime. However, due to a special arrangement with Voilà, the MSISDNs provisioned for beneficiaries and vendors during the program period were never recycled by the service provider due to inactivity. Instead, tracking of inactive mobile wallet accounts provided a reportable component of the monitoring and evaluation objective.

Mercy Corps developed a second set of databases in Word and Excel that we used to collect data for beneficiary Financial Diaries[1]. Information captured in these financial diaries aided in the development of e-Book 2, as described under objective 3. Beneficiary data included: beneficiary name, MCPID, marital status, number of dependants, approximate weekly expenses and income, preferred savings mechanisms, *T-Cash* e-wallet balance at a given time, details of cash-outs (when, amount), beneficiary Mobile Money concerns/issues, proposed solutions, and comments about Mobile Money. Beneficiaries were also given logbooks on which they recorded the details of transactions that they undertook (date, time, amount transacted, location of cash-in, cash-out and/or purchase, and items purchased). For the vendors, in addition to the information above, we collected additional sales-related data, e.g., the amount of sales, etc.

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[1] The term *"Financial Diaries"* refers to a compilation of information gathered from beneficiary logbooks, focus group discussions, case study interviews, and aggregate transaction activity reports.

1.2 Integrating the use of Mobile Money into Cash Transfer Programs

<u>Two pilots: Emergency Cash Transfer and Market Fair Programs</u>

In February 2011, Mercy Corps conducted a pilot integration of *T-Cash* into its OFDA-funded Emergency Cash Transfer program in Saut d'Eau whereby we disbursed unconditional cash grants to beneficiaries' e-wallets. The beneficiary wallets had the capacity for all the *T-Cash* functions of cash-in, cash-out, peer-to-peer transfers and mobile commerce. Mercy Corps disbursed a one-time 5,000 HTG [2] unconditional cash grant to the e-wallets of 100 beneficiaries who participated in the pilot. Nine vendors took part in the pilot, including one school and two pharmacies. This not only provided participating beneficiaries and vendors with hands-on experience with m-commerce but also introduced them to all the mobile e-wallet functionalities, which contributed to developing a temporary Mobile Money ecosystem in Saut d'Eau.

Furthermore, in May and June 2011, Mercy Corps piloted Mobile Money with 999 beneficiaries of the ARC-funded Market Fair Program, which allowed the beneficiaries to purchase non-food household items and shelter material at the fairs. With this integration, beneficiaries received a one-time payment of 9,000 HTG [3] that they were required to spend in one day by purchasing from pre-qualified vendors at the fairs. Mercy Corps organized three market fairs, generating 4,223 transactions in total.

<u>Kenbe La Food Assistance Program</u>

Outputs achieved
The *Kenbe La* food assistance program was the focus of our Mobile Money Integration project. Mercy Corps began activities under this objective in earnest in December 2010. The *Kenbe La* program lasted until the end of September 2011 and gave vulnerable households (HH) a monthly stipend of US$ 40 or US$ 50 [4] to purchase selected staple food items (rice, beans, corn and oil) over a period of 9 months. 7,838 [5] (5,389 women and 2,449 men) of the *Kenbe La* beneficiaries based in the St Marc, Verettes and La Chapelle areas participated in the Mobile Money integration project.

Mercy Corps disbursed a total of US$ 2,891,201.45 (inclusive of US$ 65,965.93 in fees) over the mobile channel in the course of the project. The cumulative number of Mobile Money payments reached 52,136, of which 7,623 were made in the amount of US $40 and the rest in the amount of US$ 50. Depending on when they joined the program, beneficiaries received anywhere between one and nine payments by the end of the program, as shown in the table below:

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[2] Equivalent to about US$ 125
[3] Equivalent to about US$ 225
[4] In April 2011, the monthly stipend was increased to 2,000 HTG due to rising food prices.
[5] The reason why this number is not the same as the number of beneficiaries who received Mobile Money transfers as shown in table 2 is that 7,838 beneficiaries were registered and participated in the different activities leading up to the transfer (and as such figure in the database) 23 of them did not actually receive the transfer as they dropped out of the program.

Table 2: Number of Kenbe La beneficiaries who received Mobile Money transfers

Commune	No. of Payments Received									
	1	2	3	4	5	6	7	8	9	Total	
La Chapelle		6	8	771						785	No. of HHs
Saint-Marc	11	11	38	623	83	109	2462	1671	1563	6571	
Verrettes	3	6	6	443	1					459	
Grand Total	14	23	52	1837	84	109	2462	1671	1563	7815	

How it was done

To conduct the Mobile Money disbursements, Voilà provided Mercy Corps with a *T-Cash* electronic account which functioned almost like an online bank. Mercy Corps provided beneficiaries and vendors with free mobile phones, and SIM cards embedded with *T-Cash* (e-wallet). As *Kenbe La* was an emergency program and the majority of the beneficiary households had been affected by the earthquake and had lost almost everything, Mercy Corps considered that providing each of the beneficiaries with a mobile phone was the most inclusive way of implementing the project.

Mercy Corps disbursed the stipends into beneficiaries' e-wallets from its *T-Cash* account on a monthly basis following a given schedule. Beneficiaries were notified of the disbursements through a text message on their phones, and they then went to vendors' stores and purchased the food products through m-commerce. Once the vendors received e-money from beneficiaries, they went to UniTransfer (the official cash-out agent of Unibank) to redeem the cash equivalent on their e-wallets.

Education of beneficiaries and vendors was a key to the success of this strategy, and this activity is further described under Objective 2. Furthermore, during peak transfer days, Mercy Corps increased the deployment of monitors in the field to facilitate Mobile Money transactions and to monitor the product purchases at the vendor locations. The general trend in the course of the project was that *Kenbe La* participants spent all of their e-money immediately after receiving it, and all at one single vendor.

Limitations of the restriction of the e-wallet

As *Kenbe La* was a food assistance project, Mercy Corps requested Voilà to restrict beneficiary wallets to only the m-commerce functionality in order to guarantee food purchasing and to accurately measure impacts on food security. The beneficiaries were therefore able to use the funds received solely for the electronic purchase of four staple food products from the participating merchants.

This restriction of e-wallets contravened the Mobile Money integration program's ultimate goal of "banking the unbanked". There is a high likelihood that this lack of exposure to the full functionality of Mobile Money at the beginning of the project may have skewed the beneficiary messaging around Mobile Money. As a result, Mobile Money may have been seen as merely a means to purchase selected items electronically, rather than as a handy tool for a wide variety of financial transactions. As described under Objective 4, Mercy Corps trained the beneficiaries on all other functionalities of the e-wallet only after the end of *Kenbe La* (when there was no longer a risk of beneficiaries 'abusing' this knowledge) but by then beneficiaries had gotten used to the restricted use of m-commerce and this may have limited their perspective regarding the broader array of the possibilities of Mobile Money.

Box 1: *Beneficiary sign up and registration*

Specific Objective 2: To provide integrated beneficiary / merchant training and community education in order to build beneficiary readiness and drive Mobile Money acceptance

2.1 Community sensitization

In order to ensure transparency and mitigate any potential security risks in the implementation of the program, Mercy Corps conducted extensive mobilization and sensitization around the program in the target areas, coupled with clear beneficiary selection criteria, timeliness and procedures.

Throughout the program, Mercy Corps followed beneficiary selection with community mobilization sessions, which included a presentation of Mercy Corps, the donor, the program objectives, and the beneficiary and vendor selection criteria. Mercy Corps sensitized the local government, community leaders and religious leaders regarding the objectives of the program and invited them to review the beneficiary lists and observe Mobile Money transactions. This ensured that Mercy Corps and the program itself were accepted at the community level.

2.2 Beneficiary training

Mercy Corps spent a significant amount of time designing training modules on the use of *T-Cash*. A key success factor lay in developing training materials that addressed the needs of beneficiaries with limited literacy and numeracy skills. We tailored the training methodology to accommodate additional contact time when required, to ensure not only understanding of the concept but effective ability to execute the required commands.

Mercy Corps successfully overcame literacy and numeracy challenges on the beneficiary side through the development of a picture-based training methodology whereby a local artist drew images of the different transaction steps and blew them up in large flipchart-size training materials. In addition, the trainers acted out role plays that mimicked how transactions would be carried out at the vendor locations. This was accompanied by m-commerce transaction simulations on the beneficiaries' phone. Finally, we gave all participants, beneficiaries and vendors alike a "cheat sheet" which recapped the essential commands required to conduct m-commerce.

2.3 Merchant/agent training

Mercy Corps, in collaboration with Voilà, trained the merchants on the use of *T-Cash* both from the merchant as well as the customer's perspective. Merchants learned about the m-commerce procedure and about the process of cashing-out at authorized agent locations (UniTransfer). Mercy Corps encouraged merchants to assist any beneficiaries needing help with *T-Cash*.

Box 2: *Sample beneficiary training material*

Specific Objective 3: To develop a comprehensive documentation framework supported by anthropological research and sound monitoring & evaluation

3.1 Development of a framework for program M&E and Financial Diaries

Mercy Corps integrated the program specific data attributes with traditional indicators and verification mechanisms. To accomplish this, we completed attitudinal surveys of end users and merchant-agents, and observed behavior of beneficiary groups. The documentation efforts included daily trip reports produced by the program team, photo essays, case studies, and a more robust exercise of producing Financial Diaries.

The Financial Diaries were designed to record, in both quantitative and qualitative terms, the financial aspects of beneficiaries' and merchant-agents' lives during the pilot integration project in Saut d'Eau. The diaries provided insights into local perceptions, usage, interest and commercial pain-points associated with Mobile Money. Mercy Corps periodically gathered information from the diary-keepers via interviews either over the phone, in-person and/or through individual written accounts. We asked them to provide feedback on the different phases of the mobile wallet experience i.e. training, registration, grant disbursement, and post-

disbursement. We then analyzed and compiled the results of the activities described above and produced a total of 35 beneficiary and merchant-agent Financial Diaries as the key output of the M&E and documentation efforts in this context.

3.2 Collation, data analysis and dissemination of findings

Mercy Corps developed solid monitoring and evaluation plans as part of the respective programs in which Mobile Money was integrated. We validated the collected quantitative and qualitative data through follow-up interviews and triangulation and enlisted the help of a sociologist particularly to analyze the Financial Diary information.

At the end of the *Kenbe La* program, Mercy Corps engaged an external consultant to conduct a final evaluation of *Kenbe La*. Among other things, this evaluation analyzed the efficiency of Mobile Money versus paper vouchers as a tool for humanitarian cash-transfer programming in terms of cost, time, human resources and operations.

According to the findings of the evaluation, the paper voucher system seemed more cost-efficient than Mobile Money when implemented in a nascent ecosystem. For example, a US$ 50 Mobile Money transfer cost an additional US$ 5 in tax to the government compared to a voucher where no such tax is applied. It cost Mercy Corps US$ 3.15 per paper voucher against US$ 7.75 per Mobile Money transfer in total fees excluding other direct or indirect costs such as human resources and logistics. However, time savings, logistics, security and crowd control added to Mercy Corps' value proposition with regard to Mobile Money transfers from an implementing agency perspective. More analysis about this comparison can be found in the Lessons Learned section below.

External communication of the program achievements to interested audiences such as USAID, other NGOs and researchers was a priority. We dedicated significant effort to sharing results and experience within the community of practitioners in Haiti and abroad. We collated findings from program M&E and research activities and disseminated them to the wider public in the form of reports, interactive media, and workshops. Mercy Corps was an active participant at the monthly HiFive Round-Table discussions on NGOs' use of Mobile Money, and was instrumental in informing different researchers examining Mobile Money in Haiti, such as the Cash and Learning Partnership (CaLP) group and Dalberg Global Development Advisors.

Diary of a Mobile Money Program
The Diary of a Mobile Money Program was our three-part e-book series (e-Book 1: *From Planning Phase to Pilot Launch,* e-Book 2: *Beneficiary Financial Diaries – In Their Own Words and* e-Book 3: *Scaling up – Growing a Merchant-Agent Network*) documenting the inception and development of our Mobile Money project in Haiti. We told the story of how Mercy Corps partnered with an MNO and a bank to introduce Mobile Money services to Haiti. This is a story that also gave us the window into the lives of Haitians who were internally displaced as a result of the January 2010 earthquake, their host families, and other vulnerable residents of rural Haiti. They shared with us experiences of how they built, managed, and improved their livelihoods and those of their children, and the great dreams they had for the future.

Figure 1: E-Books 1, 2 and 3

In e-Book 1: *From Planning Phase to Pilot Launch,* we relate the origins of our commitment to Mobile Money, the partnerships we developed, the technology we helped test, as well as the operating environment we encountered when integrating Mobile Money into our cash transfers programs.

In e-Book 2: *Beneficiary Financial Diaries – In Their Own Words*, we move beyond initial program insights from the pilot phase to share the experiences of individual usage of Mobile Money as expressed by the beneficiaries themselves. Drawing on information collected from beneficiary Financial Diaries, we took an intimate look at the financial lives of these vulnerable rural communities as a Mobile Money ecosystem was building around them, and presented a detailed overview of their own perceptions, patterns, and preferences. We developed this book with the hope that their voices and views would add to the emerging discourse regarding Mobile Money's ability to positively impact the lives of people who traditionally live at the margins of access to basic services.

E-Book 3: *Scaling up – Growing a Merchant-Agent Network,* describes how Mercy Corps created a program environment for small and medium-sized merchants (previously unfamiliar with Mobile Money) to accept it as a form of payment and later on become cash-in / cash-out agents. The e-book also presents our findings on how the use of Mobile Money impacted the businesses and lives of these different merchant communities throughout Saint Marc. Based on multiple rounds of one-on-one interviews and focus group discussions, the e-Book captured the thoughts, perceptions, and feedback of 38 out of the 54 *Kenbe La* merchants. We also included some quantitative data (e.g. volumes of *T-Cash* sales and clientele) to provide additional context to their feedback and commentaries.

Specific Objective 4: To support the evolution of future financial services for the poor and unbanked and to ensure sustained adoption and rural agent sustainability

The overarching aim of the Mobile Money integration project was to introduce beneficiaries to the transformational potential of Mobile Money as a tool to access financial services and thus to foster their financial inclusion.

Since the integration of Mobile Money into *Kenbe La* introduced beneficiaries only to the m-commerce function to serve the purpose of the food assistance program as described above, Mercy Corps developed an additional training to further expose them to the full functionality of their mobile e-wallet after the end of *Kenbe La*. This training was packaged into a broader financial literacy training that showed benefiaries how to manage their daily household finances and how they could use Mobile Money as a tool to manage their finances and access financial services (i.e., savings, insurance and credit) in the long-term. Increased financial literacy can lead not only to better informed and improved use of Mobile Money services but also to their sustained use over time. This training was thus a critical step to ensure a sustainable shift from early adoption to trusted acceptance, with the intention to stimulate a Mobile Money ecosystem in Haiti.

In addition, we conducted merchant-agent training in parallel to the beneficiary trainings so as to ensure that both end-user and merchant-agents could participate in the transformational potential of Mobile Money services. Furthermore, the presence of robust and well-trained merchant-agent networks is crucial to the viability of Mobile Money services, particularly in rural areas where Mobile Money subscribers must have access to enough points of service (PoS) to conveniently and efficiently cash-in or cash-out. From the end user perspective, without a sufficient number of reliable access points to conduct these types of transactions, the value proposition associated with using and maintaining a mobile wallet diminishes. Mercy Corps also trained the merchant-agents on basic business management and liquidity management.

4.1 Beneficiary training
After the end of the *Kenbe La* program, Mercy Corps conducted the financial literacy training sessions between October and December 2011. The beneficiary training modules focused on introducing beneficiaries to the entire mobile e-wallet functionality (cash-in, cash-out, m-commerce and peer-to-peer transfers) and skills building that when applied, would lead to improved money management practices vis-à-vis spending, saving, borrowing, and investment. We trained a total of 5,779 beneficiaries.

Preliminary surveys indicated the following pre- and post-training evaluation results:

Increase in Learning
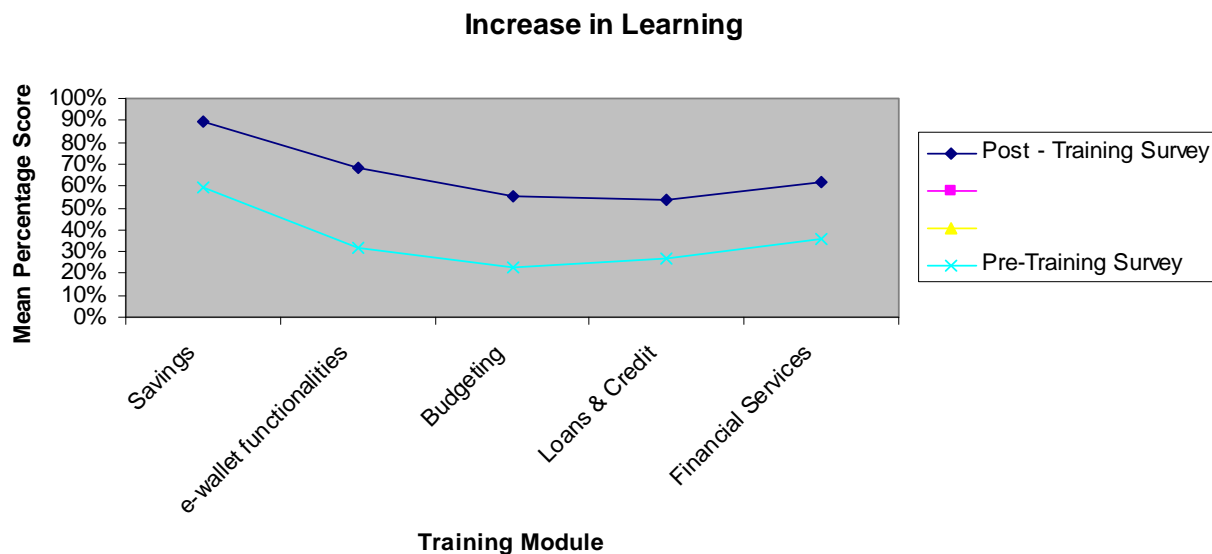
Figure 2: The level of beneficiaries' knowledge in financial management increased in each training area

4.2 Merchant-Agent Training

In addition to the beneficiary trainings, Mercy Corps had a training component for the participating merchant-agents to build their business and liquidity management skills.

As one of the Mobile Money integration project objectives was to help build a Mobile Money ecosystem, Voilà selected 54 qualifying merchants from the total 74 who had participated in *Kenbe La,* to act as official *T-Cash* cash-in/cash-out agents. For the Mobile Money ecosystem to grow and remain stable, it was imperative that these newly-appointed *T-Cash* agents have the capacity to understand and properly manage their liquidity needs both in terms of physical cash, e-money on their mobile wallets and cash in the bank. 40 of them participated in our liquidity management training which taught them how to adjust their operations to allow for periodic balancing between the stored value on their mobile wallet and their cash reserves based on transactional patterns that are, at least initially, somewhat unpredictable.

Additionally, results of our preliminary survey informed us that none of the merchants who participated in the project had received any prior formal business training. We therefore trained 69 of them on basic business management. The program covered the following main areas:

- Accounting (cash flow statements, budgets, sales and profits)
- Marketing (market analysis, mix-marketing, client relationships and POS/product presentation)
- Resource management (stocks, sales and staff management)
- Access to credit (types of credit, financial products and financial needs)

4.3 Mobile Money uptake after Kenbe La

Mercy Corps implemented the Mobile Money integration project with the expectation that at least 25% of beneficiaries and vendors would still be using the Mobile Money service after the

end of the *Kenbe La* program. Unfortunately, less than 0.5% of beneficiaries used their *T-Cash* accounts post *Kenbe La*, potentially due to several factors as explained below:

To begin with, as much as Mercy Corps worked to develop beneficiary and agent-awareness and readiness for Mobile Money, in order for ecosystem to take hold, there has to be willingness and support by participating financial institutions and MNOs. Mercy Corps' strategic priorities and skill sets do not typically place the organization in a position to directly or indirectly act as an acquirer or promoter of a commercial service. In this situation, there was a lack of commitment and/or capacity on the side of Voilà and Unibank to maintain and expand its service (*T-Cash*) into the market of Saint Marc despite the initial ecosystem that had been created with the help of Mercy Corps' Mobile Money integration project.

T-Cash was launched in a very nascent commercial Mobile Money environment. It is therefore possible that the market was just not ready as yet for Mobile Money. In the absence of a fully developed ecosystem (agents, vendors and a strong value proposition), there was little incentive for beneficiaries to use *T-Cash* after the project ended. However, as more value-added services enter the market, and the MNOs commit to helping build a Mobile Money ecosystem, we can hope for an improvement in the outcomes of such NGO – led Mobile Money programs in the future.

Lastly, there is a possibility that the beneficiaries' e-wallet restriction to only m-commerce at the initial exposure to Mobile Money during *Kenbe La* could have skewed the beneficiary messaging around Mobile Money. As a result, Mobile Money may have been seen as merely a means to purchase selected items (such as food under *Kenbe La*) electronically, rather than a handy tool for financial services management for the long-term, despite the training on the full e-wallet after the end of the *Kenbe La* program. However, this last hypothesis is only speculative in the given circumstances, since because of the other factors listed above, there was not a real mobile money ecosystem that participants could have chosen to participate in after the close of *Kenbe La* even if they had wanted to.

II. Challenges Encountered and Lessons Learned:

Challenges Encountered:
- *Insufficient network coverage*
  In view of the chosen program locations, Mercy Corps initially had some difficulties with the network coverage during the reporting period. After some time, the MNO put up additional base stations resulting to a significantly improved network quality.

- *Limited on-line T-Cash platform functionality*
  For Mercy Corps, limited system functionality while supplementing a nascent Mobile Money ecosystem was a challenge we addressed through communication. Regular meetings, phone discussions and correspondence with Voilà (the mobile network operator), and Unibank was absolutely critical in ensuring swift problem solving.

- *Access to electricity*

Most of our beneficiaries were located in places without electricity or where electricity supply was sporadic. As a result, mobile phones were mostly recharged only when beneficiaries knew the payments were coming in. This, together with the unsteady mobile network coverage in more remote areas made it difficult for program staff to access beneficiaries whenever they wanted to relay important announcements. To address this issue, Mercy Corps provided several beneficiary households with solar chargers.

- *Merchant recruitment*
  In the early days of program implementation, merchant recruitment was problematic given the novelty factor Mobile Money brings. Merchants soon overcame this initial reluctance to use Mobile Money when they began reaping the benefits of participating in the program in terms of increased sales volume (in many cases vendors experienced as much as a 50% monthly increase in revenue) and the timely transfer of their e-money to cash at the local UniTransfer branch.

- *Difficulty in finding training locations*
  To overcome this issue, we approached churches, schools and homeowners with yards large-enough to host trainings, all of whom were very generous with their spaces.

- *Low levels of literacy and numeracy skills amongst participants*
  We overcame this challenge by conducting the training using picture-based materials.

- *Inconsistent beneficiary attendance to the financial education training sessions*
  This common occurrence especially in the urban areas of St. Marc hinged on a variety of reasons such as:
  - work
  - school/college
  - some beneficiaries came to the training expecting to be given money and when they found out there was no money, they left
  - lack of contact information about the beneficiaries; for example, some beneficiaries stopped using the Voilà SIM cards registered in our database and we were unable to locate them through other means.

  To deal with this issue, we conducted door to door mobilizations, posted training lists with location and times, and also requested the vendors and community leaders to spread the word.

- *Absence of an all-encompassing MOU with partners*
  Mercy Corps' partnership with UniTransfer (provided cash-out services on behalf of Unibank) without a direct contract (the MOU was with Unibank) came with several challenges. At some point during the program, UniTransfer were not happy with the program's payment structure but since they were not a party to the MOU with Mercy Corps, Unibank and Voilà, they felt as if they had no avenue to report discontents. Because of this disgruntlement, UniTransfer thought of discontinuing with operations in the course of *Kenbe La*.

Voilà on the other hand felt that since UniTransfer and Unibank came from the same entity, they should work any issues out internally. In the future, a better arrangement would involve having an MOU with all partnering organizations to ensure clear communication channels. From a customer's view point, cash-in/cash-out agents are the face of the Mobile Money Service provider. Therefore, when the agents are discontent, it can negatively affect their relationship with the customers.

- *Wallet size limitations and Know Your Customer (KYC) requirements*
  Programs with relatively high disbursement amounts (US$ 125 for the cash grants and US$ 225 for the NFI/Shelter fairs) required full KYC of program beneficiaries, creating issues for those beneficiaries without national identification cards. We overcame this problem by facilitating the process of requesting new identification at the local *Direction Générale des Impôts* to be issued with a *matricule fiscal*.

- *Restriction of beneficiary e-wallets*
  This "blocking" of e-wallets for the purpose of the *Kenbe La* program contradicted the Mobile Money integration project's aim of providing financial inclusion to the poor. To address this issue, once the *Kenbe La* program came to a close, the beneficiaries were trained on all the other capabilities of their e-wallets and were trained on how to use them.

Lessons Learned:

- For faster transition from early-acceptance to adoption for the long term, it may be better to explain to beneficiaries early on that while the use of the wallet is restricted to m-commerce for the purpose of the humanitarian program, the wallet offers in fact a broader array of financial services (i.e., transfers, savings, insurance and credit) and that these other options will be introduced by the end of the program. This will create an awareness of the potential of the full wallet from the beginning.

- Integrating a Mobile Money into a food assistance program is advantageous in the short-term as it offers beneficiaries purchasing power while at the same time avails customers and sales to participating merchants, thus acting as a value proposition for both actors especially in a nascent Mobile Money ecosystem. However, with the termination of the program comes a decrease in available customers and sales experienced by the vendors. To ensure long term sustainability beyond the project life, it is therefore imperative, early on in the program set-up and planning phase, for both the Mobile Money Service Provider and the implementing agency (NGO) to put forth an End of Program transition plan for the conversion of beneficiaries and participating merchants to on-going use.

- Early evidence from a research conducted by Dalberg Consultants suggests that Mobile Money delivers on its promise of speed and will continue to become more efficient as processes and systems are refined. The firm's analysis of the "critical path" payment cycle time—that is, the time necessary to complete only the essential steps for cash delivery — suggests that Mobile Money saves significant time.

- Though Mobile Money is faster and safer than traditional cash transfer mechanisms, it is not necessarily cheaper in a nascent ecosystem. However, as institutional knowledge builds within the organization, users become more accustomed to the use of the technology/application, an ecosystem develops and Mobile Money platforms become more refined, there should likely be a significant drop in associated costs including: training beneficiaries, supporting agents and institutional transfer of knowledge (engaging international staff and consultants).

- The benefits of security, convenience, speed and accountability of Mobile Money are all very real. However, they must be considered in full acknowledgment of the costs and the challenges involved in implementation. The results of the *Kenbe La* final evaluation report suggests that Mobile Money could be a more efficient methodology than the paper voucher to provide immediate emergency assistance (under time constraints) to people affected with disasters or in severe food insecurity when telecommunication systems are in place. In post-disaster situations where fast and safe delivery is of paramount concern, the benefits of Mobile Money may be more important than the additional costs that may be incurred. For unconditional cash transfers, Mobile Money presents a viable alternative when populations are educated about the technology. However, in longer-term livelihood programming, program costs will tend to be considered more important, and often outweigh the advantages that Mobile Money has to offer.

- From a beneficiary's perspective, safety, convenience, accessibility, access to financial services, reliability and trust are valued more than cost savings. 98% of the respondents from a household monitoring survey Mercy Corps conducted recognized that the cash transfer modality for Mobile Money was well received. About 97% of the respondents felt safer using Mobile Money, while 75% found Mobile Money more convenient than cash.

- It is possible to build institutional knowledge by codifying lessons learned, and a program can ensure expertise is maintained by retaining and deploying key staff to new programs.

Performance Indicators: October 2010 – December 2011

Value of gross loan portfolio outstanding Number of active clients Number of active clients (women) Number of active clients (men)	N/A
Value of savings deposit accounts	N/A
Percentage of portfolio outstanding held as poverty loans (i.e., loans under US$400)	N/A
Financial Sustainability Operational Sustainability	N/A
Portfolio-at-risk >30 days	N/A
Number of rural clients	8,937 (100 for OFDA cash grants, 7,838 for *Kenbe La*, 999 for ARC/NFI fairs)
Number of points of services	113 (9 for OFDA cash grants, 72 for *Kenbe La*, 32 for ARC/NFI fairs)
Number of clients benefiting from new product introductions, disaggregated by: • Number of women • Number of men • Rural areas, [including "watershed" zones of Limbé and Montrouis] • Provincial cities, [including Petit Goave, Gonaives, Cap-Haitien, Saint Marc, Les Cayes, Jérémie, Miragoane] • Port-au-Prince	8,937 total: 6,123 women (55 for OFDA cash grants, 5,389 for *Kenbe La*, 679 for ARC/NFI fairs) 2,814 men (45 for OFDA cash grants, 2,449 for *Kenbe La*, 320 for ARC/NFI fairs) 7,838 in Saint Marc and 100 in Saut d'Eau; 999 ARC beneficiaries were part of the *Kenbe La* program already reported above.
TBD Indicators (catered to activity and as described in Attachment 2, Program Description, Section d. Quarterly Performance Indicators and Project Activity Benchmarks)	

Project Activity Benchmarking: October 2010 – December 2011				
Objective	**Activity/Benchmark**	**Means of Collection**	**Target**	**Actual**
Objective 1. Activity 1.1	Number of payment transaction vs. number of cash-outs	Interviews, financial diaries, aggregate transaction history submitted by MNO	100 (for cash grants only)	505 transactions (187 cash-out; 311 purchase, 7 peer-to-peer transfers)
Activity 1.2	Number of affiliated merchants and number of transactions carried out	Program Reports, aggregate transaction history submitted by MNO	105 affiliated merchants At least 10,000 transactions	113 affiliated merchants 49,581 m-commerce *Kenbe La* transfers and 4,223 transactions for ARC/NFI fairs
Activity 1.3	Beneficiary & Vendor databases ready and functioning	Program Reports	Vendor and beneficiary databases ready and functioning 75% data reliability of the beneficiary and vendor databases	2 functioning MS Access databases: The data has been accurate at least 75% of the time
Objective 2. Activity 2.1	Level of spontaneous uptake of Mobile Money in the community	Focus groups, key informant interviews	At least 10 communities benefit from educational messages	19 communities sensitized : St. Marc Centre Ville – 6 St. Marc 5eme Sec. – 7 Verettes – 2 Lachapelle -2 Saut d'Eau - 2
Activity 2.2	Reported increased ease in using the service	Interviews, focus groups	At least 5,000 beneficiaries trained	5,779 beneficiaries trained
Activity 2.3	Reported increased ease in using the service	Interviews, focus groups	At least 100 merchants trained	113 merchants were trained
Objective 3. Activity 3.1	Level of reliability of M&E data	Program Reports	75% data reliability of the beneficiary and vendor databases	The vendor and beneficiary databases have been reliable more than 75% of the time
Activity 3.2	Number of reports, financial diaries released and dissemination workshops held	Program Reports, Interviews, financial diaries	At least 25 financial dairies produced 4 workshops held in Haiti	35 financial dairies produced 3 presentations at the US Embassy , Numerous roundtable discussions at HiFive Offices, 1 presentation at the office of the First Lady of Haiti
Objective 4 Activity 4.1	Number of beneficiaries still using the service after the end of the program.	Surveys, aggregate transaction history submitted by MNO, financial diaries	At least 25% of beneficiaries still use the service after the end of the program	0.4% of beneficiaries (35) used the service after end of program: 26 m-commerce transactions, 6 peer-to-

				peer transfers, and 1cash–in/cash-out transaction.
Activity 4.2	Number of agents still active after end of the program	Surveys, aggregate transaction history submitted by MNO, financial diaries	At least 25% of agents still use the service after the end of the program	35 transactions (as detailed in Activity 4.1 above) were handled by 2 of the vendors after end of the program. None of the agents currently use the service. Voilà has not actively followed up directly with the agents since the project ended & has not done sufficient marketing to fuel adoption hence agents do not see a business case for using *T-Cash*.

Prepared by:

_Eva Lois Adongo_____   Mobile Technology Project Manager   05/April/2012
Name of grantee staff person   Position   Date Prepared

Reviewed by HIFIVE Project: _____   _____ _____
                                                     Name   Position   Date
Comments/Observations:

Disbursement Request

Name of Grantee Organization: Mercy Corps	
Project title: Mobile Money Integration Project	
Grant Agreement No.:	Request No.:
Period Covered by this Request: From: July 2011	To: October 2011
a Total Grant Amount:	
b Total Disbursements to date:	
c Total Expended to date:	
* d Percent of Total Disbursements that has been used/expended to date	
* **A disbursement request may be submitted only if at least 90% of prior disbursements (d) has been used/expended.**	

Benchmarks for this period

Benchmark Achieved (based on grant agreement)	Achieved?

The signatory below certifies that (1) the information above is accurate and proper and (2) receipts, records, and other supporting documentation will be made available to HIFIVE Project or USAID upon its request.

Prepared by: _____ Position: _____ Date: _____
Name of grantee staff person

Reviewed by HIFIVE Catalyst Fund Project:

_____   _____   _____
Name   Position   Date of Review

Amount approved for disbursement: _____

Comments/Observations:

Counterpart Contribution Report

Name of Grantee Organization:		
Project title:	Grant Agreement No.:	Report No.:
Period Covered by this Report:	From:	To:

Schedule of Counterpart Contribution
(Amounts in Haitian Gourdes)

Date	Grantee Accounting Code	Nature of counterpart contribution	Amount committed in grant agreement (a)	Amount provided during prior period (b)	Amount provided this period (c)	Amount provided to date (b) + (c)	Amount still to be provided (a) – (b+c)

The signatory below certifies that (1) the expenditures and counterpart contribution claimed are proper and related to the project and (2) receipts, records, and other supporting documentation will be made available to the HIFIVE Project or USAID upon its request. The signatory further certifies that any balance or refund due will be made promptly upon request of the HIFIVE Project.
Prepared by:

_____   _____   _____
Name of MFI staff person   Position   Date

Reviewed HIFIVE : _____   _____   _____
                                        Name   Position   Date

Amount verified as acceptable counterpart contribution:
Comments/Observation