

## Mobile money boosts local economies

Mobile cash reduces hunger and boosts local economies in Kenya - the money is primarily transferred using the M-Pesa mobile phone-based money transfer service.



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An innovative, mobile phone-driven cash programme has helped prevent nearly 250,000 people from slipping into severe food insecurity in drought-ravaged Kenya.

The Kenya Red Cross Society (KRCS) has given monthly grants of 3,000 Kenya Shillings (about 28 Swiss francs) to more than 41,000 drought-affected families spread across 13 counties over the past three months. The money is primarily transferred using the M-Pesa mobile phone-based money transfer service.

“This programme is transforming the way we respond to emergencies in Kenya,” said Dr Abbas Gullet, secretary general, KRCS. “Even in very remote parts of the country, mobile phones are widely accessible. It makes it very easy for people to access money and, more importantly, it gives them choice and flexibility in how they spend their money.

“It helps them maintain a sense of dignity, which is not always the case in humanitarian operations.”

The Kenya Food Security Steering Group’s Mid-Season Long Rains Assessment estimates that 3.5 million people are in need of emergency food relief in Kenya. The crisis in Kenya is largely driven by prolonged drought, but is also influenced by underlying poverty and poor preparedness for these kinds of predictable and cyclical emergencies.

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An evaluation of the KRCS drought programme has found that families receiving mobile cash are eating more often, and from a more diverse menu. More than 60% of families involved in the programme report they can now afford three or more meals per day compared to 20% before the cash transfer initiative began.

In addition to food, families have used the cash to cover essentials like healthcare and education.

A recent study by the Massachusetts Institute of Technology found out that mobile-money services “have helped raise

194,000 Kenyan households out of extreme poverty, and induced 185,000 women to work in business or retail occupation over farming”.

“The results speak for themselves, and we hope that this programme can be expanded in Kenya and replicated in other countries battling chronic hunger in Africa,” said Dr Fatoumata Nafou-Traoré, the International Federation of Red Cross and Red Crescent Societies’ (IFRC) regional director for Africa.

“It’s better for the people in need of help. It’s cheaper and more efficient for aid agencies to implement. And it puts money back into local economies – into the hands of shopkeepers and traders that are key to ensuring the recovery of communities.”

In all, the KRCS is targeting more than 1 million people across the country with a range of services, including support to malnourished children, traditional food distribution, rehabilitation of communal water points and animal offtake and slaughter to cushion farmers from massive asset losses. KRCS and IFRC are appealing for 25 million Swiss francs to support these interventions. About 67% of funds needed have been received from local and international partners.

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