

e-Payments Snapshot: MEDA Tanzania's Mihogo Mbegu Bingwa Program

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

Project Goal: Cassava is the second most important source (behind maize) of carbohydrates in Africa, where it's consumed by more than 500 million people every day. Yet two rapidly spreading diseases have caused yield losses of up to 80% with many of the existing landrace varieties. Research institutions are breeding new varieties that have higher disease tolerance and yield potential, but the challenge has been how to get these new varieties out to farmers in the absence of formal seed markets. Traditionally, most of the older cassava seed varieties are reused or traded informally in their communities, which has often been the source of further disease spread. Mihogo Mbegu Bingwa (Swahili for Cassava Seed Champion) is a MEDA program that enables local progressive farmers to establish seed businesses, bridging this gap between researchers and small farmers, and creating a consistent supply of newer varieties of disease-resistant, disease-free seed.



Cassava Seed Entrepreneur exhibiting his cassava planting material in farm show

Primary Activities: MEDA has worked with farmers, the national research institutes, and the seed regulatory body of Tanzania to develop a new model using market-based principles for cassava seed multiplication. As seed certification systems were not previously in place for cassava, MEDA is assisting the responsible government agency to establish a training program for inspectors monitoring seed producers who grow and market certified seed. MEDA offers new seed entrepreneurs training in agronomic practices, plant health protection, and certification requirements for cassava, and teaches the financial and business skills required to operate a successful seed business. MEDA is also working to support and build capacity of local (district-level) extension offices to understand the commercial requirements of a quality-assured seed system.

Incorporating Mobile Money into the MMB Program

Cost-Sharing Payments: MEDA uses cost-sharing agreements to reduce the high start-up costs and risks of a new seed business. Through these grants, MEDA and the farmer agree on a business plan detailing how each will contribute toward various business activities. Prior to piloting mobile payments, MEDA was transferring the money to local staff, through their bank accounts, who would then take cash out to pay the seed entrepreneur. More recently, cost-share disbursements have been issued through mobile payments, and the initial response has been overwhelmingly positive. As one client said, “The first time I was given cash for half of the entire grant. This is a lot of money in my village, and I was worried about being robbed of the money. This time the payment came through my phone, so no one knew how much I received. It also gives me the flexibility of withdrawing cash only as I need it to pay my farm help.” For MEDA, mobile payments also allow splitting disbursements into smaller amounts. This helps the clients manage their cash flow and reduces the chances of the money running out early.

Training Events and Local Costs: Recently, MEDA facilitated a week-long workshop to train local government extension workers on cassava agronomy and inspection protocols. The distance from MEDA's office required all payments to be made in the field, coordinating with accounting staff off-site. Attendees were instructed that travel reimbursements and per diems would be distributed via mobile money, rather than cash disbursements. For many participants, this was the first time they had received a mobile payment; however, the reception was encouraging. In the training evaluations, participants expressed overall satisfaction with the payment method. Comments from participants indicated that they felt it was convenient and secure.



Local government extension staff participate in field based and classroom training. Travel per diem costs were paid via mobile money to 33 participants.

Pilot Observations and Outcomes

Benefits achieved: Organizational policy requires consistent application of accounting standards; therefore, MEDA did not seek, nor expect, to see any significant cost savings when transitioning a portion of payments to mobile. However, in a process mapping exercise, it was possible to identify some minor modifications in the workflow that, when combined with mobile payments, significantly shortened the processing time from field request to the clients receiving payments. Based on expected weekly batch processing of mobile payments, additional cost savings are anticipated as use of mobile payments scales up. However, more critical to the program are benefits achieved around security, transparency, and transactional processing speed:

- Decoupling the staff field reimbursements from programming expenses, resulting in faster processing time for monthly expense reports. This has also reduced the amount of time field staff spends on clerical tasks.
- Increasing transparency and accountability for field programming payments and strengthening the evidence that payments were received by identifiable and pre-approved recipients.
- Reducing risk to both staff and clients for handling cash – sometimes in large amounts.



Farmer obtaining cash from Airtel network agent to purchase fertilizer and pay field laborers

Challenges Faced: Some challenges remain. Local agents have not always had sufficient capital to make large payments. In the future, staff will issue more frequent payments in smaller amounts, lowering agents' liquidity requirements during these times. An unanticipated challenge is that some clients are now using their mobile account balances to pay their laborers directly. While this is valuable that they are learning benefits of non-cash payments, transactional fees have been a barrier for some, and extent of this issue needs to be monitored going forward.

Opportunities Created: Through the pilot within the MMB project, MEDA demonstrated internally the benefits of using mobile payments. The findings will be shared more widely at MEDA for potential inclusion in other project designs, both in streamlining business operations and in modeling the way for both clients and partners.

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