

INTRODUCTION

Ethiopia’s humanitarian situation in 2024 was significantly impacted by conflicts and climate change, leading to 21.4 million people requiring assistance, including women, children, and individuals with disabilities.¹ As humanitarian actors increasingly adopt Cash and Voucher Assistance (CVA), comprehensive market assessments are crucial for effective implementation. Recognizing gaps in previous efforts, REACH, in collaboration with the Ethiopia Cash Working Group (CWG), conducted a joint cash feasibility assessment. This assessment aimed to provide vital information on market functionality, appropriate modalities, and Financial Service Provider (FSPs) accessibility, fostering a harmonized approach to enhance CVA effectiveness and inform decision-making.

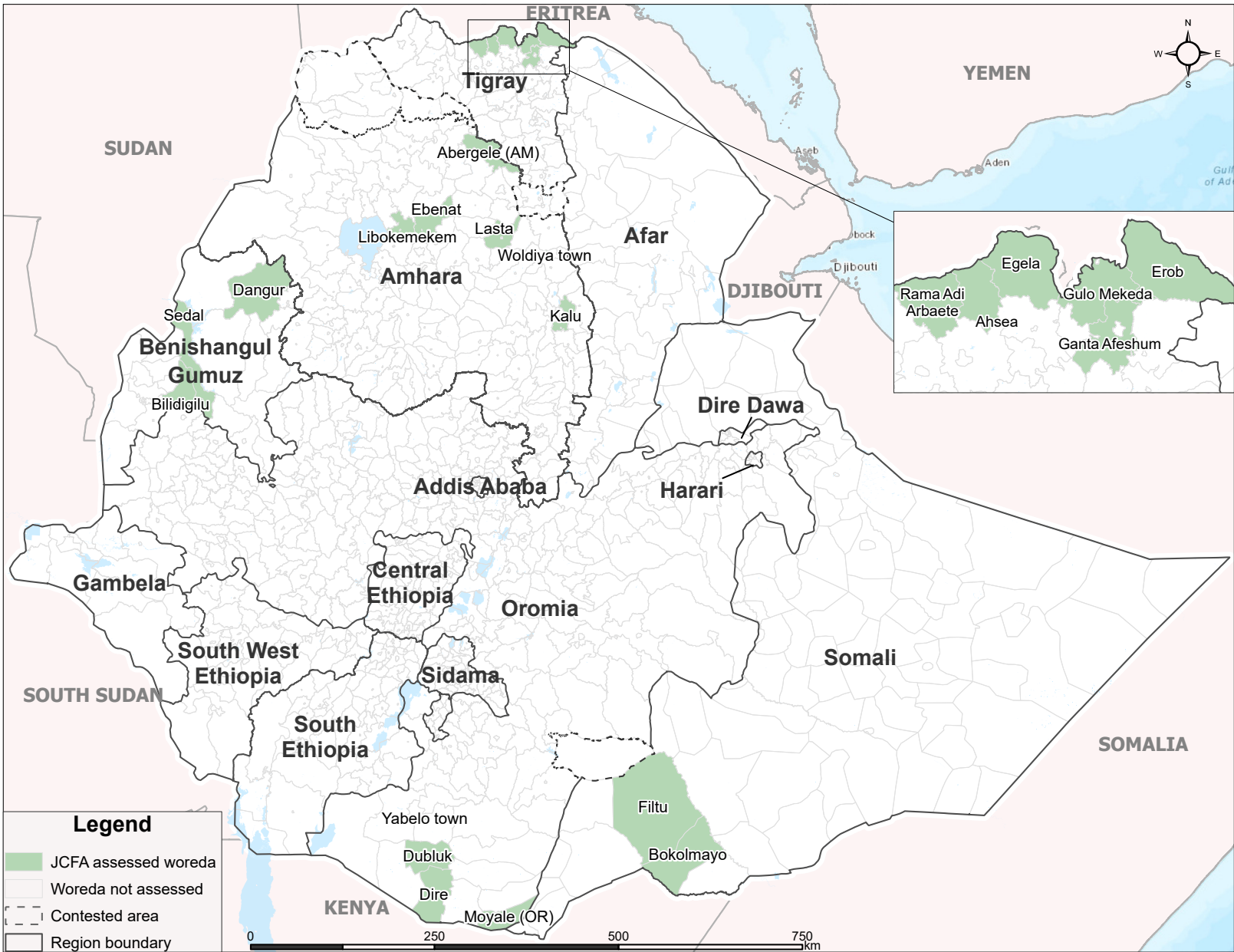
Methodology²

REACH, in collaboration with 9 Ethiopia CWG members, conducted 519 Key Informants Interviews (KIIs) — 253 with customers, 253 with vendors, and 13 with FSP Key Informants (KIs) — in March 2025. Customer and vendor KIs were purposively sampled at marketplaces across 21 selected woredas, while FSP KIs were identified based on their presence there and their knowledge about CVA. All national results are displayed as overall proportions per type of KI. More details on this assessment's methodology can be found in the [Terms of Reference \(ToR\)](#).

Key Messages

- The assessed markets demonstrated **strong functionality across all dimensions**, achieving **positive scores in availability, accessibility, market integration, and competition**. Notably, a substantial portion of both customers (43%) and vendors (48%) reported wide availability of assessed items. Furthermore, despite the high cost of transportation, lack of transportation and regular price fluctuations, more than half (63%) of the interviewed vendors engaged in cross-woreda trade, indicating a considerable level of integration with surrounding markets.
- The assessment identified that cash was the **most preferred modality of assistance**, favored by 72% of customers, likely due to the flexibility and autonomy it offers. Additionally, both customers (67%) and FSPs (100%) reported that **physical cash was the most preferred transfer modality**, despite digital payment is gaining traction, particularly with the government recognizing its importance for financial inclusion.
- CVA reportedly has **strong acceptance among government and customers** due to its multiple advantages. For instance, vendors (48%) reported that CVA improves market activities, while customers (47%) highlighted that it enhances local transactions. Similarly, the government KIs were in agreement with customers. These benefits underscore the positive impact and growing support for CVA.

Map 1: Assessed Woredas



¹ OCHA, Ethiopia: Humanitarian Response Plan 2024 (Addis Ababa, 2024).

² For detailed methodology refer to JMMI.

OVERVIEW OF MARKET FUNCTIONALITY

Key findings

- Vendors (21%) reported engaging in **buying and selling activities** in the 30 days prior to data collection.
- The vast majority of assessed customers and vendors (98% each) reported **availability of assessed items**.
- **Limited transportation options** were the primary **physical access issue** for both vendors (19%) and customers (19%).
- The main **financial access issue** as identified by both customers (54%) and vendors (61%) was that **customers cannot pay for the items they purchase in a way vendors accept**.

Market Accessibility

In the month prior to data collection, a significant majority of customers (92%) and vendors (82%) reported not having heard or observed any social access issues. **Customers (24%)** and **vendors (17%)** also identified **fear of robbery** as the primary security concern.

According to data from ACLED⁵, security incidents in the Amhara region experienced a significant 66% decrease in mid-April compared to the preceding two weeks. This suggests a potential, albeit possibly temporary, lull in conflict events within the region during that specific timeframe.

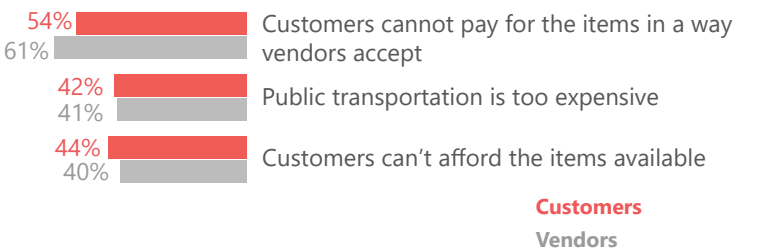
Proportion of customers and vendors reported on seasonal access to markets across different seasons⁴:

Customers		Vendors	
I have access throughout the year	43%	Yes, customers avoid coming during the rainy season	52%
I face difficulties during the rainy season	42%	No, seasonal variations do not significantly impact market access	29%
I face difficulties during dry season	21%	Yes, they avoid coming during the harvest season	28%

The most common physical access issues reported by vendors and customers⁴:



The most common financial access challenges as reported by vendors and customers⁴:



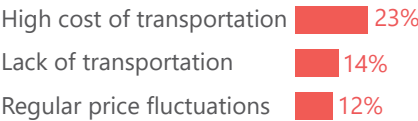
Market Integration and Competition

This assessment reveals levels of inter-woreda market activity among vendors in the 30 days prior to data collection. Specifically, **21% of vendors reported engaging in both buying and selling of goods/services in markets located in surrounding woredas**. A larger proportion, 31%, indicated they only bought goods/services from these neighboring markets, while 11% reported selling goods/services.

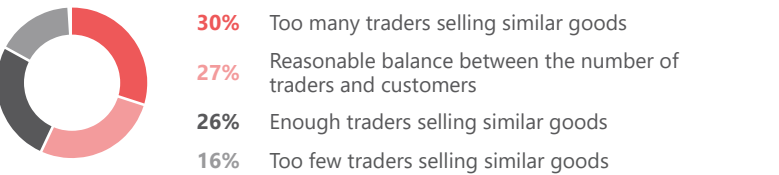
Several factors likely contribute to these observed patterns and the potential integration issues, particularly within the assessed woredas of Amhara, Oromia, and Benishangul-Gumuz. The ongoing security issues in these regions are a significant impediment to inter-woreda trade. Furthermore, the political tension in Tigray during the data collection period likely posed an additional threat to inter-woreda market activities. Uncertainty and potential disruptions associated with political instability can discourage cross-regional trade and economic interaction.⁵

Another plausible explanation for the relatively lower inter-woreda trade, especially selling, might be due to the surveyed vendors being primarily retailers. These retailers likely source commodities locally and focus on serving local consumers, limiting their cross-woreda activities mainly to buying from nearby wholesalers rather than extensive selling.

Proportion of vendors reported on the challenges of market integration⁴:

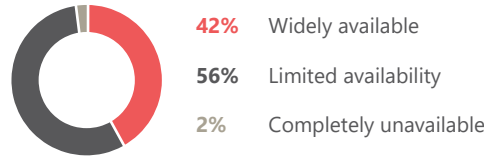


Proportion of vendors reported on the degree of competition in the assessed markets:

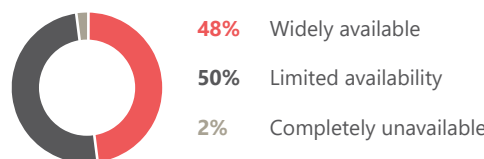


Availability of Items

Customers reported on the availability of assessed items³:



Vendors reported on the availability of assessed items³:



86% of the vendors reported they have the capacity to meet a 50% increase in customers.

MODALITY OF PREFERENCES

Key findings

- Of all the most common modalities, a majority (72%) of the customer respondents preferred to receive assistance in **cash**.
- Of those customers who selected cash, more than two-thirds (67%) preferred to receive **physical cash**.
- 20% of customers and 26% of retailers reported **network outage** was one of the risks associated with the reported payment modalities.
- 43% and 51% of customers and retailers, respectively, were reported to be **unwilling to use/accept credit/debit cards**.
- Customers (46%) and retailers (31%) reported **lack of technological literacy** was the main challenge to the use of certain payment modalities.

Customers and vendors reported on the type of cash modality they used and accepted, respectively, in the 30 days prior to data collection⁶:

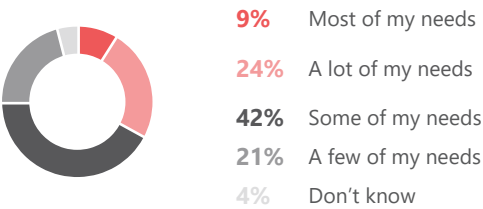
Vendors		Customers	
Cash (ETB)	97%	91%	Cash (ETB)
Money or bank transfers	40%	19%	Informal credit
Mobile money	22%	17%	Money or bank transfers
Informal credit	20%	14%	Mobile money

- 43%

of the customers reported that they were unwilling to use mobile money and credit/debit cards, while more than 40% were reportedly unwilling to use cheques and hawala.
- 51%

of retailers were reportedly unwilling to use credit/debit cards, while more than 47% reported unwillingness to accept hawala, cash (foreign currencies), and cheques.

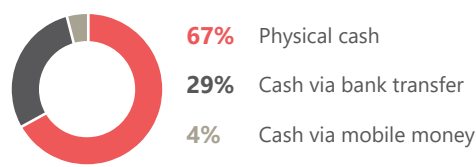
Customers reported on the percentages of their needs covered with their current income:



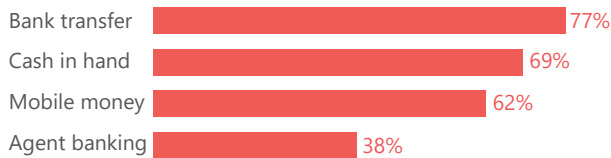
According to customers, preferred modalities of emergency assistance were⁶:

Modality of Assistance	Percentage of Responses
Cash	72%
Food (in-kind)	69%
Non-food items (in-kind)	28%

According to customers, the most commonly preferred modalities of cash assistance were:



Most commonly reported modalities of cash transfer provided by FSPs were⁶:

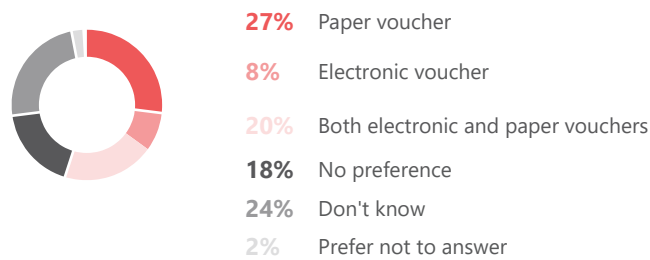


Regarding delivery modalities for those who are not able to travel to the dissemination point, FSPs planned to use **cash in hand (54%)**, **cash-out agents visiting beneficiaries at their homes (46%)**, and **mobile money transfer (46%)**.

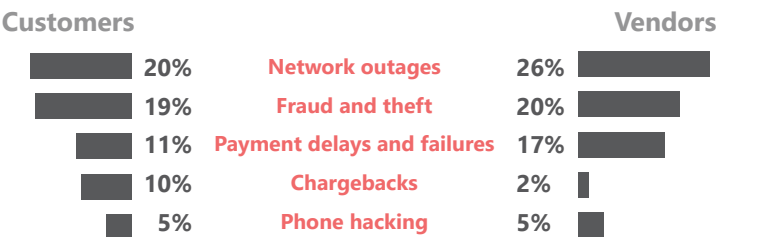
Customers were asked to report on the most appropriate payment modalities for individuals facing difficulties with mobility, communication, and understanding. A significant **majority (76%) identified physical cash as the most suitable option, while another 20% reported that mobile money or bank transfers were the most appropriate modalities for transferring cash to people with physical or mental difficulties**.

Government key informants endorse physical cash as the ideal cash assistance modality, citing challenges like limited connectivity and frequent power outages that hinder digital systems. However, mobile money and transfer services are considered viable alternatives, provided these infrastructural issues are resolved. The government’s National Digital Payment Strategy⁷ aims to digitize payments for efficiency and inclusion, though its success remains contingent on overcoming existing technological and infrastructural barriers.

According to vendors, the most common voucher types were:



Most commonly reported associated risks of the payment modalities as reported by customers and vendors were⁶:



⁶ Percentages may exceed 100% as respondents were allowed to give multiple responses.
⁷ Ethiopia - National Digital Payments Strategy (2021-2024).

AVAILABILITY AND ACCESSIBILITY OF FINANCIAL SERVICE PROVIDERS (FSP)

Key findings

- Of the interviewed banks, all (100%) of them offer **branch banking**, **mobile banking**, and **agent banking**. **Branch banking** was reported to be the most frequently used financial service.
- A substabtial number (85%) of the FSPs reportedly have the **capacity to handle a 50% increase in demand for financial services**.
- FSPs (92%) reported that they were **accessible to all people** regardless of socioeconomic differences.
- **Frequent network outage** was reportedly the primary challenge for 69% of the FSPs.

92% of the FSPs reported that their **services are accessible to all people regardless of socioeconomic class, despite 31% of them charging fees for some of their services**. However, these responses were self reported and may be given in favor of the FSPs themselves. This is because it is only those who can fulfill the requirements, including KYC, that subscribe for the FSPs services. Additionally, even in the absence of explicit regulation, illiterates and people with certain forms of disability, such as visual impairment, may face challenges or be unable to subscribe for some financial services, often as a result of protective measures.

Daily Withdrawal Limit

According to assessed FSPs, individual and corporate customers’ daily withdrawal limits were **50,000 Ethiopian birr** and **75,000 Ethiopian birr**, respectively.

These limitations are determined based on the National Bank of Ethiopia (NBE) Directive No. FIS/03/2020, issued on May 19, 2020. Originally, this directive established daily and monthly cash withdrawal limits for individuals and corporate customers. On October 7, 2020, the NBE amended Article 4(2) of the directive, reducing the daily cash withdrawal limits. The revised limits are 50,000 birr per day for individuals and 75,000 birr per day for corporate customers. Additionally, the amendment removed the previously established monthly withdrawal limits. These limits apply per financial institution, and withdrawals across multiple branches or accounts within the same institution are aggregated to ensure compliance.⁸

Know Your Customer (KYC) Practices

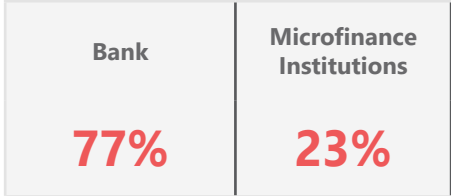
92% of FSPs reported utilizing ID verification as their primary KYC strategy. Additionally, 46% of FSPs indicated employing community leader verification and mobile phone-based verification methods.

In alignment with these practices, the National Bank of Ethiopia (NBE) has established specific requirements for opening bank accounts, primarily outlined in the Requirements for Undertaking Account-Based Transactions and Ensuring Regulatory Limits Directive No. FIS/05/2022. This directive mandates that financial institutions collect and verify essential customer information to comply with KYC and Anti-Money Laundering (AML) standards. Key requirements include ID, personal information, photograph, and signature.⁹ In addition to these general requirements, the NBE has emphasized the use of the national identification system, known as “**Fayda**”, since January 2025.¹⁰

FSPs reported on the anticipated challenges in the implementation of any of the KYC strategies for CVA delivery were¹¹:



Breakdown of assessed FSP types:



Consistent with the patterns observed in the above figure, **19** out of **21** government key informants confirmed the presence of operational banks within their respective woredas. Similarly, **16** respondents reported the availability of microfinance institutions in their areas.

According to banks, available financial services were¹¹:



According to **all (100%)** of the assessed FSPs, branch banking is the most frequently used service.

85% of the assessed FSPs reported **having the capacity** to serve a 50% increase in demand for financial services, while the remaining **15%** indicated **capacity with only minor adjustments** required. However, it is important to note that these responses were self-reported by the FSPs themselves and, as such, could be affected by bias. However, these responses were self reported and may be given in favor of the FSPs themselves.

Challenges of FSPs and Mitigating Measures

Most commonly reported challenges of FSP as reported by FSPs were¹¹:

- 1 69% Frequent network outages
- 2 46% Frequent power outages
- 3 38% High security risks
- 4 23% Fraud and theft
- 5 23% Deviation in beneficiary registration

54% of the FSPs plan to tackle delivery challenges using mobile solutions, alternative channels, and improved forecasting/ disbursement. Additionally, **46%** proposed offline solutions and promoting mobile money when power and network connectivity are stable, aiming for continuous service and expanded financial inclusion.

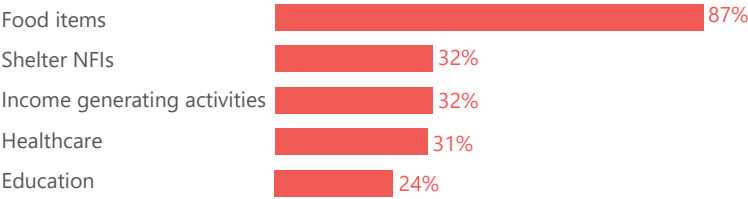
⁸ FIS/03/2020 - Cash Withdrawal Limit.
⁹ Requirement for Undertaking Account-Based Transaction and Ensuring of Regulatory Limits (Amendment) Directive No. FIS/05/2022.
¹⁰ Ethiopia's Central Bank Mandates National ID for Opening Bank Accounts.
¹¹ Percentages may exceed 100% as respondents were allowed to give multiple responses.

SOCIAL AND GOVERNMENT ACCEPTANCE OF CASH AND VOUCHER ASSISTANCE (CVA)

52% of customer respondents reported that they have received CVA before.

46% of the assessed customers reported having no concerns about the fairness of previous CVA distributions.

Customer respondents reported on their priority needs (by percentage)¹²:



The priority needs data from customers aligns with the HRP 2024, which states that 15.8 million of 21.4 million people are in need of food assistance.¹³ This figure has a direct implication for the food security situation in Ethiopia, making it highly likely that assistance provided in non-cash forms could be resold to meet food needs. Therefore, Multipurpose Cash (MPC) assistance could give beneficiaries the ability to prioritise their most pressing needs.

Benefits of CVA

Benefits of CVA for market activities and businesses as reported by vendors were¹²:



Benefits of CVA for market activities and businesses as reported by customers were¹²:



Risks associated with CVA implementation were assessed through interviews with customers, vendors, and government key informants. **Inflation due to increased demand for goods and services was identified as a major risk by 22% of customers and 21% of vendors.** Additionally, 15% of customers reported inefficient distribution as another potential risk. The vendors’ concern could be linked to their ability to meet increased demand following implementation of CVA. While this reflects the assumptions of vendors and customers, it is plausible that commodity prices may indeed rise with an influx of cash into the market during CVA implementation.

Interviews with government officials revealed a **growing consensus and significant increase in acceptance of CVA within the government.** These officials confirmed the existence of government-provided guidelines and manuals. However, **government key informants did not mention these regulations**, potentially indicating a lack of awareness. The interviewed officials also emphasized the necessity of government consultation in crucial aspects such as **beneficiary targeting and transfer amount determination.**

Despite these potential risks and areas for improved awareness, CVA has gained considerable popularity among implementing agencies, donors, and affected communities. This popularity stems from several key advantages: it **empowers beneficiaries with control over how and when they utilize assistance**, fostering dignity through the ability to make their own choices. Furthermore, the inherent **flexibility of CVA** allows individuals to adapt the assistance to their evolving needs and circumstances. Finally, the streamlined logistics of CVA enable **quicker delivery of aid** to the intended recipients, facilitating a prompt response to their needs.

Why People Prefer CVA

According to the CALP Network, the increasing preference of recipients for cash is a key driver for its increased use. This preference stems primarily from¹⁴:

1. Control and Dignity:
- **Direct Control:** CALP emphasizes that cash transfers empower recipients with direct control over how they meet their most pressing needs. Unlike in-kind aid where organizations decide on the goods distributed, cash allows individuals to purchase what they deem essential for their household, whether it’s food, medicine, shelter, or school supplies
 - **Decision-Making Power:** People in crisis often state that receiving cash gives them a greater sense of control and allows them to make choices based on their own priorities and preferences, rather than being passive recipients of aid.
2. Flexibility:
- **Adaptability to Evolving Needs:** Cash offers unparalleled flexibility, enabling recipients to adapt their spending as their situation and needs change over time. A family's most urgent need might shift from food to medical supplies or shelter repair, and cash allows them to pivot accordingly.
 - **Unrestricted Use:** Cash is inherently unrestricted, meaning people can use it to buy any goods or services they choose from available markets, unlike vouchers which are limited to specific items or vendors. This flexibility ensures that assistance truly aligns with diverse household needs.
3. Speed:
- **Prompt Addressing of Needs:** Cash, especially through digital delivery mechanisms like mobile money or pre-paid cards, can be deployed rapidly. This speed allows recipients to address their critical needs promptly, which is paramount in fast-onset emergencies.
 - **Reduced Logistical Delays:** Unlike the complex supply chains and distribution logistics required for in-kind aid, cash transfers can cut down on transport, warehousing, and distribution times, getting resources into the hands of affected populations more quickly. This can also reduce queuing times and associated indignity for recipients.

¹² Percentages may exceed 100% as respondents were allowed to give multiple responses.
¹³ Ethiopia: Humanitarian Response Plan (2024).
¹⁴ CALP Network - What are the Benefits of Cash and Voucher Assistance in Humanitarian Action?

APPENDIX

Participant Agencies

- ACF (Action Against Hunger)
- ERCS (Ethiopian Red Cross Society)
- GPDI (Gayo Pastoral Development Initiative)
- LWF (Lutheran World Federation)
- NRC (Norwegian Refugee Council)
- PC (Pastoralist Concern)
- PI (Plan International)
- SCI (Save the Children International)
- Self Help Africa

Challenges and Limitations

For this assessment, the initial targeted number of woredas (95) was not met, primarily due to the impact of the USAID funding freeze. This funding freeze directly affected both the number of participating agencies and the assessment woredas after preparations for the assessment had begun. As is widely known, this funding freeze significantly impacted a substantial amount of humanitarian operations, including Cash and Voucher Assistance (CVA).

The direct impacts of the USAID funding freeze on this assessment included:

- A significant deviation from the original planned coverage.
- An inability to expand coverage to additional priority areas.
- A reduction in partner engagement and resource allocation, as agencies diverted focus or faced operational constraints.
- Delays in data collection cycles due to reduced partner capacity or shifting priorities.

About REACH

REACH facilitates the development of information tools and products that enhance the capacity of aid actors to make evidence-based decisions in emergency, recovery and development contexts. The methodologies used by REACH include primary data collection and in-depth analysis, and all activities are conducted through inter-agency aid coordination mechanisms. REACH is a joint initiative of IMPACT Initiatives, ACTED and the United Nations Institute for Training and Research - Operational Satellite Applications Programme (UNITAR-UNOSAT). For more information, please visit [our website](#). You can contact us directly at geneva@reach-initiative.org and follow us on Twitter @REACH_info.

All the Ethiopia Cash and Market Assessments outputs, including JCFA and JMMI ToRs, factsheets, and datasets, are openly available on the [REACH Resource Centre](#).

About the CWG

The Ethiopia Cash Working Group (ECWG) is a forum of technical professionals dedicated to enhancing the quality of CVA. Established in 2016, the ECWG serves as an inter-agency and inter-sectoral platform providing strategic and technical support on cash programming across sectors and clusters, social-protection mechanisms and development and resilience-based response. The CWG's support includes both technical functions that focus on process and strategic functions that focus more on results and impact.