

Engaging with Country Offices to Embed Digital Finance: USAID

ESTELLE LAHAYE

USAID considers digital financial services (DFS) to be a means of accelerating development and supporting a country's journey to self-reliance. USAID is a decentralized donor and consequently, its DFS practice seeks to influence country offices to incorporate DFS into their programming to support the achievement of broader development goals. But how can a small technical team at headquarters influence a large decentralized organization to prioritize DFS?

Background

USAID believes digital financial inclusion can be an enabler of key development goals such as food security and resilience, women's economic empowerment, and improved health. Evidence supports the idea that DFS provides vulnerable and excluded populations access to safe, affordable, and secure financial services that can improve their ability to weather financial shocks and invest in health, education, and productive economic activity.

USAID also believes that safe, open, and reliable DFS can foster an inclusive ecosystem that local governments and the private sector can leverage to build markets, generate jobs, and empower women and youth. Consequently, DFS can play an important role in helping USAID partner countries on their [journey to self-reliance](#)—a USAID priority aimed at supporting partner countries to plan, finance, and manage their own development.

In this context, USAID's DFS practice—housed at its headquarters in Washington, D.C.—provides support to its country offices ("Missions") to integrate DFS into their program portfolios and strategies. However, Missions often support multiple development objectives set by five-year strategies that include sector-specific priorities ranging from governance and security, to access to essential services, to resilience. The link to DFS, in many cases, is therefore not obvious.

Mission engagement to embed DFS

An engagement with a Mission is successful when a Mission has committed resources to new opportunities, establishes dedicated staff responsibilities, and/or integrates DFS

into larger strategic priorities. USAID calls this “sustained uptake.”¹ To achieve sustained uptake, the DFS practice has taken an “intrapreneurial” approach to testing and developing a multipronged model to help and advise Missions. This model continues to be fine-tuned based on the team’s use of adaptive management tools, such as a two-year developmental evaluation on uptake.² Today, the model has become more structured while keeping some room for the team to seize opportunities and be responsive to shifting priorities.

The DFS practice has focused on building capacity of USAID staff and implementing partners to see DFS not as an end in itself but as a means to achieving greater development outcomes. The team provides technical and advisory support to Missions for the development of country strategies with a DFS component, concept notes, and the design of interventions. The team has also developed a variety of tools and resources available to staff such as a market assessment tool to evaluate the conditions for DFS expansion and adoption and a guidebook to help staff identify opportunities in DFS and design potential interventions.

Recognizing that technical and advisory support cannot be used and deployed at all times, the DFS team also developed an engagement framework with Missions. Figure 1 describes different stages to better determine strategies and align resources accordingly. Currently, the team can undertake four to six engagements per year at the level of depth required to lead to sustained uptake.

Box 1 provides an example of the evolution of engagements with the Liberia Mission toward sustained uptake of DFS.

FIGURE 1. Stages of Mission engagement

<p>Outreach</p>	<ul style="list-style-type: none"> Identify prospective partner Missions with the strongest entry points, alignment of priorities, and capacity. DFS team reaches out to selected Missions for initial conversations and to gauge interest. A DFS market assessment is often proposed as a learning opportunity; if interested, a scope of work is developed collaboratively.
<p>Early</p>	<ul style="list-style-type: none"> DFS market assessment completed; essential step because development objectives where DFS can make a difference to drive progress are identified. Findings and recommendations are shared with the Mission and serve as a basis of discussion to solidify the scope of work.
<p>Middle</p>	<ul style="list-style-type: none"> DFS team starts working in partnership with the Mission to implement recommendations that emerged from the assessment. Mission starts seeing the value of DFS (e.g., they might assign staff to do work on DFS or might request additional support from the DFS team).
<p>Mature</p>	<ul style="list-style-type: none"> Mission starts taking ownership—e.g., specific financial resources allocated to DFS, implementing partners pushed to digitize payments, add, staff or set aside time dedicated to DFS.

1 Mission engagement as an approach and sustained uptake as a goal are applicable not just to the DFS practice team but to all USAID’s headquarters units that are required to support field Missions.

2 A developmental evaluation is an approach to ongoing adaptation of interventions through the use of evaluative thinking and tools. It includes having one or more evaluators integrated into the program, project, or activity to contribute to modifications in program design and targeted outcomes and to document both these modifications as well as the decision-making process. Source: “[Developmental Evaluation for USAID.](#)”

BOX 1. DFS team's engagement with USAID/Liberia

USAID/Liberia is an example of sustained uptake. The Mission has fully embraced DFS to support Liberia in its journey to self-reliance. It is investing its own resources to further develop the DFS ecosystem, and all of its implementing partners are required to use mobile money to pay for goods and services.

How did this happen?

It was helpful that to start, USAID staff in Liberia did not need to be convinced of the benefits of DFS. In 2014–2015, several offices within the Liberia Mission supported programs to pilot the digitization of teacher salary payments to strengthen the capacity of the Government of Liberia (GOL) and introduce efficiencies in government payments.

During the same period, an Ebola outbreak struck Liberia. One of the key bottlenecks in the national response was the limited ability to transfer salary payments, hazard funds, and incentives to frontline health workers. In this context, the DFS team became involved with the Global Health Ebola team to help the Ministry of Health (MOH) strengthen the resilience of Liberia's public health system. The idea was to introduce mobile money as a payment transfer option for health workers that can be scaled up by GOL for routine and emergency use.

To begin, the DFS team conducted two assessments: (i) to gain a clear understanding of health payment systems and (ii) to understand the use of mobile technology and health worker attitudes and trust in the government. A mobile money solution for health workers was introduced in 2016.

But the efforts to develop DFS did not stop there. With the Mission's strong buy-in and support for DFS as well as GOL's commitment to digitize payments by 2021, the DFS team invested additional resources to scale earlier efforts in health and education and expand the scope to other branches of government (e.g., immigration services and trade). Building on the existing assessments, the team also identified key areas in the DFS ecosystem that need support to scale up: (i) strengthening mobile money regulation and (ii) developing mobile money agent networks including addressing liquidity shortages.

The results of these efforts are encouraging and reinforces the DFS case at the Mission level with new investments. In March 2018, 20 percent of public-school teachers in Liberia were enrolled in digital salary payments. This led to a 61 percent reduction in cost and a 98 percent reduction in time needed to retrieve their salaries. Digitizing salary payments improved efficiencies at the Ministry of Education, as well as personally for teachers, but most importantly it led to an average of 10.5 additional hours on duty for those teachers. Similar results were seen from the MOH pilot enrollment.

Sources: USAID/Liberia Governance & Economic Management Support Project; mSTAR: Mobile Solutions Technical Assistance and Research – Liberia; mSTAR Liberia Mobile Money Project Lessons Learned, March 2018; The Potential for Mobile Money to Improve Government Salary Payments in Liberia.

DFS sustained uptake?

There is strong indication that technical support provided to Missions has been useful in achieving a healthy level of uptake, while the DFS practice awaits the outcome of longer and more mature engagements.

In October 2018, the team conducted a survey of 16 Missions to measure satisfaction. Results confirm the team's high-quality and valued support to Missions, with 88 percent of participants satisfied with the DFS team's support. In addition, 82 percent indicated that the DFS engagement has helped improve the development outcomes set in their programming.

As a result, the team is experiencing increased demand from Missions. For example, within the past six months, the team has received eight requests for field-level technical assistance and/or training, as well as three requests for more regular advisory support.

Lessons learned

Mission engagement is a core function of USAID's DFS practice. A few lessons are synthesized below, and [best practice guidance on Mission engagement](#) is also available.

Establishing credible technical expertise is essential to influencing country-level programming. The evaluation found that Missions value technical leadership internal to USAID that can provide expertise to accelerate country-level strategies. As a result of this finding, the DFS team (i) has established fixed points of contact for each Mission and (ii) is proactively seeking more involvement in program design and implementation that does not rely solely on external implementing partners.

Aligning with priorities will increase the likelihood that Missions dedicate financial and human resources to DFS. By looking at financial inclusion as a means and not as an end, the DFS team aligns itself to USAID priorities that reflect country-level strategies. For successful engagement, the team needs to demonstrate its understanding of how DFS can contribute to Missions' priorities. This is done through assessments that identify market gaps and recommendations for how to integrate DFS into existing programs or future strategies.

Missions should be treated like customers to build effective partnerships. This means being proactive, patient, and responsive; maintaining regular contact; and taking on some of the administrative burden from the Missions. Service offerings need to be adapted to Mission needs. This is achieved through a market assessment that not only identifies barriers but highlights opportunities for USAID to support DFS as an accelerator of development outcomes and supporter of inclusive digital ecosystems. In turn, the analysis helps the team refine and adapt offerings to Missions and scale best practices and lessons to other markets.

Leveraging relationships to identify champions is essential to sustained uptake. DFS champions can help amplify efforts to embed DFS. To this end, the DFS team builds and nurtures relationships with operational and programmatic Mission staff, implementing partners, and other actors who can be champions. Pre-existing relationships are a starting point but using tools such as stakeholder mapping is helpful to identify Mission staff or other external stakeholders who are well-connected and respected and could become DFS champions. The DFS team is tracking relationships and interactions to further develop engagements and to adapt service offerings.

FURTHER RESOURCES:

[Mission Engagement Playbook](#)

[DFS Accelerates the Journey to Self-Reliance](#)

[The Role of DFS in Accelerating USAID Education Goals](#)

[The Role of DFS in Accelerating USAID's Health Goals](#)