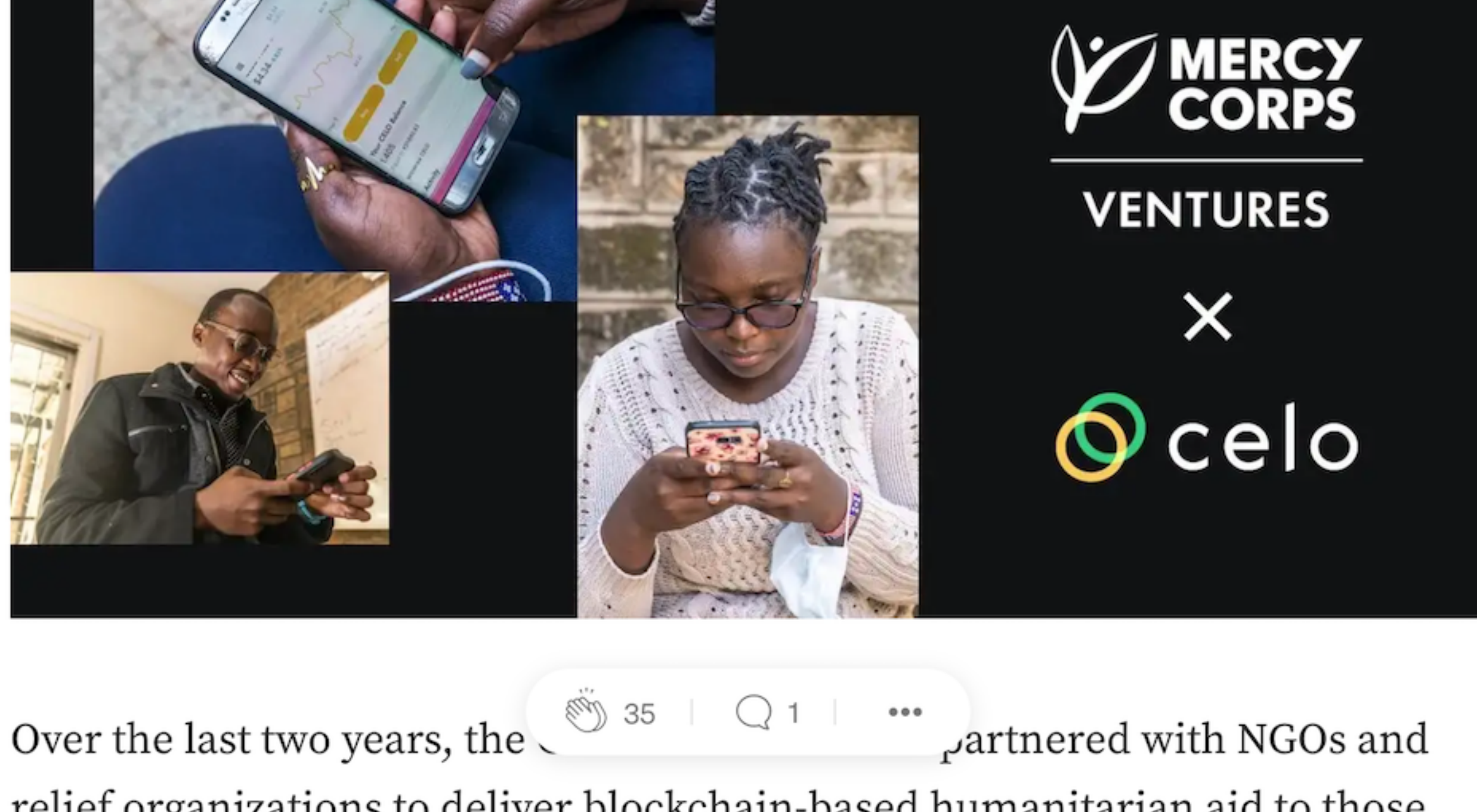




Pilot Spotlight: How Celo and Mercy Corps Ventures Partnered to Benefit Microworkers in Kenya



Over the last two years, the Celo Foundation partnered with NGOs and relief organizations to deliver blockchain-based humanitarian aid to those who need it. In the [Philippines](#), we worked through [Grameen Foundation](#), and in [Haiti](#), we continue to work through [Hope for Haiti](#). The success of these two programs confirms a central tenet of Celo's mission: blockchain and cryptocurrency technologies can radically transform community access to financial products and services, creating entry points for people to hold and own digital currencies.

Building on those humanitarian efforts, we partnered last year with [Mercy Corps Ventures](#) (MCV), the venture capital arm of global development agency Mercy Corps. Mercy Corps works to responsibly pilot-test new decentralized finance (DeFi) solutions with low-income and un- and under-banked populations in multiple emerging markets. Through this partnership, we ran a pilot in Kenya from January to March 2021, to support un- and under-employed youth in Nairobi with new and efficient income streams. The pilot served as testing ground to determine whether [cUSD — Celo's stable asset that tracks the US dollar](#) — could dramatically reduce the costs and challenges associated with sending and receiving cross-border payments for completed digital microwork.

On February 21, 2022, MCV [published the results and learnings from the pilot](#), and we're pleased to share a summary.

The Rise of Digital Microwork in Kenya

In Kenya, [68% of the total population](#) is below the age of 35. This demographic is eager to earn a living and more digitally literate than any prior generation, but faces a high unemployment rate. According to 2019 data cited in MCV's report, Kenya's overall unemployment rate was 26.4%, but unemployment among Kenyans ages 15–34 was an overwhelming 84%. The COVID-19 pandemic has exacerbated the problem.

Against this backdrop, microwork, a form of digital labor that breaks up complex technical work into thousands of small tasks, has emerged as a popular way for people in developing regions to earn income. These tasks can include image annotation, product categorization, and transcription, to name a few. Because microwork can be performed on even the most basic mobile phones, it's especially conducive to emerging markets, where those devices are pervasive. Kenya in particular has a high mobile phone adoption rate — [96% of its population is covered by a 3G network](#) — and the country currently ranks fifth in Sub-Saharan Africa for mobile internet connectivity.

"I have not been in active employment, so I have mostly been at home. For me, the microwork came in as an opportunity to make use of the extra time...and earn something so that I could take care of some responsibilities."

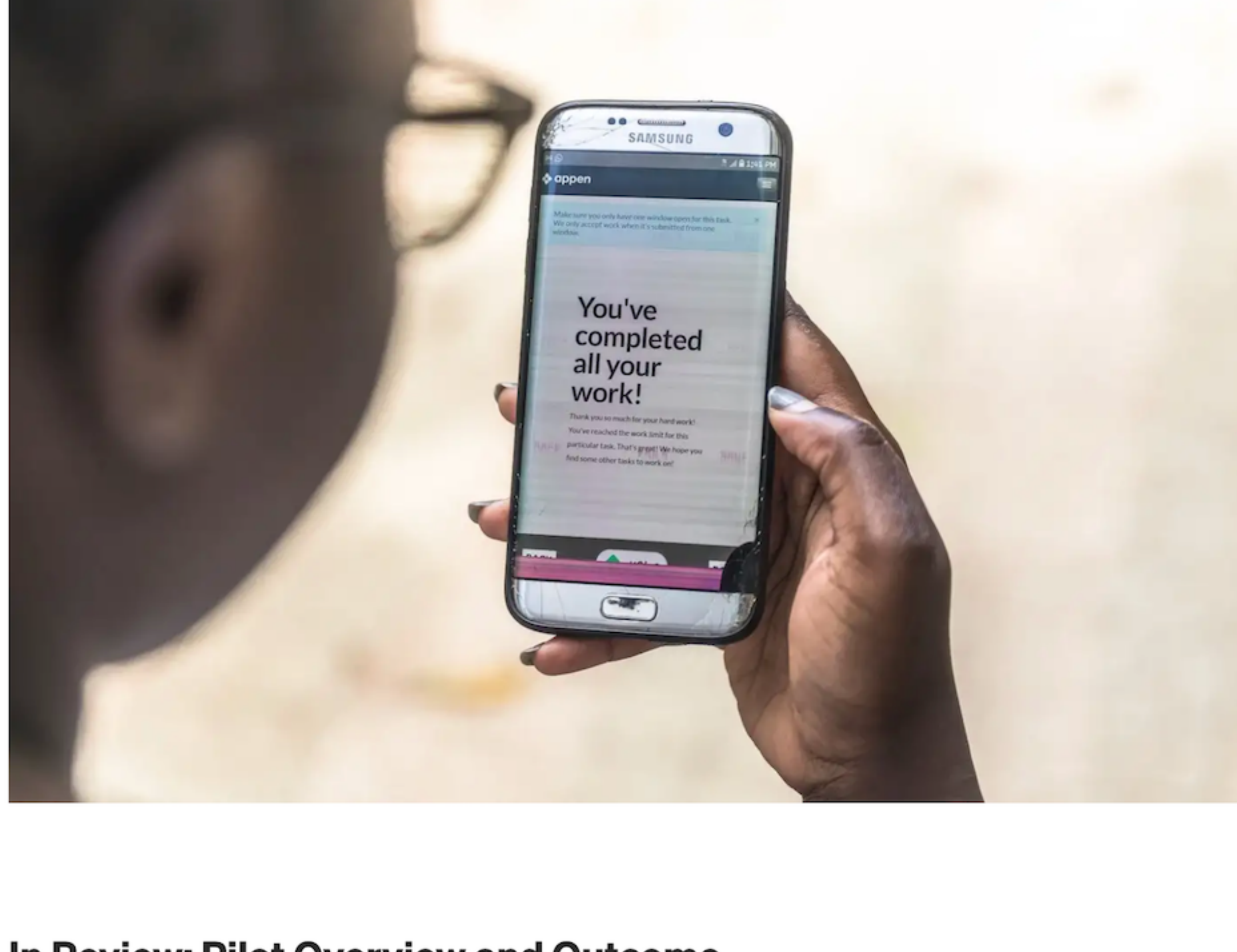
- Pilot participant Lucy Atieno, Nairobi, Kenya

Even as microwork creates employment opportunities, users face a difficult challenge: banks and global payment platforms charge high cross-border transaction fees, making microtransactions uneconomical. According to the report, the lowest market rate for cross-border transactions at the time of the pilot was through PayPal. For a USD 5.00 transaction, the fee was 28.8 percent. As a result, young Kenyans, such as Lucy Atieno, who rely on microwork as an additional source of income, often have to give up a significant portion of their earnings to cover the cost of these fees.

cUSD: A Better Way to Send and Receive Cross-Border Payments

Whereas cross-border payment processes using traditional finance (TradFi) services are notoriously complex, time-consuming, and costly, transacting with the cUSD stablecoin on the Celo blockchain is fast, inexpensive, and accessible to anyone with a smartphone. Transactions only take around five seconds to settle, and fees amount to only about \$.01. What's more, cUSD can easily be cashed out to local fiat currencies.

Kenyans aren't new to using cryptocurrencies, which means there is significant potential for stablecoins like cUSD to have a positive impact on the country's economy. Kenya currently [ranks fifth in peer-to-peer cryptocurrency transactions globally](#) and, with [M-Pesa](#), the country has an infrastructure for mobile money. M-Pesa, which is regulated by the Central Bank of Kenya, launched in 2007 as an alternative to traditional financial services and has since become the country's most widely used mobile money platform.



In Review: Pilot Overview and Outcome

The three-month pilot tested the impact of cross-border cUSD micropayments for un- and under-employed Kenyan youth. In early 2021, youth unemployment was at an all-time high in Kenya due to COVID-19, limited mobility outside the home, and the uncertain long-term economic effects of the pandemic. This allowed the Celo Foundation and MCV to test the efficacy of cUSD micropayments across a unique set of circumstances with young people living in Nairobi's informal settlements.

The initial training, conducted by local partner, [NairoBits](#), provided participants with guidance on cryptocurrency and cUSD transactions, how to complete microwork tasks, and how to cash out earnings to M-Pesa. After that phase, all 200 Kenyan participants went on to complete digital microwork tasks provided by [Appen](#) via the Toca app (now [Corsali](#)). Within a few seconds of completing their tasks in Corsali, participants were paid in cUSD. After linking their Corsali account to the [Valora.app](#), a popular cryptocurrency wallet built on Celo, participants were able to transfer their earnings into Valora for a fee of only 0.02%, regardless of transaction size.

Getting paid in cUSD offered other advantages, too. Participants had the option to easily off-ramp their cUSD earnings to their M-Pesa accounts, send cUSD to friends and family, or keep their earnings in Valora to earn rewards on their cUSD balances, further boosting income.

"I have achieved so much because of this program. I ended up starting a business because of it, so my life has changed for the better. I learned how to use Celo dollars...to transfer money from here in Kenya from one person to another, to my family members, or even abroad. Valora is a great app — it's way cheaper to send money through Valora than any other apps right now in this country."

- Pilot participant Sarah Turuma, Nairobi, Kenya

As the report shows, transacting with cUSD via a mobile phone reduced the average transaction fee by nearly 93%, which drastically increased microwork earnings for participants. With Valora's user-friendly design and rewards feature, the increase in earnings empowered participants to grow their savings.

[Watch a video about the program:](#)



Looking Ahead

At a time when many organizations tout the promise of blockchain and cryptocurrency technology, the success of the MCV-Celo pilot demonstrates how communities around the world can use these technologies in tangible and transformative ways. By introducing the cUSD payment model for cross-border microwork transactions, hundreds of Kenyan youth are now able to take advantage of the low fees and speed the Celo blockchain offers to help earn a living and financially secure their future. Moreover, employers around the world also now have the option to reach global talent and compensate them wherever they are in the world.

In the months ahead, we'll spotlight other digital microwork projects, including one launched in partnership with the UN World Food Programme (WFP), where we further tested the robustness of the crypto-based payment rail at scale and introduced participants to more Celo-based DeFi solutions. Stay tuned.

In the meantime, we invite all non-profit organizations and NGOs for social good to join us in developing new applications for cUSD and the other Celo native stablecoins — [cEUR](#), which tracks the value of the euro, and [cREAL](#), which tracks the value of the Brazilian real — in communities around the world.

[Next Up: Learn How Celo Powered a Small Community of Philippine Weavers to Access International Markets](#)