

More Phones, More Transfers?

A case study from Save the Children's Emergency Food Security Program using Mobile Money in Bari, Nugaal, & Hiran Regions of Somalia AID-FFP-G-16-00102

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Acronyms

FGD	Focus Group Discussion
FSNAU	Food Security and Nutrition Analysis Unit
HH	Household
IO	International Organization
IPC	Integrated Phase Classification
KII	Key Informant Interview
KM	Kilometer
MEB	Minimum Expenditure Basket
NGO	Non-governmental Organization
PDM	Post Distribution Monitoring
UNOCHA	United Nations Office for Coordination of Humanitarian Affairs
US	United States
USAID/FFP	United States Agency for International Development/Food for Peace

Executive Summary

Background

Save the Children's Emergency Food Security and Livelihoods team responds to emergency food crises worldwide, and cash transfers are one of the essential approaches that can be used to help families meet their basic needs before, during, and after a crisis. In 2016-2017, with funding from USAID/FFP, Save the Children implemented a project that targeted 11,074 households (HHs) (66,444 people) in the Bari, Nugaal, and Hiran regions of Somalia with monthly cash transfers for food assistance using mobile money. The purpose of the project is to increase the access to and availability of diversified and nutritious food for households in the region. Building on the project experiences, Save the Children commissioned a study with three leading questions:

1. To what extent has the mobile money project influenced the use of mobile money among the cash recipients?
2. What are the key barriers and enabling factors in influencing uptake and use of mobile money services?
3. What steps can Save the Children take to leverage current projects to expand the use of the e-wallet and other financial services?

Research Methodology

A team of two external consultants led the study. The consultants conducted the fieldwork in Puntland (Bari, Nugaal regions) and Hiran; fifteen villages were purposively selected to include some of the most remote communities in the project, with the representation of different livelihood zones. A total of 377 household surveys, 23 Focus Group Discussions, and 35 Key Informant Interviews were conducted. Eight of the villages were observed taking inventory of the services in the villages and the potential for the residents to use mobile money to pay for goods and services.

Key Findings

Some 24% of the surveyed households now have mobile phones and mobile money accounts, where before the project they did not. The highest increases were found in Puntland, where 32% of the cash transfer recipients did not have them pre-project, while in Hiran the growth was 14%. Multiple phones, SIM cards, and mobile money accounts are prevalent in the studied areas across all respondents. Access to mobile money at the individual level increased 37% in Puntland as a result of the project. Most of the cash transfer recipients controlled their Save the Children-issued phones (81%). However, 9% of respondents in Puntland (71% of these recipients were women, and 52% were elderly) claimed not to control their phones.

There is substantial use and uptake of mobile money for the purchase of goods and services, especially in Puntland. Even in areas of poor network, it is the preferred means of payment for community members and shopkeepers. Mobile money has increased people's access and linkages to markets and has reduced their need to travel for the purchase of goods and services. Mobile money is attractive as it is free, secure, easy to use, and facilitates purchases. The disadvantages of mobile money identified were related to mobile network connectivity and electricity.

Some 94% of Hiran respondents felt confident (i.e., knowing all the steps in using mobile money on one's own) in their use of mobile money, while only 77% in Puntland did. Those who indicated not feeling confident were elderly and mobile pastoralists (46% and 87% of totals respectively); new users

were mixed between confident and not. Although phone usage is high, survey respondents did not demonstrate a comprehensive understanding of mobile money functions¹. Puntland respondents report a high number of people who use the “Payment” function (85%), while in Hiran only 34% did. Hiran also had a low demonstrated knowledge of “Manage Account” functions, which is the function that helps users change their settings on accounts.

Nearly half of the respondents claimed to cash out immediately; household consumption needs were the driving factors for carrying a balance or cashing out. Respondents who claimed to cash out immediately also spent the cash transfers immediately (92% in Hiran and 75% in Puntland). Self-identified mobile pastoralists reported higher levels of cashing out (62% in Hiran and 89% in Puntland). Most respondents asserted that they use the cash transfers immediately.

Puntland respondents are active users of mobile money for goods and services, and use of mobile money has increased since last year. Hiran respondents use it less, with no significant changes since last year. Both zones’ top purchases with mobile money are food and water. In Puntland, 69% reported using it for school fees, up 24% from last year.

Shopkeepers and moneychangers accept mobile money and assert that more people are using it for purchases since last year. Credit is offered to customers via mobile money, and repaid by mobile money, more than 50% of the time. First choice places for cash out are mostly reachable in 30 minutes, but 18% of Puntland respondents walk one hour or more to reach a place to cash out. Most respondents cash out at local shops, and phone charging is available and accessible. Perceived mobile phone network coverage in Hiran was classified as Excellent (41%) to Good (41%) with the remaining 18% claiming it is Fair to Poor. In Puntland, it was classified by the respondents as primarily Good or Very Poor (28%) and Terrible (7%).

Sharing continues with mobile money, but there is a perception that it discourages the act (80%). Mobile money for *zakat*² contributions was minimal (5%). For *qaraan*³, it was higher at 34% and more common in Puntland (60% versus 8% in Hiran). Mobile money had a mixed effect on *qaraan* contributions; it was faster and potentially more secure than the traditional contribution of animals, but the relative amounts given were less.

The use of other financial services (e.g., banks, *hawala*) was low at 5%. Most respondents did not know about other services, claimed not to have enough to save, and said that banks were not seen as being for people in rural areas.

Significant challenges with mobile money in Puntland were related to mobile services and electricity, while in Hiran they were more about the personal use (e.g., PIN resets). Liquidity was a significant challenge for Puntland respondents, and they had a keen interest in being able to have mobile money in Somalian Shillings.

Study participants suggested that Save the Children should negotiate with Golis to improve mobile service in Puntland (i.e., connectivity) and access to electricity. They also felt that Save could work with them on community-level projects to reduce risks and behavioral changes, using mobile phones and mobile money as a tool in the process. Local leaders expressed concern that their community members needed guidance on the financial management of their e-wallets.

¹ These were Receive money, Send money, Cash in/Deposit, Payments (good or services) and Top Ups (purchase of mobile phone credit).

² Zakat is almsgiving and is one of the pillars of Islam. Muslims that have a certain level of wealth contribute they are obliged to provide to zakat. Once zakat is collected, it is distributed to specific categories of people, including poor Muslims. Islamic Relief (n.d.).

³ Qaraan is an important type of community donation that is a cultural rather than religious duty; it is generally among clan members. Fabienne Le Houerou. (2005).

Recommendations

Current project

Use monitoring data to strengthen local mobile money ecosystems: Save the Children could address barriers in the local eco-system, such as the proximity of agents, liquidity, and network connectivity, by closely analyzing post-distribution monitoring data and engaging with local shopkeepers. This approach may need to be in unison with other organizations to reach scale. Save the Children could also act as a connector to Golis and Hormuud to give feedback on the service at individual village levels, which would help paint a more accurate picture of the mobile service available.

Rethink training on mobile money to be accompaniment: Assuming that everyone knows how to use mobile money entirely is a mistake. There are sizable populations that need more personalized assistance from Save the Children to help them become more proficient in its use. It is important to understand that literacy is not necessarily correlated with knowledge of mobile money. The elderly, some women, and mobile pastoralists seem to need more attention and accompaniment. Save the Children should consider mobilization that includes awareness-raising on digital and financial literacy.

Future projects

Analyze whether to purchase phones or not based on households and individual characteristics: There could be a sweeping assumption to not purchase phones at all based on this data. However, a more thoughtful look at the situation requires an understanding of intra-household dynamics, such as women's or elderly people's access to phones in their households.

Take an intentional look at financial inclusion as part of the project design: To best understand the drivers, the supply, and the demand of financial services for these rural, unbanked populations it is best worked into the project from the beginning. Somalia has a complex, prolonged crisis, which warrants thinking beyond the common humanitarian response action. Financial inclusion may be one opportunity to continue contributing to resilience programming.

Study the drivers and influencers on the use of e-wallet and savings in the households: Mobile money use is increasing, but the power dynamics of this use in intra-households is not well understood. It would be compelling to know how households are using e-wallets differently, what the dynamics are between men and women, and what the influencing factors behind the behaviors are. It is also essential to understand if increased access correlates with increased personal control of finances and if that is desirable in these communities.

Leverage community groups objectives through mobile money: Save the Children can work with existing groups to see how mobile money can help them meet their objectives, be they for community-level projects, savings, or the purchase of community solar panels. The studied communities expressed an interest in doing so on their own, which Save the Children can build upon in the future.

Build connections between financial service providers and communities: Financial inclusion is not going to happen suddenly, and the gains made in this project need to be sustained. For these communities to know if other financial products are for them, they need to know what they offer and require. Save the Children can build dialogue between financial service providers and the communities they work with to demystify the products and potentially work with service providers to offer more tailored services for beneficiary populations.

I. Case Study Background

I.1 Purpose and Research Questions

Save the Children works to respond to emergency food security and livelihoods crises worldwide. When appropriate, they implement cash-based programming in humanitarian settings in various contexts and, wherever feasible, they seek to use digital cash transfers.

In 2016-2017, with United States Agency for International Development/Food For Peace (USAID/FFP) funding, Save the Children implemented a food assistance project using cash transfers in Somalia using mobile money. The organization was keen to understand the food security impacts of the project and commissioned a study with three leading questions:

1. To what extent has the project influenced the use of mobile money among the cash recipients?
2. What are the key barriers and enabling factors in influencing uptake and use of mobile money services?
3. What steps can Save the Children take to leverage current projects to expand the use of the e-wallet and other financial services?

Terminology: Mobile Money, E-Wallets, and Eco-Systems

“Mobile money uses the mobile phone to access financial services such as payments, transfers, insurance, savings, and credit. It is a paperless version of currency that can be used to provide humanitarian e-cash payments.”⁴

“E-wallets are software that resides on a smart card or mobile phone SIM card, and holds or can receive electronic cash and a digital signature.”⁵

“Mobile money ecosystem includes mobile money providers and all third-party organizations that can benefit from mobile money, either by using it as a payment mechanism or by leveraging mobile money accounts⁶.”

I.2 Somalia Overview and Humanitarian Context

Somalia is considered to be one of the world’s most fragile states; it has battled civil war, insurgency, and cyclical crises since the early 1990s. Children in Somalia live in some of the most challenging conditions in the world. One in two school-aged children are not in school⁷, 49% of children work, and 10% do not live to their fifth birthday⁸. A Save the Children report ranked Somalia 168th out of 172 countries in its “End of Childhood Index.”⁹

Somalia is broadly divided into three zones: Puntland, Somaliland, and South-Central Somalia. Puntland is in the Northeast and is a semi-autonomous. South Central Somalia is part of the Federal Republic of Somalia, but different insurgent groups rule large areas of the country.

The Bari and Nugaal regions in Puntland are mostly semi-arid, where livelihoods are significantly based on animal husbandry (sheep, goats, camels), with limited crop production and fishing along the coasts.

⁴ In the case of Somalia, payment services are the main function. CaLP (n.d.).

⁵ Ibid.

⁶ Nicolas Vonthron (2015).

⁷ World Bank (2017b).

⁸ Save the Children (2017a).

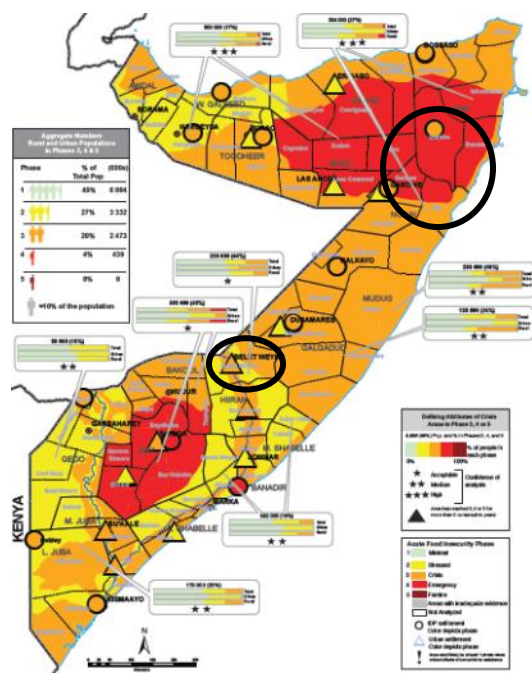
⁹ Ibid.

Pastoralism is the primary economic activity for rural populations. The Hiran region, in Central Somalia, is also greatly semi-arid and pastoral. Along the Shebelle River agriculture is a mainstay of the economy, with agro-pastoral and riverine livelihood zones. Bari, Nugaal, and Hiran regions have faced a series of shocks in the past ten years, mainly from rain deficit and drought. Both areas were affected during the 2011-2012 drought. Since 2016, Somalia has fallen back into crisis. In February 2017, Food Security and Nutrition Analysis Unit (FSNAU) figured that 15% and 25% of the populations in Bari and Nugaal regions were in Integrated Phase Classification (IPC) 3 Emergency or IPC 4 Crisis. In Hiran, the estimate of the population in those IPC phases was 22%.¹⁰ As of late 2017, an estimated 60% of the country's 10 million people were in urgent need of humanitarian assistance or emergency food and livelihood support¹¹.

1.3 Save the Children Somalia's Cash Transfer Programming

Save the Children has been providing emergency support and development programs in Somalia for decades¹². Their current approach includes programming in the sectors of Health, Nutrition, Water, Sanitation and Hygiene, Education, Food Security and Livelihoods, and Child Protection with projects in Somaliland, Puntland, and South-Central Somalia.

Map 1: Save the Children project intervention areas¹³



They have worked extensively in cash based programming throughout the country. Save the Children's first use of cash-based programming in Somalia was a Cash for Work project in response to the 2004 tsunami which affected Puntland. Since then, Save the Children has implemented a range of cash-based programming including a variety of delivery mechanisms (e.g., paper and E-vouchers; *hawalas*¹⁴, and mobile money). They have experimented with restricted transfers for food, animal treatment, and seeds and livestock distribution. Their unrestricted cash transfers have been both conditional (generally Cash for Work), and unconditional. Up until 2014, Save the Children's unrestricted cash transfers were exclusively delivered through *hawalas*. In extreme cases, for very remote areas of Puntland, they engaged cash facilitators who would do cash-in-hand distributions. In 2014, Save the Children began to introduce mobile money as the primary delivery mechanism in their cash transfer work. In the 2016-2017 drought response, Save the Children was in the top 15 non-governmental organizations (NGOs) implementing

cash transfer programming in Somalia, supporting nearly 76,000 people (approximately 12,6700 HH) in ten regions of Somalia¹⁵.

10 FSNAU/FEWSNET (2017).

11 Over 3.1 million people are estimated to be in IPC 3 (Crisis) and 4 (Emergency) and 3.1 million people in Stressed (IPC Phase 2). FSNAU (2017).

12 Save the Children (n.d.).

13 Map from FSNAU, February 2017. <http://www.fsnau.org/in-focus/fsnau-fewsnet-technical-release-february-2017>

14 Hawalas are money transfer companies that are traditionally used in the Muslim world; payments are made by agents who instructs a remote associate to pay the final recipient.

15 UNOCHA (2017).

1.4 Mobile Money and Financial Service Providers in Somalia

Mobile money has had a fast and widespread uptake throughout Somalia; it was introduced around 2009 mobile money and has virtually substituted cash in the country. In a 2014 World Bank study, Somalia was ranked as one of the most attractive mobile money markets in the world¹⁶ and ranked second in Sub-Saharan Africa for the number of adults with a mobile money account¹⁷; its popularity and use since then has only increased.

There are five mobile money providers in Somalia, and their markets are broadly split across the major regions. They offer similar services—all mobile money services are free of charge, they use the United States (US) dollar¹⁸, and they provide business and personal accounts.¹⁹ Mobile money services are free because the business model in the Somali Mobil Network Operators sees mobile money as a “retention tool that only contributes to indirect revenues.”²⁰ Additionally, the US dollar was chosen for services because Somali/Somaliland Shillings are problematic to trade due to high inflation.²¹ The mobile network providers have a tremendous footprint throughout Somalia, with over 16,000 employees and 700 branches through the country.²²

While mobile money is an integral part of the lives of the people of Somalia, it is not without issues. Perhaps the most significant concern is that the Information Communications and Technology sector in Somalia operates in an unregulated environment. This lack of regulation raises concerns about issues including customer protection, taxation, and government authority²³.

Table 1: Mobile Money Companies in Somalia

PROVIDER	MOBILE COMPANY	GEOGRAPHIC FOCUS
ZAAD	Telesom	Somaliland
Sahal	Golis	Puntland
EVC Plus	Hormuud	South Central
E-Maal	Nationlink	South Central
E-Dahab	Somtel	South Central, Somaliland and Puntland

Mobile money use is pervasive in Somalia. Some critical data shows that²⁴:

- 92% of the population has heard of mobile money
- 73% of the population over 16 years old uses it. Puntland has 82% mobile money penetration, and it is 59% in Hir/Sabelles
- Rural areas have lower penetration at 55%
- The gender gap between men and women’s use of mobile money is 4%; it is 9% for rural men and women

¹⁶ Altai (2017).

¹⁷ Asli Demirguc-Kunt, et al (2015).

¹⁸ Zaad and E-Dahab also offer services in Shillings. Altai (2017).

¹⁹ Ibid

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

²³ Ibid

²⁴ World Bank (2017a).

With the collapse of the central banking system in the early 1990s, *hawalas* filled the gap for financial service providers in Somalia. They provided a way to send and receive remittances but were also used to move money for businesses and NGOs. Seventeen *hawalas* are operating in Somalia that remit internationally and nationally²⁵. The importance of *hawalas* in maintaining the economy and livelihoods in Somalia cannot be understated. An estimated US\$1.3 billion a year in remittances enters Somalia, accounting for between 25-45% of the economy²⁶. Formal banking is very rare, especially in the rural areas where only 5% of the population use banks²⁷. The seven banks in Somalia comply with the Islamic Finance laws of lending (i.e., not charging interest). Puntland and Hiran both have three banks—Amal, Dahabshil, and Salaam— operating in Bosaso, Qardho, Garowe, Galkayo, and Beletweyne. The banks offer business and personal banking services in person and internet banking. Automated Teller Machines (ATMs) are few and offered by Dahabshil and Salaam²⁸. Salaam bank also provides credit and debit cards²⁹. Banks also run the few micro-financiers in-country. In compliance with Islamic Finance, they do not give cash loans but instead, invest in buying the materials and equipment needed to start a business.

Some business arrangements have been made between financial service providers such as Hormuud/Telesom/Golis, with Salaam Bank and Taaj Remittances and Dahabshiil conglomerate (Dahabshiil Bank and Dahabshiil Remittances) with Somtel³⁰. These arrangements allow customers to access different financial tools through linked accounts to and from mobile money accounts. Such business arrangements are attractive as they can facilitate receiving remittances directly to mobile money accounts, an attractive option in a country where 37% of the population has received remittances in the past year.³¹

While humanitarian response through mobile money dwarfs that of its use from remittances, it has grown considerably as the primary cash transfer tool for NGOs. As of late 2017, the United Nations Office for Coordination of Humanitarian Affairs (UNOCHA) reported that over 2.9 million people were assisted through cash transfers³². Cash transfer programming reached up three million individuals each month, with total transfer values of more than \$40 million per month at the height of the response from April to August. About half of transfers were restricted and half unrestricted in a typical month. Some 23% of the cash transfers were done using mobile money³³.

²⁵ Altai (2017).

²⁶ Scott Paul, et al. (2015)

²⁷ World Bank (2017a).

²⁸ Altai (2017).

²⁹ Ibid.

³⁰ Ibid.

³¹ World Bank (2017a).

³² Based on figures up to August UNOCHA (2017).

³³ Ibid.

2. Save the Children Mobile Money Project

In October 2016, with funding from USAID/FFP, Save the Children initiated a restricted cash transfer project with E-vouchers in Bari and Nugaal regions of Somalia. After five months, the transfers changed to unrestricted cash transfers that used mobile money as the delivery mechanism and expanded to the Hiran region. From July to November 2017, the project targeted 9,284 HHs (55,704 people), with monthly transfers for two to seven months³⁴. The purpose of the project was for “household access to and availability of diversified and nutritious food to increase.” Save the Children based the transfer amount on 70% of the Minimum Expenditure Basket (MEB),³⁵ calculated by livelihood zones.

Table 2: Cash transfer amounts per region

Region	Districts	Livelihood zone	Transfer amount
Bari	Banderbeyla Iskushban, Qardho	Coastal Deeh, Northern Inland Pastoral/ Urban	\$191
Nugaal	Dangaroyo	Hawd pastoral	\$187
Hiran	Mahas, Mataban	Southern Inland pastoral	\$105

Save the Children targeted villages that were classified as being in IPC Phase 3 Crisis or IPC Phase 4 emergency, based on FSNAU estimations in February 2017. They sought to target the most vulnerable households. Selection criteria for these households included:³⁶:



- A high number of dependents or vulnerable members (children, elderly and chronically ill)
- High level of debt with reduced access to credit
- No social support from within the community
- No external assistance (remittance, etc.)
- Poor Female-headed, child-headed, elderly or persons with disabilities households
- Poor households who have lost productive assets during the drought especially livestock; with children admitted in Outpatient Therapeutic Programs discharged in the last two months; or lactating or pregnant women without external support

Mobile money service providers - Golis’s Sahal in Puntland and Hormuud’s EVC Plus for Hiran - facilitated the transfers. Save the Children provided a packet of mobile phones and SIM cards to

registered beneficiaries. The monthly distributions were paired with improved household dietary diversity, Infant and Young Child Feeding Practices, and hygiene promotion through community sensitization sessions³⁷.

³⁴ The project had three different cohorts of beneficiaries; some received food vouchers and others were added in the scale up with Mobile Money.

³⁵ The MEB for Somalia is calculated by FSNAU. The calculation consists of minimum quantities of essential and basic food and non-food items and represents minimum set of basic food items. It represents the food needs for 2,100 kilocalories/person/day basic energy requirement for a household of 6–7. Additionally, it includes non-food items such as water, kerosene, firewood, soap and cereal grinding costs. FSNAU (n.d.).

³⁶ Save the Children (2017b).

³⁷ Ibid.

3. Research Methodology

3.1 Methodology

The study used qualitative and quantitative data collection methods. Tools utilized included Key Informant Interviews (KII), Focus Group Discussions (FGD), observations, and a desk review of the literature. In Puntland, the full range of methods was applied. In Hiran, the household interviews were administered and abridged in FGD.

In Puntland, consultants hired, trained, and supervised three enumerators on digital data collection using KoBo Tool Box. In Hiran, Save the Children did the same for enumerators, and the consultants backstopped them. The consultant team also conducted KII in person and through Skype with stakeholders in Somalia and Kenya.

HH survey respondents: 377

FGD participants: 215

KIIs: 35

Observations: 8

Study sites were purposively selected to include some of the most remote villages, along with a representation of the different livelihood zones (Northern Coastal Deeh, Northern Inland Pastoral, Hawd Pastoral, Southern Island Pastoral), and included 15 villages across the six districts. A total of 377 household surveys were completed. Household survey participants were selected through simple random selection. (See Annex II for Study Protocol and Annex III: Study sample by geographic area).



There were two types of FGD: 1) mixed men and women who were beneficiaries of the Save the Children project and 2) youth non-beneficiaries and residents of the studied villages. Eight of each type of FGD were conducted in the Puntland study sites and eight adult-only FGD were conducted in Hiran, for a total of 23 FGD. The participants were 51% female and 49% male. The KII were completed with 1) financial service providers³⁸, 2) local leaders in the study sites in Puntland, 3) Puntland government officials, 4) Shopkeepers, Moneychangers, Mobile Money Agents, and 5) NGOs and International Organizations (IOs) working on cash-based programming in Somalia (35 total).

The field consultant completed observations in the eight Puntland study sites. This tool took an inventory of the services in the villages and the potential for the residents to use mobile money to pay for goods and services in those areas.

The consultants also used Save the Children’s post-distribution monitoring (PDM) and baseline data, as well as other relevant data, as part of the analysis.

3.2 Limitations

The studied areas were selected to include communities that were remote or had poor access to infrastructure. Therefore, the findings may not speak to the general populations in the studied regions, but rather a subset. It relied solely on obtrusive techniques, which runs the risk of omitted variable bias.

³⁸ These included the Mobile Money service providers and *hawalas*.

4. Study Findings

Within the three objectives, the study aimed to look closely at beneficiaries' and local service providers' practices, perceptions, and challenges with mobile money and e-wallet use in their villages and linking these points to demographic information. It also explored the potential influences of mobile money on traditional solidarity and sharing mechanisms and took into consideration local ecosystems in support of mobile money, including the inputs of financial services providers in Puntland and Hiran.

4.1 General Household Characteristics

The household survey respondents were 42% women and 58% men. Hiran had a higher level of male respondents than Puntland (62% versus 27%). The median age of the respondents was 40 years old. An average of 22% of respondents self-identified as elderly and 1% as disabled. Self-identified mobile pastoralists³⁹ were 51% on average. In Hiran, 82% claimed to be mobile pastoralists, while in Puntland only 19% did. FGD participants were 51% women and 49% men.

Table 3: Characteristics of household survey respondents

	Hiran	Puntland
Beneficiary ability to read	73% Cannot read 9% Hesitant 17% Read well	72% Cannot read 12% Hesitant 16% Read well
Gendered household type classification⁴⁰	Female no male adult 1% Male & Female 98% Male no female adult 0% Child, no adult 1%	Female no male adult 9% Male & Female 87% Male no female adult 3% Child, no adult 1%
Main Livelihood strategy	Pastoralism 99% Other 1%	Pastoralism 38% Casual labor 13% Petty trade 18% Humanitarian aid 14% 17% Other

In Hiran, the survey respondents felt that they were selected for the Save the Children project because they were from poor households that lost productive assets (72%), and 39% claimed that they had high debt. For Puntland the responses were mixed: 36% responded that they had high numbers of

³⁹ In Somalia, mobile pastoralists may move as family units or split. In this case the question was posed to the interviewee self-identifying as a person who moves with the herds.

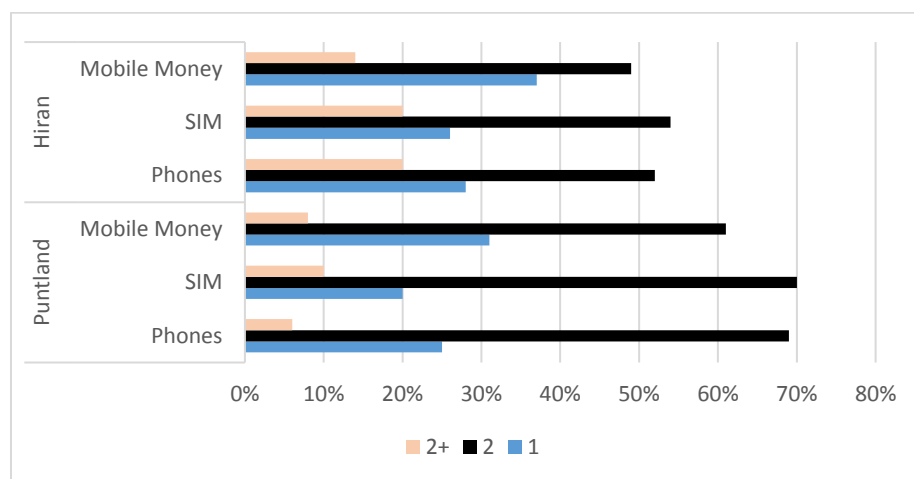
⁴⁰ This is based on Feed the Future's guidance. It includes: Male and female adult: household contains at least one male and one female adult ≥ 18 years old, Female adult only: household contains at least one female adult and no male adults ≥ 18 years old, Male adult only: household contains at least one male adult and no female adults ≥ 18 years old, Child only - household contains no adults ≥ 18 years old. http://pdf.usaid.gov/pdf_docs/pnadz746.pdf

dependents or vulnerable household members, 40% claimed to have lost productive assets in the drought, and 33% claimed to have no external assistance.

4.2 Mobile Phone and Mobile Money: Ownership, Control, and Access

Survey respondents had a high rate of multiple phones, SIMs, and mobile money accounts within the studied areas. On average, 74% of respondents reported owning at least two phones, 76% reported owning at least two SIMS, and 66% said they had at least two mobile money accounts. These figures include the Save the Children issued ones.

Chart 1: Surveyed households' phone, SIM, and mobile money accounts



Individual phone ownership (i.e., belonging to an individual) and access to phones and mobile money (i.e., not necessarily belonging to the person, but able to use) increased because of Save the Children's distribution of mobile phones in the communities. In Hiran, 86% of the respondents' households owned a phone before the project, while 68% of those in Puntland did. These figures are slightly different from Save the Children's baseline (Puntland only), where 90% of those interviewed claimed they had a mobile phone while 24% also said someone else in their household owned a phone⁴¹. The difference in reported ownership may be that the villages in this study tended to be more remote and newer to using mobile money. For households that had phones pre-project, all Hiran respondents had access to phones. In Puntland, most respondents also had access. The 6% who did not have access were all were women.

Before the Save the Children project, most Hiran respondents, and their household members regularly used mobile money (94%); however, there is a 6% increase in its use at the time of the study project. For Puntland, the Save the Children project seems to have impacted the respondents use significantly at the individual level. Pre-project, 63% of Puntland respondents affirmed that they did not regularly use mobile money, but of these respondents, 54% claimed that other household members did. In the KII, they also confirmed usage patterns.

All of the Hiran respondents asserted that the primary beneficiary controls the use of the phone supplied by Save the Children, while 81% of the Puntland respondents did. The respondents who claimed not to control the Save the Children phone were 71% women and 52% self-identified elderly.

⁴¹ Save the Children (2017c).

Most of the Puntland villages have been using mobile money for three to six years. Three of the studied areas, Baarwyn, Budunbuto, and Dhuur only started using mobile money in the past year, but even in these communities, there is a substantial use and uptake of goods and services that accept this form of payment, based on the FGD respondents. Half of the studied Puntland villages claimed to have a very poor network in their communities, but they still overwhelmingly preferred mobile money to cash. Even in the areas where mobile money had long been in use, FGD respondents felt that the Save the Children project helped to increase its use as more people had access and more money in their e-wallets.

Even in areas with poor mobile network coverage, Mobile Money is the preferred means to pay for goods and services.

FGD participants in all regions emphatically stated that there are no differences in people's access to mobile money within their communities and that it is equally used by all people of all age groups. The respondents stated that mobile pastoralists accessed mobile money services in villages or towns on their migration route. Cash has been classified as “no longer welcome” by businesses and is rarely used in the studied Puntland communities, a sentiment that echoed in all of the FGD. “*We even use it [mobile money] to pay for a cup of tea*” was a typical response, showing that in the most informal of settings, for the smallest expenses, a person can use mobile money.

Mobile money has also improved market access for rural communities and reduced the need for beneficiaries to travel. With a mobile money account, a person can easily send money to traders who frequent their villages to purchase on their behalf and bring the items directly to the village. One Dharoor FGD respondent's comment painted a clear picture on this increased convenience: “*Last time I needed shoes from Bosaso. Then I sent the money to my cousin who was traveling to this village. I have got my shoes in three hours*”. People prefer mobile money to cash because it is easy to use, something asserted by all FGD respondents. The main advantages of mobile money, as stated by the FGD participants, are that it is free, secure, facilitates purchases, and makes transactions simpler.

The disadvantages of mobile money identified were related to challenges to the variability of consistent mobile network connectivity and electricity—two things that are issues in rural Puntland. Respondents insisted that the fluctuations in the exchange rate of the Somali Shilling against the US dollar were linked to the growth of mobile money. There was a strong sentiment that the US dollar has replaced or devalued the Somali Shilling, an idea that is echoed by the Ministry of Information, Telecommunication, Culture, and Heritage. The World Bank asserts that mobile money has contributed to the depreciation of the Somali Shilling, as well.⁴²

4.3 Familiarity, Use and Trust in Mobile Services

Save the Children indicated that they had provided training on mobile money at the time of distribution of phones, and provided ad hoc support after that. However, there were mixed recollections on the respondents' part as to if they had received training; only 8% claimed they had received training in Hiran, and 35% in Puntland. As the support for mobile money use from Save the Children was informal and one on one, it seems it was not seen as training, hence the difference in perception. Nevertheless, respondents who affirmed they had received such support from Save the Children felt it met their needs (94%). A Golis KII implied that training was not necessary, as people pick up on how to use mobile money by themselves.

⁴² World Bank (2017a).

Higher numbers of self-identified elderly and mobile pastoralists claimed to less confident in their use and understanding of Mobile Money.

Confidence in one's use and understanding (i.e., knowing all the steps in using mobile money on one's own) of mobile money in Hiran was affirmed by 94% of the respondents, with only 6% not feeling confident. The response patterns in Puntland were different; 77% of the respondents asserted their confidence, and 23% did not feel confident. Those respondents who claimed not to be confident included 46% of the elderly and 87% of the self-identified mobile pastoralists of the total studied. All the literate respondents in Puntland claimed to feel confident in using mobile money, as opposed to just 70% of the respondents who cannot read and 87% of the hesitant readers. Over 90% of the non-confident users in Hiran were self-identified as not being able to read. With these findings, literacy seems to be related to confidence in using mobile money. As for the difference between new users of mobile money, half felt confident while the other half did not.

Across the project area, usage of the Save the Children provided mobile phones was high. Nearly 80% of the survey respondents used them more than once per day. This pattern was similar across the regions. Puntland respondents used their phones more frequently; about 15% used phones at least once a day. Nearly 19% of the Hiran respondents only used the phones a few times a month.

To know the survey respondents' understanding of mobile money's process, enumerators asked them to walk through the steps for transactions or functions without prompting⁴³. Most of the respondents were able to name how to enter their account (96%) and show their balance (93%). There was a sharp drop off in the listing of other functions; only the "Send Money" function was significant (73%). Almost half of Puntland respondents named "Manage Account" and "Exit," but no one from Hiran did. This finding is concerning, as it implies that they are not familiar with how they can change settings in their accounts. Literacy levels did not seem to affect the ability to recall the three most commonly identified functions in Hiran. In Puntland, however, the respondents who identified as not being able to read were less likely to be able to mention the services than the other groups unprompted.

Household survey respondents were asked to name the five primary services offered by their Mobile Money companies⁴⁴ unprompted. The most commonly listed services were "Receive Money," "Send Money" and "Payments" (for goods and services), with almost all of the respondents naming them. Hiran respondents named these services at a higher percentage than those in Puntland. Respondents in both areas rarely named "Cash In/Deposit" (where they put cash into the e-wallet) or "Top-ups" (purchase of airtime for mobile and data services).

Respondents were then asked if they regularly used each of the services; the patterns mirrored their familiarity with the functions with one notable exception. Eighty-eight percent of Puntland respondents reported using "Payments" regularly as compared to only 34% of those in Hiran, showing that Puntland respondents more frequently buy goods and services with their mobile money accounts. The "Cash-In/Deposit" function was only identified as frequently used by 7% of the respondents, further supporting the previous finding of this function not being named. Just 10% of those in Puntland claimed to use "Top Up," and none in Hiran did. Youth in their FGDs in Puntland did mention that the purchase of airtime was a commonly used function for them to use.

Trust in mobile money services was high amongst the FGD participants, although respondents seemed resigned to accept the services as is. "We use it, so we have to trust it" was the attitude. The communities that claimed the weakest network connectivity, not surprisingly, trusted the service less. The household

⁴³ These steps included 1) Entering into account, 2) Show balance, 3) Send money, 4) Withdraw cash, 5) Pay bill, 6) Show transaction, 7) Airtime, 8) Manage Account, and 9) Exit.

⁴⁴ These were Receive money, Send money, Cash in/Deposit, Payments (good or services) and Top Ups (purchase of mobile phone credit).

surveys presented a slightly different picture. In Hiran, 77% respondents totally trusted mobile money services, while only 9% did in Puntland. 23% of respondents in Hiran trust mobile money services 'somewhat,' as compared to the 84% in Puntland. Some 7% of the Puntland respondents claimed not to trust mobile money services at all.

4.4 Use of the E-Wallet, use of other Mobile services and use of cash

A recent World Bank study found that 63% of people surveyed did not immediately withdraw the cash transfer from their e-wallet⁴⁵, but for this study the patterns were different. The Save the Children survey respondents claimed to almost cash out immediately (Hiran 57%, Puntland 51%) or carry a balance (Hiran 43%, Puntland 49%). Cashing out immediately was evenly split between men and women when compared to their proportions in the survey, with a slightly higher tendency for women in Hiran to cash out immediately. This pattern held for self-identified elderly respondents, though the elderly reported this less frequently in Hiran (41%). Respondents who self-identified as mobile pastoralists had higher reports of cashing out - 62% in Hiran and 89% in Puntland. The differences between the World Bank and Save the Children study results may be attributable to the fact that the Save the Children beneficiaries are the most vulnerable in their communities, or it could reflect the effects of the ongoing drought and thus have livelihoods that are more precarious.

Mobile pastoralists reported higher rates of cashing out their transfers immediately.

Geography (i.e., the distance from major markets, districts or regions) did not affect the tendency to cash out except in the case of some villages in two districts, which presented strong anomalies from the rest of the study. Two of the three villages in the Iskushban in Puntland, Darajaale, and Dharoor, had higher rates of reporting cashing out, at 73% for both. In the Mataban district of Hiran, two of the three surveyed villages showed similarly high levels of immediate cash out; 100% of Sanaan respondents reported immediately cashed out, and 79% in Eldhinle said the same.

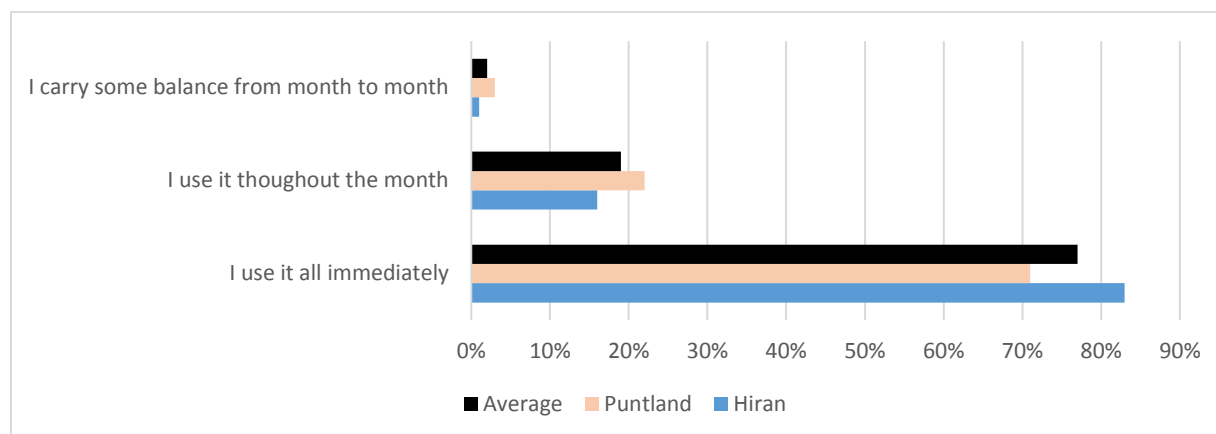
Food consumption needs—higher or lower—at the household level appeared to be the predictor for cashing out e-wallets or not. Respondents who claimed to cash out immediately linked this to their need to meet their household necessities. Following suit, those that did not cash out immediately claimed that they did so because of fewer consumption needs in his or her household. While this held true in Puntland, the highest number of respondents in those regions (36%) indicated that they leave balances out of convenience, not because of consumption needs. 21% also selected security as a significant factor to not cash out immediately. FGD responses revealed that people leave money in their e-wallet because they feel it is more secure there; they also think that it facilitates purchases. Very few respondents indicated that they left balances to save proactively, and it was a more common response in Hiran (7% in Hiran vs. 2% in Puntland). Save the Children PDM data shows very few households claiming to save some the cash transfers⁴⁶.

Most of the respondents asserted that they used all of the cash transfer amounts from Save the Children immediately (77%). Twenty-one percent claimed to use the cash transfers throughout the month, and only 2% carried a balance. Hiran respondents were more likely to use the cash transfers immediately than in Puntland. Of the respondents who claimed to cash out immediately, (Hiran 57%, Puntland 51%) many claimed to use the transfers immediately (75% Puntland, 96% Hiran).

⁴⁵ Their report found that 63% of the surveyed do not withdraw from their E-Wallet. World Bank (2017a).

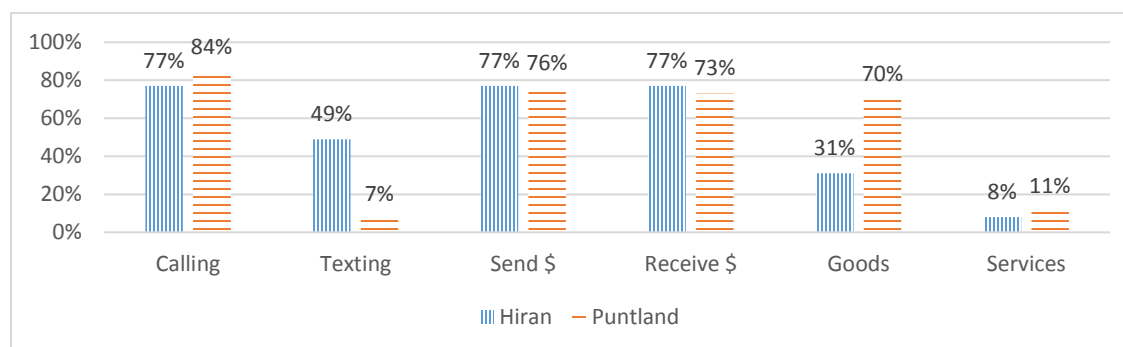
⁴⁶ Save the Children (2017d).

Chart 2: Patterns of e-wallet use of cash transfers



Patterns of using mobile services on the Save the Children-issued mobile phones were similar between Hiran and Puntland. The services studied were calling, texting, sending money, receiving money, paying for goods, and paying for services. Puntland respondents had a much higher incidence of claiming to use the phone to purchase goods at 70%, as compared to just 31% in Hiran, and more respondents in Hiran contended to text than in Puntland. A quarter of the Hiran respondents claimed only to use the Save the Children phone to receive money, but only 3% of the Puntland respondents responded the same.

Chart 3: Mobile services used in Save the Children issued phone by area⁴⁷



Survey respondents were asked about their use of mobile money for the purchase of ten different goods and services in the past month and one year before the interview⁴⁸. For both areas, food was the most common purchase with mobile money (97%), followed by water (86%). The reports of its use to pay for water were higher in Hiran (95%) than in Puntland (81%). In Hiran, respondents reported using mobile money in six of the ten categories, with no change from last year to this one based on recall during this survey. They used mobile money to pay for medical expenses (30%), debt for food (10%), and other debt (3%); payments of school fees, hygiene, or livelihood investments were negligible. This pattern was similar to how mobile money was used one year before the interview, though there was a higher percentage of reports of using mobile money for debt for food, clothes, shoes, and firewood. One factor

⁴⁷ This is other than receiving money from Save the Children.

⁴⁸ Categories included Food, Medical, School Fees, Debt for Food, Debt Other, Transport, Rent/Shelter, Seeds/Livestock/Fishing, Business, Hygiene, Firewood, Clothes/Shoes, Water, Other.

that may influence these expenditure patterns was the relatively high number of male respondents/recipients in Hiran. It has been noted that men and women in Somalia have different priorities when spending money and that women are twice as likely to pay for school fees than men.⁴⁹ Lastly, Save the Children's PDM data for Puntland echoed the low investments in productive assets, totaling a mere 1% on average⁵⁰.

Puntland respondents' use of mobile money increased by 14% in the past year across all ten categories of expenses. The most significant changes were for purchasing water, which respondents did not indicate one year ago. They also reported that 69% of them used mobile money to pay schools fees, up 24 percentage points from last year. Use of mobile money to cover medical expenses was at 47%. The use of mobile money to repay debts was reported to be common; some 30% of those surveyed used it for food debt, and 24% for other debts. Repaying debt by mobile money was up 13% overall since last year.

4.5 Shopkeepers/Money Changers Practices with Mobile Money

All of the interviewed shopkeepers and moneychangers had business accounts for mobile money⁵¹. Shopkeepers concurred that the use of mobile money was pervasive in Puntland; payments by mobile money comprised 50-75% of their total customer payments for goods. They felt that this has increased since a year ago, where mobile money payments for goods were 50% of the time (60%), 25% of the time (20%) and less than 25% (20%) based on recall in the survey. All respondents felt that the Save the Children project affected the change in payment choices in the communities.

Shopkeepers and moneychangers claimed not to charge fees to cash out mobile money for their customers, although this was not in line with the household survey findings⁵². Identification to cash out is



not required, which seems to be common in Somalia, where personal identification is uncommon amongst the population. Almost none of the shopkeepers or moneychangers would transfer money for customers who do not have their mobile money accounts.

If they did not have enough US dollars to cash out (i.e., the liquidity of currency), they paid their customers in Somali shillings. This point was supported by the household survey responses, where 79% affirmed that they were paid out in Somali shillings in the absence of US dollars. Only one shopkeeper claimed to ask them to make purchases if the shopkeeper did

not have enough US dollars. The household respondents paint a slightly different picture; they often feel obliged to make purchases in these situations. This feeling is pervasive among the Puntland respondents (90%), but less so in Hiran (27%). None of the shopkeepers in Puntland claimed to give future credit against the difference if they had insufficient US dollars.

⁴⁹ Kamila Wasilkowska. (2012).

⁵⁰ Save the Children (2017d).

⁵¹ Shopkeepers typically sell basic food and non-food items in a small store in the village. Money changers only deal with currency exchanges.

⁵² Official agents of the mobile companies do not charge fees, but "independent agents" may charge 2-3%. Altai (2017).

All interviewed shopkeepers gave credit to their customers, and the use of mobile money has not changed that practice. Most of them offer credit via mobile money (60%), where the shopkeeper sends money to the recipient's mobile money account. Likewise, repayment of credit is now made by mobile money between 50-75% of the time. Repayments by others on behalf of the debtor that come from outside of the community are frequent; some 80% of them are repaid by others at least 50% of the time. Mobile money seems to have increased this practice; some 40% of respondents affirmed the point.

4.6 Local Mobile Money Ecosystems

To understand the local mobile money ecosystems at the village level the, distances to mobile money agents or others who provide E-Wallet cashing out services (i.e., where person deducts cash from his/her mobile money account) were explored. Additionally, the study looked at phone charging options and perceived mobile phone network coverage. These were studied to gauge the level enabling conditions to support mobile money use and demand in the targeted study areas. This was achieved for Puntland through observations and KIIs with shopkeepers and money changers. For both Hiran and Puntland, FGD and household survey responses also helped to paint the picture of the local mobile money ecosystems.

Mobile money was accepted in Puntland villages by:

- 98% schools
- 82% water sources
- 100% shops & livestock sellers
- 100% mobile charging stations
- 100% transporters

Observations of the schools, water sources, shops, livestock sellers, mobile charging, and transports showed considerable uptake of using mobile money. Nearly all of the Mobile money agents are widely dispersed across much of the target area. Most of the survey respondents had access to an agent who could cash their e-wallets within a 30-minute walking distance. Hiran had higher responses for this nearness as compared to Puntland (91% vs. 80%). Less than 5% of the respondents in Hiran had to walk more than one hour to cash out their e-wallets, but in Puntland, 8% needed to walk one to two hours to do so, and 10% of respondents had to walk over two hours. For Puntland, FGD respondents explained that if they wanted to cash out large amounts, they frequently need to go to larger towns to do so⁵³. Hiran respondents cashed out at local shops (99%), as did 69% of Puntland respondents. For Puntland respondents, some 30% used Golis agents and 1% used moneychangers. Nearly all of the observed moneychangers accepted mobile money (90%), and 95% cashed it out.

Only 3% of respondents affirmed that they incurred charges when cashing out their e-wallets. Paying to get to the places where they cash out was more common in Puntland, where 15% of respondents claimed to do so. They paid between \$5-\$20 for the transport to these areas. For second options for cashing out e-wallets, Hiran respondents continued to have closer access, with 95% able to find a second option within a 30-minute walking radius. For Puntland, second options were more difficult. Only 71% had a second choice within 30 minutes, and the need to pay to reach this source increased by 6%. Five of the eight studied communities could only cash out by traveling a distance of 15-28 km.

Phone charging was available in all of the studied communities; on average, 57% of respondents had two or more areas where they charged phones. Phone charging was mostly done with car batteries, or more frequently with low-cost solar panels. Puntland villages tended to have more options than those in Hiran - 91% had at least two options, compared to 74% in Hiran. Despite there being more charging options in Puntland, 88% of the surveyed said it was only sometimes easy to charge their phone when they wanted. In Hiran, the same response was selected by 56% of respondents, and 44% stated it was easy all or most of the time. Costs for charging were nominal, ranging between \$0.15-40.

⁵³ These larger areas were Dangorayo, Iskushban and Banderbeyla between 40-90km from the studied villages.



The perception of the quality of mobile phone network coverage was different between the studied regions. Hiran respondents claim to have excellent service. Puntland respondents claimed mostly poor to very poor service (46%). In one village, they even claimed to climb into trees in an attempt to find the mobile network.

Table 4: Perceived mobile phone network coverage in surveyed villages

	Hiran	Puntland
Excellent, we always have service throughout the village	41%	6%
Good, we have service in most of the village	41%	32%
Fair, we have service often in parts of the village	2%	10%
Poor, we have spotty service, or it is only in some parts of the village	16%	18%
Very poor, we have limited service, or we need to out of the village to get service	0%	28%
Terrible, we have to go somewhere else	0%	6%

4.7 Sharing, Social Support, and Mobile Money

Somalis have a firm sense of solidarity and sharing; it is common that beneficiaries, even the most vulnerable, share or give gifts of humanitarian aid to other community members as a means of social support.

The study probed beneficiaries and non-beneficiaries alike on the impact mobile money has had on sharing within communities. FGD and KII respondents were unequivocal that sharing continues, despite the massive shift towards mobile money and away from using cash. A youth FGD participant in Dharjaale explained that “*Sometimes if someone is sick and he or she cannot afford to get better medications, we collect some money through mobile money, and then we give it.*” KII respondents remarked that it is common for recipients of cash transfers via mobile money to share with family members who may be in other parts of Somalia due to displacement, or if families have split to support livelihoods.

In this project, however, there are mixed signs on how much sharing is occurring. The Save the Children PDM data shows that less than 1% of the total expenditures were claimed to have been shared after the first four distributions. 61% of Puntland respondents agreed that sometimes they shared their cash transfer with those in need, but 100% of the Hiran respondents said they did not. Overall, there was a feeling that the use of mobile money discourages sharing within communities: 80% of the household survey respondents affirmed the statement that mobile money has reduced sharing.

There are two more formalized means of social support:

- *Zakat* is almsgiving and is one of the pillars of Islam. Muslims that have a certain level of wealth contribute they are obliged to provide to *zakat*. Once *zakat* is collected, it is distributed to specific categories of people, including poor Muslims⁵⁴.
- *Qaraan* is an important type of community donation that is a cultural rather than religious duty; it is generally among clan members.⁵⁵

The use of mobile money for *zakat* contributions is reportedly rare amongst the project beneficiaries; only 5% of respondents who identify that they contribute to *zakat* (82% of all respondents) used mobile money to do so. For *qaraan*, however, mobile money is catching on. For respondents who claimed to

“Any new phenomenon has its own both negative and positive impacts. This new approach has to some extent negatively impacted the traditional way of sharing *qaraan* or paying *zakat*. We have seen that when we are collecting *qaraan* someone you expected to give you a goat will rather pay \$5”.

Said, FGD participant, Dharjaale

contribute to *qaraan* (53% of respondents), 34% of them did so using mobile money. The number of respondents who contributed to *qaraan* was much higher in Puntland than Hiran (60% vs. 8%). This shift is not without its negative impacts. Traditionally in pastoralist areas, *qaraan* was collected through the contribution of animals (goats or camels). In times of need for cash, those animals were sold to markets in urban areas. The relative value of contributions to *qaraan* reportedly has decreased with the use of mobile money. However, the donations may be more secure, as they are not subject to death or disease of the animals, and collections are faster and more straightforward for those collecting and contributing.

4.8 Use of Other Financial Services and Savings

Only 5% of the respondents affirmed that they used other financial services. These respondents were in Puntland; they indicated using *hawalas* and *hagbad*, a traditional rotating savings group.⁵⁶ The main reasons for not using other financial services were either not having enough to save, or not knowing about other services. In Puntland, the third reason was not knowing how to save, and a smaller number claimed not to have the proper documents or enough money for the minimum balances required by other financial service providers. Banks were seen as being for “the rich” or “people in towns,” and FGD respondents claimed not to know how they work. Most respondents felt that their financial service needs were met already. However, the perspective of local leaders was different; several local leaders expressed the concern that their community members needed guidance to manage their e-wallets to meet their households’ needs and promote savings. Participants in one FGD suggested that mobile money discouraged savings because people were “disconnected” from money; they did not physically see the cash and therefore were more likely to spend it.

For those that still save cash, it is mostly in US dollars. In the FGD, participants asserted that they still used livestock as a source of savings, but that many of these animals were in faraway grazing areas that were not easily accessible. In some FGD, participants identified themselves as “too poor” to save.

54 Islamic Relief (n.d.).

55 Fabienne Le Houerou. (2005).

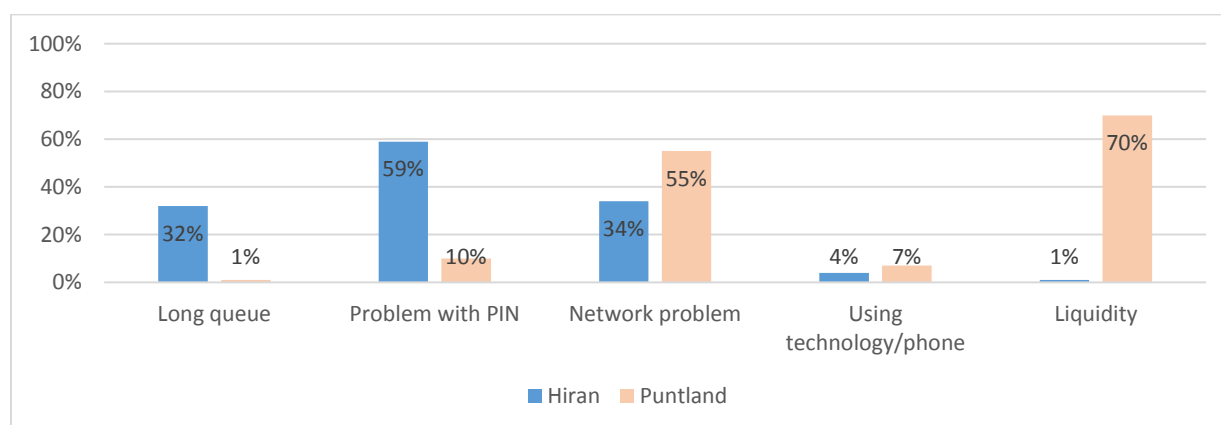
56 Islamic Banker (n.d.).

4.9 Challenges Faced in Using Mobile Money

While mobile money is widely liked and used in the studied areas, it is not without challenges. The main difficulties regarding receiving cash through mobile money transfers are broadly connected to mobile money ecosystem and personal use (i.e., attributed to the user)⁵⁷. Electricity was selected as the primary difficulty for all household survey responses (45%), followed by network connectivity (31%), and lastly usage. 12% of respondents asserted that they did not have any difficulties in receiving money. This finding differs significantly from Save the Children PDM data, where 80% claimed not to have any difficulties⁵⁸. When asked if mobile services had improved in the past three years, the responses were split; half felt they had not, and the other half thought they had. A Golis representative claimed that the company had put towers in the grazing areas pastoralists frequent in Puntland, but this does not reach all the villages.

Typical difficulties faced in cashing out e-wallets are again because of ecosystems and personal use. Hiran respondents tended to have more difficulties related to personal use, while Puntland respondents met problems stemming from the local ecosystems. The Puntland figures for difficulties with PINs were similar to the Save the Children PDM data⁵⁹.

Chart 4: Difficulties faced at cash out of e-wallets by area



Only 4% of Hiran respondents felt that liquidity at the point of cash out was a problem. Nearly 70% of respondents in Puntland agreed it was a considerable problem, which Golis seems to know. A representative mentioned that their strategy is to reach throughout Puntland, but that it is difficult for them to have agents in every location because of security issues. The desire to cash out in Somali shillings is strong in Puntland, with 44% of respondents sometimes wishing to cash out in that currency. In Hiran, a mere 4% share that sentiment.

In Puntland, the most significant challenge for shopkeepers using mobile money was connectivity to the Golis network; for moneychangers, the most significant challenge was the currency inflations of the Somali shilling.

Some potential government policies could present a challenge to the momentum of growth and use of mobile money in Puntland. There was a proposal to make the minimum transfer amount US\$30, to mandate more circulation of Somali shillings. Other regulations are in process as well. Whether these policies or regulations pass or not, there is a high-level interest on the part of the government and

⁵⁷ Response options were 1) None, 2) Power, 3) Connectivity, 4) Usage, 5) Other.

⁵⁸ Save the Children (2017d).

⁵⁹ Ibid.

international stakeholders to regulate better the use of mobile money, which could present either challenges or opportunities for improvement for the end users.

4.10 Perceptions of Improving and Expanding Reach of Mobile Money

The study looked at how Save the Children could leverage its work with mobile money to promote improved access to other financial services and to support the community members' needs in the targeted communities. Most of the data collection was focused on Puntland, but generally could be extrapolated to include Hiran.

Study participants suggested that Save the Children could negotiate with Golis to improve the network and electricity in rural areas⁶⁰. They also indicated that Save the Children could use mobile money to provide incentives connected to their projects in the communities, either for behavioral change or with volunteers (such as their nutrition programming). Responses also pointed to the potential to connect mobile money to Disaster Risk Reduction groups, something that Save the Children has long implemented in Puntland. These groups analyze specific hazards and risks in their villages and implement activities to address them. They mentioned that Save the Children could help communities in Cash for Work projects, which would benefit the community at large and reduce risks of hazards such as drought. Other potential connections are to use mobile phones to send text messages for Early Warning like the Puntland Humanitarian Affairs, and Disaster Management Agency does. Save the Children already uses this method to spread behavioral change communication on Infant and Young Child Feeding practices in both implementation areas. FGD participants felt that they could use mobile money as a means to fund community-based projects.

FGD participants feel that Golis should improve the mobile network, especially during the rainy seasons when service is more affected, and they appealed to them to provide electricity. There was also interest in offering the option of using Somali shillings as the mobile money currency in addition to US dollars. This sentiment was echoed by a survey conducted by the World Bank, where 90% of the people surveyed expressed interest in completing mobile money transactions in Somali shillings⁶¹. The study also found that rural populations “understood the value” of the Somali shilling better⁶². There is a perceived interest not to dollarize the economy totally to ensure that the Somali shilling survives.⁶³

Local leaders expressed that their community members needed support to manage their finances better to meet household priorities and basic needs. This point seems to speak to the “double-edged sword” of mobile money—it makes it easier to make purchases, but it disconnects people from visualizing the money that they have. They also expressed that community members needed to have savings mechanisms.

60 In some areas, such as Dharoor, Golis has helped to bring electricity to villages at cost.

61 World Bank (2017).

62 Ibid.

63 Mohamed Dalmar (2015).

INTRODUCTION OF MOBILE MONEY IN BAARWYN SPURS ON COMMUNITY PROJECT

Baarwyn village in Dongorayo district is pastoralist village 96km east of Garowe in Puntland. The recent drought reduced their goat herds to extremely small numbers, some three to eight animals. There is no network coverage in the village and they need to go to Dangorayo or Garowe for mobile service and to make purchases which is two hours away walking. Mobile Money is new to the village and only has been used since March 2017.

Save the Children targeted 90HH, 60% of the village's population, as part of the cash transfer project. They provided mobile phones and SIM cards so that they could receive the monthly transfers. Before the Save the Children project, they knew nothing about Sahal. By the time of this study now it was used widespread. Sixty percent of the surveyed households reported using Mobile Money to pay for at least five different types of goods and services in the past month. The school and the water sources all accept Mobile Money, but they do not have a local shop.

After only six months of using Mobile Money, the community has been able to use this new tool to facilitate a community level project that directly benefits children. Households were asked to voluntarily donate \$10 to help construct a new school in their village and the project is ongoing. Their local leader felt confident that Mobile Money could help them to do other small community level projects to help families better meet their needs.

5. Conclusions and Recommendations

5.1 Conclusions

Save the Children's project has influenced the targeted beneficiaries use of mobile money, especially in Puntland. While there is not total attribution to the project, 24% of the surveyed households now have mobile phones and mobile money accounts, where before the project they did not. These households are rural and considered the most vulnerable within their communities; they include the elderly, mobile pastoralists, and those that cannot read, all groups that have the lowest levels of mobile money penetration in Somalia. Increasing ownership may have contributed to more resilience; mobile phone ownership in Somalia has been linked to higher resilient households, especially for women.⁶⁴ The significant number of households who claim to use transfers immediately demonstrates that substantial amounts of them are just able to meet their basic needs and are indeed very vulnerable. The small divide between men and women's access to mobile money seems to have been closed in Puntland communities as well, and the increased number of mobile phones and SIMs presents an opportunity for different household members to be mobile and to make their own financial decisions.

More critical is what beneficiaries have been able to do with mobile money. They have met basic needs, shared with their needy neighbors, and, in some cases, contributed to community initiatives. Mobile money seemed to enable children's continuation in school, something significant in the Puntland villages where at baseline only 4% identified that they had children in school, but 81% had school-aged children in their households⁶⁵. Mobile money has also increased market access to goods and services when compared to last year, particularly in Puntland. People can make purchases for essential goods without traveling at all, reducing the potential exposure to risk and allowing them to continue work at home. It is not possible to say if ecosystems improved as a result, but likely, the sheer number of households using mobile money worked as a strong incentive for local good and services to shift to accepting it. All of the mobile money and financial service providers stated that they intend to increase their networks and the range of products that they offer, which will continue to make mobile money an attractive option for those that access it.

Mobile money is attractive to many communities, despite issues of poor network connectivity and spotty access to electricity. It is free, easy, accepted, and used by anyone who seems to get the opportunity to use it and the markets are responding. The High-Level Panel on Humanitarian Cash Transfers recommended that "where possible, deliver cash digitally and in a manner, that furthers financial inclusion⁶⁶." This project, although it did not have an implicit financial inclusion objective, seems to have contributed towards this.

The study shows that there are subtle differences between Puntland and Hiran beneficiaries in their habits, needs, and challenges. Save the Children should further examine these points to see how they can reduce problems for individual recipients. In particular, elderly and mobile pastoralists need to have more guidance in the process. The respondents who were not literate showed less confidence in their understanding of mobile money, but literacy does not seem to be strongly correlated with the respondent's knowledge of the process of using mobile money. Save the Children should work to positively influence beneficiaries at a community level to increase their confidence in the tool. While it is assumed that people know how to use mobile money, it is clear from the responses in this study that this is not true, especially in Hiran. As most of the Save the Children beneficiaries change money at local shops (which may not be able to give technical support to their customers), it is essential that cash

⁶⁴ USAID (2016).

⁶⁵ Save the Children (2017c).

⁶⁶ Overseas Development Institute. (2015).

transfer recipients become more familiar in how mobile money systems work and what they offer. Save the Children can and should enable that process. There are small groups of beneficiaries that still invest 2-10% of their cash transfers in transportation; Save the Children needs to look more closely at its PDM data to see if there are means to help reduce such costs so that these households can benefit from more of the intended support.

With the positive uptake, there is a risk that once Save the Children ends its cash transfers the households they targeted will suddenly stop using mobile money. In other contexts, it has been noted that beneficiaries of humanitarian cash transfers, by and large, abandon their mobile money account once it ends, which is a missed opportunity for financial inclusion.⁶⁷ With the pervasiveness of mobile money in Somalia, it is unlikely that users will discontinue entirely. However, without a constant source of cash “income,” their e-wallets will carry less money; reloading them will still be a challenge because of liquidity and distance to mobile money agents or shops.

Furthermore, other questions have arisen from the study. Nearly 20% of the Puntland respondents, mostly women and the elderly, do not control their phones. Are there power dynamics that need to be understood, or is it merely a practical issue of who is best placed to hold onto it (i.e., to make purchases)? It is not clear how households are managing different e-wallets, or what the spending or savings behavior is in a household with various mobile money accounts. Is mobile money enabling more options for livelihoods, as household members can make individual decisions, or is it detracting from the collective? Sharing of humanitarian aid, in general, affects what individually targeted households receive, a fact stakeholders working in Somalia knows that⁶⁸. The results of this study show that formal and informal sharing among community members and lending is both positively and negatively impacted by the rise of mobile money; this is an interesting phenomenon to be studied more at the community level and can be used to triangulate PDMs more thoroughly. Furthermore, there is a gap in information from the mobile service providers on subscribers use. Perceptions and recall should be backed up with data that is responsible and ethically shared.

Liquidity will likely continue to be a challenge, but this is not unique to Somalia. Humanitarian agencies cannot be sure that cash will be available when their beneficiaries need it.⁶⁹ Overall, the lack of regulation of mobile money in Somalia poses a significant challenge to both consumer protection and guaranteed parity between mobile money and “real money.”⁷⁰ Nevertheless, Save the Children should closely monitor the impact of liquidity on the recipient’s choices⁷¹ to reduce “pressured purchases.” However, mobile money does seem to be enabling access to credit in the absence of cash, which can be an important coping strategy in crisis. Paradoxically, the liquidity problem in Puntland could force savings or use of e-wallets. There is the talk of regulations that may change the currency or the minimum amount for mobile money transfers, but it is not sure how or when these may be in effect.

While this project did not have a specific financial inclusion aspect, it has contributed to increasing an important number of people’s access to at least one financial service through mobile money. The study shows that respondents feel they do not need other financial services, a sentiment that is echoed in the World Bank study. However, they do not seem to know about the other services available, or if they could even access them. This knowledge vacuum presents an opportunity for Save the Children to demystify the financial service products that may be available to these more vulnerable populations. If interested beneficiaries cannot meet the requirements for specific products, Save the Children could

⁶⁷ ELAN (2016).

⁶⁸ CaLP (2017).

⁶⁹ ELAN (2016).

⁷⁰ World Bank (2017a)

⁷¹ Marcella Willis (2016).

work towards assisting them for future qualification, and they could work to identify products that may better suit these population's financial needs. Mobile money seems to have positive and negative tendencies towards local solidarity and social support—making it easier and faster to contribute, but also reducing the relative value of contributions to *qaraan*. Golis and Hormuud expressed interest in expanding services and coverage; there may be room to influence this with input from the targeted communities from this and similar projects.

Lastly, while the impacts of this mobile money project are visible in the increased purchases of food, water, and investment in school fees, there does not seem to be an intentional focus on making the direct connection to how mobile money could improve the lives of children in these communities. It is unlikely that this short-term humanitarian project will have a transformative effect on their livelihoods. Nevertheless, there are opportunities to link low-cost community level work to the broader mandate of the organization with mobile technology as an enabler.

5.2 Recommendations

In current project

Use monitoring data to strengthen local mobile money ecosystems: It is clear that once people have access to mobile money, they want to use it. Save the Children should address barriers such as proximity to agents, liquidity, and network connectivity in the local eco-system by closely analyzing PDM data and engaging in KIIs with local shopkeepers. Save the Children can also act as a connector to Golis and Hormuud by giving feedback on their service at individual village levels, to help paint a more accurate picture of service.

Rethink training on mobile money to be accompaniment: Assuming that everyone knows how to use mobile money entirely is a mistake; there are sizable populations that need more personalized assistance from Save the Children to help them to become proficient in the use of mobile money. Literacy is not necessarily correlated with knowledge of mobile money; proficiency in using the service seems more nuanced. The elderly, some women, and mobile pastoralists need more guidance and accompaniment in learning how to use mobile money and to develop financial literacy. Save the Children should spot check during PDMs and hold small training sessions purposefully targeting these known groups with more barriers to accessing mobile money.

Future programming with mobile money

Analyze whether or not to purchase phones based on households and individual characteristics: Although most households had a phone before the project, not all people had access to the phones or mobile money. Based on this data, there could be a sweeping assumption that phones do not need to be purchased. However, a more thoughtful look at the situation requires understanding intra-household dynamics such as women's or elderly people's access. Another phone may also help families who are separated by migration or displacement. Save the Children should consider different options, such as supplying phones to households who do not have one or offering a subsidy to purchase a second one with smaller deductions on a monthly basis⁷².

⁷² Marcella Willis (2016).

Take an intentional look at financial inclusion as part of project design While there are urgent needs in humanitarian crises and some literature suggests that a crisis is not the best time to build digital literacy⁷³, Somalia has a complex, prolonged crisis. There is interest among stakeholders in looking at connecting cash transfers to state building and safety nets.⁷⁴ Financial inclusion may be one opportunity to continue to contribute to resilience programming; to do so would mean engaging with mobile phone providers to understand what data sharing can be offered.: It is best to work on understanding the supply and demand for financial services in rural, unbanked populations from the beginning of the project. This will allow for a better understanding of the habits of clients associated with Save the Children's projects and the products and barriers in particular geographic areas., but would require shifting the perspective of the role of financial service providers such as mobile phone companies.⁷⁵

Study the drivers and influencers for on use of e-wallet and savings in the households:

Mobile money use is increasing, but the power dynamics of its use intra-household is not well understood. It would be interesting to know how households are using different e-wallets (and e-wallets differently), what the dynamics are between men and women, lending patterns, and what the influencing factors behind the behaviors are. It is essential to understand if increased access to mobile money correlates with increased personal control of finances and if that is desirable in these communities. Save the Children should look at the post-project e-wallet and savings behaviors at the end of their project to see if there are any changes from this study onwards. In particular, they should examine the issue of control of mobile phones, and what enables or prevents having control over a mobile phone for groups like the elderly and women.

Leverage community groups' objectives through mobile money: Most of these communities have various existing community groups, which Save the Children can work with to see how mobile money will help them meet their objectives, be they for community-level projects, savings, or the purchase of community solar panels. Savings groups in Somalia have been seen as a critical safety net for participating households and communities⁷⁶. Savings can be promoted through requiring the carrying of balances linked to incentives or through the promotion of savings groups⁷⁷; something Save the Children already has experience with in Hiran. Save the Children can look at how the communities are employing the traditional tool, *hagbad*, and how can it be used to further a savings culture. There should be a special focus on supporting woman's leadership through savings groups to promote social capital, which can foster spending on child-focused expenses, and training of the groups on functioning in times of high stress.⁷⁸ Save the Children has a rich experience in forming and guiding Disaster Risk Reduction groups, who have already mapped out the significant risks and hazards in their area, and they have worked to help the groups become child-focused. Save the Children can build upon this foundation to broadly support better outcomes for children in the areas of implementation.

⁷³ Sarah Baily (2017)

⁷⁴ CaLP (2017).

⁷⁵ Ibid.

⁷⁶ USAID (2016).

⁷⁷ See Sara Murray (2016) for Mercy Corp's experience with this in Ethiopia.

⁷⁸ USAID (2016).

Build connections between financial service providers and communities: Financial inclusion is not going to happen suddenly, and the gains made in this project need to be sustained. For these communities to know if other financial products are for them, they need to know what the products offer and require. Save the Children can build a dialogue between financial service providers and their communities. There may be products that can support building on the community ideas of fundraising and community projects. Salaam Bank, Kaaba Micro Finance, MicroDahab, and Kaah Express⁷⁹ are microfinance institutions that offer products for people and communities in the demographics of Save the Children's beneficiaries. Save the Children could also look into influencing financial service providers to provide products or platforms that better meet the needs and abilities of its beneficiaries and similar communities.

⁷⁹ World Bank (2017a).

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Annex II: Study Protocol

Research Team

The study will be completed by two seasoned humanitarians with over 15 years experience in the Somali context. Holly Welcome Radice will lead the investigation. She has over 19 years of experience in humanitarian and development work with diverse groups in Africa and Latin America. Her expertise is in food security and livelihoods with considerable expertise in cash transfer programming. She will lead the methodological and tools design, coordination with Save the Children, KII interviews with peer organizations, data analysis, and report writing. The field study will be coordinated and supervised by Mohamed Jama Hussein; he has over ten years of M & E experience with international and local NGOs and the government in Somalia he will oversee the training of the enumerators, field data collection, and perform the FGDs and KIIs at the community level. Mohamed will also be the primary point of contact with the Save the Children Puntland team for logistics and field preparation.

Study Design

The study shall adopt both qualitative and quantitative methods to collect information from both primary and secondary sources. Envisaged methods will include Desk review, Key Informant Interviews (KII), Focus group discussions (FGD), and observation. The FGD will include separate one for adults and youth to see if there are any differences in use, perceptions or practices between the age groups. Puntland will have the full range of tools applied. Hiran will only have the household interviews administered. The quantitative data will be collected through digital data collection devices and entered into KoBo Tool Box by vetted enumerators. In Puntland, the enumerators will be trained in a half-day session on the household questionnaire, techniques of interviewing, use of equipment to record answers. Pilot testing will take place, and practice sessions will be conducted. The Save the Children staff in Hiran will train their enumerators with backstopping from the consultants. The consultants will administer the qualitative tools. Qualitative data will be entered into Word or Excel and coded manually. It will be analyzed against the quantitative data to find trends and similarities.

Sample Size

The calculated required sample size by assuming proportion at 0.5 with 95% CI and 0.07 absolute precision of descriptive statistics without accounting for cluster sampling would give a sample size of 196 for Puntland and 186 for Hiran. The study team has purposively selected the communities to include the most remote and most accessible communities. In Puntland eight communities will be studied, two in each livelihood zone (Northern Coastal Deeh, Northern Inland Pastoral, Hawad, and urban). For Hiran, seven communities will be studied in proportion to the caseloads per district. In Puntland, two FGD will be conducted in all sampled communities (one with adults and one with youth). Observations will also be completed in each of the Puntland communities. KII will include at least one local leader per community in Puntland, Financial service providers in both areas, Save the Children staff, and peer NGO and UN staff.

Duration

The total duration of this study will be eight weeks, which will be marked by a final report submitted for review by Save the Children by the end of October.

Study Objectives

The study is meant to give a snapshot of how well the activities are being implemented, what is working and what can be done better. The larger part of the study is to understand the potential change that mobile money has had on the recipients and their communities and what opportunities there are in the



future to expand the use of mobile money and potential for leveraging mobile phone to link to other services.

There are three leading questions in the study:

1. To what extent has the mobile money project influenced the use of mobile money among the cash recipients?
2. What are the key barriers and enabling factors in influencing uptake and use of mobile money services?
3. What steps can Save the Children take to leverage current projects to expand the use of the e-wallet and other financial services?

Annex III: Study Sample by Geographic Area

Region	District	Villages	HH	FGD	KII	Observation
Bari	Iskushban	Dharjaale	25	18	2	1
		Dharoor	26	16	3	1
	Qardho	Sheerbi	26	18	3	1
		Yaka	24	18	3	1
	Banderbayla	Dhuur	25	15	2	1
		Dhuudo	25	17	2	1
Nugaal	Dangorayo	Budunbuto	23	19	1	1
		Baarwayn	24	18	1	1
Puntland					4	
Hiran	Mataban	Yibirsuge	29	9		
		Eldhinle	28	11		
		Sannan	28	9		
	Mahas	Barbara	28	12		
		Mahas town	26	11		
		Sulmo	26	12		
		Tedaan	26	12		
Beltweyne				4		
Nairobi					10	
TOTAL			377	215	35	8

Annex IV: Terms of Reference for the Evaluation

Background

Following a poor Gu rainy season (April to June 2016) and failed Deyr rainy season (October to December 2016) food security, pastures and water levels deteriorated significantly across Somalia. The latest findings from a countrywide seasonal assessment conducted in December 2016 indicate that over 2.9 million people will face Crisis and Emergency food consumption gaps (IPC phase 3 and 4) across Somalia through June 2017. This represents a more than two-fold increase compared to six months ago. Additionally, more than 3.3 million people are classified as food stressed (IPC Phase 2), bringing the total number of people facing acute food insecurity across Somalia to over 6.2 million⁸⁰. Close to one million children are already malnourished, including an estimated 174,000 who are severely malnourished and face an increased risk of morbidity and death⁸¹.

As part of the Somalia drought response, Save the Children (SC) received funding from Food for Peace (FFP) to provide food assistance for 3,747 new households in Bari (Ishukushuban, Qardho, and Banderbeyla districts), Nugaal (Dangoroyo district), and Hiran (Mataban and Mahas districts) through unconditional mobile cash transfers (utilizing Golis Telecom and Hormuud Telecom) for four months covering 70% of the Minimum Expenditure Basket (MEB). Save partnered with Golis Telcom in Puntland and Hormuud Telcom in Hiran. Both mobile network operators offer mobile money services – Sahal through Golis and EVC through Hormuud. Both wallets provide similar packages of services for transferring and receiving money.

Purpose

The primary purpose of this study is to document SC's experience working with mobile money transfer in Puntland, Somalia during the 2016/2017 drought response. Also, although the use of mobile phones and mobile transfers is widely used throughout much of Somalia, there seems to be little knowledge as to the extent to which mobile money has expanded. As a result, the study will also look at the secondary benefits of mobile money transfers regarding increased digital awareness, person-to-business transfers and any expanded access and or engagement with financial services, such as savings.

Specific Objectives include:

- Provide overview of Puntland context of digital payments from a business perspective, agent perspective, and customer perspective and the potential perspective of humanitarian and development assistance programs
- Document learning from the current SC program and the use of digital payments through mobile money in rural areas and the current challenges and successes.
- Document the challenges and successes of the current project from the viewpoint of Golis and Hormuud mobile money team
- Provide recommendations on key steps to be taken that could improve future mobile transfers and greater access to financial services through mobile technology.

Methodology and Scope

The expectation would be that the consultant develops the comprehensive methodology once he/she was able to review with key persons involved in the project and review key questions of interest and

⁸⁰ <http://www.fsnao.org/in-focus/fsnao-fewsnet-technical-release-february-2017>

⁸¹ Ibid.

from this develop an appropriate method for conducting the study, keeping in mind the time and budget constraints.

It is expected that multiple key stakeholders will be interviewed. As such, the consultant will need to engage with Golis and Hormuud mobile money units (Salam and EVC respectively) and be fully conversant with them on digital transfer technology including both business management aspects and trends in the mobile sector. Also, the consultant will also engage with other stakeholders active in digital cash transfers in Somalia including NGOs, Donors such as USAID and appropriate governmental ministries.