STRENGTHENING MOBILE MONEY AGENT NETWORKS

REPLICATION GUIDE

Photo: Ann Mei Chang and Jennifer Adams / USAID

ABOUT THIS GUIDE

Replicating, or taking solutions that work and customizing them to the specific circumstances and market conditions, allows organizations to increase the impact of their investments. Replicating aims to package successful innovations in the development sector and take them from one location to the next, with appropriate contextualization. This Replication Guide provides an overview of a USAID-funded, proven, and evidence-based solution to a development challenge and what an organization or team should consider if they would like to replicate it.

CONTEXT
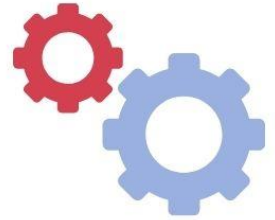
In Sierra Leone and Liberia, the Ebola response and recovery efforts were hampered by the difficulty paying key groups, particularly health workers and civil servants. Stakeholders recognized that mobile money could potentially facilitate safer, efficient, and more resilient payments to these groups. However, the quality and reach of the agent networks that facilitated cash-in and cash-out operations for mobile money were quite poor. This undermined the feasibility of mobile money as a distribution channel. To strengthen the quality of these agent networks and thus improve their suitability for critical payments, the activity focused on working with mobile money providers and agent networks to diagnose and resolve issues that would prevent mobile money from being a viable disbursement channel.

This document focuses specifically on USAID-funded technical assistance (TA) provided to one of the mobile money providers in Liberia, the telecom operator MTN. This document examines several potentially replicable aspects of the activity in the next section.

In 2016, the wake of the Ebola crisis presented Liberia with many challenges. The digital and financial infrastructure was underdeveloped outside of urban areas and Ebola presented an acute need to pay health workers in a timely manner. But given the lack of infrastructure, the Government of Liberia struggled to pay these individuals, just as it continued to struggle to pay civil servants who were also located outside the capital city or in rural areas. Workers had to travel to the capital, Monrovia, which often took two days due to poor infrastructure. This became even more arduous during the rainy season, which made many roads impassable.
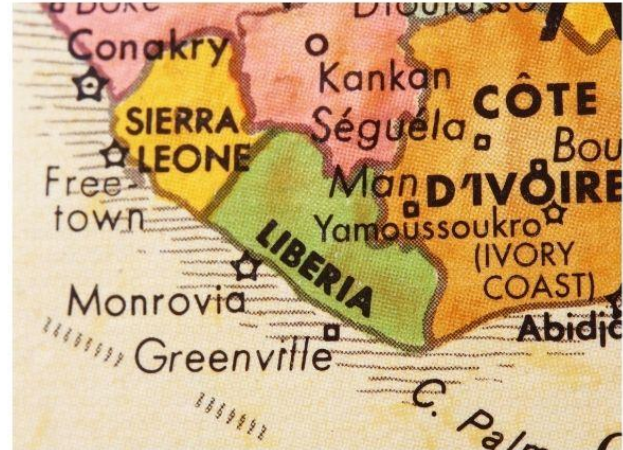
Digital payments offered a potential solution for these groups. In addition, if the barriers of agent network reach, liquidity, and service quality could be addressed, the option to make payments digitally could also help increase local economic activity and inbound remittances from family. Thus, the objective of the activity was to improve availability of mobile money agents and their liquidity in the country in order to support digitization of civil servant salary payments by the government.

In Liberia, a tailored package of TA was developed for MTN. The implementing partner diagnosed the problem and its root causes working with market actors/stakeholders, developed tailored interventions to address the problems and iterated the interventions (as possible) during implementation.

Through the intervention, the implementing partner (1) trained (at the Helix Institute) senior staff from MTN on improving agent networks, (2) provided TA on agent selection, onboarding, management, and training, and (3) worked with MTN to pilot the recommendations from the TA across the country, with the pilots enabled by a number of tools (or off-the-shelf standard operating procedure materials) developed by the implementing partner specifically for MTN.

By the end of the activity, MTN had roughly increased its mobile money subscribers by an additional 200,000 people. Considering that Liberia had an estimated 2.8 million adults at the time, of whom 21% had a mobile money account (600,000), this constituted a 33% increase in the number of mobile money accounts, and thus significantly contributed directly to improved access to at least basic financial services. MTN secured an expanded commercial agreement with the government to support salary payments for construction workers and other civil servants, potentially increasing that number even more. MTN's agent network grew from approximately 1,000 agents when the engagement with USAID began to 5,602 agents at the start of 2020, thus allowing mobile money users easier access to cash-in and cash-out agents and facilitating the increased use of digital financial services.

ORIGINAL ACTIVITY

Activity Name: Agent Network Strengthening in Liberia and Sierra Leone (E-Payments)

Implemented by: Strategic Impact Advisors (SIA) with a subcontract to MicroSave

Date of Award: October 2016

Grant*: $1,599,740 USD

Timeframe to Achieve Milestones: 17 months

*For full activity, not only the replicable components

REPLICATION

Conditions

A customization of this USAID-funded activity may be a fit for markets that have at least one provider of digital payments such as mobile money or manager of agent networks for financial services. This activity focuses less on creating new providers or launching new networks, and more on strengthening the existing local actors involved along the "value chain" of a healthy agent network ecosystem.

This activity—centered upon a process of diagnosing problems, facilitating dialogue with stakeholders, developing practical tools, and training staff—can be adapted to suit the degree of sophistication of a given provider or the degree of maturity of the marketplace for agent networks and digital payments.

This activity's interventions might be particularly useful if development programming is struggling to use digital payments to, for example:

DIGITIZE WAGES, ESPECIALLY IN RURAL AND REMOTE AREAS	DISBURSE DIGITAL PAYMENTS IN RURAL AREAS INCLUDING HUMANITARIAN RELIEF AND SOCIAL ASSISTANCE	IMPROVE AGENT-NETWORK DENSITY, LIQUIDITY, AND PERFORMANCE FOR THE SAKE OF FINANCIAL INCLUSION

Problems / Opportunities

- Low mobile money agent density and liquidity make it difficult for last-mile populations to open or use accounts and thus receive payments, including salary, social assistance, or emergency payments.
- Assisting rural agent networks find economic viability through increased transactional activity as a result of more rural customers receiving and sending funds digitally.

Objective

Facilitate disbursement, particularly beyond urban and peri-urban areas, improve access to finance for disaster relief, build household resilience by accelerating the speed in which funds from support networks can be received, and contribute to overall empowerment and economic development.

Potential Intervention Elements

- Diagnose the root causes of problems associated with disbursing (or accessing) funds.
- Partner with relevant commercial, government, and community actors interested in e-payments.
- Provide training and technical assistance to address the root causes through capacity building and systems strengthening (in particular, provision of training, technical assistance, and tools to mobile network operators (MNO) staff to develop better agent networks and rural engagement strategies).
- Support the MNO in identifying partnerships with commercial actors in more rural areas that have available cash flow that could be used to support agent network liquidity balances.

Summary of Elements that Might be Suitable for Replication

Conduct a diagnostic of the provider's internal systems and operations. This includes identifying potential leaders and champions within the organization, determining key challenges and opportunities, and prioritizing areas for support with trainings and technical assistance.

MNO staff attend training at The Helix Institute. Other, similar training and capacity-building providers might be available, including those with virtual options, such as the Digital Frontiers Institute.

Technical assistance to MNOs via training and creation/sharing of a toolbox with guidance for solving various issues such as agent onboarding, training materials, and standard operating procedures specific to the operating context.

Facilitation or coaching by the implementing partner of the mobile money provider staff on the deployment, refinement, or integration of "tools" in the toolbox for agent network optimization.

INSIGHTS

- When working with private sector actors, it is important to make the business case early and often. Private sector actors may be willing to try new products or services, including those that reach underserved populations; however, the ultimate goal is often increased customers and customer retention through provision of additional services.
- When dealing with market actors like MNOs, USAID and Implementing Partners must employ rigorous systems and processes to ensure privacy of information and data. Have a plan to manage data privacy concerns before beginning the engagement and raise the issue early to ensure transparency and pre-empt conversations that might derail work later down the line. In the case of agent networks, providers might be primarily concerned with sensitive commercial information, about which the implementing partner will need to demonstrate its discretion. The intervention might also put the implementing partner in a position of being exposed to data regarding the provider's customers. This underscores the importance of the implementing partner taking steps to minimize any data risks or avoid them, but not interacting with customer data unnecessarily.

REPLICATION CANVAS

Key Partners	Key Components	Problem:	Target Segment	Resources
Mobile money providers Central Bank Host Government USAID Mission Payers (NGOs, Humanitarian aid organizations) Helix Institute (training)	Helix Institute Training Institutional Diagnostic Co-creation of solution for agent selection criteria, recruitment, and training Solution pilot set-up	Low mobile money agent density and liquidity make it difficult for rural populations to open or use accounts and thus receive payments, including salary, social assistance, or emergency payments. **Solution:** Diagnose the exact issues leading to the problem and train staff on how to develop better agent networks and have the capacity to continually improve the business.	Civil servants Salaried workers Rural populations Mobile Money Agents Aid recipients G2P recipients	IP cost USAID LoE Partner LoE

Market Conditions	MEL - Illustrative indicators
Active mobile money, developed in urban areas but not in rural areas Willingness to digitize wages or payments such as government to person transfer (G2P)	# of staff trained # of total agents and active agents # of mobile money accounts, and active ones, rural and urban, male and female # of transactions per customer, per agent, rural, urban, M/F # cost of G2P/salary disbursement # of organizations that have digitized payments

For definitions, please refer to the glossaries here and here.