

MOBILE SOLUTIONS TECHNICAL ASSISTANCE AND RESEARCH (MSTAR)

QUARTERLY REPORT
FY 2016, QUARTER I
(OCT 1, 2015 – DEC 31, 2015)

COOPERATIVE AGREEMENT NO. AID-OAA-A-12-00073

ACRONYMS

AIN	Aquaculture for Income and Nutrition
AO	Agreement Officer
AVC	Agriculture Value Chains
BSP	Blue Star Program
CNBS	Comite Nacional de Bioetica Para a Saude
CGAP	Consultative Group to Assist the Poor
DAI	Development Alternatives, Inc.
DD	Digital Development
DFS	Digital Financial Services
DIAL	Digital Impact Alliance
DPS	Dirreção Provincial de Saúdes
FDIC	Federal Deposit Insurance Company
FtF	Feed the Future
G2P	Government-to-People
GIS	Geographic Information System
GoI	Government of India
GoL	Government of Liberia
GSM	Global System for Mobile Communications
ICT	Information and Communication Technology
INCM	Instituto Nacional das Comunicacoes de Mocambique
IP	Implementing Partners
IRB	Institutional Review Board
IRRI	International Rice Research Institute
M4D	Mobile for Development
MAUS	Mobile Access and Usage Survey
MFS	Mobile Financial Services
MIT	Massachusetts Institute of Technology
MNO	Mobile Network Operator
MOU	Memorandum of Understanding
mSTAR	Mobile Solutions Technical Assistance and Research
PIN	Personal Identification Number
RDMA	USAID Regional Development Mission for Asia
READ	Reading Enhancement for Advancing Development
RFA	Request for Application
RFP	Request for Proposal
RFQ	Request for Quotation
RTD	Real-time Data
RVC	Rice Value Chains
SMC	Social Marketing Company
SMS	Short-Message-Service
SUB-IR	Sub-Intermediate Results
TA	Technical Assistance
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USG	United States Government
UST	United States Treasury Department

BACKGROUND

The Mobile Solutions Technical Assistance and Research Program (mSTAR) is a cooperative agreement between USAID's Global Development Lab (Lab), Center for Global Solutions and FHI 360 to foster the rapid adoption and scale-up of digital technologies for development. mSTAR's revised main objective, as outlined in the results framework presented in the Year 4 work plan, is to provide technical support and thought leadership for digital development built on evidence based practices and standards to enable effective programming and learning. The program continues to work across the three programmatic areas originally envisioned in the initial program design, including Digital Finance, Real-time Data for Decision Making, and Digital Inclusion. The revised results framework also now includes both activities that improve the enabling environment for digital and financial inclusion under these three areas as well as activities that provide technical support through applied research, partnerships and knowledge sharing to increase user demand and capabilities and to improve programming among USAID and implementing partners. This report presents information about the activities that were implemented under each of the new intermediate results (IR) during the first quarter of Year 4:

IR 1. Increased Effective Utilization of Digital Technologies in USAID and Partner Programs. Activities under Intermediate Result 1 focus on increasing the effective utilization of digital technologies among USAID and its implementing partners through technical support, capacity building, and knowledge sharing.

IR 2. Improved Enabling Environment for Digital and Financial Inclusion. Activities under Intermediate Result 2 focus on interventions that operate directly on the enabling environment, including market systems, to enable underserved populations to access digital technologies.

IR 3. Increased User Demand and Capabilities with regard to Digital Tools and Services. Activities under IR3 increase user demand and capabilities for digital tools and services through research, increased awareness and fostering of partnerships.

IR: I. INCREASED EFFECTIVE UTILIZATION OF DIGITAL TECHNOLOGIES IN USAID AND PARTNER PROGRAMS

During the first quarter of Year 4, mSTAR supported USAID in developing and/or disseminating a variety of tools and knowledge products that incorporate digital technologies into programming for both USAID and its implementing partners (IPs) across all three areas in which mSTAR works: Digital Finance, Real-time Data for Decision Making, and Digital Inclusion. In some instances mSTAR staff trained USAID staff and IPs and provided technical assistance (TA) as needed. The activities implemented during this quarter are presented in this report according to the Sub-Intermediate Result (Sub-IR) in which we presented them in the Year 4 work plan.

Sub-Intermediate Result I.1: Increased awareness and capacity of USAID and partner program staff to apply digital technologies effectively

During this reporting period mSTAR continued to support USAID missions and the USAID Global Development Lab in developing and disseminating a variety of tools to improve USAID programming through the effective application of digital technologies. This section presents mSTAR's accomplishments related to each new tool or initiative introduced or implemented during this quarter. In this Sub-IR, the program achieved its most significant milestones by successfully launching the Mozambique Mobile Access and Usage Survey (MAUS) and the Real Time Data (RTD) Adaptive Programming Initiative. mSTAR also continued to increase the capacity of USAID partners to use digital technologies effectively in their programs through continued TA to USAID/Bangladesh partners on how to incorporate mobile payments in programs and through targeted grants aimed at transitioning partners to mobile payments.

FEED THE FUTURE DFS GUIDE AND WORKSHOP

During the reporting period mSTAR continued its support to USAID in developing the *Guide to the Use of Digital Financial Services in Agriculture* to be used as a tool for Feed the Future (FtF) USAID staff and IPs to accelerate FtF global programmatic goals through the use of digital financial services (DFS). mSTAR staff gathered feedback on the Guide from strategic partners, stakeholders and FtF IPs to develop a plan to perform final adjustments to the Guide prior to the official launch and dissemination event scheduled for February 2016. mSTAR also provided logistical support for the two-day FtF IP DFS workshop held in Ghana in early December to disseminate assessment findings and assist in development of activity plans to implement DFS in their work. Ghana had been one of the four markets identified as test cases for the Guide and mSTAR conducted an assessment to determine the degree of utilization of DFS by IPs and other actors in the ecosystem. Sixteen staff from USAID/Ghana FtF projects attended the workshop in addition to four private sector presenters and nine USAID Global Development Lab and Mission staff

mSTAR/BANGLADESH TECHNICAL ASSISTANCE TO USAID IPs

The mSTAR team in Bangladesh (mSTAR/Bangladesh) provides short-term, on-demand TA to USAID IPs in Bangladesh to increase their capacity relevant to mobile money and/or e-payments. During the reporting period mSTAR/Bangladesh formalized plans to provide TA to the Reading Enhancement for Advancing Development (READ) project implemented by Save the Children. The TA will begin in January 2016, and the primary focus will be to provide training to READ staff on mobile financial services (MFS) and to help them to identify an MFS provider. In addition, the mSTAR/Bangladesh team held meetings with the Agriculture Value Chains (AVC) project implemented by Development Alternatives, Inc. (DAI) and the Rice Value Chain (RVC) project implemented by the International Rice Research Institute (IRRI), which resulted in both IPs expressing interest in potentially received TA next quarter.

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GRANT TO SOCIAL MARKETING COMPANY

mSTAR/Bangladesh has issued a grant to Social Marketing Company (SMC) in Bangladesh to help document the benefits of transitioning to mobile payments. During this quarter SMC started making mobile payments for Blue Star Program (BSP) trainings. These trainings aim to further the BSP's goal to address and improve the quality, awareness, accessibility, and affordability of public health services in Bangladesh through the private sector. Initially SMC planned to pilot payments to 2,000 BSP providers for trainings. Their experience, however, has been so positive that they have now committed to making training payments to all 6,000 of their BSP providers via mobile. Including both training disbursements and sales collections, SMC made more than 1,800 mobile transactions worth around \$500,000 in this quarter. In the next quarter, they will conduct an assessment to capture the impact of their pilot looking at the difference between cash and mobile payments. During this quarter, SMC also tested a mobile bill pay service offered by their MFS provider. However, it has failed to gain much traction because sales outlets often do not have sufficient balance in their mobile wallets to pay via MFS. In addition, both merchants and consumers continue to prefer cash as a payment method, and SMC sales officers physically take cash from their sales for deposit at the agent point. Although SMC has not been able to fully digitize payment flows down to the sales outlet level, digitization still saves their staff time and increases convenience since agents work much longer hours than banks. Rather than having to travel home at night with a large sum of cash and wait in line to deposit it at the bank the next day, sales officers can deposit cash into the SMC MFS account at the end of the day.

GENDER AND ICT STRATEGY AND TOOLS

mSTAR is supporting the USAID Global Development Lab's Digital Inclusion team to develop a Gender and Information and Communication Technology (ICT) Strategy. The Digital Inclusion team has taken the lead on writing the Strategy, but mSTAR consultant, Alexandra Tyers, reviewed preliminary drafts. During the reporting period, Ms. Tyers completed a results framework and indicator table for the Strategy to complement the work of the Digital Inclusion Team. In the next quarter, mSTAR will provide additional inputs as requested from the Digital Inclusion Team to finalize and promote the Strategy.

USAID MOZAMBIQUE MOBILE ACCESS AND USAGE SURVEY (MAUS)

mSTAR is implementing the Mobile Access and Usage Survey (MAUS), a multi-phased, complex survey to generate detailed data that will allow USAID to establish baselines and design projects that fully leverage the potential of mobile technology in Mozambique. On September 30, 2015, mSTAR received additional funds from the USAID/Mozambique Mission needed to implement this activity, and immediately proceeded with finalizing subcontracts with two separate firms selected to implement the survey (Ipsos Limited and Maraxis). After signature of the subcontract, mSTAR and Ipsos began planning for the household survey and training for enumerators that is scheduled to occur in late January 2015. mSTAR experienced some delays finalizing the subcontract for the implementer of the phone survey, Maraxis, while awaiting Agreement Officer (AO) approval of the contract and issuance of a geographic code waiver. However, mSTAR successfully finalized the subcontract with Maraxis in December 2015 and began initial work-planning with the firm the following day. mSTAR will continue to work with Maraxis in the next quarter to obtain the phone numbers required to conduct the survey, ensure successful setup of the call center, train enumerators and begin data collection for Round I.

Upon USAID approval of the MAUS protocol and instruments in October 2015, mSTAR also commenced the parallel process for obtaining Institutional Review Board (IRB) approvals from both the internal FHI 360 board and the local Mozambican national and provincial authorities. All final instruments were translated into Portuguese and the mSTAR Activity Manager in Maputo proceeded to submit formal packages requesting approval of the study to eight separate bodies: the Instituto Nacional das

Comunicacoes de Mocambique (INCM) and the Direção Provincial de Saúdes (DPS) in each of the four provinces of the study. mSTAR obtained these eight approvals swiftly, within three weeks of submission. With each of these supporting approvals on hand, mSTAR submitted a final package to the national IRB of Mozambique, the Comité Nacional de Bioética Para a Saude (CNBS), in December 2015. mSTAR obtained approval of the protocol from the internal FHI 360 board and will await CNBS approval prior to commencing data collection.

Also during the reporting period, mSTAR continued to engage the mobile network operator (MNO) service providers in Mozambique, including Mcel, Movitel and Vodacom in order to obtain phone numbers for the subcontractor in charge of the phone survey.

DIAGNOSTIC TOOLKIT

mSTAR continued ongoing work with the Digital Inclusion Team to develop and launch a Diagnostic Toolkit for USAID and other implementing partners. During this reporting period, mSTAR executed a modification to the agreement with subcontractor, Research ICT, to extend the period of performance and increase the value of the award. The modification allowed for Research ICT to continue their work to test the functionality of the web-based portal and update the accompanying User Guide; to incorporate Global System for Mobile Communications (GSM) coverage maps into the web portal and hold a Geographic Information System (GIS) pilot with a USAID Mission; and to continue to update the data populating the web portal on a quarterly basis. mSTAR will work with the Digital Inclusion team in the next quarter to test and launch the web-portal for a consortium of partners. The GeoCenter will also be consulted in order to identify an appropriate USAID missions with which to partner for the GIS activity.

USAID DIGITAL DEVELOPMENT TRAINING AND FORUM

mSTAR is working with the USAID Global Development Lab to deliver a series of deep-dive trainings on digital development within mSTAR's three work streams – Digital Inclusion, Real-Time Data for Decision-Making, and Digital Finance. The main objectives of the trainings are to help USAID staff recognize current and future projects that may benefit from the inclusion of particular digital technologies and solutions; to increase their knowledge about the challenges and requirements for effectively integrating digital solutions into programming; and to cultivate technical skills necessary to design and implement projects that use these technologies. In November 2015 mSTAR hosted in India one of these trainings for regional USAID mission staff and co-facilitated with members of the Global



Figure 1: mSTAR Technical Advisor Shailee Adinolfi and Program Officer Mike Dawson

Development Lab staff. Twenty-four USAID staff from various regional missions and bureaus attended the four-day training. Participants also went on field visits to Digital Green, Operation ASHA and Oxigen to observe programs that have successfully used digital tools in their activity implantation. The next training is scheduled to take place in Accra, Ghana on February 22-26, 2016 with future trainings to be conducted quarterly.

Prior to conducting the USAID training, mSTAR hosted a one-day digital development forum for technology and

development practitioners centered on four themes: How can we accelerate the digital Indian economy? How can we expand digital financial services at the point of sale? Can we digitally leapfrog the gender gap? Which comes first: engaging local content or low-cost Internet connectivity?

The forum consisted of two rounds of lightning talks, four panel discussions, four keynote presentations, nine learning lunch tables and an interactive activity on a wide range of topics with presenters and panelists representing a full spectrum of organizations including the Consultative Group to Assist the Poor (CGAP), Omidyar, Internet.org, SnapDeal, The Bill and Melinda Gates Foundation, the United Nations Children's Fund (UNICEF), and the Government of India. 175 participants from across the technology and development sectors in India and the region attended the forum.

REAL TIME DATA (RTD) ADAPTIVE PROGRAMMING INITIATIVE

The RTD Adaptive Programming Initiative is a joint effort between mSTAR and the USAID Global Development Lab to test how RTD systems underpinned by mobile technology can enable a more adaptive and participatory approach to development in complex settings. This initiative is concerned with how to integrate flow data most appropriately from multiple agents across the information supply chain, including community members, frontline workers and government decision makers to facilitate rapid operational assessments, adaptive and iterative learning and summative evaluations. It involves four main components: a Learning to Adapt Workshop focused on how RTD systems can facilitate adaptive programming and aid decision-making; a Conceptual Framework that describes the theoretical and practical foundations for RTD learning systems to develop an understanding and systematic methodology for how these systems can be designed and implemented across development practice; an Applied Toolbox based on the parameters outlined in the Conceptual Framework that will be mapped onto USAID's Program Cycle and will help USAID Missions design, implement and adapt RTD systems; and dissemination of the toolbox and promotion of lessons learned.



Figure 2: Ben Ramalingam and Participants

During the reporting period mSTAR implemented the first component of the initiative by hosting the Learning to Adapt Workshop in London on October 27-28, 2015. Facilitated by mSTAR consultant, Ben Ramalingam, the workshop brought together thirty-one leading thinkers and practitioners in adaptive management to discuss how RTD systems can facilitate adaptive programming and aid decision-making. As a

result of the workshop mSTAR released a synthesized report incorporating the different participant perspectives to form a set of recommendations and research questions that will feed into the Conceptual Framework.

mSTAR also launched the second component of the initiative by drafting and posting a Request for Proposal (RFP) for development of the Conceptual Framework. The RFP was posted in October with deadline set for early November. Due to delays in completion of the notes from the Workshop which needed to be posted externally and shared with all potential bidders on the Conceptual Framework, the deadline for submission of proposals was extended to early December. We received applications from eight bidders. An evaluation committee composed of USAID and mSTAR staff reviewed the applications and chose a finalist. mSTAR began subcontract negotiations with the finalist in December and will submit a request for approval of the subcontractor to USAID at the beginning of the next quarter.

mSTAR also began preliminary work on the third component of the initiative, the Toolbox, by initiating the recruitment process of a consultant to serve as a systems thinking expert who would advise on the development of the Conceptual Framework and Applied Toolbox. Although mSTAR identified a qualified expert for this work, he was unavailable for the period needed and alternatives will be considered in the next quarter.

DATA UTILIZATION STUDY (ETHNOGRAPHY)

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Through the Data Utilization Study, mSTAR, is examining the factors surrounding how USAID Missions manage data flow, utilize data, and use data as a resource for improved decision-making. During the reporting period, mSTAR identified the USAID/Zimbabwe Mission as a third research site where the findings from the previous two site visits could be verified. The ethnographic research team, led by mSTAR's subcontractor, Reboot Design, and comprised of members from Reboot, FHI 360, and USAID, therefore, began planning their third and final research trip to Zimbabwe in January, 2016.

Sub-Intermediate Result 1.2: Deeply engaged audience for digital tools and services

mSTAR recognizes that in order to promote the effective use of technology in development programs, development practitioners, policy makers and funders must have access to information that is relevant, engaging and practical so that they may be able to make appropriate programming and implementation decisions. During the reporting period, mSTAR hosted several events and talks on a variety of relevant topics and released a number of short documents and videos highlighting key information about the use of mobile and payments in programs. The most significant event mSTAR hosted during the reporting period was the Financial Inclusion Forum, which brought together decision makers from government, business and the non-profit sector to discuss how government, the private sector and the non-government organizations can work together to increase financial inclusion as a tool to improve livelihoods both domestically and abroad.

mSTAR also hosted a well-attended event on digital identities for development, involving three thought leaders in digital identities: Rajesh Bansal, General Manager of the Reserve Bank of India, Vyjayanti Desai, Program Manager for Identification for Development at the World Bank, and Kathleen McGowan, Digital Finance Advisor at USAID's Global Development Lab

mSTAR/BANGLADESH AWARENESS RAISING ACTIVITIES



Figure 3: Project Team Lead M Ataur Rahman

(midline evaluation) and two video case stories on SMC and AIN on their experiences with mobile payments.

The mSTAR/Bangladesh team also hosted a workshop for USAID IPs entitled 'e-Payments: The New Default Payment Method for USAID Implementing Partners – Why, Where, When & How?' with Bruce McFarland as guest speaker. A total of 18 participants from 10 USAID IPs attended the workshop. The workshop report is available [online](#) at MicroLinks.

mSTAR has been raising awareness among USAID staff and IPs in Bangladesh on the use of digital payments in programs. During this quarter, the mSTAR/Bangladesh team released of six learning documents, including one mobile money infosheet (Sure Cash) in Annex C, one mobile money experience (Kallani Sarker) in Annex D, one mobile money snapshot (Department of Youth Development) in

Annex E, one technical report



Figure 4: Bruce McFarland

THE INTER-AGENCY FINANCIAL INCLUSION FORUM

During the reporting period mSTAR, in partnership with USAID and the US Treasury (UST), organized the Inter-agency Financial Inclusion Forum, which brought together government, nonprofit and private sector leaders to discuss financial inclusion. The main objectives of the forum were:

- To signal publicly the United States Government's (USG) commitment to elevating financial inclusion as a policy priority both domestically and internationally, and the critical role of USAID and UST;
- To raise greater awareness of the opportunities for the private and public sectors to advance financial inclusion domestically and internationally, including by addressing how best to manage the interplay between both sectors;
- To strengthen policy coherence on financial inclusion across the relevant USG agencies.

Participants agreed that financial inclusion both domestically and abroad is a critical priority that requires focused USG leadership. According to Federal Deposit Insurance Company (FDIC) statistics close to 10 million US households (8.2 percent) are unbanked and 24.8 million (20 percent), while according to the World Bank nearly 39 percent of adults in developing countries do not have an account with a financial institution or mobile money provider. The USG's influence in both of these arenas could help accelerate the development of inclusive financial systems that lead to economic opportunity and growth, improved household and systemic resiliency and other improvements to livelihoods. The forum agenda is included as Annex F

The first day of the Forum focused on developing a deeper understanding of those who are financially underserved. In the morning thirty-four USG officials participated in an experiential workshop in which they had to complete a series of real-life financial transactions using only cash. The session helped set the tone for a day of in-depth discussion around the challenges faced by financially underserved and excluded consumers and the role of the USG in helping overcome those challenges. Following this experience, participants organized themselves into four workshops to identify opportunities for the USG to lead as an investor and grantmaker, a rulemaker, a market facilitator and a service provider.

On the second day of the Forum the discussion focused on the importance of financial inclusion as a global and USG priority, illustrating examples of innovations and initiatives that are working meaningfully to drive financial inclusion at home and around the world. These sessions targeted the highest level policy makers, leaders and stakeholders in the financial inclusion space present at the Forum, including UST Secretary Jacob Lew, FDIC Chairman, Martin Gruenberg, the Secretary of Finance and Public Credit of Mexico, Luis Videgaray Caso, USAID Associate Administrator, Eric Postel, CEO and Chairman of PayPal, Dan Schulman, and Co-Chair of the The Bill and Melinda Gates Foundation, Bill Gates. A full listing of the participants in the Forum is included in Annex G. At the end of the second day, several high-level announcements and commitments for collaborative action were made, including:

- An announcement of the President's Global Development Council's recommendations related to increased USG focus on financial inclusion in development activities;
- An announcement of the Memorandum for Understanding (MOU) establishing the USAID-India partnership to advance financial inclusion through increased merchant acceptance of digital payments;
- The Bill and Melinda Gates Foundation and JP Morgan Chase's support for an integrated financial capability and youth employment initiative through the National League of Cities Institute for Youth, Education & Families;
- PayPal and Village Capital announced their support for technology-based solutions to expanding financial services in the US and Mexico;
- A planned doubling in funding for the UST Office of Technical Assistance to expand its mission and engagement with international governments on financial inclusion.

The event received wide press and social media coverage, particularly on the second day, when major news outlets such as the *New York Times* noted the significance of the forum in signaling the USG's attention to the issue. Participants overwhelmingly expressed their appreciation of a venue for public-private sector dialogue that connected international and domestic leaders on this issue.

After the event, the mSTAR team prepared an executive summary for USAID to share with UST, which was later incorporated in a report to a broad audience about the event.

TECH TUESDAY EVENTS

mSTAR continued to provide a web-broadcasting platform for USAID staff to log in and listen to the Digital Development team's monthly Tech Tuesday events.

In October, Brian Forde from the Massachusetts Institute of Technology (MIT) Media Lab spoke at Tech Tuesday on digital currency innovations for development and the blockchain. The discussion highlighted Forde's efforts to mainstream digital currencies and cultivate high-impact applications of emerging digital currency technologies.

In November, Dr. Nama R. Budhathoki from Kathmandu Living Labs presented on developing the OpenStreetMap community and creating an ecosystem around open data in Nepal. Dr. Budhathoki shared the history of OpenStreetMap's development and use in Nepal prior to the recent earthquake and how those maps supported emergency response and recovery operations in the aftermath of the earthquake.

IR 2: IMPROVED ENABLING ENVIRONMENT FOR DIGITAL AND FINANCIAL INCLUSION

During the reporting period, mSTAR conducted three main activities that enable underserved populations to access digital financial services: the Liberia e-Payments activity which is working to enroll teachers in a mobile money payroll system; the Mali DFS Workshop (Atelier) which was aimed at helping the Malian government and donor community explore the possibilities for expanding DFS in the country, and the India Digital Finance Partnership Activity which seeks to establish an autonomous entity to manage the collective action of private sector, government and non-profit actors to create scalable solutions to drive digital finance merchant acceptance with an emphasis on reaching low-income populations. The activity in India is the newest and will go into full implementation once the host of the Partnership is chosen. The Mali workshop generated enthusiasm for DFS and created some possibilities for further work implementing some of the recommendations, but the attacks perpetrated by a terrorist group on the Radisson Blu Hotel in Bamako in November 2015, after the workshop was held, refocused government attention away from this initiative. The Liberia e-Payments activity is in its final stages of implementation. Possibilities for expanding the work to other Liberian counties and government ministries exist, but did not result in an expanded scope of work during the reporting period.

Sub IR 2.1: Improved Market Systems that Enable Underserved Populations to Access Digital Technologies

LIBERIA ePAYMENTS ACTIVITY

Through the E-Payments Activity, mSTAR is working in close collaboration with the Government of Liberia (GoL) to map and identify opportunities for the government to use mobile money platforms, as well as to sustain ongoing progress in existing mobile money payment initiatives. During the quarter under review, mSTAR focused on rolling out Government to People (G2P) salary payments for the Ministry of Education. Several preparatory steps have been taken to begin making mobile payments to teachers in Bong Country in the next quarter.

Early in the quarter, representatives of relevant government agencies reached an agreement on the payment of the mobile money cash out fee, which had become a potential impediment to implementing mobile payments. During a stakeholders' consultative meeting at the Ministry of Finance and Development Planning, the Comptroller General agreed to pay 0.70 cents toward the cash out fee for civil servants opting into the mobile payment option. The remaining portion of the cash out fee (approximately \$1.70) will be borne by the civil servant.

mSTAR conducted a focus group discussion on October 23, 2015 to gather qualitative information from teachers on how they are currently collecting their salary payments and handling their cash, as well as their levels of digital literacy. The discussion took place in two parts, one related to current salary payments and one related to mobile phone access and usage. The discussion produced the following recommendations:

- a) The lack of teachers' awareness is creating distrust in the current payment system. Teachers (as well as other civil servants) need to know the current bank policies and practices and deductions by the Government of Liberia. They should also receive either paper or digital (through their phones) pay slips, so they know the payment amounts they will receive.
- b) In rolling out a mobile money option, education will be key to addressing potential issues that teachers may face. Agents can be subject to the same flaws as the bank (i.e. "unofficial" fees) if people are not informed of the policies and systems. Therefore, people need to understand the

fee structures and the fact that fees are built into the system in order to prevent double charging.

- c) Since the Ministry of Finance and Development Planning is going to cover partially cash out fees and Lonestar will provide a small airtime incentive for teachers who opt into the mobile money option, teachers should be educated on how to do their own cost/benefit analysis to ensure that receiving their salary through mobile money is the right decision for them. Such analysis could include comparing the cost of transport to collect salary payments from a bank versus the costs associated with mobile money, such as cash out fees. As teachers will have the choice to remain on the current system or use mobile money, they need to be sure that they weigh the options carefully and make the decision that makes the most financial sense for them.
- d) The service provider, Lonestar, should work to expand services so that teachers can make more payments through mobile money rather than having to cash out their salaries and pay the entire cash out fee. To this end, Lonestar should attempt to increase merchant acceptance of mobile payments and ensure that people are aware of how they can use mobile money to pay for goods and services.

Following the discussion with teachers, mSTAR developed awareness materials for stakeholders and beneficiaries based on the information obtained during the focus group. These materials include:

- *Potential Issue Mitigation*: This two-pager serves to inform stakeholders and help desk employees on how to handle potential issues with rolling out mobile payments. For example, it provides instructions on what to do when an employee (teacher) is charged unauthorized fees by an agent or when their account is suspended. See Annex I.
- *Common Misunderstandings about Mobile Money*: This one-page tip sheet is designed for teachers and other potential mobile payment recipients. It reveals some of the common misunderstandings about mobile money paired with a relevant facts or advice. For example, the tipsheet includes a common misunderstanding that mobile money is not secure. The tip sheet explains that a Personal Identification Number (PIN) is required to conduct transactions and further advises users not to share their PIN with anyone.
- *Tipsheet on Ways to Transact with Mobile Money*: This one-page sheet educates teachers and other end users on different ways that they can keep and use their mobile money within the mobile system in order to avoid having to cash out all of their mobile money deposits. This reduces the amount of cash out fee they have to pay. See Annex J.

Furthermore, mSTAR facilitated the drafting of an MOU between Lonestar and the Ministry of Education, which defines the various stakeholders' roles in the process of transitioning civil servants payments to mobile money. The MOU had not yet been signed at the conclusion of the quarter but some stakeholders had provided feedback to Lonestar on the MOU they had drafted. To supplement the MOU, mSTAR also developed a process map that was designed to address challenges in ensuring that all stakeholders understand and ultimately commit to taking on their roles in the process. This process map (Annex K) is currently in draft form to be discussed at an upcoming stakeholder meeting.

In preparation for the rollout of payments, mSTAR took steps to ensure proper monitoring mechanisms were in place. mSTAR released an Request for Quotation (RFQ) for a Short Message Service (SMS) survey with teachers who enroll in the mobile payment option to gather information on how well the mobile payment system is working for the teachers and how it is impacting their lives. The plan is to conduct two surveys, one in which teachers opt in prior to receiving any mobile payments, and another in which teachers opt in after they have experienced one or two payment cycles. This will establish a baseline that will be used to gauge impact, such as changes in the amount of time spent outside the classroom to collect their pay or how much money they are spending/saving on transport with a mobile payment option. This information will be put into a web-based dashboard that allows users to filter results by responses and view results in real-time. The quick analysis of the data will allow stakeholders

to see what is working and what is not, and what mSTAR and other partners need to consider differently to make sure that mobile payments are providing a real solution to a problem. At the end of the reporting period, discussions were ongoing with the Ministry of Education to obtain their approval to conduct this survey.

The initial teacher enrollment session for Bong County is scheduled to take place in late January. At the end of the reporting period, mSTAR had supported the Ministry of Education in drafting a letter to request that the District and Country Education Officers gather teachers for this event. At the end of the quarter, the request had not yet been made official through the Ministry of Education. However, mSTAR is continuing to prepare for the enrollment session as well as requisite training sessions for teachers opting to enroll. Preparations have included drafting an agenda for training, developing the tipsheets mentioned above, creating a cost-benefit analysis worksheet for teachers to assist in their decision on whether or not to opt in, and discussions with Lonestar and the Ministry of Education on their roles in the training and enrollment.

Lonestar has been asked to provide mobile money agent data in Bong County including geographic location, transaction history (frequency, volume) and phone numbers. This information has not been provided. However, mSTAR is continuing to follow up and is ready to overlay agent maps with school maps to provide agent information to teachers.

The following next steps are a priority for teachers to be paid via mobile payments in early 2016:

1. Teachers need to be briefed on mobile payment pilot experiences and educated on the technical details of mobile money (training mentioned above).
2. Following this training, teachers who decide to opt into receiving mobile payments will need to register through enrollment forms provided at the training.
3. The Ministry of Education must sign the MOU with Lonestar, verify teachers' data and instruct the Civil Servants Agenda to process the teachers' pay through mobile money.
4. The Civil Servants Agency will then update the teachers' data in the Civil Service Management System.
5. The Ministry of Finance and Development Planning must issue the payroll check to Lonestar.
6. mSTAR will continue to follow up with partners to implement the above and provide guidance.

MALI DFS WORKSHOP (ATELIER)



Figure 5: Mali Workshop Stakeholders

DFS and an opportunity to convene relevant and interested actors to disseminate learnings and determine a road forward. Building on assessment findings, on 14 and 15 October 2015 mSTAR hosted an “atelier” to provide a platform for stakeholders to share DFS experiences in Mali, introduce and discuss global good practices in DFS and brainstorm solutions to current challenges to expanding DFS. Participants included donors, government, development

In August 2015 mSTAR conducted an assessment to identify opportunities for DFS to support and/or accelerate the achievement of USAID/Mali’s development objectives, including specific areas where USAID and the donor community could intervene. The assessment targeting key stakeholder interviews revealed widespread interest in



Figure 6: mSTAR Facilitator Davy Denadi

implementing partners and the private sector.

Two mSTAR staff attended the atelier to work with presenters and venue staff to prepare and oversee event management. Several days of preparatory meetings preceded the first day of the atelier to allow strategizing and rehearsal with the emcee consultant; give “lightning talk” presenters an opportunity to practice their presentations; conduct one-on-one preparation with each IP presenter; rehearse the “Mary exercise” delivery, which is an interactive game that challenges participants to determine the needs of a series of fictional users based on their personal circumstances; and run through in-depth logistical planning with venue staff.

144 participants representing various government and private entities as well as IPs, USAID and other donor agency staff attended the atelier. The first day of the two-day event focused on sharing the government’s commitment to understanding and advancing digital ecosystem development. Mali’s Minister of Finance stated in his keynote address that “an inclusive environment for digital payments will permit reductions in costs and risks, reinforce transparency, and promote financial inclusion, particularly among women.” He spoke of the Government of Mali’s commitment to DFS, a sentiment that was echoed in the remarks of the U.S. Ambassador to Mali. During the second day the sessions focused on IP needs identified during the assessment such as practical DFS experience particular to Mali, available tools proven to aide in incorporating DFS into projects and implementation opportunities and constraints. Workshop participants were overwhelmingly in favor of staying engaged to help make digital tools more useful and available to those seeking DFS as a development solution in Mali.

INDIA DIGITAL FINANCIAL PARTNERSHIP

mSTAR is implementing the India Digital Finance Partnership activity to establish a local, autonomous, multi-stakeholder governance and management structure that will serve as a vehicle for continued collective action and scalable solutions to drive digital finance merchant acceptance with an emphasis on reaching low-income populations. To achieve this, mSTAR will identify and award a grant to a local entity to serve as a “host” or “Secretariat” for the India Digital Finance Partnership in consultation with USAID and, if needed, will provide technical assistance to enable the entity to become a grant-making organization in accordance with USAID guidance and requirements. mSTAR will also identify technical and administrative gaps within local partners or staff and will provide technical assistance, as needed, and coordinate with USAID plans for addressing those gaps. During the reporting period the mSTAR team travelled with USAID Digital Development team staff to India to meet with the current implementing team, Dalberg, meet with the Government of India (GoI) to obtain the MOU for the Digital Finance activities, and to meet with potential applicants to the mSTAR grant to manage the partnership and implement the project.

mSTAR wrote and released the Request for Applications (RFA), and managed the technical evaluation committee scoring of the four applications received in response to the RFA. The project is planning to select a grantee, and begin contracting and work planning in the next quarter.

IR 3: INCREASED USER DEMAND AND CAPABILITIES WITH REGARD TO DIGITAL TOOLS AND SERVICES

mSTAR seeks to make knowledge and data collected through applied research widely available to actors interested in ICT4D, and to connect digital development stakeholders in order to stimulate their demand and build their capacity to use those tools and knowledge. During the reporting period, mSTAR began an assessment on how business models and/or new applications of communications technology can offer digital inclusion to marginalized people and continued its evaluation of the mVacciNation application in Mozambique. mSTAR also issued the final reports for its assessment of the current payment methods used in four agricultural value chains in Burma and the opportunities for using digital financial services such as mobile money. Additionally, mSTAR began preparations for two events that will engage digital development practitioners in dialogue over the application of the Principles for Digital Development and over how communities can use RTD to increase their collective and individual resilience.

Sub-IR 3.1: Increased Research Utilization for Digital Technologies MOZAMBIQUE-mVACCINATION

In September 2015, the mVacciNation evaluation achieved a significant milestone through the conclusion of two parallel baseline data collection activities for the quantitative component of the study. During the current reporting period, mVacciNation grantee, the University of Cape Town (UCT), focused on the formatting, cleaning, de-identifying, and sharing of the household survey (Caregivers Survey) and the health facility survey data sets. The final quantitative data baseline report will be circulated to partners, including USAID/Mozambique, Gavi and GSK in February 2016.

Following the conclusion of the baseline data collection, UCT also began work on two qualitative components of the study. One qualitative component is investigating changes to processes in the public health system as a result of the introduction of mVacciNation such as the administration of vaccinations, vaccination record-keeping and vaccine stock management. Following the creation of a Data Collection Plan and data collection instruments, J-PAL Africa piloted each instrument and two surveyors implemented the first round of qualitative data collection during the second week of December 2015 in Ribáuè District. In January and February 2016, J-PAL will lead the analysis and coding of the qualitative data.

The second qualitative component will investigate the barriers that prevent caregivers from completing the vaccination cycle for their children. The insights gleaned from this qualitative data will inform the design of a small number of variations to the base mVacciNation platform – potentially including different messages and messaging channels – which will then be tested in the sub-study portion of the project. This qualitative component will be further discussed with the consortium of partners and government stakeholders at the quarterly Management Committee Meetings convened in February 2016.

mSTAR's Country Activity Manager in Mozambique continued facilitating check-ins with in-country partners and the INS, as well as coordinating bi-weekly updates with all partners, including datasets from VillageReach who leads the rollout of the application. Based on reports from VillageReach, initial up-take of the application at the health facilities has been slower than expected and the rollout has struggled with local government support. These delays may be attributable to unfamiliarity with table hardware, user skills sets, or lack of enforcement at the health facility level. The timeline for UCT plans to conduct the endline data collection activities will be impacted by these delays in the application rollout and mSTAR is tracking these events closely. In the next quarter, mSTAR will continue to track

VillageReach's rollout of the mVacciNation application in each test district and foster cooperation with the national and provincial authorities for the government vaccination program.

BUSINESS MODELS FOR DIGITAL INCLUSION ASSESSMENT

In November 2015, mSTAR commenced work on a landscape assessment that will identify and analyze business models and/or new technologies for expanding digital access and inclusion to poor or otherwise marginalized populations and that will provide suggestions for programs and/or pilot activities that would test and/or utilize these business models/technologies. SSG Advisors is serving as the lead partner on this activity under a subcontract that runs through March 2016. During the current reporting period, mSTAR held a kick-off meeting with SSG Advisors and USAID to further discuss the details of the activity, discuss objectives and share ideas on key contacts and organizations. During this meeting, SSG Advisors, mSTAR and USAID ironed out the key objectives that will inform the activity.

Following these initial meetings, SSG completed an interview guide and literature review to inform an intensive consultative and data gathering exercise through in-depth interviews with experts in this field as well as day-long white-boarding sessions with small groups of experts from leading technology companies, equipment manufacturers, investors, and donors. SSG Advisors and mSTAR worked together to cultivate a list of potential interviewees and attendees at the five white-boarding sessions to be held in Silicon Valley, Washington, DC, Nairobi, New Delhi and Manila. SSG will continue to conduct interviews throughout the next reporting period; to plan and implement white-boarding sessions; and to consolidate and analyze findings. The activity will culminate in a preliminary de-briefing with mSTAR and USAID as well as a final written report.

DIGITAL FINANCIAL SERVICES IN AGRICULTURAL VALUE CHAIN ASSESSMENT IN BURMA

During this quarter, the finishing touches, including final technical edits, copyediting and design, were made to the final deliverables from this assessment: a long and short form of the assessment report, and an engagement strategy. It is anticipated that dissemination of these deliverables will begin in January once final clearance is provided by USAID/Burma.

Sub-IR 3.2: Increased Engagement with Digital Development Stakeholders **PRINCIPLES FOR DIGITAL DEVELOPMENT REPORT AND LAUNCH EVENT**

During Q1, FHI 360 consultant Adele Waugaman authored a report entitled "From Principle to Practice: Implementing the Principles for Digital Development" to be released at a launch event at FHI 360 on February 29, 2016. The report covers the lessons learned and contributions from the practitioner community over the past year. The event will also mark the transition of custodianship of the Principles for Digital Development to the Digital Impact Alliance (DIAL).

"HARNESSING THE DATA REVOLUTION" RESILIENCE SUMMIT AND RECOGNITION AWARDS

In conjunction with the USAID Regional Development Mission for Asia (RDMA) mSTAR is organizing the "Harnessing the Data Revolution for Resilience" Forum to be held in May, 2016. The Forum will gather approximately 90-100 global and regional experts to discuss the latest issues regarding real-time data for resilience in Asia. The focus will be the ongoing data revolution, and its implications for development aid in the design, implementation and monitoring and evaluation of resilience programs. Donors and other organizations involved in international development will have an opportunity to learn how the analysis of real-time digital data could help communities increase their collective and individual resilience. Concurrent to the Forum, mSTAR is organizing the Real Time Data Recognition Awards,

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which will highlight successful and innovative instances in which real-time data was used to meet the region's development challenges. The awards will be given out during the Forum. In preparation for this event and the awards, during the reporting period mSTAR developed a draft award application and shared it with USAID/RDMA and Aubra Anthony and Mark Cardwell from the Global Development Lab for their input. mSTAR will finalize the award application and launch the contest in early February. Initial Promotion of the Summit will begin in early January, and during the reporting period mSTAR developed promotional text for the Summit, along with a survey to solicit input into the agenda.

CROSS-CUTTING ACTIVITIES

Monitoring and Evaluation

During the reporting period, mSTAR's M&E Specialist, Molly Chen, continued to support the Center of Global Solutions Digital Development Lab teams, which include Real Time Data, Digital Inclusion, GeoCenter Plus, and Digital Financial Services, to complete their team result frameworks and corresponding performance indicators in December 2015. Ms. Chen was also appointed to work with the Lab's Monitoring and Evaluation Office to ensure that the Digital Development Teams were developing their result frameworks to report across Lab-wide objectives and cross-cutting programmatic areas. The Real Time Data team requested an alternative planning approach, and outcome mapping to develop their team's monitoring, evaluation and learning strategy. Outcome mapping is a dynamic methodology that measures outcomes as changes in behaviors of project partners and focuses on contribution versus attribution towards intended results of the project's activities. Ms. Chen facilitated outcome mapping sessions for each RTD cluster, the results of which informed the development of the RTD team results framework.

The mSTAR program and technical staff also developed a revised results framework and performance indicators in November 2015 at their annual work planning session. mSTAR's results framework and performance indicators have been revised to align with the changing priorities of the USAID's Center for Global Solutions and reflects mSTAR's commitment to provide strong technical support to partners and thought leadership to the digital development community as a whole. Quarter one of Year 4 is the first quarter that mSTAR will reporting against their new 24 custom indicators (see Annex A), which measure the outputs and progress towards intended outcomes across the program's three work streams. mSTAR revised M&E plan, which will be submitted in the next quarter, incorporates the program's technical approach to reach its intended impact and provides a strategic operational plan to collect, analyze and report data.

During the reporting period, mSTAR implemented several monitoring activities including a course evaluation for the India Digital Development Training, a survey to users of the Mobile for Development (M4D) handbook, and conducted a focus group discussion with teacher beneficiaries for the mSTAR Liberia activity to utilize electronic payments for teacher salaries. Looking forward to the rest of FY 2016, mSTAR will undertake a rigorous baseline data collection of its long-term activities in Liberia and India; continue to evaluate its ongoing Bangladesh activities which have been extended to FY 2016; and will undertake general monitoring of all mSTAR activities to inform the team's strategy in reaching intended results.

Communications

At the beginning of Year 4 mSTAR formulated a communications strategy aimed at increasing awareness of the mSTAR mechanism, its activities and future potential to USAID missions, implementing partners, host country governments, the private sector, academic community and NGO's in targeted developing countries globally and within the US to influence the way mobiles for development programs are designed and delivered. As part of that strategy, mSTAR envisions using online and print publications, social media, video and events, among other tools to disseminate both program-generated information and knowledge, and information relevant to the ICT4D community.

During the reporting period, mSTAR hosted three events on topics of interest to the ICT4D community:

Learning and Adapting in ICT4D: From Field to Policy and Beyond

On November 12, 2015 mSTAR continued its Mobiles for Development (M4D) Speaker Series by hosting Mridul Chowdhury, CEO and Founder of mPower Social Enterprises. Mr. Chowdhury facilitated a discussion regarding key components of designing programmatic ICT for development interventions that can learn from and adapt to dynamic and complex environments. Representatives from DAI, USAID's Global Development Lab, Nethope, and FHI 360 were among approximately 20 attendees that participated in Mr. Chowdhury's discussion on learning and adapting in ICT for development.

Is Democratic Media Possible? A Discussion with Shubhranshu Choudhary

On October 2, 2015 mSTAR welcomed Shubhranshu Choudhary, a former South Asia Producer for the British Broadcasting Network, to discuss his project CGNetSwara, a mobile phone-based community news network in Chhattisgarh, India. CGNetSwara seeks to empower ordinary citizens to report on events as they see them, providing a new democratic journalism to disenfranchised rural villagers in India's Central tribal region.

The Role of Digital Identities in Digital and Financial Inclusion

On December 2, 2015 mSTAR hosted a special event featuring three key players in the digital identification space: Rajesh Bansal, General Manager of the Reserve Bank of India, Vyjayanti Desai, Program Manager for Identification for Development at the World Bank, and Kathleen McGowan, Digital Finance Advisor at USAID's Global Development Lab. The talk highlighted India's nationwide national ID system, Aadhaar, as well as the opportunities and challenges that similar initiatives have faced in rolling out comprehensive digital identification systems in the developing world. 60 attendees from several organizations including FHI 360, USAID's Global Development Lab, Dalberg, Strategic Impact Advisors, Moonshot Global LLC, NetHope, the World Bank, Premise, Keen Edge Associates, Klink Mobile, Wangoh Dynamics Technologies, Innovations for Poverty Action, NORSR-Cameroon, Creative Associates, and the Reserve Bank of India contributed to the discussion.

mSTAR also began recruitment of a new Communications Specialist, after the departure of Nussi Abdullah and will begin the full implementation of the communications strategy once the new Specialist is in place.

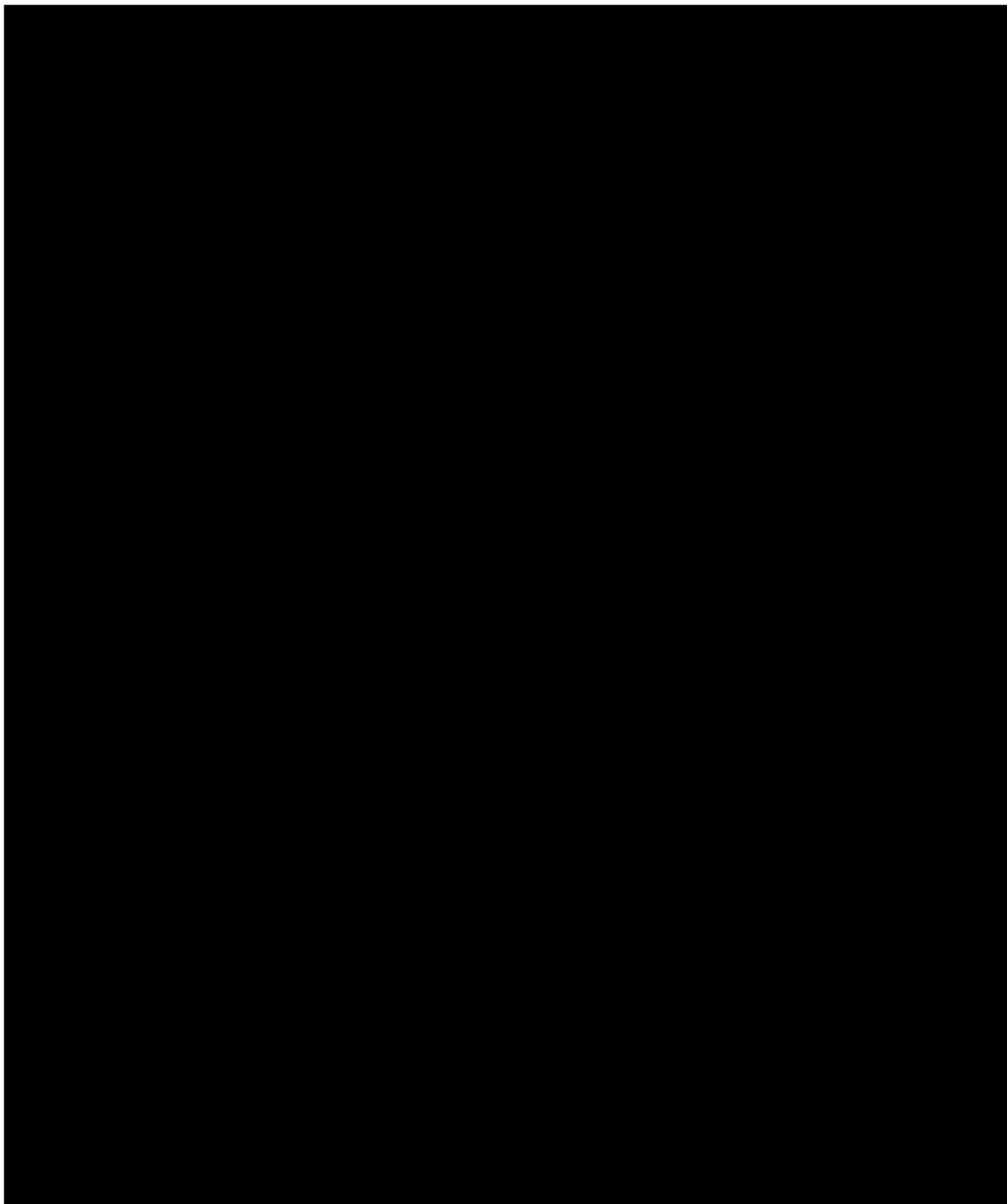
PENDING SCOPES OF WORK

Most of the buy-ins that mSTAR receives have a specific scope of work attached to them at the time of fund obligation, but sometimes mSTAR receives buy-ins from USAID for which a specific scope of work has not been formulated prior to receiving the funding. USAID and mSTAR, therefore, embark on a process of writing the scope of work so that the funding can be used for an activity. In other cases, funding remains from complete or suspended activities, and in collaboration with USAID mSTAR initiates a process of reallocation of those funds to other activities. This section describes the tasks that mSTAR performed during the reporting period to formulate scopes of work or reallocate funding.

In 2014 mSTAR received a buy-in for the Mozambique Health Evaluations and Platform Activity to perform USAID health program evaluations and construct a data storage and visualization platform. One evaluation was completed, but the remainder of the scope of work was either cancelled or suspended. Because a significant amount of the funds remain from the cancelled and suspended activities mSTAR Director, Troy Etulain, traveled to Maputo, Mozambique during the reporting period to meet with USAID/Mozambique staff and discuss alternative activities for these funds. Since the remaining funds come from the President's Emergency Program for AIDS Relief (PEPFAR), the funding has to be used for PEPFAR activities. Mr. Etulain, therefore, met with PEPFAR staff and designed a draft scope of work for an activity that aims to help expedite PEPFAR Mozambique's reporting needs by using optical character recognition technology (OCR) to digitize paper-based health reporting forms thereby expediting PEPFAR's monitoring and evaluation process. During the reporting period, PEPFAR Mozambique representatives reviewed and approved the SOW, and mSTAR began working on an RFP to procure the services of an OCR firm that can help identify an appropriate OCR system that meets PEPFAR Mozambique's reporting needs.

mSTAR has been working with the Digital Inclusion team to develop a scope of work for an activity to develop a Digital Communication Handbook to serve as a resource for USAID missions and IPs. The handbook will focus on providing missions and IPs with comprehensive information and concrete steps for utilizing various digital tools and outlets to effectively disseminate messages and local content to real and potential beneficiaries. At the end of this reporting period, mSTAR provided the team with an initial SOW for review and comment. In the next quarter, once the SOW is fully approved by the Digital Inclusion team, mSTAR will release a solicitation to procure the services of a firm to lead development of the Handbook.

Also for the Digital Inclusion team, mSTAR provided input to the scopes of work for an additional three forthcoming Gender and ICT activities. The anticipated activities include the completion of a set of case studies on former GSMA Connected Women grantees and the development of several tools around Gender and ICT for USAID staff, including a Gender and ICT Survey Tool-Kit and an Online Training for USAID Staff on Gender and ICT.

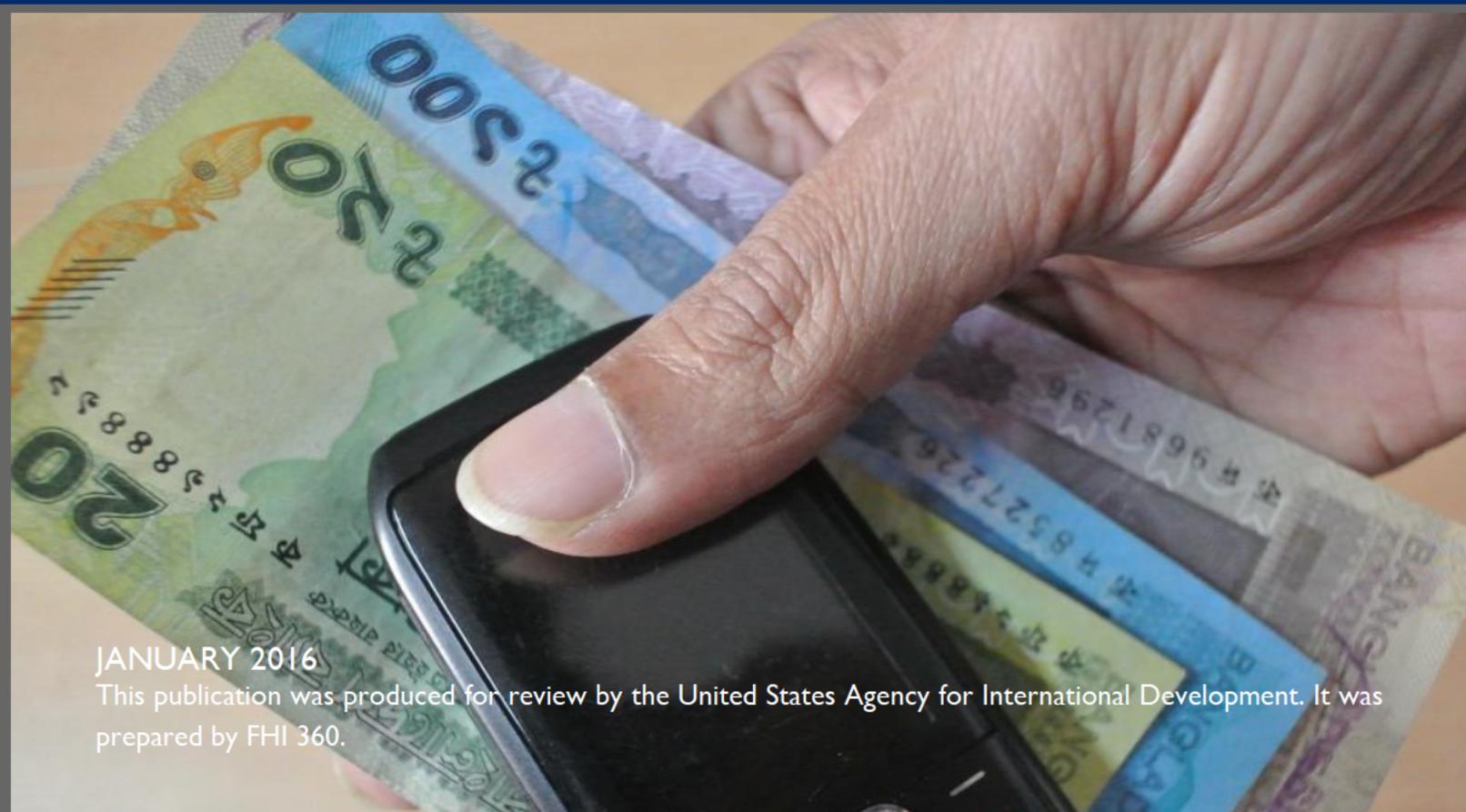


#	Indicator	Result totals	Activities reporting to Indicator for Q1:
Program Objective: Provide technical support and thought leadership for digital development built on evidence-based practices and standards to enable effective programming and learning.			
Intermediate Result 1: Increased effective utilization of digital technologies in USAID and partner programs			
IR.1.a	Number of mSTAR trainees effectively utilizing digital technologies in their work.	83	India Digital Development Training, m4U handbook survey, DFS handbook (source: India DD training survey)
IR.1.b	Number of USAID and partner programs who have adopted or made an explicit commitment to adopt digital development to enhance development outcomes as a result of project assistance.	74	Bangladesh digital payments, Bangladesh portfolio acceleration, Liberia e-payments, India merchant acceptance, Principles of DD, Mali DFS Atelier
Sub-IR 1.1: Increased awareness and capacity of USAID and partner program staff to apply digital technologies effectively.			
I.1.a	Number of USAID and partner program staff who report an increased understanding of digital technologies as a result of mSTAR project interventions	43	Bangladesh digital payments, Ghana HtF training, India DD training, m4U handbook, DFS handbook
I.1.b	Number of learning event participants reporting increased understanding of digital development	87	India Digital Development Training, m4U handbook survey, DFS handbook (India DD training survey), Bangladesh Workshop Facilitation Activity
Sub-IR 1.2: Deeply engaged audience for digital tools and services			
I.2.a	Number of new digital technology learning products	27	Experience, BD snapshot, BD midline report, BD video case story (2), BD monthly newsletter, mSTAR weekly reader, Liberia tipsheet (2), Mali DFS Assessment, Burma DFS assessment
I.2.b	Number of learning events for digital development	11	BD workshop, Mali DFS Atelier, 1 ecn Tuesdays (2), DFS CoP meetings, India DD Training, Digital Gender Divide Workshop, Liberia FGD, Role of Digital Identities panel
I.2.c	Number of attendees at digital development learning events	656	BD workshop, Mali DFS Atelier, 1 ecn Tuesdays (2), DFS CoP meetings, India DD Training, Digital Gender Divide Workshop, Liberia FGD, Role of Digital Identities panel
I.2.d	Number of new members joining DFS Community of Practice	234	Baseline for DFS Community of Practice
I.2.e	Number of views and downloads of digital technology learning products	608	MailChimp analytics (baseline FY 2016)
I.2.f	Number of new buy-ins from donors and private sector partners	0	None for Q1, last obligation was Sept. 2015
I.2.g	Number of engagements facilitated by mSTAR with digital financial services stakeholders	11	BD workshop, Mali DFS Atelier, DFS CoP meetings, India DD Training, Digital Gender Divide Workshop, Liberia FGD, Role of Digital Identities panel
Intermediate Result 2: Improved enabling environment for digital and financial inclusion			
IR.2.a	Improved score for priority countries on World Bank FinDex (Denotes the percentage of respondents who report having an account (by themselves or together with someone else)).	India- 53.1; Bangladesh- 31.0; Burma- 22.8; Liberia-18.8; Mali-20.1	WB FinDex Account Penetration (15+): Denotes the percentage of respondents who report having an account (by themselves or together with someone else). For 2014, this can be a mobile account as well as an account at a bank or another type of financial institution. This is measured as a percentage of the adult population aged 15+ in 2014.
IR.2.b	Improved score for priority countries on Freedom House index (1 representing the most free and 7 the least free)	India- 2.5; Bangladesh- 4.0; Burma- 6.0; Liberia- 3.5; Mali-4.5	Each country score is based on two numerical ratings—from 1 to 7—for political rights and civil liberties, with 1 representing the most free and 7 the least free.
IR.2.c	Improved score for priority countries on World Business Doing Business survey (out of total 189 countries)	India- 130; Bangladesh- 174; Burma- 167; Liberia-179; Mali-143	A high ease of doing business rank means that the regulatory environment is more conducive to the starting and operation of a local firm. The rankings are determined by sorting the aggregate distance to frontier scores (this measure shows the distance of each economy to the frontier, which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance from frontier is reflected on a scale of 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. For example, a score of 75 in DB 2015 means an economy was 25 percentage points away from the frontier constructed from the best performances across all economies and across time) across 10 topics, each consisting of several indicators, giving equal weight to each topic. The rankings for all economies are
Sub-IR 2.1 Improved market systems that enable underserved populations to access digital technologies			
2.1.a	Number of countries who have adopted or have made an explicit commitment to adopt policies or regulations to increase the use of digital technologies	5	Baseline for FY2016
2.1.b	Number of new products or services designed to meet the wants and needs of USAID project beneficiaries introduced as a result of mSTAR project interventions	1	Baseline for FY2016
2.1.c	Number of market assessments conducted for digital technologies	2	Mali DFS Assessment; Burma DFS Value Chain Assessment
2.1.d	Number of recommendations from market assessments adopted for digital technologies in priority countries	0	Will measure outcome of assessments in Q2
IR 3: Increased user demand and capabilities with regard to digital tools and services			
IR.3.a	Number of users receiving payments by digital tools and services	1552	Bangladesh digital payments
IR.3.b	Number of users making payments by digital tools and services	5	Bangladesh digital payments
IR.3.c	Number of users using digital tools and services	1557	Bangladesh digital payments
Sub-IR 3.1: Increased research utilization for digital technologies			
3.1.a	Number of research activities conducted by mSTAR for digital technologies	1	Business models research- literature review completed
3.1.b	Number of recommendations resulting from mSTAR research activities utilized by programs	0	Will measure outcome of research activities I Q2
3.1.c	Number of new approaches and technologies introduced for digital development	1	Business models research- literature review completed
Sub-IR 3.2: Increased engagement with digital development stakeholders			
3.2.a	Number of engagements facilitated by mSTAR with digital financial services stakeholders	11	BD workshop, Mali DFS Atelier, DFS CoP meetings, India DD Training, Digital Gender Divide Workshop, Liberia FGD, Role of Digital Identities panel
3.2.b	Number of organizations that have endorsed Principles for Digital Development	29	Baseline for Principles for DD (1st reporting period for tracking)



MOBILE SOLUTIONS TECHNICAL ASSISTANCE & RESEARCH (mSTAR), BANGLADESH

QUATERLY REPORT, FY 2016
10/01/2015 – 12/31/2015



JANUARY 2016

This publication was produced for review by the United States Agency for International Development. It was prepared by FHI 360.

Mobile Solutions Technical Assistance and Research (mSTAR), Bangladesh

QUARTERLY REPORT, FY 2016,
(10/01/2015 – 12/31/2015)

COOPERATIVE AGREEMENT NO.: AID-OAA-A-12-00073

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ACRONYMS

AMC	Activity Management Committee
AOR	Agreement Officer Representative
BB	Bangladesh Bank
FGD	Focus Group Discussion
ICT4D	Information and Communication Technologies for Development
IP	Implementing Partner
KII	Key Informant Interview
MFS	Mobile Financial Service
MM	Mobile Money
MNO	Mobile Network Operator
MS	Mobile Solutions
mSTAR	Mobile Solutions Technical Assistance and Research
mSTAR/B	Mobile Solutions Technical Assistance and Research/Bangladesh
PDT	Performance Data Table
PIRS	Performance Indicator Reference Sheet
SMC	Social Marketing Company
SOW	Scope of Work
USAID	United States Agency for International Development
USG	United States Government

1.0 Executive Summary

This report provides an overview of mSTAR/Bangladesh (“mSTAR/B”) activities for FY 2016 from October 1, 2015 to December 31, 2015. It highlights the key achievements with respect to the mSTAR/B work plan and M&E indicators. Planned activities for the upcoming quarter are also outlined in this report.

Over the last quarter, mSTAR/B effectively managed and assisted one grantee with the process of transitioning from cash to mobile payments and received a technical assistance request from USAID’s READ project implemented by Save the Children to help them to increase their capacity to operationalize mobile payments. mSTAR/B conducted one technical workshop in Dhaka to increase awareness on mobile money among USAID implementing partner staff. During the quarter, mSTAR/B published 6 learning documents aimed at helping IPs gain more knowledge on mobile payments and to enable them to make informed decisions when deciding whether to adopt mobile payments in their projects. In addition, mSTAR/B continued its ongoing dialogue facilitation with different stakeholders to promote digital financial services and to encourage the development of an efficient mobile money ecosystem that will benefit all beneficiaries of USAID projects in Bangladesh. One significant accomplishment worth noting is that bKash, the country’s largest MFS provider, has agreed to waive its 0.5% bulk payment disbursement fee for all USAID-funded projects as a result of mSTAR/B’s advocacy efforts.

In addition to the achievements made by mSTAR/B, this report also highlights challenges faced by the mSTAR/B team and our grantee and TA recipients, along with the mitigation measures adopted and/or planned to resolve these issues. Key lessons learned from this quarter are included at the end of this report.

2.0 Country Activity: Bangladesh

mSTAR is a broad, flexible, and responsive technical assistance and action learning program that fosters the rapid adoption and scale-up of mobile money, mobile technologies and mobile data solutions, in developing countries. Ultimately, mSTAR seeks to increase access and use of mobile technologies by the poor, civil society, local government institutions, and private sector stakeholders.

The mSTAR/Bangladesh activity supports the acceleration and adoption of mobile money and electronic payments (e-payments) within the USAID Mission’s programs, with a specific emphasis on health, education, agriculture and gender. Implementation of this activity began in September 2013.

mSTAR/B is helping USAID implementing partners to integrate mobile payments and electronic payments into their program operations. In addition, mSTAR/B also works with USAID/Bangladesh, implementing partners, and other relevant parties to define and capture mobile money metrics consistent with USAID’s country-level results framework. Local capacity building, ownership, and sustainability are key principles to be supported through this activity. The objectives of this program are to:

- Increase the use of digital payments in USAID programs—especially those in the Economic Growth portfolio (Global Climate Change and Feed the Future)—resulting in efficiency and productivity gains across USAID/Bangladesh’s sector portfolios resulting in strengthened programs and greater attainment of development outcomes, and

- Promote improvements in the overall digital finance sector within Bangladesh that will be beneficial to improving uptake within USAID projects and by USAID beneficiaries, which in the case of the latter will also help to promote financial inclusion.

3.0 Updates on Work Plan Specified Deliverables

3.1 Overview of Deliverables and their Status

Deliverable	Status
1. Quarterly Performance Reports on project activities to indicate progress toward established performance targets	The 1 st quarterly report of 3 rd year (this report) was prepared and shared in January 2016.
2. Conduct technical workshops	One Dhaka based workshop entitled “e-Payments: The New Default Payment Method for USAID Implementing Partners – Why, Where, When & How?” was held on October 29, 2015 in this quarter. A report summarizing the workshop is published online .
3. Provide technical assistance (TA)	In this quarter mSTAR/B received technical assistance request from USAID’s READ project implemented by Save the Children. The TA is aimed to build the capacity of READ and its implementing partners’ staff on Mobile Financial Services, how to identify opportunities to incorporate mobile money into their projects and what process need to be followed to implement MFS in projects and programs.
4. Publish learning documents and multimedia content	During the reporting quarter, mSTAR/B published 6 learning documents including mSTAR/B’s midline survey.

3.2 Deliverables: Targets and Achievements

Deliverable Name	FY 16 Targets	Achievements	
		Q1 (Oct - Dec 2015)	Total FY15 (to date)
Technical Workshops	4	1	1
On-demand STTA*	6	0	0
Learning documents and multimedia content	20	6	6
Stakeholder Meetings	4	0	4
Portfolio Acceleration Assessment Report	2	0	0

* On-demand STTA is counted once the assignment has begun, not when it is requested.

4.0 Updates on Work Plan Activities (Quarter I, FY 2016)

The major activities in the work plan are:

1. Awareness raising activities
2. On-demand short-term technical assistance
3. Grants management
4. Portfolio acceleration
5. Dialogue facilitation
6. Integration with other Digital Development activities
7. Environmental compliance
8. Branding and marking
9. Data collection, monitoring and evaluation

Overall Status: On Track

4.1 Awareness Raising Activities

4.1.1 mSTAR/B Technical Workshops

A Dhaka-based technical workshop, entitled “e-Payments: The New Default Payment Method for USAID Implementing Partners – Why, Where, When & How?” was held on October 29, 2015. The workshop focused on USAID’s guidelines on using electronic payments in all USAID funded projects and programs. Bruce McFarland, USAID’s Global Development Lab’s Chief of Operational Innovation provided background on why the new guidance was put in place and an overview of how electronic payments should be incorporated into projects. USAID/Bangladesh’s IPs were able to share their concerns on the new guidelines and also get clarification on some clauses / provisions.

The workshop also covered the role of mSTAR/B and how it can help USAID implementing partners in transitioning from cash to mobile payments. In addition, it included a recap of key discussions from previous workshops including the benefits of using mobile money in projects.

A total of 18 participants (15 males and 3 females) from the following 10 organizations participated in the workshop:

- | | |
|--------------------------------------|---------------------------------|
| 1. Hellen Keller International (HKI) | 6. CNFA |
| 2. Social Marketing Company | 7. IBI International |
| 3. WorldFish | 8. Winrock International |
| 4. EngenderHealth | 9. FHI 360 (Finance Department) |
| 5. IRRRI | 10. Abt Associates Inc. |

The workshop covered the following topics:

- **Overview of mSTAR Bangladesh**

Ataur Rahman, Project Team Lead of USAID’s mSTAR project gave a brief overview of mSTAR project. He particularly mentioned that mSTAR/B has the technical competency to help USAID’s implementing partners in transitioning from cash to electronic and mobile money. Speaking about

different components of the project, he mentioned that mSTAR/B conducts awareness raising workshops and publishes learning documents to increase knowledge of USAID IP staff on digital payments. He also shared that mSTAR/B provides intensive technical assistance to USAID's IPs to assess the potential scopes for using mobile money, the viability of adopting mobile money, and to smoothen the transition from cash to mobile money.



- **Presentation of E-payments and USAID's default payment mechanism**

Bruce McFarland, Head of Operations & Innovation of USAID Global Development Lab gave a brief presentation on the new USAID procurement executive's bulletin (PEB) which makes electronic payments the new default payment system for USAID's implementing partners. He shared that the new policy was adopted to encourage the use of electronic payments within project operations as the benefits of using electronic payment are far beyond just financial benefits. Bruce also mentioned that transitioning to mobile money might incur additional costs for projects at the onset and also may not bring financial benefits instantly, however, USAID wants to see that all implementing partners are at least trying to adopt electronic payment systems in their projects.



- **Open Discussion**

In an open discussion, Bruce responded to several questions and concerns raised by participants. He mentioned that amounts below USD\$ 3,000 can be paid in cash, however he encouraged projects to use electronic payments. He also mentioned that additional costs incurred due to use of electronic payments can be charged to USAID and further mentioned that USAID sees adoption of electronic payments more than just financial benefits or losses. He shared that the benefits received by using electronic payments are wider than financial benefits. Bruce shared that a project can take up to 6 months to adopt electronic payments and if it is not viable for a project to use electronic payments then the project should seek for approval from their AO/CO to use cash. He further added that cheques are considered paper payment and not counted as electronic payment, whereas mobile payments are considered to be electronic



payments. He also added that writing cheques and converting it into cash involves time and human resource engagement.

The full workshop report is available [online](#).

Overall Status: **On Track/Ongoing**

4.1.2 mSTAR/B Learning Documents

During this quarter, mSTAR/B published a total of six learning documents, including one mobile money infosheet, one mobile money experience, one mobile money snapshot and one technical report and two video case stories.

Infosheets

During this quarter, mSTAR/B published a new Infosheet on [SureCash](#). In addition, mSTAR/B has drafted a new Infosheet on OK Banking which will be published in the next quarter. The Infosheets provide an overview of the product(s), cost, information on how to set up a corporate agreement, and the bulk payment process. mSTAR/B also has updated the [DBBL Mobile Banking](#) infosheet and collected information to update other published infosheets.

Mobile Money Experience

mSTAR/B developed one mobile money experience highlighting a USAID IP beneficiary. [Kallani Sarker](#) is a frontline community farmer and a beneficiary of USAID's Aquaculture for Income and Nutrition (AIN) project implemented by WorldFish. The experience highlights how adoption of mobile money by the project under an mSTAR grant has helped in improving her lifestyle and efficiency at work.

Technical Report

mSTAR/B published a survey report entitled [mSTAR/Bangladesh Midline Evaluation Survey](#). The survey highlights how mSTAR/B's intervention has helped USAID implementing partners in transitioning to mobile money from cash. The report reveals that the number of USAID IPs using mobile money for payments has tripled in the last one year and IPs are benefitted from reduced administrative burden on technical staff, from financial savings perspective and from increased time utilization.

Videos

During this quarter, mSTAR/B published two videos. The first one, entitled [Less Time Lost, More Outlets Covered: Experiences from the field with mobile money](#), focuses on how adoption of mobile money by Social Marketing Company (SMC) has improved efficiency of the frontline sales officers and averted potential financial risks. The other video, entitled [Now None of Us Need to Worry About Money: How USAID's AIN Project has Benefited from Mobile Payments](#), highlights how USAID's AIN project has benefitted from transitioning from cash to mobile payments.

Snapshots

During this quarter, mSTAR/B published a mobile money snapshot on the [Department of Youth Development](#). This mobile money snapshot describes how Department of Youth Development has

adopted mobile money in disbursing loans and collecting loan EMIs using mobile money. This further illustrates how adoption of mobile money has improved loan collection and has significantly reduced paperwork and manual record keeping.

Other Communications Activities

In August 2014, mSTAR/B launched *mSTAR Bangladesh Newsflash*, a monthly e-newsletter to promote the project's activities, learning documents, and other information related to mobile money to stakeholders. The aim of the e-newsletter is to create a space for the project to promote mobile payments across USAID projects. In this quarter, three issues were circulated to more than 240 individuals from USAID, USAID implementing partners, mobile financial service providers and other development organizations. This quarter included an [October issue](#), [November issue](#) and [December issue](#) of the newsletter.

Overall Status: On Track/Ongoing

4.1.3 Event Participation

mSTAR/Bangladesh team participated in different events hosted in Bangladesh. A summary of those events are given below:

- 1. Bangladesh Development Fair 2015:** mSTAR's Communication Specialist attended the high profile Bangladesh Development Fair 2015, which was attended by representatives from the donor and government community. mSTAR/B promoted its published infographics through USAID/Bangladesh's stall at the fair. The fair showcased different development initiatives funded by donor organizations and by the government, and was inaugurated by the honorable prime minister of Bangladesh.



Bangladesh's Prime Minister, H/E Sheikh Hasina, looking at mSTAR/B produced infographics displayed at USAID/B stall.

- 2. Grameen Phone Event:** Grameen Phone launched the service of GP Krishisheba (276676) at Ball Room of Pan Pacific Sonargaon on 7th December, 2015. On that day, GP introduced the service package in details. The key features of the mAgri services are:

- Farmers will be able to access pertinent information on farming of crops, vegetables, fisheries, livestock and also nutritional requirements.



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- Farmers will be able to access an agro-call center where agro-consultants will be available to solve their farm problems for BDT 3/min. Any farmer registering for this service will also be able to make voice calls to any operator for only 1paise/sec.
- In addition, farmers will be able to validate the originality of the Lal Teer seed pack through the USSD menu of the same port. This will help the farmers to not buy adulterated seeds that hamper productivity. This feature is free for all farmers.

Overall Status: On Track/Ongoing

4.2 On-demand Short-term Technical Assistance

During this quarter, no technical assistance was provided. However, we formalized plans to provide TA to the Reading Enhancement for Advancing Development (READ) project implemented by Save the Children, which will begin in January 2016. The primary focus of that TA is to provide training to READ and its partner organizations staff on MFS, how to identify areas where MM makes sense, how to go about implementing mobile money and to help them to identify an MFS provider. In addition, we also held meetings with the Agriculture Value Chains (AVC) project implemented by DAI and the Rice Value Chain (RVC) project implemented by IRRI, both of which expressed interest in potentially received TA next quarter.

Technical Assistance Success:

mSTAR/Bangladesh was pleased to see Social Marketing Company (SMC) using mobile data collection in its non-mSTAR funded activities. Last year, mSTAR/B provided technical assistance to SMC, which included training their staff on using mobile data collection for its baseline survey which is now being used widely across other activities.

4.3 Grants Management

mSTAR/B grants are aimed to fund USAID/Bangladesh IPs who are committed to testing mobile and electronic payments, whether to a limited or extensive degree, in order to compare and document the costs, challenges, and benefits of using cash versus mobile and electronic payments.

4.3.1 Update on mSTAR/B current grantees

mSTAR/B is supporting one USAID/B IP, Social Marketing Company (SMC), by providing them with a fixed-obligation grant to encourage their adoption of mobile payments. SMC has already started to adopt mobile payments in their operations and are currently disbursing payments to beneficiaries using mobile money. They also arranged a training workshop on 14th October, 2015, during which mSTAR/B presented on digital financial services. A total of 30 project staff attended the training session to increase their understanding of mobile money and its usages within SMC's various activities. Since the mSTAR-led session was only a small component (2 hours) of a larger three day training held by SMC, we have not counted it towards our deliverables.

The following table provides a summary of the mobile money transactions made by SMC in this quarter.

Social Marketing Company					
Year	Month	Volume of transactions		No. of transactions	No. of new unique beneficiaries ¹
		BDT	USD ²		
2015	October	12,292,628	156,594	458	1557
	November	13,612,685	173,410	966	
	December	7,170,203	91,340	453	
Total (Oct-Dec, 2015)		33,075,516	421,344	1,877	1,557

During this quarter, SMC started making mobile payments for Blue Star program (BSP) trainings. Their experience has been so positive that they have already committed to expanding the initiative. They plan to scale up the initiative of making training payments via mobile to all 6,000 BSP providers up from the 2,000 BSP providers that they initially planned to pilot with. Including both training disbursements and sales collections, SMC made more than 1,800 mobile transactions worth more than USD \$420,000 in this quarter.

SMC also tested using the bill pay service offered by their partner MFS provider in this quarter, but this has so far failed to gain much traction, primarily because sales outlets often do not have sufficient balance in their mobile wallets to pay via MFS. Their preference to pay in cash, means that for now SMC sales officers take cash from their sales and deposit it directly at the agent point. Despite not being able to fully digitize payment flows down to the sales outlet level, it is still saving their staff time and increasing convenience since the agents work much longer hours than banks. Therefore, rather than having to travel home at night with a large sum of cash and wait in queue to deposit it at the bank the next day, they can cash in to the SMC's corporate mobile money account at the end of the day.

mSTAR/B supported SMC to finalize their endline evaluation plan during this quarter, and work has already been initiated by the SMC study team. The evaluation plan focused on capturing the impact of the pilot, particularly capturing any difference between cash and mobile payments they experienced through the implementation of the pilot. The evaluation study utilizes both the quantitative and qualitative methods and the survey questionnaire, focus group discussion (FGD) guidelines, and key informant interview (KII) guidelines were prepared in accordance with the study objectives. Field work commenced the last week of December. This field work will be continued into next quarter and the report will be finished by February.

Overall Status: Ongoing

4.4 Portfolio Acceleration

mSTAR/B conducted a savings group assessment through primary and secondary surveys. The assessment evaluated the financial behavior of savings group members and identified challenges faced by the groups.

¹ The number of unique beneficiaries is calculated by grantees on a quarterly basis.

² 1 USD=78.50 BDT (as of January 7, 2016)

It aims to identify how digital financial services might be able to help saving groups and increase savings habits. The assessment report will be finalized next quarter.

Some initial desk research and preliminary discussions with USAID/Bangladesh and several USAID IPs were conducted during this quarter around the planned assessment on opportunities for using DFS in agricultural value chains. The design of the assessment will be shared in the next quarter and field work are likely to take place in Q3.

Overall Status: On Track/Ongoing

4.5 Dialogue Facilitation

In this quarter, mSTAR/B held meetings with several different stakeholders to advance mSTAR's overall objectives and goals.

- mSTAR/B met with SureCash to learn more about their products and services.
- mSTAR/B staff met with the Head of Collection at DBBL Mobile Banking and the Director of the Department of Youth Development (DYD) to learn more about how DYD has begun using mobile money in compliance with government's existing financial rules, regulations and practices. Following the meeting, the mobile money snapshot on DYD was developed.

Dialogue Facilitation Success:

Since the start of mSTAR/Bangladesh in 2013, the team has held numerous meetings and discussions with bKash on reducing disbursement charges for USAID IPs. The ongoing dialogue achieved success on October 15, 2015 after bKash confirmed that it will waive disbursement fees (0.50%) for all USAID-funded projects.

Mobile Money Consultative Group (MMCG) Meeting

A [MMCG](#) meeting was originally scheduled for December, but due to the security situation in Dhaka at the time, it had to be postponed. It has been re-scheduled to be held in next quarter, and will focus on merchant payments and how they can be supported by development programs.

Overall Status: On Track/Ongoing

4.6 Integration with other Digital Development activities

No other activities were conducted by USAID's Digital Development team in Bangladesh this quarter, so no action was taken.

Overall Status: On Track/Ongoing

4.7 Environmental Compliance

mSTAR/B continues to follow environmental compliance guidelines.

Overall Status: On Track/Ongoing

4.8 Branding and Marking

mSTAR/B has followed mSTAR's branding and marking policy. All publications and appearances have followed the mSTAR Branding and Marking plan and USAID's 'Graphic Standards Manual'.

Overall Status: On Track/Ongoing

4.9 Data Collection, Monitoring and Evaluation

4.9.1 Revision to mSTAR/B M&E Plan for FY2016

mSTAR/B prepared a revised M&E plan for FY 2016 to match changes made to the project work plan for FY 16. After submitting the final version of the revised M&E plan to USAID on November 24, we received concurrence from the mSTAR/B activity manager at USAID/B, Jeff deGraffenried, on November 30, 2015.

Overall Status: Completed

5.0 Update on Attainment of Project Indicators

Indicator	Unit of Measure	Disaggregation	Baseline Value (Year)	FY 16 Target	Actual Oct-Dec 2015	Total FY 16 annual actuals
Project Objective: Assist USAID/Bangladesh to integrate digital payments in the programs and operations of implementing partners, as well as to support expansion of the digital payments industry in ways that are beneficial to USAID programs and USAID's broader development objectives at an ecosystem level.						
PO: Number of USAID/Bangladesh projects who have received support from mSTAR that have used digital financial services in the calendar year.	Number of USAID/Bangladesh projects	Portfolio (Agriculture, Health, GCC, etc)	3 (2014)	10	N/A	This indicator is calculated annually.
Intermediate Result I: Increased efficiency and cost-savings across USAID/Bangladesh programs as a result of adoption of digital financial services						
Percentage change in efficiency, as measured by direct and indirect cost savings, between cash and digital financial services	Percentage change in efficiency	Portfolio (Agriculture, Health, GCC, etc)	N/A	+25%	N/A	This indicator is calculated annually.
Sub-IR I.1: Increased use of digital financial services by USAID/Bangladesh programs						

I.1: Percentage change in value of transactions by projects that have received support from mSTAR	% change in the value of monetary transactions	Portfolio (Agriculture, Health, GCC, etc)	BDT 362,955 (2014)	+25% (BDT 57,803,261)	BDT 33,075,516	The percent change is calculated annually.
Sub-IR 1.2: Increased awareness and capacity of USAID/Bangladesh mission and project staff to use digital payments						
I.2: Number of USAID/Bangladesh mission and project staff who report an increased understanding of digital payments as a result of participation at mSTAR facilitated workshops	Number of USAID Bangladesh mission and project staff	mSTAR Implementing Partners, Gender	0 (2014)	50	16	16
Intermediate Result 2: Increased availability of digital financial products and services relevant to USAID projects and their beneficiaries						
Number of new or modified products or services designed to meet the wants and needs of USAID project beneficiaries introduced as a result of mSTAR project engagement	Number of new or modified products or services	Type of product or service	N/A	2	1	1
Sub. I.R. 2.1. Increased coordination of digital financial services partners and programs in Bangladesh						
2.1 Number of engagements facilitated by mSTAR with digital financial services stakeholders	Number of engagements	Type of engagement, Topic of engagement	N/A	4	0	0

6.0 Challenges Faced during FY16 Q1 and Steps Taken

Challenges	Steps Taken to Address
Grantees	
DBBL recently started offering two different account types: cash in free and ATM free. The DBBL accounts created during the grant implementation were not set up as 'cash-in free' and SMC staff were not told about the need to convert their accounts before making transactions. As a result, a few outlet owners lost some money on cash-in charges and they were reluctant to pay through mobile banking.	We worked with DBBL and SMC's field level team helped account holders to convert their accounts into cash-in free.
Due to insufficient mobile balances, not all DBBL agents are capable of providing cash-in services. Moreover, not all DBBL agents are sufficiently aware/well-trained on the full range of services that are available. For example, for SMC outlet owner's accounts, DBBL has a cash-in limit up to BDT 200,000 per day, with a maximum 50,000 cash-in in each transaction. This is higher than the usual limit of only BDT 25,000 per day. As many of the DBBL agents do not know about the special limits for SMC, they do not let outlet owners cash-in at the higher amount.	SMC staff are motivating their field staff to communicate with the DBBL staff and super agents prior to making transactions.
mSTAR/B	
Disseminating experiences and lessons learned to a broader audience.	mSTAR/B has developed an enhanced dissemination plan and outreach strategy in order to make sure that learning documents are being shared using a standard protocol.
Collecting information from non-USAID projects and from MFS providers and verifying the information.	mSTAR/B is producing learning documents highlighting mobile money usage in non-USAID funded projects, through interviews with those organizations and through reaching out to MFS providers. mSTAR/B has started a new process to verify the information upfront before publishing any document.
Closure of several USAID funded projects	A few USAID/B's projects that mSTAR/B had previously been in contact with are currently closing down. Therefore, they are uninterested in piloting mobile money in their project operations as they consider this as an additional activity over their key activities. We plan to engage with new projects and re-engage with other active projects to generate new demand.

7.0 Lessons Learned from this Quarter

- Given the hierarchical protocol followed by some offices, it is important to loop in senior level management while interacting with mid-level managers when developing learning documents and providing technical assistance.
- A good number of participants of the last workshop held in this quarter mentioned that, though they got to know about benefits of making e-payments and details on how to do the transition to e-payments, they want to know or discuss more about the challenges of e-payments.

8.0 Planned Activities for Next Quarter

Awareness raising activities:

- Hold a Dhaka-based technical workshop for USAID IPs
- Publish at least one new infosheet
- Develop at least two mobile money experiences and two video stories on mSTAR/B grantees capturing the organizational and beneficiary viewpoints.

On-demand short-term technical assistance

- Conduct technical trainings for USAID's READ project and partner organization staff
- Conduct assessment of USAID's RVC project implemented by IRRI and identify potential scopes for incorporating MM into their project. And share draft assessment report with IRRI including recommendations.

Grants Management:

- Support SMC in conducting their impact evaluation by providing them with guidance and informal technical support.
- Support will be provided to SMC in completing the fieldwork, data analysis and reporting of the endline evaluation, which has now been initiated by SMC as part of deliverables.
- The remaining milestone deliverables of SMC will be reviewed in the next quarter as the FOG is ending. Also support will be provided to SMC to document their transactions during the period for the January to March 2016, as per the prescribed format (beneficiary database).

Portfolio Accelerations:

- The savings group assessment report will be finalized and published
- Design of the agricultural value chains assessment will be finalized

Dialogue Facilitation:

- A mobile money consultative group (MMCG) meeting will be held in the next quarter. It will focus on merchant payments and how merchant payments can be incorporated in development projects.

Data collection, monitoring and evaluation:

- A pre- and post-assessment on the participants of the upcoming workshop will be conducted to assess whether the participants get any increased understanding of digital payments.

Annex C: Sure Cash Infosheet



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Mobile Money Infosheet: **SureCash**

USAID promotes increased access to and usage of mobile financial services in order to deepen financial inclusion, accelerate broad-based economic growth, and instill transparency into funding flows. These infosheets provide information on different mobile financial services available in Bangladesh so that USAID implementing partners can make more informed decisions when choosing a provider. All of the information in this infosheet is self-reported by the provider and is subject to change at any time.

Overview:

SureCash is a mobile financial service (MFS) platform developed by Progoti Systems Limited. It is currently accessible through six scheduled banks: Rupali Bank Limited, First Security Islami Bank Limited, Bangladesh Commerce Bank Limited, Jamuna Bank Limited, National Credit & Commerce Bank Limited and National Bank Limited. Through its partner banks, SureCash offers a range of services including cash in, cash out, cash transfers between individuals (P2P), cash transfers from businesses/organizations to individuals (B2P), bill payments, merchant payments, mobile top up and collections. Currently, SureCash's partner banks have over 1,000,000 users and about 33,000 agent points all across Bangladesh, in addition to partnerships with more than 150 educational institutions. SureCash users can access their mobile money account via a USSD menu (currently only available in English) by dialing *257# from Airtel and Banglalink, *375# from Teletalk, and 09606060606 from GrameenPhone and Robi. SureCash also offers its corporate clients a web-based platform and platform integration between the organization's financial systems and SureCash's platform.

Setting up a corporate account:

The first step to opening a corporate account with SureCash is to sign an agreement with them. After that, a master account can be opened with any one of the SureCash Network Participant Banks, through which the organization can deposit funds and make payments.

Process for making bulk disbursement payments:

SureCash corporate clients are provided with a free web portal accessible only by designated users. Corporate account users can disburse money by uploading a single spreadsheet with payment details of the recipients in a specific format through the designated web interface. Once the disbursement is made, each recipient is immediately notified through SMS and can withdraw from any SureCash agent point. The corporate client is also notified instantly by email and a detailed report is shared in accordance with the terms of their agreement.

Pricing structure and limitations:

Action type	Corporate MM Accounts	Limitations	End-user	Limitations
Opening an account	Free	A bank account with any SureCash partner bank is required	Free	Must have a MM account through one of the SureCash partner banks
Cash in	Free	N/A	Free	<ul style="list-style-type: none"> Cash in only available at agent points BDT 25,000/day 5 times/day BDT 150,000/month 20 times/month
Business to Person (B2P) payment	1% or BDT 4 whichever is higher per transaction	N/A	N/A	N/A
Collection*	1% or BDT 4 per transaction (whichever is higher)	N/A	N/A	N/A



Cash out from agent**	N/A	N/A	1.8% or BDT 5 (whichever is higher). For bulk disbursements, these fees can be paid by the corporate account holder.	<ul style="list-style-type: none"> • BDT 25,000/daily • 3 times/day • 10 times/month
Cash out from ATM**	N/A	N/A	N/A	N/A
Cash out from bank branch**	N/A	N/A	N/A	N/A
Person to Person (P2P) transfer	N/A	N/A	BDT 4 per transaction	<ul style="list-style-type: none"> • BDT 10,000/daily • 20 times/day • BDT 25,000/month • 70 times/month
Merchant payment	1% – 2% (negotiable)	N/A	Free	N/A
Mobile top up	Free	N/A	Free	<ul style="list-style-type: none"> • Minimum BDT 50 for post-paid • Minimum BDT 10 for pre-paid
MM account statement	Free	As per agreement	Free	N/A

* Collection refers to the cost to transfer funds from a corporate mobile money account to a bank account. Transferring funds from a bank account to a corporate mobile money account is free.

** Maximum cash out in any mode in total is BDT 150,000 per month

Coverage profile:

Type	Number nationwide	Additional details
Subscribers	1,000,000+	Countrywide coverage
Agents	33,000+	Consists of network banks' agents managed by SureCash
ATMs	320+	SureCash users are currently not able to cash out from partner bank ATMs
Full service branches	1,000+	Partner bank branches are available in 64 districts.
Mobile banking offices	1	Located in Dhaka, the office is dedicated to provide mobile banking services and platform maintenance for the network banks
Merchants	250+	Includes utilities, municipalities, educational institutions, and e-commerce businesses

Examples of organizations using this service:

- Tuition Fee Collection:** Eden College, Dhaka College, Home Economics College, Rangpur Govt. College, Jessore Polytechnic Institute, Mymensingh Polytechnic Institute along with 170 other educational institutes are collecting semester and monthly tuition fees using SureCash.
- Bill Collection:** Dhaka and Khulna Water Supply & Sewerage Authority (WASA) along with fourteen municipalities and the West Zone Power Distribution Board are collecting consumers' utility bill payments using SureCash.

For more information about SureCash, please contact:

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Increasing financial independence through mobile money: Kallani's story

Kallani Sarker is a beneficiary of USAID's Aquaculture for Income and Nutrition (AIN) project implemented by WorldFish. In addition to being a farmer, she has also served as an elected member to the local Union Parishad. Kallani is popular in her community, and often shares lifestyle information within her community to improve people's living standards.

In mid-2015, Kallani participated in a two-day mobile money workshop organized by WorldFish with support from a grant from USAID's mSTAR project. From the training, she learned how mobile money can be used to buy airtime, pay and receive salaries, and make domestic transfers.

Kallani found the information so useful that she shared it with a fifteen member women's group that she heads. In particular, she shared how mobile money can help them to make domestic transfers without requiring a middleman anymore. She shared, for example, how she can now use her mobile wallet to send semester fees to her son and daughter who are residing in two different districts. Like many people in her community, in the past she had to pay someone BDT 200 – 300 to carry the money for her. Now she can transfer the money whenever she needs, at a much lower cost. Sharing her own experience with others, Kallani has helped over

"It is my responsibility to help my community knowing that it will benefit them" – Kallani

twenty women in her community to open mobile money accounts. She has also encouraged



Kallani checking her mobile money balance

existing users to utilize the services offered by the providers.

Recalling her first experience with mobile money, Kallani shared that she had difficulty understanding how mobile money works, even though she was comfortable using basic features on her mobile phone. However, with a little practice and support from her daughter, in addition to the knowledge she gained from attending mobile money workshops organized by WorldFish, she quickly learned how to use mobile money like a pro. In addition to receiving money from WorldFish, Kallani also receives money from her relatives. Now she proactively asks her relatives to send her money to her mobile money account, instead of handing her cash or transferring it into her bank account as they had previously done.



Moreover, she encouraged a local retail outlet owner to open a mobile money account and now pays for purchases of household products from that local store using mobile money. Since the outlet owner only has a personal mobile money account, not a merchant account, Kallani needs to pay the payment transfer fee when making purchases, a cost she is happy to pay due to the added convenience.

Kallani further shared how in the past she saved money by keeping it at home, but now she saves it in her mobile money account instead. She feels comfortable doing so, particularly since she can check her account balance any time and does not need to spend extra time counting money.

“I feel safe keeping money in my mobile money account.” – Kallani

Kallani mentioned that even though she has a bank account, she requires someone to accompany her whenever she visits the branch

since it is far from her house and she does not feel comfortable travelling alone. With her mobile money account, she no longer needs to go to bank to withdraw money.

Kallani sees mobile money as a tool for empowering community women who are excluded from the formal financial system. This is why she shares her experiences with other women. She feels that it much more difficult for women in Bangladesh to use formal banking services due to cultural and traditional barriers. She believes that women in communities like hers will benefit immensely by using mobile money, as long as they are informed about the different financial products offered by mobile financial service providers, and understand how to use them.

“I wish I had heard about mobile money earlier” – Kallani

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Annex E: Mobile Money Snapshot: Department of Youth Development



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Mobile Money Snapshot:

Department of Youth Development

USAID promotes increased access to and usage of mobile financial services in order to deepen financial inclusion, accelerate broad-based economic growth, and instill transparency into funding flows. These snapshots describe the experiences of USAID- and non-USAID-funded organizations that have begun to replace cash with digital payments so that others can apply their lessons learned to their own transition to digital payments.

Overview

The Department of Youth Development (DYD) is a Department under the Ministry of Youth and Sports, Bangladesh. It is mandated with improving the living standard of youth by enabling them to become self-employed, entrepreneurs and/or by providing them with job opportunities. DYD provides technical trainings and a two to three year loan through its designated bank branches and upazilla offices to individuals who have completed the trainings as start-up capital and collects loan repayments from them on a monthly basis. DYD also has a family based group credit program, which is designed for marginalized young people. As part of the program, five members from a family form a group, and seven to ten groups are constituted in a center. After forming a center, the members are provided ten hours of training on credit management and awareness of social and development issues. Once they complete the training, members are provided with loans.

Types of Transactions Being Made

The Department of Youth Development (DYD) typically provides loans to trained youth ranging from BDT 30,000 to BDT 100,000 (approximately USD\$390 to USD\$1,300). DYD collects the loan repayments in 24 to 36 equated monthly installments (EMI). Installment amounts for individuals range between BDT 1,250 to BDT 2,800. Group members of the family based credit program receive loans ranging from BDT 10,000 to 20,000 approximately (USD\$128 to USD\$256). DYD collects the loans repayments from this program in 50 equated weekly installments (EMI), with installment sizes ranging between BDT 200 to 400 per person.

DYD's Journey to Mobile Money

In early 2015, DYD held discussions within the Ministry to digitize the collection process to make it simpler. After a few rounds of discussions with DBBL Mobile Banking, DYD decided to pilot the use of mobile money to collect loan installments from rural youth in four upazillas. The decision was also guided in part by its alignment with the government's broader mandate to digitize government services. DYD issued a call for proposals and eventually selected DBBL Mobile Banking as their provider.

Previously, either the borrower had to pay the loan installment amount at the designated DYD office or DYD's collection officers had to collect the money from the borrower directly from their house. The cash payments were then later deposited into a designated bank account by DYD staff. This process was inconvenient for the individual, frontline collection offices, and collection staff. Additionally there were cases when the collected amount could not be deposited in DYD's bank account on time.

Although DYD anticipated partial resistance from local offices and beneficiaries as a result of this change, to date this has not yet materialized from any of its stakeholders. Seeing the benefits of mobile and its clear advantages



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in terms of transparency and ability to make instant money transfers, DYD has decided in principle to scale up the project across all of Bangladesh.

Major Challenges Faced by DYD with Mobile Money

DYD found that not all of their borrowers in the pilot area had a mobile financial service (MFS) account. With the help of DBBL Mobile Banking, most of their borrowers in the pilot area have successfully opened MFS accounts. The greatest hesitance came from some of the young people's elderly family members who are also borrowers, although with support and training they are now also using mobile money.

Key Benefits of Mobile Money for DYD

After transitioning from cash to mobile money for making payments and collections, DYD has been able to save time and human resources by almost entirely eliminating the need to make collections from households in person. In addition, DYD is now able to collect and transfer money to accounts in real-time, which reduces the potential risk of theft or misuse as compared to when transporting cash. Additionally, DYD is also able to quickly track individuals who are defaulting on their loan repayments and initiate instant action.

Moreover, DYD's borrowers are also benefiting from their use of mobile money. They now receive SMS confirmation that their money has been deposited into the DYD account. In addition, they are now also able to take advantage of other banking facilities more easily and quickly through their phone, and can also receive foreign remittances directly into their account.

Key Takeaways from DYD's Experience

The Department of Youth Development's adoption of mobile money to collect loan installments and to disburse loans reflects the fact that government organizations are quite capable of moving away from cash and realizing the benefits of mobile financial services. DYD's experience also reflects that using mobile money is in compliance with the government's existing financial rules and regulations on disbursing and collecting money from end beneficiaries.

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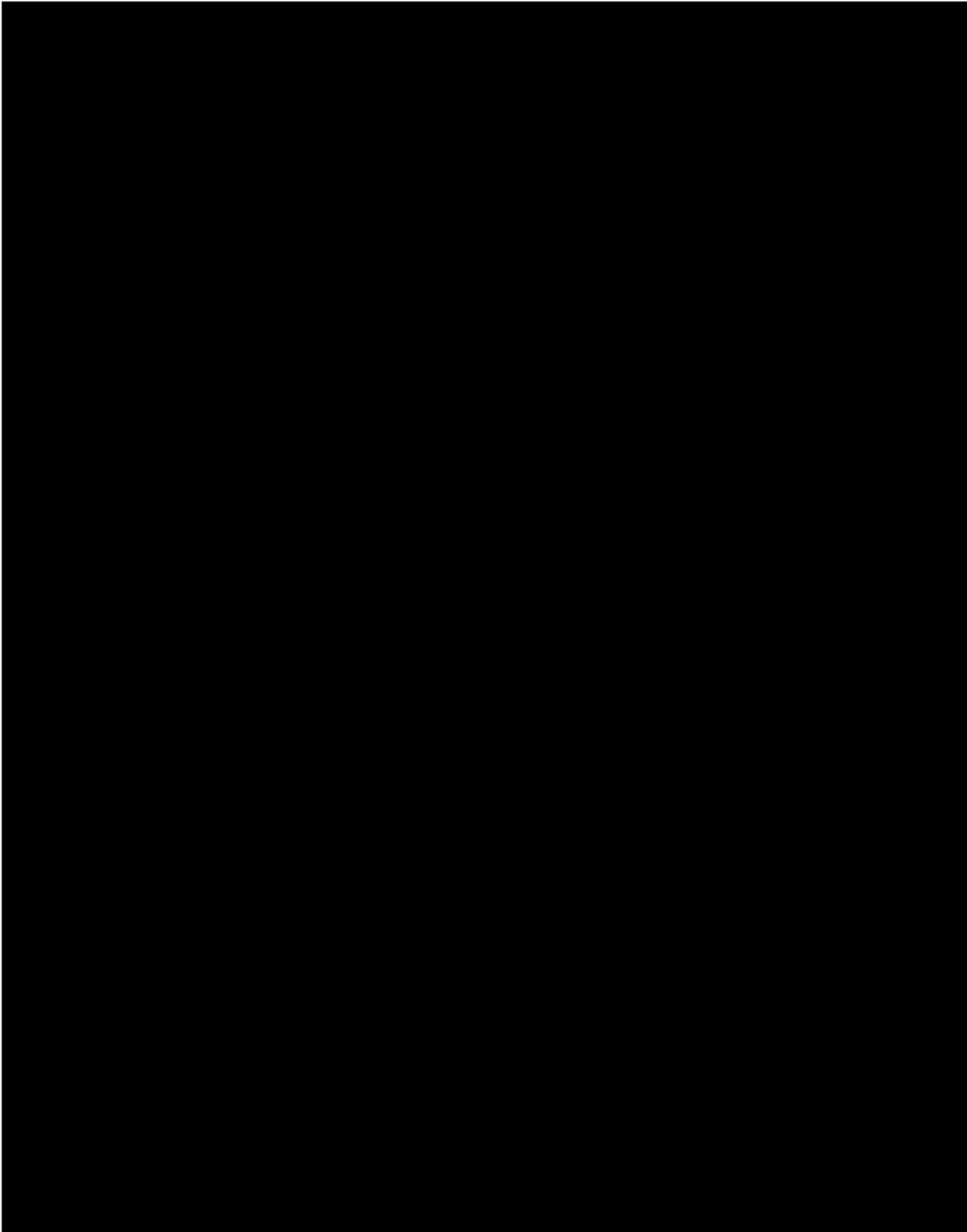
The views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the U.S. Government.

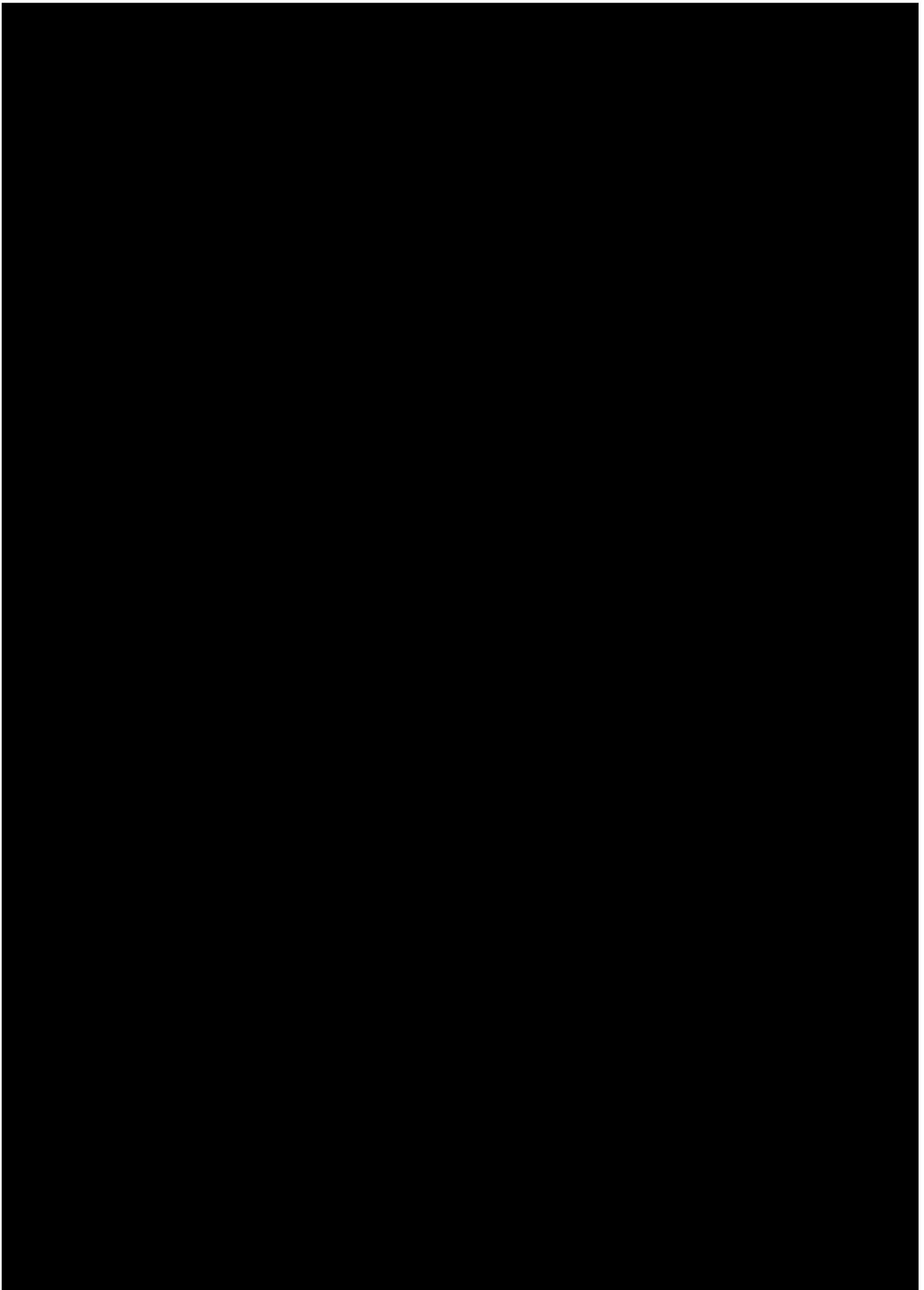
This snapshot is supported by USAID's Mobile Solutions Technical Assistance and Research (mSTAR) project (Award #: AID-OAA-A-12-00073). It was written by Kazi Amit Imran. mSTAR offers on-demand technical assistance to support USAID implementing partners in Bangladesh with the transition from cash to mobile and electronic payments. To learn more about technical assistance options, contact Jaheed Parvez, Technical Lead at jparvez@fhi360.org.

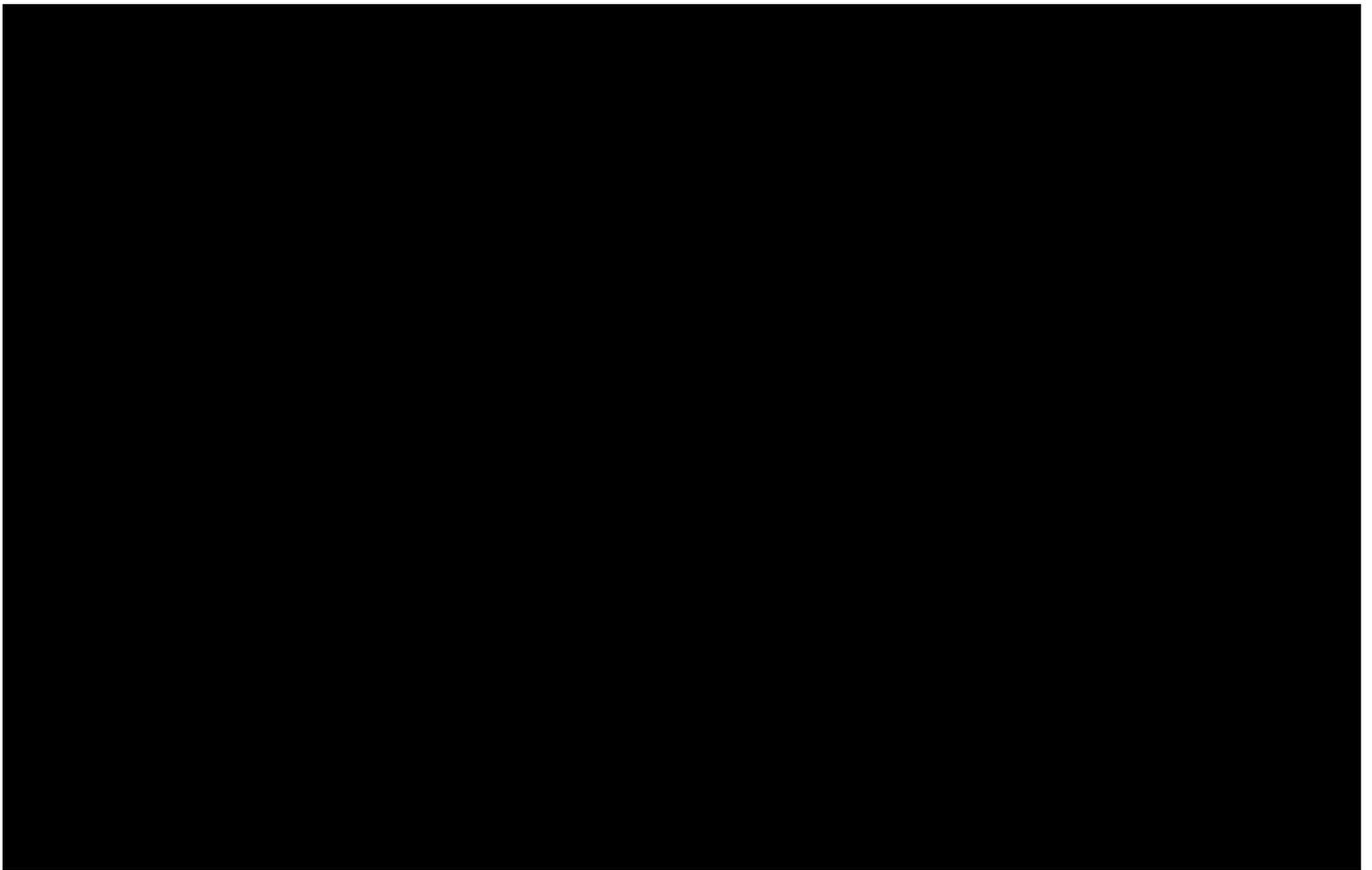
	<p>3) New Strategies for Identifying and Assessing Consumers</p> <ul style="list-style-type: none"> • Jennifer Fowler, Deputy Assistant Secretary, U.S. Department of the Treasury (Moderator) • Rajesh Bansal, General Manager, Reserve Bank of India • Ethan Dornhelm, Principal Scientist, FICO • Patrice Peyret, CEO, Banking Up • John Ryan, President and CEO, Conference of State Bank Supervisors • Dan Stipano, Deputy Chief Counsel, Office of the Comptroller of the Currency 	Media Room A
	<p>4) Small- and Medium- sized Enterprise (SME) Finance</p> <ul style="list-style-type: none"> • Matt Gamser, CEO, SME Finance Forum, International Finance Corporation (Moderator) • Frank Altman, President & CEO, Community Reinvestment Fund, USA • Janie Barrera, President & CEO, LiftFund • Robert Frohwein, CEO, Kabbage • Kelly King, Chairman and CEO, BB&T • Peer Stein, Adviser, Financial Institutions Group, International Finance Corporation 	Media Room B
11:55 a.m. – 1:30 p.m.	Lunch	Cash Room
12:15 p.m. – 1:20 p.m.	<p>Lunchtime Conversations on the Future of Financial Inclusion</p> <p>Alexia Latortue, Principal Deputy Assistant Secretary, U.S. Department of the Treasury (Moderator)</p> <ul style="list-style-type: none"> • Launch of the President's Global Development Council Report on Financial Inclusion with Gargee Ghosh and James Manyika, Global Development Council • Launch of the U.S.-India Partnership to Advance Financial Inclusion with Nisha Desai Biswal, Assistant Secretary for South and Central Asian Affairs, U.S. Department of State and Reenat Sandhu, Minister (Commerce), Embassy of India • A Corporate Perspective on the Importance of Financial Capability with Lisa Borders, Chair, The Coca-Cola Foundation and Vice President, Coca-Cola Company • Opportunity for Technology to Improve Financial Inclusion with Lazaro Campos, former CEO, SWIFT and Raj Date, Managing Partner, Fenway Summer 	Cash Room
1:30 p.m. – 2:30 p.m.	<p>Market Solutions to Expand Access to Safe and Affordable Products and Services</p> <ul style="list-style-type: none"> • Jason Furman, Chairman, Council of Economic Advisors (Moderator) • Robert Annibale, Global Director, Citi Community Development and Citi Inclusive Finance • Bill Bynum, CEO, Hope Enterprise Corporation/Hope Credit Union • Nick Hughes, Chairman, M-Kopa • Strive Masiyiwa, Executive Chairman, Econet 	Cash Room
2:30 p.m. – 2:50 p.m.	Coffee Break	
2:50 p.m. – 3:50 p.m.	<p>How Governments Can Support Financial Inclusion</p> <ul style="list-style-type: none"> • Sarah Bloom Raskin, Deputy Secretary, U.S. Department of the Treasury (Moderator) • Richard Cordray, Director, Consumer Financial Protection Bureau • Martin Gruenberg, Chairman, Federal Deposit Insurance Corporation • Njuguna S. Ndung'u, former Governor, Central Bank of Kenya 	Cash Room
3:50 p.m. – 4:05 p.m.	Concluding Remarks and Forum Closing	Cash Room

The Financial Inclusion Forum is co-sponsored by the U.S. Department of the Treasury and the U.S. Agency for International Development

Annex G: Financial Inclusion Forum Participants







Annex H: Focus Group Discussion Report – Liberia



Focus Group Discussion: A Conversation with Teachers in Liberia

This report is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of FHI 360 and do not necessarily reflect the views of USAID or the United States Government.

Summary of Project

The Mobile Solutions, Technical Assistance and Research project (mSTAR), implemented by FHI 360 with support from USAID, is supporting USAID's broader objective of increasing efficiency of government payments and revenue collection. The project has mapped and identified opportunities and potential areas for the Government of Liberia to use mobile money platforms as well as sustain ongoing progress in existing mobile money payments. Objectives of the project include:

- Scaling-up e-payments to Ministry of Education teachers and staff
- Mapping person-to-government payments and analyze potential areas for process automation and payments digitization to increase government revenue collection
- Mapping government-to-person payments such as current pension payment streams and analyze potential areas for process automation and payments digitization

Pertaining to objective one, the Liberia Cabinet recently endorsed the option of providing mobile money salary payments for rural

teachers. This initiative stands to save the government considerable sums of money and mSTAR is supporting the Ministry of Education to roll out and scale up this initiative. In doing so, mSTAR conducted a focus group discussion to gather qualitative information from teachers on how they are currently collecting their payments and handling their cash, as well as their levels of digital literacy. This information will assist in designing programming and awareness materials as well as providing insight into how teachers will be able to use this opportunity to further financial inclusion objectives.



Introduction to Focus Group

Prior to beginning the focus group discussion, each participant was provided some background on the mSTAR project and asked to sign a consent form which described the process and informed them that all information would be kept confidential and their names would not be linked to the information that they provided. This was to encourage free and open discussion. Participation was voluntary and no one was asked to respond to questions that made them feel uncomfortable.

Participants were selected by the National Teachers Association of Liberia (NTAL) and were selected to represent a diverse geographic spread. The focus group participants included eleven public school teachers representing seven counties including Bong, Montserrado, Cape Mount, Grand Kru, River Gee, Lofa, and Margibi. The discussion took place on Friday, October 23, 2015 at the NTAL headquarters in Monrovia. The discussion was facilitated by mSTAR Project Activity Manager, Angela Jappah with support from mSTAR Technical Advisor, Carrie Hasselback.

Summary of Findings

The discussion took place in two parts – questions related to current salary payments and questions related to mobile phone access and usage. The participants were lively in their discussion and eager to share their thoughts.

Part 1: Current Salary Payments

Even prior to raising a question for discussion, teachers were already providing their opinions.

“You have to pay for the bank slip. And they will say that it’s finished. You are paying a bribe for what you are entitled to.”

It was reported that Bong County teachers can sometimes spend two or three weeks going to the bank to get their salary. However, there are also some concerns regarding a transition to mobile money payments, namely the cash out fees and the agent network. One participant noted that there are no agents in Foya so they would face the same issues as going to the bank in terms of distance and transport and that they would still have to travel to Voinjama to get their cash. On the other hand, another participant noted that there are actually two agents in Foya.

mSTAR and NTAL informed the participants that we will be working on ensuring the agent network is ready first and that is why it is necessary to scale up slowly.

Question: Do you have any options to receive your pay?

The general response to this question by all participants was no, they have no options or input into how they receive their pay currently.

“People are forced into one option. Everyone has to go to the bank. There is not even a payslip.”

There seemed to be some dissatisfaction with how salaries are received currently as well as a lack of understanding on some of the banking systems and policies. A common grievance was that the teachers are not receiving a payslip so they don’t know how much they are supposed to receive. Given various payroll deductions and fluctuating currencies with a dual currency salary, the lack of a payslip results in distrust among teachers. There is no understanding of where shortages are coming from. One participant noted that, “Your pay could go up or down and people don’t even know what they should be receiving.”

One participant noted that when people raise issues at the bank, they are told to go to the Ministry in Monrovia. The bank will only tell them how much money is in the account. They are sometimes told that they need to pay for a fee for a payslip and other times the bank will say that they are out of payslips. People feel as though they have to pay a bribe to get what they are entitled to.

Another participant added that when he goes to the bank to collect his salary, they verify his identity, inform him how much money is in his account, then they tell him how much he can withdraw. He claims, "Then they take 1,800 from everyone with no explanation. They are charging this for everyone." While the 1,800 LD is likely the minimum balance required by the bank and thus retained in the account, this is not understood well by the teachers which has caused contention.

There was some consensus around the higher level of transparency with mobile money. One participant said, "But with mobile money, you can see it right on your phone." Participants were very supportive of a system that seems to provide greater access to information.

"The banks lack transparency. The banks won't give you anything to read on policies or fees. There is no information available."

The distance that people are traveling to get to a bank has also put a strain on teachers. Multiple participants noted that people are traveling far distances to get to a bank. It is not uncommon for several people to send someone to collect multiple paychecks, but that person is taking 25 percent of their check. Some teachers are even leaving the classrooms for five months to collect 7,000 LD pay and spend 4,000 LD on transportation.

There are further issues once they reach the bank after the distance they have traveled. One participant noted that, "You will see that teachers wait in long lines and female teachers aren't respected. When they open the door of the bank to let in a few people, female teachers get shoved aside. You have to give tips to the security before the teller will serve you. It's very insecure."

One participant from Bong said that they have to pay bank security 250 LD just to be allowed in. Another participant from Voinjama replied by saying, "if you are only paying 250 to security then you are blessed. In Voinjama, they are paying 1000 dollars. You have to bribe them before you even get into the bank."

A teacher from Cape Mount said that there is only one bank in Cape Mount but the closer one to them is in Bong . They are paying people in USD but when teachers come, the bank will say that the system is down. This will happen for days at a time and they will have to remain there for multiple days.

In Bong, the teachers' salary will be in the bank but when they go to withdraw their salary, the bank will say that it is not in their account yet so that people are forced to get a loan from a private loan agent. Other participants noted that this is happening in many counties. Participants noted that the bank will force you to wait for an additional two weeks before you can get your salary so you have to take these private loans. The banks are referring them to private loan agents who charge exorbitant rates while the banks are restricted to interest rates of 12.5%. One participant claimed, "We are cheated into getting a loan and then we are cheated on the loan itself."

One teacher said that he personally went to Monrovia to advocate for different payment options. He claimed that at banks the teachers are shown no respect and that banks will blatantly turn away teachers from withdrawing.

He said, “They respect depositors, but not those who withdraw. It is terrible customer service.”

He took it one step further to also claim that EcoBank does some skimming off the top. “When you get home and count your money, then you realize it’s short. They don’t allow you the opportunity to count your money while you’re with the teller.”

Question: What are some of the things you spend your pay on?

Participants were asked how they spend their salary with the ultimate objective of finding out how mobile money might be a good solution for some of their needs but also to see how mobile money service providers (i.e. Lonestar) could expand services that meet civil servants’ needs.

Teachers were unreserved in talking about their spending citing school fees, medication, transport, and food as the top expenses. One participant emphasized that he is spending a lot on transport and has to pay for it every day to get to his work. He said, “Since the government isn’t providing housing, I have to deal with a big commute.”

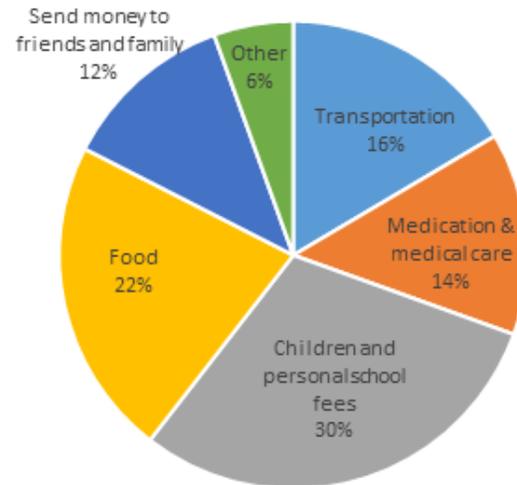
School fees were also mentioned as a big expense – not only for their children but also for themselves for their higher education. Many teachers in Monrovia receive government scholarships, but many in the rural areas are not accessing the scholarships and have to pay for themselves to further their education.

The facilitator asked if participants were able to save any of their salary but the consensus was that no one was able to save. It was reported that they are spending all of their money and it is finished sometimes even by the middle of the month. They feel that their salary is not sufficient so they aren’t able to set any aside for emergencies or shocks.

Following the discussion, the participants were each given ten beans to represent their salary.

They were requested to allocate the appropriate proportion to their spending. For example, if you spend 20% of your pay on school fees then you would place two beans in the “school fees” pot. The figures provided in the pie chart have been calculated from that exercise.

Personal Spending Habits



Question: How do you hear about your salary?

Participants agreed that they mostly receive information about their salary (i.e. changes in policy, when they will receive it) through word of mouth, primarily through phone calls. People receiving pay through Ecobank get electronic alerts (text messages) on their phones.

Part 2: Mobile Phone Access and Usage

Participants were asked about mobile phones to understand better the level of digital literacy to determine how they might best adopt new digital technologies to improve their lives (i.e. using mobile money).

Question: What do you do with your mobile phone?

Everyone in the focus group owns a mobile phone and they use it mainly use it to send and receive calls. They use it to communicate with family and voice calls were more commonly mentioned than text messages. Very few people in the group mentioned that they use the phone for internet. More than half of the participants have mobile money accounts and are using it primarily to transfer money.

Teachers mentioned using mobile money to pay school fees and LEC (electricity) bills. One teacher specifically also deposits money on his phone and uses it to buy airtime. He takes advantage of not having to go anywhere to actually buy airtime. Another teacher mentioned that you can use your money from your phone to pay for goods.

There were a lot of questions from participants regarding cash out fees for mobile money. One participant told a story about how he had transferred money to his brother and paid a fee to an agent to cash in and then his brother had to pay the cash out fee too on the other end. He was cheated by the agent. Other participants who had a better understanding the system told him that he had been cheated by this agent.

Other participants understood the cash out fee structure quite well. One participant noted, "If you want to send 2000 dollars, you have to

"I like mobile money because you can receive money instantly. I don't like that Lonestar agents don't have much cash. They often can't give you more than 3000. And in a lot of areas, there aren't a lot of agents. Also the fees are high."

actually send 2,150 so that the person on the other end can receive 2000. It's a business."

One participant said that he recently did a transfer, "In just a few minutes I transferred 2000 dollars. The tariffs are posted on the wall." The fees were transparent and he was very pleased that before he even left the store, he received a call that the money was received.

Question: How is the network coverage and

"I don't have to carry large amounts of cash physically. So if an armed man comes to me, he is wasting his time. I can go and retrieve my SIM and my money will still be on it."

electricity for charging phones?

Participants agreed that sometimes the network coverage will occasionally go down in the community. It was mentioned that when the network is down, it can last for an hour or so and sometimes it will be down for a day. One person noted that it can be down for even 3 or 4 days. The network fluctuates but it is not very common that it is down for multiple days. It depends where you are. When the network is down, if you change locations then you can get to a network. Sometimes you just have to wait until it resumes and sometimes you have to change locations.

Some participants indicated that if there is no electricity, people still find a way to charge their phone. It is common to use charging booths and also people have mobile chargers (power banks) when there is no electricity. Other participants indicated that the lack of electricity can sometimes be a problem and people can't charge their phones. This is more of a problem in the rural areas.

Recommendations

- 1** The lack of teachers' awareness is creating distrust in the current payment system. Teachers (as well as other civil servants) need to be made aware of current policies and practices by the banks and deductions by the Government of Liberia. They should also be provided with payslips, whether paper or digital form (through their phones) so they know what to expect.
- 2** In rolling out a mobile money option, education will be key to addressing potential issues that teachers may face. Agents can be subject to the same flaws as the bank if people aren't informed of the policies and systems. Therefore, people need to understand the fee structures and that they are built into the system to prevent double charging.
- 3** Since it currently seems that the Ministry of Finance and Development Planning (MFPD) is going to cover partial cash out fees and Lonestar will provide a small airtime incentive for teachers who opt into the mobile money option, teachers should be educated on how to do their own cost/benefit analysis to ensure that receiving their salary through mobile money is the right decision for them. Teachers are currently spending a portion of their salary on transport just to collect their salary. Is this amount greater than or less than what they would spend on costs associated with mobile money, including the cash out cost? As teachers will have the choice to remain on the current system or use mobile money, they need to be sure that they weigh the options carefully and make the decision that makes sense to them.
- 4** The service provider, in this case Lonestar, should work to expand services so that teachers can make more payments through mobile money rather than having to cash out their salaries and pay the entire cash out fee. Lonestar should recruit more merchants and ensure that people are aware of how they can use mobile money to pay for goods and services.



Mobile Money Tipsheet: Potential Issues and Mitigation Approaches

While mobile financial services can provide a host of benefits, as a new and growing industry there are still some shortcomings that you need to be aware of and plan for when transitioning payments to mobile money. This tipsheet outlines some of the potential issues payment recipients (also referred to as “employee”) may face when receiving their salary via mobile money. The tipsheet also provides suggested mitigation approaches to dealing with or avoiding these issues.

Potential Issue	Description	Likelihood	Mitigation Approach
Employee is charged unauthorized fees by agent	Agents may overcharge or charge an unauthorized side transaction fee. This is often due to insufficient consumer awareness of terms and prices.	Medium – High	<p>Educate employees choosing to enroll in mobile money on the appropriate rates charged by the service provider.</p> <p>As part of on-going monitoring processes, periodically reach out to employees to ensure that transactions at agent points are in compliance with the provider agreement.</p> <p>Encourage employees to report misconduct by agents to the mobile money service provider (MMSP).</p>
Employee cannot withdraw cash due to limited agent availability	Insufficient numbers/availability of mobile money agents in a given geography can result in employees not being able to access cash or incurring extra travel costs and inconvenience.	Medium – High	<p>Confirm in advance that the mobile money service provider you plan to work with has a sufficient number of agents conveniently located in the communities/ areas where employees will be collecting their pay.</p>
Employee is unable to receive adequate technical support for service	When issues occur, employees may not know who to reach out to for a solution or the support mechanism in place is not accessible.	Medium – High	<p>Educate employees on how to request and receive technical assistance.</p> <p>Ensure the MMSP has adequately trained staff and fully functional support services to handle employee queries.</p> <p>Establish a government help desk ready to assist with issues.</p>
Agents are unwilling or unable to perform transactions for employees	Agents may be unwilling to perform a transaction because of liquidity management concerns, or agents may wish to conserve cash by only servicing large transactions.	Medium	<p>Ensure that the MMSP has adequate systems in place to manage agent liquidity, including strong distributors or super agents to support agents.</p> <p>Inform the MMSP in advance of large transactions in each geography to ensure agents will have sufficient cash to disburse.</p>

Potential Issue	Description	Likelihood	Mitigation Approach
Employee cannot access his/her account or make transactions due to limited mobile network coverage	Using a mobile financial service product requires access to a mobile network. If there is limited network coverage, it can impede seamless access.	Low – Medium	Receive confirmation from the MMSP that mobile network coverage exists in the areas in which employees will be enrolling in mobile money payments.
Unauthorized transactions	Family members, friends, or agents may conduct transactions using clients' PIN without their consent.	Low – Medium	Educate employees on the importance of not disclosing PIN details to others. This can be reinforced by providing training to employees on PIN security.
Employee's account becomes suspended	Employees may forget their PIN or forget how to properly enter it, resulting in account suspension from too many incorrect attempts.	Low – Medium	Ensure that these types of issues, as well as how to obtain help, are addressed in training sessions and in refresher sessions for employees.
Agents pay out counterfeit cash	Agents may pay out counterfeit currency without realizing it is counterfeit.	Low	Ensure that the MMSP has proper trainings in place for their mobile money agents on cash management and identifying counterfeits.
Employee has insufficient forms of identification to open an account	Individuals are required by Liberia's Know Your Customer (KYC) regulations to have identification to open an account.	Low	To open an account, one must have a valid photo ID (voter ID, passport, driver's license, or student ID). If the employee does not have any of these, you will have to speak to the MMSP to check if alternatives exist.
Agents cannot execute transactions efficiently	Agents may not be adequately trained to execute transactions for employees, which may lead to unnecessary delays or transaction failures.	Low	Ensure that the MMSP has proper trainings in place for mobile money agents on operations. Ask others using their service for their opinions on agent capacity.

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Mobile Money Tipsheet: Common **Misunderstandings** about Mobile Money

USAID promotes increased access to and usage of mobile financial services in order to deepen financial inclusion, accelerate broad-based economic growth, and instill transparency into funding flows. This tipsheet is intended to assist Civil Servants understand and effectively make use of these services.

Misunderstanding	Fact
<p>Mobile money is NOT SECURE The most common questions around mobile money are “What happens if I lose my phone?” and “Do I lose money along with the phone?”</p>	<p>A Mobile-PIN (MPIN) is required to execute a mobile money transaction. Even if the mobile phone or SIM is lost, the mobile money account will still be active and money in the wallet will not be accessible by others. Once a user has a replacement SIM, he/she can re-link his/her mobile money account to it by contacting the service provider.</p>
<p>Agents can STEAL customers’ money Mobile money agents can conduct transactions on behalf of customers, therefore it is possible for agents to run away with the customer’s money or to overcharge.</p>	<p>Customers using their own mobile money accounts are generally safe from agent theft or overcharging, as all transactions are cleared through the mobile money service directly. The biggest threat of theft for mobile money account users is providing their PIN to someone else, such as an agent. Additionally, agents may try to double charge customers who may not be familiar with the fee structure. Awareness of these risks and fee structures is key.</p>
<p>Mobile money is TOO EXPENSIVE The transaction fees for using mobile money are too high for me with my small salary.</p>	<p>In many cases, the fees associated with mobile money are actually lower than the cost of retrieving cash from a bank. In many cases, there are additional costs, such as paying for transport or maintaining minimum balances, that would be lessened or non-existent with mobile money. It is up to the customer to determine what type of financial service makes the most sense for them. There is no required minimum balance for mobile money and there are no service fees aside from transaction charges.</p>
<p>Opening a mobile money account is TOO DIFFICULT The process for opening a mobile money account is too burdensome.</p>	<p>To open an individual account, each person is required to register in person with an authorized mobile money agent. The agent will verify your identification and take a photo.</p>
<p>A bank account is REQUIRED to open a mobile money account Customers need to have a bank account in order to use mobile money.</p>	<p>A bank account is not required to use mobile money. At this time in Liberia, bank accounts are not linked to mobile money accounts.</p>
<p>You must OWN A MOBILE PHONE to have a mobile money account If I don’t own a mobile phone, how could I use mobile money?</p>	<p>All that is required to have a mobile money account is an active SIM card. Many mobile money agents are willing to do over the counter transactions where they simply put your SIM in their phone to conduct the transaction. However, please be vigilant. Review all transactions and never tell them your PIN.</p>



What can I do with mobile money?

If you use mobile money to make payments, then you do not need to cash out your entire salary. This can save you on your cash out costs! Here are some ways that you can continue to keep your money in the system without cashing out.

Pay your bills!

You can use your mobile money to directly pay for DSTV or LEC bills. No more traveling and waiting in lines. You can pay from anywhere you have network coverage.

Transfer money to family or friends!

You can send money in an instant. If you are interested in sending money to family or friends, doing it through mobile money is secure and they can receive the cash almost instantly.

Top up your airtime!

You never have to leave your house and search for scratch cards as long as you have money in your mobile wallet. You can get airtime anytime day or night without going anywhere.

Pay for goods and services!

Look for the signboards telling you that a merchant accepts mobile money. Then simply pay for your purchase using the money in your mobile wallet. There is no need to use cash!

Pay your school fees!

Check with your school to see if they have enrolled in the mobile money school fees payment service. If they have, you can pay the fee through mobile money and it goes directly to the schools account.

Stay tuned! As mobile money continues to grow in Liberia, so will the services around it. In the future you might also be able to pay for transport, healthcare, and more.

To access your mobile money account, call *156#

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Teacher Salary Payment Process Mapping

Ministry of Education (MoE)

Civil Servants Agency (CSA)

Ministry of Finance and Development Planning (MFDP)

Mobile Money Service Provider (MMSP)

Mobile Solutions, Technical Assistance, and Research (mSTAR)

Teachers

STEP 1

PRECURSOR ACTIVITIES

GET ORGANIZED



Select a county to begin Mobile Money Salary Payments rollout



Identify Point Of Contact for leaders for mobile money to implement GOL payroll policy: MoE CSA MFDP Lonestar NTAL



Share mobile money rollout plan with all stakeholders



Provide training for MoE Point Of Contact

ADOPT POLICY



Plan consultative meeting with stakeholders to implement policy



Adopt official GOL policy on mobile money cash-out fee



Vet teachers through the biometric verification process

COORDINATE



Sign MOU with MMSP, currently Lonestar MTN



Open Mobile Money Payroll Account for MoE on its software/platform



Establish a help desk to trouble shoot and resolve payroll glitches

PREPARE



Prepare mobile money financial literacy educational materials for teachers, with support from MMSP and MoE



Provide map of towers and agent locations



Create overlay map of towers (network coverage) with agent data and schools

TEACHER ENROLLMENTS

PAYROLL PROCESSING

CASH OUT PROCESSING

PRECURSOR ACTIVITIES

STEP 2

TEACHER ENROLLMENTS

COORDINATE

Work with Implementing Partners, MMSP, DEOs, CEOs and NTAL to register teachers for mobile money salary payments in Bong County



Support MOE with stakeholders meetings and prepare rollout logistics

ANNOUNCE



Announce an "open call" for all eligible teachers and workers to gather in a designated, centrally-located public place

EDUCATE



Provide introductory training on the mobile money process to teachers and distribute educational materials with support from MOE and NTAL



Provide mobile money financial literacy and a live demonstration of how to use mobile money during mSTAR trainings



Conduct mobile money salary payments workshop for all DEOs and CEOs

ENROLL



Enroll teachers through completion of two forms: MMSP standard enrollment form and MOE mMoney enrollment form



Complete registration of teachers as mobile money users

PAYROLL PROCESSING

CASH OUT PROCESSING

PRECURSOR ACTIVITIES



PRECURSOR ACTIVITIES



STEP 3

PAYROLL PROCESSING

VERIFY ENROLLMENT



Submit enrolled teachers' data to CSA

Update enrolled teachers' data in the Civil Service Management System (CSM) and cross-check for biometric and other policy criteria. Data includes employee name, employee number, and mobile number



Employee will receive a text message once the CSA personnel file has been updated

TRANSFER FUNDS

Calculate the total amount of employees' salary and mobile money cash-out fee in the CSM, and then issues check(s) to Lonestar MTN Pool Fund bank account



Inform MFDP of successful receipt of funds



Transfer funds from Pool Fund Account to MOE Mobile Money Payroll Account on Lonestar MTN Platform



Confirm receipt of funds into MOE Mobile Money Payroll Account

DISBURSE SALARIES



Disburse salaries directly from MOE Mobile Money Payroll Account into employees' Subscribers Accounts



As needed, view transactions, confirm payments to individual mobile accounts, and print statements from the Payroll Account

RECONCILE ACCOUNTS



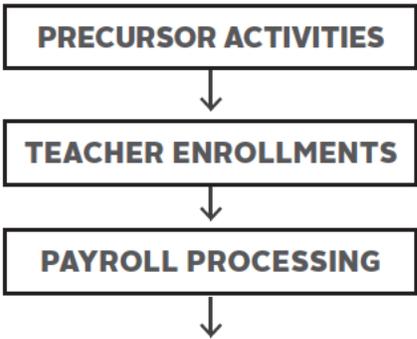
Agree with MMSP on timeframe and method for verifying receipt of funds issued to Lonestar MTN Pool Fund Account



Provide support to MOE Finance Officer on reconciliation when the need arises



CASH OUT PROCESSING



STEP 4

CASH OUT PROCESSING

- 
 Enrolled employees will receive a text message during the subsequent payroll cycle
- 
 Manage Mobile Money agent liquidity
- 
 Enrolled employees may call the MOE/CSA Help Desk for assistance.
- 
 Respond to teacher queries / issues at help desk
- 
 Support help desk in responding to queries related to mobile money account, i.e. loss of pin code, wrong number, agent fraud

SCALE UP AND CONTINUED SUPPORT

- 
 Take full ownership, leadership, and ensure that staff capacity is built to sustain rollout nationally
- 
 Design and implement survey instrument and focus groups
- 
 Support mobile money stakeholders to ensure timely and efficient payments of salary to employees
- 
 Provide training for MOE staff to take over these roles post mSTAR