



# **Electronic Transfers Scoping Study and Preparedness Plan**

## **ACF Philippines**

December 2013

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## DEFINITIONS

<b>Agent</b>	An entity or retail outlet providing cash-out services.
<b>BSP</b>	Bangko Sentral ng Pilipinas: Philippines Central Bank responsible for regulations governing financial institutions and transactions.
<b>Card issuer</b>	Banks/financial institutions with a license to issue pre-paid cards (either their own proprietary cards that work on their own payment network, or branded cards that work on the network of partner payment networks such as Visa).
<b>Contactless card</b>	A smart card that can be read by a near field communication device (NFC) by being tapped on a PoS terminal or a smartphone which is set up to be a card reader.
<b>E-transfer</b>	Electronic transfer: A form of value transfer which uses an e-transfer device (see below) and relies on digital payment systems.
<b>E-transfer device</b>	Electronic transfer device: The vehicle used to store or process an e-transfer such as a SIM card, an e-voucher, a magnetic strap card, a chipped card, etc.
<b>E-voucher</b>	Electronic voucher: A form of e-transfer where purchase transactions are authenticated over the internet or mobile data service.
<b>KYC</b>	Know Your Customer: A legal customer due diligence process of the central bank which requires the provision of identification information on the senders and receivers of cash transfers.
<b>Merchant</b>	A trader who accepts cash transfers/vouchers as payment for the sale of goods and/or services.
<b>Mobile money</b>	Digital currency which is stored on an electronic wallet on a mobile phone.
<b>Mobile voucher</b>	A form of mobile transfer used to collect goods or services where authentication occurs over the mobile network (using USSD or SMS).
<b>Mobile wallet</b>	An electronic wallet accessible on a mobile phone subscribed to a mobile money service.
<b>MNO</b>	Mobile network operator: A service provider that offers mobile network coverage and related products and services.
<b>PoS</b>	Point of sale terminal: A computerized system which allows the completion of payment transactions.
<b>Magnetic stripe card</b>	A plastic card with a magnetic stripe capable of storing data. In Philippines this is secured by a PIN for ATM services and a signature in stores.
<b>Merchant acquirer</b>	Banks/financial institutions that have a relationship with a retail outlet to use their proprietary POS for in store transactions.
<b>Smart card</b>	A plastic card with an embedded chip containing information on the recipient and the benefits to which they are entitled.
<b>SMS</b>	Short Message Service: A text messaging service component of communication systems.
<b>Switch</b>	Accompany providing end-to-end payment processing service for electronic transactions at points of sale or at ATMs. International switches are Visa and Mastercard. The main local switches for Philippines are Megalink and Banknet.
<b>USSD</b>	Unstructured Supplementary Service Data: A protocol used by GSM cellular telephones to communicate with the service provider's computers. USSD messages create real-time open connections, which allow a two-way exchange of a data sequences. This makes USSD more responsive than services that use SMS.

## EXECUTIVE SUMMARY

This piece of work was arranged by Action Against Hunger (ACF), with the intention of understanding the electronic payment services available in a minimum of two country missions and to support ACF in preparing for future humanitarian response in country and globally, with a specific focus on facilitating a shift from paper-based to electronic cash transfers. This is in line with the global objective of “institutionalisation” of cash based interventions (CBI) within the organization. This report details the findings from the initial pilot country study in November 2013 in the Philippines.

Section one of the report introduces the background to the assignment and details the methods and activities. Three components of work were undertaken:

1. Mapping and assessment of service providers, focusing on the three main types of providers of e-transfers identified in the CALP 2013 E-transfer Guidance Document<sup>1</sup> (card issuers; mobile money transfer companies; and platforms for redemption of mobile or electronic vouchers); plus over-the counter service providers as a necessary contingency in the event of infrastructure damage and network disruption.
2. Assessment of mission preparedness for CBI through review of ACF internal documents and tools and key informant interviews from ACF Philippines mission, including representatives from Technical, Logistics and Administration (Finance) departments from country office and regional bases.
3. Mapping of major institutional humanitarian donors and emerging private donors and their policies, strategies and/or regulations regarding CBIs.

The intention to introduce and gain feedback on the tools recently developed by the Cash Learning Partnership for the purpose of CBI using e-payment systems was not possible due to the coincidence of the fieldwork with the immediate response to super typhoon Haiyan.

Section two of the report details the findings from the research. This includes detailed assessments of 11 service providers, including two third party software platforms based outside of the Philippines; a summary of ACF Philippines’ experiences with cash preparedness and e-payments to date and identification of barriers and constraints that must be addressed by the mission in order to move forward with greater preparedness with CBIs and use of e-payments; and a summary of the main policies, guidance and regulations available and other emerging trends and activities in DAC donors and private sector foundations including constraints and opportunities for engaging with these donors on CBIs.

Section three provides a number of conclusions as well as recommendations for ACF Philippines mission and ACF globally, to move forward with preparing for CBIs through e-payment systems. This includes a proposed action plan of activities that it is recommended the Philippines mission develop and implement post typhoon Haiyan in order to address the barriers and constraints identified in Section two and prepare effectively for future emergency responses incorporating e-payments. These are assigned a grade according those that should be addressed immediately; medium term actions; and things indirectly related to this assignment’s focus on e-payments. HQ level recommendations also include ACF’s engagement through their position on the CALP steering committee to effect positive change more systemically within the aid sector.

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<sup>1</sup> Sossouvi 2013

# 1 INTRODUCTION

## 1.1 Background to the Assignment

This piece of work was arranged by Action Against Hunger (ACF), with the intention of understanding the electronic payment services available to ACF in the context of a minimum of two country missions to support the organization in preparing for future humanitarian response in country and globally, with a specific focus on facilitating a shift from paper-based to electronic cash transfers.

Given the time available in 2013, the study was split. The objective of the study in 2013 was to support ACF in their preparation/preparedness for Cash-Based Interventions (CBI) in an ACF pilot country, the Philippines and with a view to making global recommendations to be applied in other countries. This is in line with the global objective of “institutionalisation” of CBI within the organization. The study was arranged prior to the super Typhoon Haiyan - the TOR is shown in Annex A and the intention was to build upon ACF’s existing tools for CBI and to introduce and gain feedback on the tools recently developed by CALP for the purpose of CBI using e-payment systems.

On 8th November 2013, 2 days before the assignment was due to begin, one of the strongest storms to make landfall - Typhoon Haiyan - slammed into Central Visayas and surrounding areas of the Philippines causing catastrophic damage. This has caused untold damage to infrastructure and livelihoods. The Department of Social Welfare and Development estimates that over 14.9 million people have been affected including 4.13 million people displaced. As of 2<sup>nd</sup> December an estimated 204,000 were still living in evacuation centres.

Given the huge anticipated requirement for CBIs once markets are functioning, and the immediate need for ACF and other agency staff members to become engaged in the early response, it was agreed with ACF’s Cash Working Group that there would be a change of emphasis on the activities outlined in the TOR.

## 1.2 Activities and Methods

Three components of work were undertaken.

### 1.2.1 Mapping of service providers

The mapping and assessment of service providers has focused on the three main types of providers of electronic transfers identified in the CALP 2013 E-transfer Guidance Document<sup>2</sup> (card issuers; mobile money transfer companies; and platforms for redemption of mobile or electronic vouchers).

The starting point for the mapping of Philippines-based companies was those that a detailed assessment by the Cash Learning Partnership in 2011<sup>3</sup> concluded were the most inclined to, and likely to be able to provide services at scale to the humanitarian sector. From here the analysis was broadened to take stock of any changes in attitudes and capacity of other service providers since 2011 especially in terms of the use of e-payment technology. To this were also added third party platforms for voucher redemption and facilitation of cashless transactions that are not based in Philippines but with potentially global reach, such as sQuid card.

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<sup>2</sup> Sossouvi 2013

<sup>3</sup> Poisson 2011

Whilst the focus of the consultancy is to support ACF to make the switch to e-transfers, it was necessary to also include over-the counter service providers since these are less reliant on mobile network infrastructure and are likely to be some of the most resilient service providers with quickest recovery post-disaster. Following the findings of the 2011 CALP study and recent experiences of ACF and others, it was decided to include remittance companies in the assessment.

Assessment of the suitability of service providers was through face to face discussions with service providers, using a tool which combined assessment guidance provided by CALP 2013 and tools used by the consultant in previous assignments (see Annex F). This incorporates much of the guidance offered by ACF in their Logistics and Administration Guideline for CBI. Information gathered from service providers was triangulated with the experiences of ACF and other aid agencies in using these service providers. This information came from interviews with seven agencies<sup>4</sup> as well as secondary documentation provided which was readily provided by these stakeholders (see Annex B for a list of primary data sources).

Primary and secondary data was also collected during interviews with the BSP and companies (Visa, Megalink, GSMA) concerning the enabling environment for e-transfers in Philippines including regulations and network resilience.

### **1.2.2 Assessment of mission preparedness for cash-based interventions**

A variety of ACF internal documents and tools were reviewed. Seven detailed key informant interviews were carried out with representatives from ACF Philippines mission. This included representatives from Technical (FSL unit and Management), Logistics and Administration departments and stakeholders from country office and regional bases. Similar discussions were held with stakeholders from four other Philippines-based aid agencies<sup>5</sup>. Themes explored during these interviews were:

- Knowledge, experiences and attitudes for CBI as a response option, particularly through e-transfers.
- Barriers to scaling up CBI and use of e-payments in ACF Philippines mission.
- Capacity constraints facing ACF Philippines mission and compared to other agencies.
- Training and tools used for designing and implementing CBIs and e-transfers.
- How CBI and e-transfers fit into country preparedness planning.
- Procurement processes for service providers on CBIs.
- Consideration of framework agreements based on ACF procedures.
- CBI preparedness from the context of consortia.

Given the context it was not possible to complete a workshop with team members, intended to introduce and seek feedback on the e-transfer mechanisms and tools presented in the CALP guidance document; the main findings from the study; and gain consensus on recommended ways forward. Instead, the results from the mapping of service providers and preparedness assessments were presented to the Head of FSL Unit and consensus was sought from other participants on actions and recommendations during interviews. The e-transfer guidance and tools were not introduced.

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<sup>4</sup> Red Cross; ADRA; IFRC; Mercy Corps; LWR; CARE USA; and WFP

<sup>5</sup> Red Cross; ICRC; LWR; WFP

### 1.2.3 Donor mapping

A summary mapping of major institutional humanitarian donors and some emerging private donors and their policies, strategies and/or regulations regarding CBIs was conducted. The aim of this exercise was to provide ACF with an initial, brief analysis of constraints and opportunities for engaging with these donors on CBIs. Included in the analysis were institutional donors (European Commission Humanitarian Aid & Civil Protection (ECHO); Office of U.S. Foreign Disaster Assistance (OFDA); US Agency for International Development (US AID); World Food Programme; UN Food and Agriculture Office (FAO); UN High Commission for Refugees (UNHCR); UK Department for International Development (DFID); Norwegian Agency for Development Cooperation (NORAD); Danish Agency for Development Cooperation (DANIDA); Canadian International Development Agency (CIDA; now DFATD); Swiss Agency for Development Cooperation); as well as private foundations (Nethope; Visa; Mastercard). The mapping exercise drew on the findings of two recent studies to identify trends in financing of CBI<sup>6</sup> and the experiences of CALP d-group members including INGOs and DFID Advisers.

### 1.3 Summary of activities

Table 1: Activities			
Location	Activities	Days	Dates
Home base	Briefing from ACF HQ CWG (teleconference), review of documents and preparation	2	Thu 7th Nov- Fri 8th
Transit	Travel to mission (Philippines)	2	Sun 10th - Mon 11th
Manila	Briefing mission in country, final preparation of fieldwork including methodology	1	Tue 12th
Manila	<b>Research activities in week 1:</b> Interviews with key informants in ACF and service providers ; attendance at Livelihoods Cluster meeting; negotiation with Oxfam to collaborate on assessment of service providers; progress call with ACF CWG	4	Wed 13th - Sat 16th
Manila	Consolidation of research activities from week 1	1	Sun 17th
Manila	<b>Research activities in week 2:</b> Interviews with key informants in ACF and other aid agencies, and with service providers; attendance at Philippines inter-agency cash working group meeting to share initial findings from assessment of service providers; progress call with ACF CWG	5	Mon 18th - 22nd
Manila	Debriefing and presentation of report content, findings and recommendations with head of FSL unit; analysis of interviews with service providers	1	Sat 23rd
Manila	Drafting of v1 of service provider assessment report for the Philippines CWG, to support the Typhoon Haiyan response	1	Sun 24th
Manila	Final interviews with service providers; travel back from mission	1	Mon 25th
Transit	Travel back from mission	1	Tue 26th
Home base	Collation of final interviews and preparation of v2 of service provider assessment report for the Philippines CWG	2	Wed 27 <sup>th</sup> - Thu 28th

<sup>6</sup> The CALP 2013 Fit for Future study and the Global Humanitarian Assistance 2012 study into official OD spending on cash transfer programming between 2006 and 2011.

Home base	Final teleconference with HQ Cash WG; analysis of research findings	1	Fri 29th
Home base	Donor mapping and preparation of final report	4	Mon 2 <sup>nd</sup> - Fri 6 <sup>th</sup> Dec
Home base	Submission of final report v1	-	Mon 9 <sup>th</sup>
Home base	Finalization of report based on comments from ACF	0.5	Fri 13 <sup>th</sup>
	TOTAL DAYS	<b>26.5</b>	

## 2 Results

### 2.1 Mapping of service providers

Section A of the CALP e-transfer guidance document provides a sound description of the main forms of e-transfers currently used by aid agencies, namely pre-paid card-based transfers, mobile transfers, and mobile or electronic vouchers. Each of these was included in the assessment. Pre-paid card services and mobile money services are available from companies registered and operating inside Philippines. Contactless card technology and mobile/electronic voucher services are not yet known in Philippines but could be made available through third party platforms registered elsewhere. The other service provider assessed during the assignment was remittance firms. Providers included are shown in Table 2.

	Service provider		Company	Based Philippines?	Own POS?	New since 2011?
1	Card issuer	Pre paid	Citi	Y	Y	N
2			PVB	Y	Y	N
3			BPI	Y	Y	N
4			BDO	Y	Y	N
5			Landbank	Y	N	Y
6		Contactless	SQuid	N	Y	Y
7	Mobile	Mobile money	Globe	Y		N
8			Smart	Y		Y
9	E-voucher	Mobile voucher	Transversal	N		Y
10		Remittance	Mobile token	Globe G cash remit	Y	
11			Smart	N		Y
12		Standard remittance	MLHullier	Y		N
13			LBC	Y		N

The CALP e-transfer guidance document presents a summary of the features of each payment method in terms of the equipment and infrastructure required and its application. Table 3 below reprints this for the context of the Philippines.

Table 3: Features of transfer mechanisms in Philippines				
Transfer mechanism		What the beneficiary requires	Infrastructure	Used to access
<b>E-TRANSFER MECHANISMS</b>				
Card	Mag stripe	Card and PIN (ATM) Card and signature (POS); plus ID in certain stores	ATM for cash out Merchant with POS for store purchases Network connection at point of transaction	Cash + goods/services
	Smart card with chip	Not yet available for pre-paid cards in Philippines; will come in before 2017 in accordance with BSP regulations		
	Smart Contactless card	Card ONLY; Or Card and ID card; Or Card and PIN; Or card and biometrics	Merchant with a Near Field Communication NFC POS of phone set up as an NFC card reader Network connection for reconciliation	Goods/services; but cash could be exchanged as a service
Mobile	Mobile token <sup>7</sup>	SIM and ID; Or transaction code and ID	Agent with basic phone	Cash
	Mobile voucher	Phone and SIM and voucher code and PIN Or Voucher code and PIN	Agent with basic phone Network connection at point of transaction	Goods/services; but cash could be exchanged as a service
	Mobile money	SIM and PIN and ID	Agent/merchant with basic phone Network connection at point of transaction	Cash; certain stores will access mobile money for goods(still small)
E-voucher		Voucher code and PIN	Data connection at point of transaction or potentially at point of reconciliation	Goods/services; but cash could be exchanged as a service
<b>OVER THE COUNTER MECHANISMS</b>				
Over the counter	Remittance	Transaction code and ID	Basic connection or no connection	Cash

### 2.1.1 Trends in E-payments in Philippines

**Card services:** As in 2011, cards continue to dominate e-payment services in Philippines. Cards in Philippines continue to operate through mag stripe. By 2017 all pre-paid cards must have migrated from mag stripe over to the smart card (chip and PIN). Some retail merchants require additional ID at point of sale and this should be checked - though this tends to be only for high-end purchases. A proprietary card can only operate on the proprietary POS of the same bank. A branded card can also work on the POS network of the branded company (e.g. Visa).

<sup>7</sup> This is not an e-transfer in the real sense. The phone is simply a means of transferring the transaction code and the transfer mechanism works in the same way as a standard remittance service.

- **POS and merchant acquiring banks:** There are over 20,000 POS outlets in Philippines. The 4 main retail merchant acquiring banks in Philippines are BDO, BPI, Metrobank and increasingly Citi. Metrobank do not offer a pre-paid card so is not considered further. Visa has relationship with the 3 main retail merchant acquiring banks offering pre-paid cards. A proprietary POS can accept any proprietary card; plus any card that the acquiring merchant has a relationship with. So for example, stores using a BPI POS terminal can accept BPI's prepaid card, plus any card that is Visa branded.
- **ATMs:** There are over 10,000 ATM machines in Philippines. ATMs can stock between 2-5million Pesos. The Banknet and Megalink ATMs (main 2 ATM switches) now interlink. There are almost 2,000 ATMs in the island of Mindanao where ACFs long-term programming is based.

**Mobile money services:** Whilst in other countries (e.g. Kenya MPESA) mobile money services include the service option of using mobile money to purchase goods at accredited merchants, this part of the business model in Philippines is not widely developed as of yet. Mobile money services are being mainly used for sending remittances and for airtime. For this reason both MNOs have developed a pre-paid card that interlinks with the mobile money account, for store purchases. In response to Typhoon Haiyan, one operator (Smart) has also formed a partnership with Landbank, the bank that providing card-based payments to beneficiaries on the government's social protection programme.

**Regulations and Know Your Customer 'KYC':** The regulations governing electronic payments and anti-money laundering are outlined in the BSP circulars in Annex C. In the past one of the limiting factors about working with card issuers in Philippines has been the onerous process for completing the KYC checks<sup>8</sup> and what constitutes acceptable formal ID for this. In fact since 2008 the BSP accepts 22 forms of formal ID including Barangay certificates and certification from all NGO registered with the securities and exchanges commission<sup>9</sup>. However it seems some service providers are more familiar or comfortable with this than others. It is now possible to provide no name cards to aid agencies for distribution to beneficiaries, on the condition that the cards are linked at the back end, within a certain time limit, to a named individual. Again familiarity and willingness to use this facility varies between service providers. KYC has been relaxed on a provider-by-provider basis when service providers requested this to facilitate response to Typhoon Haiyan. This happened within 2 weeks of the Typhoon for those who requested it such as Globe. The BSP has just completed working on a circular for general relaxation of KYC as a result of this (also in Annex C).

**Service integration is beginning:** Money transfer and payment services are starting to join up. All ATM payment processing companies now interlink meaning ATM cards can operate on any ATM (though partner networks charge a small fee). Things are moving in the same direction with POS in stores though it is still common for large stores who accept all major cards to have a number of POS terminals. Over the next 12 months it is expected that advances will include provision of cash out services for card holders at remittance outlets, and further development of partnerships with small local traders (so called 'sari sari stores') to accept a variety of e-payments for goods<sup>10</sup>.

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<sup>8</sup> Citibank's new customer form contains 11 pieces of information

<sup>9</sup> BSP (2008) Circular 608

<sup>10</sup> LBC remittance firm with Philippines Veterans Bank card; Smart mobile money developing network of 1.4m small stores to accept mobile money; PVB's new partnership with 300,000 small retailers nationwide. These are becoming possible as technology for providing POS through Android phones becomes available.

**Infrastructure and network resilience:** BSP has been promoting business continuity with financial service providers and all major players seem to have plans in place that in the case of a ‘normal case’ disaster should see minimum disruption to services. For example PVB’s and Globe Gcash business continuity services aim for resume of operations within 72 hours. The major MNOs Globe and Smart are partners of the GSMA’s disaster preparedness and response programme and network recovery was well under way within a week following Typhoon Haiyan. Local switches, Visa and some banks contributed details of the recovery status of services. The BSP supported recovery of services by ensuring liquidity was re-established in affected areas within 10 days - 2 weeks (in the case of most affected area of Tacloban). Power outages are a problem in the areas worst affected. There was not an established central coordination process between the private sector and DSWD, however companies were linking with the DSWD.

### **2.1.2 Suitability of Service Providers**

All those included in the assessment expressed interest in supporting present and future humanitarian response and in supporting disaster preparedness. They have differing levels of capability - in terms of flexibility of ID requirements; coverage and resilience of branches/outlets; and importantly the time to set up operations with new clients and to procure necessary equipment. Several expressed willingness to provide bespoke temporary services such as providing roving cash out services; renting mobile POS devices to agencies; and accrediting new agents - although in practice few if any providers had carried out such services previously as part of emergency response so this must be taken into account. Service providers expressed willingness (some had already done so) to approach BSP for further negotiation if required.

Details of the assessments are shown in Annex D. Based on the information provided the service providers were ranked for readiness to support the Typhoon Haiyan response as follows:

- Green - most suitable for response phase; also good for early recovery
- Yellow - potential for use during the response phase; perhaps better for early recovery
- Red - probably too many constraints to provision of rapid response; but still can be considered for recovery stages.

This was shared with the cash working group of agencies in Philippines to support moving forward with CTs in the response and early recovery to Typhoon Haiyan. This study was considered very valuable for agencies responding to the Haiyan disaster since it enabled rapid collection of information from service providers and by coordinating with the group it prevented duplication of effort and the risk of overwhelming service providers. It was recommended to the cash working group that agency assessments in affected areas include assessment of the operational status and capacity of service provider merchants/agencies, to contribute to and triangulate the updates given by service providers.

## 2.2 Assessment of mission preparedness for cash-based interventions

### 2.2.1 Summary of country programme experience with CBI and e-transfer:

Of the seven team members interviewed, 6/7 have previous experience working on ACF's CBIs between 2011 and 2013 including 5/6 participants from the technical team. Of those with experience, 5/6 have experience with the debit card pilots with PVB and Citi. The Logistics Coordinator arrived in May 2013 and so has experience on programmes of this year involving the remittance companies only. Several of these team members are also familiar with paper vouchers since this was the contingency payment method used in the card-based programmes. No one in ACF Philippines has worked with mobile money, smart/contactless cards or e-voucher platforms.

As a basis for framing discussions, participants were asked to provide their opinion on the barriers to ACF moving forward with CBI's and e-payments at scale in the context of the Philippines.

#### ***Barriers to increasing the scale of CBI and e-payments***

The CALP 2012 technology study<sup>11</sup> identified seven barriers to moving forward with use of technology including e-payments on cash transfer programmes. Some of these are barriers within aid agencies and others are factors of the external environment. The following were identified by ACF participants as relevant to ACF's context and are expanded on in the remainder of section 2.2.

#### **Internal barriers:**

- Lack of preparedness: this was identified as one of the biggest barriers to moving forward with CBI generally and with the use of e-payment systems, cited by all.
- Knowledge and tools: whilst not felt to be a major limiting factor, it was noted that staff are not aware of or experienced in ACF's tools, or in all the possible mechanisms for e-payments.

Attitudes within ACF were not considered to be a limiting factor and it was felt management were supportive of CBI and of e-payments, with cash transfers and pre-paid cards now considered part of the organisation's strategy for response.

#### **External barriers:**

- Attitudes/experience of donors: It was mentioned one of ACF's biggest donors for non-FSL sectors (WASH, Nutrition) doesn't have extensive experience with cash transfers. Other donors have requested a paper trail for all cash transactions delivered through e-payment technology, which is unnecessary and would be unfeasible if programmes expanded to incorporate multiple POS or payments through ATM.
- Technological barriers: whilst cell phone coverage has improved and phone ownership increased there remain parts of the country with limited coverage. The same is true of ATMs and POS which are still concentrated in the larger stores.
- Legislative barriers: the level of KYC required by e-payment providers can present bottlenecks.

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<sup>11</sup> Smith et al 2012

Whilst there remain sections of the population (including poorer households, indigenous people and those in more remote areas of the country) where lack of previous experience with such technology and poor literacy can present challenges, the exposure to technology is greater here than in other contexts in which ACF operates and therefore knowledge and attitudes of beneficiaries were not considered to be a major constraint.

**Capacity constraints to overcome in order to move forward with CBI preparedness**

The 2011 CALP study of cash preparedness in Philippines made several statements concerning the capacity constraints that aid agencies face in moving forward with CBIs. Staff rated each statement as to how relevant it was for ACF Philippines in 2013. Scores of 5 indicate ‘strongly agree, this is a problem for ACF’, scores of 1 were ‘strongly disagree, this is no longer a problem’. Scores are shown in Table four. Biggest challenges identified within ACF were a lack of integration of CBI into preparedness planning and a lack of pre-agreements with service providers. Whilst other agencies seem to be moving forward with inclusion of CBI inside preparedness planning, lack of framework contracts continued to be raised as a challenge. There was general agreement that awareness is growing about certain but not all delivery partners.

Table 4: Capacity Constraints to Moving Forward with CBI									
OPINIONS IN ACF ON THE CHALLENGES INSIDE ACF									
Respondent	1	2	3	4	5	6	7	Avg	Comments
staff lack a clear understanding of CBI and all the options available	4	4	1	3	3	2	5	3.14	Those giving high scores felt that whilst operational experience was more widespread, conceptual understanding remained limited to couple of core individuals.
Assessment procedures are not adapted to CBIs (market assessment; risk assessment; service provider assessments)	4	3	2	1	2	3	1	2.29	Consensus that tools are becoming adapted. An area where more capacity is required is tools for supporting market assessments.
Staff not aware of the possible options for delivery especially e-transfer	4	3	1	2	3	2	3	2.57	Certain individuals know of several options - no one is abreast of all of the recent advances in e-payments.
NGOs do not have pre-agreements with service providers	5	4	4	DN	3	5	3	4	Their contracts with service providers are annual renewable, but limited largely to commitments on prices.
Agencies do not know the policies and procedures of donors regarding CBIs	3	3	3	2	4	4	1	2.86	For their most common donors only (ECHO; WFP).

Agencies do not have clear procedures to launch and implement CBIs	3*	4	1	2	2	1	1	2	*People giving high scores here said score could be considered a 1 if it is about having procedures (since the ACF CBI guidelines just came out); but actually score given is higher as they are not yet using and following these.
Service providers are not used to providing CBIs for relief organizations	2	5	1	4	2	2	4	2.86	Those that ACF and others have worked with have a good understanding of requirements; others will still need to learn.
Agencies don't know what or how to monitor on CBIs	4	4	1	3	2	1	1	2.29	Agreement that there is no issue with process indicators/financial monitoring; but debate as to whether outcome monitoring is good enough.
CBIs are not part of preparedness plans	5	3	3	3	4	3	3*	3.43	CBIs are now mentioned in the EPRP but nothing to operationalize this.

**OPINIONS OF OTHER EXTERNAL AGENCIES OF THE CHALLENGES WITHIN THEIR AGENCY**

	Red cross / ICRC	ADRA	WFP	LWF	Avg	Comments
Staff lack clear understanding of CBIs and the options available	1	1	3	4	2.25	Those giving low scores are referring to staff who are directly involved in CBIs, rather than the agency as a whole. E.g. Red Cross - just those in country chapters already involved in CBIs; they will need to train any newcomers.
Assessment procedures are not adapted to CBIs (market assessment; risk assessment re security and corruption; cost effectiveness comparisons)	2	4	2	3	2.75	Tools are becoming adapted; one area that remains a challenge is market assessments
Staff not aware of the possible options for delivery especially e-transfer	2	3	3	4	3	Tendency for organizations to rely on the knowledge of particular individuals; knowledge tends to be confined to one or two delivery channels that these people have prior experience of.

						No one has experience with e-voucher; few with mobile money
Do not have pre-agreements with service providers	1	5	5	4	3.75	Red Cross has two such agreements. Others are keen to work in this area. It is a priority for country director of WFP - they feel DSWD should take a leading role in this, especially regarding moving forward with use of e-payments.
Agencies do not know the policies and procedures of donors regarding CBIs	1	3	3	1	2	Red Cross and LWR get funding through their respective Federations so easy to stay abreast of policies and procedures.
Agencies do not have clear procedures to launch and implement CBIs	1	1	1	1	1	Most organizations seem to have SOPs for CBIs now (though unclear from these interviews how much these are followed in practice).
Service providers are not used to providing CBIs for relief organizations	3	3	3	3	3	Some now have experience; this is a work in progress
Agencies don't know what or how to monitor	2	1	2	1	1.5	IFRC have M&E indicators for process but are weak on outcomes; more focus on the doing and less so on the multi sector nature of cash
CBIs are not part of preparedness plans	1	1	2	1	1.25	Most agencies seem to have preparedness plans incorporating cash. Not clear how often these are followed.

## 2.2.2 Attitudes and experiences with CBIs and with e-payments

Everyone interviewed was sold on the advantages of CBIs over in kind. Whilst currently CBIs have been used in FSL interventions only, there was consensus that cash was a tool with potential to cut across sectors and people saw potential to explore CBIs to support both WASH and Nutritional programme objectives. This included examples such as cash for work as part of WASH programmes; cash for hygiene kits; cash for work for operating nutrition facilities; and cash transfers to improve intake of nutritional food. It should be noted that it was not possible to include a representative from the WASH sector in the interviews and the WASH team had historically engaged in very little CBI<sup>12</sup>. However there is buy-in from the Technical Coordinator who oversees all sectoral areas.

<sup>12</sup> This was a finding of the 2011 ACF study on how to prepare for CBIs

The 2011 CALP study noted gravitation towards CBIs as vouchers/store purchases in Philippines rather than unconditional cash transfers (UCT). This was picked up on in this assignment during discussions with ACF and other agencies; though staff generally seem open to the idea of UCT in terms of the flexibility it offers, there were numerous mentions of the fact that store purchases offer more control to the agency and support to agency mandates. In part this is due to the context, with local government units (LGU) reportedly wary of UCT<sup>13</sup>. It is also true that in this context the proximity of large supermarkets provide more scope for choice of goods than in other country contexts where such stores are largely accessible only for the better off. However it is worth drawing attention to this in the context of ACF's desire to shift towards e-payments. One of the features of certain e-transfer mechanisms (store cards; e-vouchers; contactless cards) is the ability to restrict the use of the grant to particular stores or commodities. Whilst on the one hand this can be presented as improved accountability upwards to donors the corollary of this is reduced accountability and choice for beneficiaries. This is similar to trends seen with donor funding for CBI and interest of certain donors in e-payments (see section 2.3 on donor mapping).

### ***Opinion of working through e-payment providers***

Everyone interviewed was receptive to working with e-payment providers and considered that the processes to follow on an e-transfer programme are generally no different from a CBI through over the counter means. Those who had worked on the e-payment card-based pilots had generally had positive experiences. It was acknowledged that the initial pilot with PVB, though it had worked, faced several problems which were attributed to the lack of experience of both ACF and PVB in this type of intervention. There was consensus that adequate preparation was key to success. Citi Bank had spent time testing the system beforehand. Citi was also considered to be a more established provider with better technical capacity to support smooth implementation - but PVB had been selected over Citi in 2011 because of the lead time required by Citi for delivery of cards, which a preparedness plan would solve.

### ***Perception of different risks between manual and electronic mechanisms***

#### **Benefits of e-payments:**

- Reduced opportunity for fraud or loss: even if stolen it is possible to inform the card issuer and block the card. More controls are in place for accountability purposes.
- Improved security: of beneficiaries who do not have to queue for or carry hard currency.
- Speed: of the distribution itself, since each round of payments is automated, along with automated reports.
- Reduced cost: for programmes involving multiple distributions; this includes financial cost and staff work load to delivery each round of payments.
- Opinion of beneficiaries: beneficiaries liked it and access to financial services can create feeling of worth among the unbanked.

#### **Challenges of e-payments:**

- Risk of delays: when using payment methods ACF is handing more control to a third party and must rely on them to have a smooth operation and to troubleshoot errors. Whilst delays can also occur with over the counter payments, people were concern about delays that occur on account of glitches in the technology. Three

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<sup>13</sup> CALP 2011

people pointed to the error rate on the initial card-based pilot with PVB where over 30% of cards didn't work at the POS. This was acknowledged to be much reduced (2%) with Citi.

- Set up cost: paper vouchers or remittance services are noted to have cheaper set up costs than card based systems. It was pointed out that these costs should be weighed against the advantages of e-payment systems. Cost per disbursement is reduced, so that e-payment systems may become more attractive on programmes of longer duration.
- Set up time: it was considered more straightforward and less time consuming to launch over the counter or paper voucher programmes since less time is required for testing, for negotiating KYV, for contractual negotiation and card procurement. It was noted that pre-agreements have potential to reduce this set up the time.

Some of the challenges noted with e-payments can be overcome with adequate preparation prior to a disaster. Others will depend on the context and design of the programme. Recent research by CALP on factors affecting cost efficiency of e-transfers reaches similar conclusions to those presented here: that programmes using e-payment systems may be more costly and time consuming to set up, but generate cost and time savings per disbursement<sup>14</sup>.

#### ***Appetite for e-payments on future CBIs***

- Opinion of debit cards: everyone interviewed would consider using these again, including for the forthcoming response to Typhoon Haiyan. They were thought to be particularly appropriate to an urban setting and their use is widespread in Philippines so people are easily sensitized. A decision to use such a system would depend on confirmation of functioning/recovered infrastructure and card issuers rely on several things outside their immediate control - network signal; electricity; and operational ATMs. In rural areas the presence of ATMs or stores with POS may limit reach. It can often happen that a positive or negative early experience with a new approach can color future appetite and this is seen in Philippines context; though the PVB service offering does seem to be much improved on the 2011 pilot, the FSL coordinator is cautious of using their service again.
- Mobile money: ACF are keen to look at this as an option to expand reach to more remote areas - providing they have time to assess and pilot the system. They are also aware of some issues with the liquidity of the smaller agents, since it seems to date the business model of the MNOs has focused on larger partners in more central areas. There was general agreement that ACF are interested to consider mobile money and to prepare for this for future responses but consider that engagement will be limited for the Typhoon Haiyan response as they would require time for training.

However, it was widely acknowledged that non-electronic mechanisms continue to have relevance in the context of the Philippines.

- **Opinion of remittance companies:** there was agreement that this is a good, simple, mechanism which is easy to establish and with flexible rules suited to disaster response. All those interviewed would certainly use this again and these

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<sup>14</sup> O'Brien, Hove and Smith 2013

channels can be considered some of the most resilient to disaster as they are less reliant than e-payment systems on infrastructure. They also offer greater penetration into certain rural areas than card based systems. This was considered likely to be one of the first choice systems for Haiyan response.

- **Paper voucher:** for programmes in locations where service providers do not have good coverage, this can continue to be an option and staff interviewed are generally familiar and comfortable with it; though it was noted that the scale of paper voucher programmes is limited by the labor required from ACF.

These are similar to opinions within the other aid agencies included in the research, which were included in the service provider assessments in Annex D.

### 2.2.3 Capacity - Training and Tools

Four of those interviewed were present in at least one of the two CALP trainings that were held in 2011. There was agreement that others in the team would benefit from similar investment - particularly since staff changes since then mean that people in key positions (e.g. Logistics Coordinator) have not had any formal training. It was considered that this should include support staff and base staff would benefit - that to a certain extent base staff have operational but not technical expertise since programme decisions are taken by the country office. The LGU has been inviting ACF's FSL consortium coordinator at Base Level to be a resource person to the government on CBI but he doesn't feel confident to lead.

A key lesson of the ACF 2012 debit card case study was that use of new technology should be coupled with adequate training and support. At the time of the CALP training in 2011, e-payment mechanisms were included in the agenda. This was discussed from the perspective of services available in Philippines - therefore e-vouchers were not discussed. Nothing further has been developed for staff. Given that the options available for e-payments are advancing regularly, it was considered that some sort of follow up training would be useful.

Until now ACF Philippines have made use of a variety of CALP tools and tools from WFP for market assessment, assessing risk of payment methods. Whilst everyone interviewed was aware of the ACF CBI Guidelines and the ACF Logistics and Administration Guideline for CBI, a number of people are not familiar with them. Those that had read them (2x technical; 1x logistics) considered that they are easy to follow and clear.

There was one example of their use - on a programme in Cotobato that provided vouchers for IGA - and the user reported that they had helped planning and implementation especially concerning the procurement of service providers (this is considered further below). They are not yet being used to support emergency programming. Partly this is to do with timing, with most CBIs of 2013 being started prior to their circulation. However there was an expectation that the guidelines would be disseminated through Logistics, who would provide training on these to the rest of the team. ACF Philippines had a new Logistics Coordinator begin in May 2013 who has not been formally trained on the guidelines. The Logistics Coordinator explained that during the annual Logistics workshop in September 2013 there was 1 topic on the CBI guidelines but the impression was that this was not sufficient. This year the team has been involved in two emergency responses prior to Haiyan and so have not had the time to take stock of new tools and ways of working.

The majority of people were not aware of the ACF guidance tool showing the segregation of duties on CBI across departments - there was one example of its use on an ECHO project providing C4W following the Typhoon in Compstella.

Two people had heard of the CALP e-transfers guidance document and the FSL coordinator reported providing feedback on the early draft. No one is familiar with the content or has made use of it to date as it was only officially released at the end of November. It was considered that training on this would be useful.

No one was aware of the new guidance note from CALP concerning data protection on CBIs working with e-transfer companies. This has only been formally released by CALP in December 2013<sup>15</sup>. Two people interviewed mentioned the importance of knowing how to protect the beneficiary when working with e transfer companies. Apparently there was some concern with the MNO Smart using personal data for marketing purposes, though this could not be verified in the time available.

#### **2.2.4 Preparing for cash based emergencies and e-payments**

ACF Philippines is committed to improving preparedness for emergency response across all programme areas and the Emergency Preparedness and Response Plan (EPRP) is a very useful first step towards this. However the extent to which it is being used to inform programming (in general - and also CTs) is questionable:

- The intention was to update this plan on an annual basis and since this time there has been some attempt to do so. The most recent update was June 2013 however much of the document still relates to 2011. People pointed to the need for time, and resources, in order to do this task and explained that the time required for this had probably been underestimated.
- The detailed preparedness plans for each scenario are not completed in the body text of the EPRP. When asked, some of those interviewed thought perhaps they had never been completed whilst others suggested that they had initially been drafted as annexes but that these were now lost. In either case, these plans are not being used.
- More junior staff do not seem to be familiar with the document (though they have heard of it), citing that they have not received any training in the EPRP or been given a copy.
- There seems to be a lack of systems for operationalizing and monitoring the process. As one person explained, it is not clear to them whether the actions of ACF mission during the early stages of their response to Typhoon Haiyan are aligned with the EPRP; there is no system put in place to tell one way or the other. They recommended that ACF require time at the end of an emergency to assess this, to look at the utility of the EPRP in light of the emergency and the response and lessons learned.
- The EPRP does not recognize CBI as a response strategy under FSL responses. It does not yet include CBI under broader sectoral responses, or make reference to the multi-sectoral nature of cash as a response tool. EPRP do not yet provide any guidance on how to operationalize CBIs or what to do as part of preparedness. This limits ACFs readiness; for example the Administration team are receiving emails from their contracted remittance service provider on branch status in the Typhoon affected areas, but as this is not a developed area of the EPRP these updates are not feeding into any formal mechanism for using this information for decision making.

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<sup>15</sup> CALP 2013

- ACF do not presently have departmental focal points for CBI; it was felt that this would be useful.

### **2.2.5 Procurement processes for service providers on CBIs**

In previous years it was felt that one of the challenges on CBIs was that there was confusion as to procurement procedures, while staff felt comfortable with procurement of NFIs. This was in relation to the assessment, selection and contracting of suppliers for payment disbursements. The following lessons learned were drawn from previous experiences:

- Technical selection criteria should be well documented and detailed in procurement requests, as they would be for any procurement. Specifying technical criteria for transfer service providers (described below and later in section 3.2.1, part 5) from the beginning could have improved efficiency of the process.
- The inclusion of Administration department staff along with Technical and Logistics staff would be helpful in assessing financial service providers.
- ACF Philippines Mission follows a request for a negotiated process for any service of over Euro 1700 (90,000 peso). ACF logistics guidelines (KitLog v3.3) threshold for services requires a single quote for procurement less than Euro 10,000, and in an emergency context one possibility for increased efficiency would have been to raise the Philippines threshold to the ACF global level.

For those staff who were aware of the ACF Logistics and Administration Guideline for CBI, they found it useful in terms of clarifying the applicability of logistics procedures (specified in the ACF KitLog v3.3) to CBIs. Feedback included:

- The Guideline highlights the cooperative involvement of departments and outlines the roles and responsibilities of Administration, Logistics and Technical departments in service provider selection. The Technical department leads the definition of selection criteria, as for any other program procurement.<sup>16</sup>
- The Guideline reminds staff that there is flexibility in the selection of service providers: the emphasis is on assessment of selection criteria as defined by the technical department in accordance with the requirements on a particular CBI, of which cost isn't the only criterion.
- Security risks, highlighted in the Guideline, are now considered more often than they were previously.

Adherence to the Guideline is improving, though still a work in progress. Service provider selection in 2013 considered a number of factors aside from cost including: location of payout points; capacity to send large volumes of payments to multiple end users; reliability of the cash and accounting system; open to audit; security; and whether account opening was required.

### **2.2.6 Framework Agreements**

The Logistics Coordinator explained that the Mission is aware of the intention within ACF to move towards framework agreements for all types of services as part of measures to improve emergency preparedness as well as operational efficiency and effectiveness. So far this has not been undertaken for any service providers (given staff changeover and the

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<sup>16</sup> As per the table on page 22 of ACF Logistics and Administration Guidelines for CBIs

focus on emergency response in 2013) and according to Logistics this is a priority for 2014. The Logistics Coordinator seemed unsure about whether future framework agreements for service providers on CBIs would follow the standard template for a framework contract (which is fairly supplies-oriented) or a CBI-specific template - although a template for this is included in the Logistics and Administration Guideline for CBI in Annex 15.

At present the existing contracts ACF Philippines have with service providers for cash delivery on CBIs are annual renewable contracts and so were considered to function in a similar way to a framework agreement. However at present all these demand commitment on from the service provider concerns service fees and procurement costs. There is nothing pertaining to the expected scale of the service required by ACF, nor any guarantee that stock will be available (which as the service provider mapping showed, is the challenge ACF will face with Citibank for the Haiyan response<sup>17</sup>). There is nothing relating to a service level agreement in the contract, i.e. the minimum level of service that ACF can expect to receive from the service provider, which should take into account the impact of a shock leading to a humanitarian emergency on the service. Whilst one contract ACF presently has with a remittance partner is for particular regions, another is for services nationwide; it was agreed that a nationwide focus is preferable.

It was noted that if ACF consider paper vouchers to be a valid tool for CBIs then similar framework agreements will be required with voucher printing companies.

### **2.2.7 Working with others and preparedness**

There is a trend emerging within institutional donors towards providing emergency funding as consortium grants. Such approaches to programming, when they work effectively, are recognised to have a number of advantages in terms of economies of scale through unification of systems; the coverage of intervention, alignment of technical competences and ability of agencies to influence wider stakeholders through a common voice. There are also challenges to be aware of including the time required to set up interventions and the burden of coordination - not least because such approaches remain relatively new.

Participants were asked to reflect on ACF's experiences working as consortia on recent emergency CBIs. A number of similar positive experiences and challenges were noted:

- What worked well: the bringing together of complementary approaches and expertise was felt to improved programme impact; agencies were able to absorb more funding and operate over a larger scale; whilst over time the internal working between consortium partners is improving. From the perspective of payment methods, there was assistance and sharing between agencies - for example, SCI negotiated a reduced rate with a remittance firm and ACF learned from this and benefited from the same rate.
- Challenges: it was noted that there had been a strong push from the donor to deliver a uniform intervention across partners. This didn't align easily when partner NGOs had different levels of experience on CBI as well as different programme approaches such as towards targeting. It was more time consuming for ACF (one of the more experienced agencies) since it was necessary to support others. There was some duplication of activities especially when coordination was

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<sup>17</sup> Citi Bank have a facility whereby a corporate client can pre-order blank cards, for immediate activation. However ACF do not presently have such an agreement with Citi, and Citi, whilst keen to assist agencies such as ACF on the typhoon response, have only 2000 blank cards in stock. Procurement lead time from the manufacturer is approximately one month.

lacking. From the perspective of payment method assessments, there was no discussion of selecting a common payment method, or even a common approach to assessment within each agency. Agencies with little experience are replicating assessments of others but with limited knowledge. There were no collective approaches to or negotiations with service providers that could have led to better terms of engagement. Within the consortium ACF is one of the only agencies to have considered or worked with an e-transfer company. Another agency replicated the PVB card but didn't have the capacity to know the issues or to trouble shoot and encountered problems.

ACF now have a 'pre-agreement' with other consortium members that in future emergencies they will collaborate again. If ACF are to consider working in consortia in future, it was agreed that it will be important to consider not only cash, and e-transfer, preparedness for ACF, but the preparedness of other consortium members. Different agencies have different levels of previous experience and different risk thresholds. Considering working with a standard service provider across the consortium makes a lot of sense (providing of course that the service has coverage in all areas required by the programme); however wider agencies will need to be familiar with the services offered, with the assessments carried out and be comfortable to work with these in an emergency otherwise agreement may stall. There was also a worry expressed that such a uniform approach may stifle innovation if the majority of the group opts for a more 'traditional' approach.

### **2.3 Desk-based donor mapping**

A table summarizing the main policies, guidance and regulations available and other emerging trends and activities including in DAC donors and private sector foundations are included in Annex H.

Financing available for CTP has increased in the last few years and new funding sources and channels are becoming available. GHA used data from the Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee (DAC) and the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA)'s Financial Tracking Service to examine funding trends between 2006-2011<sup>18</sup>. The Fit for Future research examines bilateral and pooled funding trends for CBIs and the challenges and opportunities arising for aid agencies<sup>19</sup>.

It is estimated that funding for CBI grew from US\$5.6m in 2007 to US\$262m in 2010 (due to two major disasters in Haiti and Pakistan) before dropping to US\$76m in 2011. The funding level increased again to US\$117 million in 2012. This suggests that donors are becoming more comfortable with CBI however that funding for CBIs is volatile and emergency-specific. During this period DAC donors and some pooled funds have been the main funders of CBIs. The largest proportion of financing has been for cash for work (70%), followed by vouchers (26%).

In 2012, governments agreed the text for the Food Assistance Convention (FAC) which allows for cash and vouchers to be counted by donors as part of their commitments. This should encourage other donors who are signatories to the Treaty (such as Canada) to increase support for these modalities.

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<sup>18</sup> GHA 2012

<sup>19</sup> CALP 2013

The USA is the largest donor, providing US\$199.2m between 2006 and 2011. The largest proportion was for voucher programmes (52%), followed by cash for work schemes (46%). Between 2008 and 2012 ECHO was usually the next most significant donors, having championed this kind of programming and invested in action research to build up an evidence base. The fastest-growing types of cash transfer assistance used by ECHO are unconditional cash transfers, cash for work, programmes and voucher projects for commodity distribution. Over the period reviewed, cash for work made up 83% of funding and voucher programmes accounted for 10%. Whilst DFID is relatively new to financing cash transfer programmes in the humanitarian field, compared to its engagement in social protection, it still featured in the top 10 donors. UN agencies also feature in the top 10 - United Nations Development Programme (UNDP), Food and Agriculture Organization (FAO) and World Food Programme (WFP). It should also be noted that there are opportunities emerging with other donors, including those that are not currently members of the DAC. The GHA analysis identified a number of other DAC donors who on account of significant support to one or two emergency responses have been counted as a 'top 10' donor for CBI in the last five years. This includes France, Spain, Norway, and Canada but also Luxembourg, Netherlands, Belgium, Japan and Austria. A few non-DAC donors have also made the list including the Qatar Charity and the Governments of Kuwait and Brazil.

The largest proportion of funding for CBIs falls within the economic recovery and infrastructure sector, which is demonstrated by the amount of funds spent on cash for work projects. The second largest sector is agriculture.

Although funding has increased and despite donors indicating that they face no major barriers in financing CBI, it remains a very small proportion of global humanitarian assistance, especially UCT. The Fit for Future trends analysis meeting identified a number of challenges including donors' continued aversion to risk, a sector-focused humanitarian system and donor accountability requirements, which are acting as implicit barriers. There were persistent concerns amongst donors about the greater risks of cash assistance being diverted compared to in-kind aid, despite evidence to the contrary<sup>20</sup>. Increasing pressure on donors to demonstrate effective use of tax payer's money (linked to negative public perception of cash transfers as 'handouts' in some countries) and a focus on specific sector outcomes are acting as a barrier to donors adopting a greater focus on UCT. Vouchers are preferred to providing UCTs because they are felt to help donors to measure specific, sector-based results and to limit the perceived risk of diversion and of recipients using cash for anti-social purposes, again despite evidence to the contrary. This is reflected in the above data on financing. It is clear that the interest of certain donors (USAID, WFP) in e-payment systems (see Annex H) is in part because of the greater control these systems are felt to offer. The Fit for Future research identified anti-terrorism legislation as a potential growing obstacle to funding CBI in the near future since cash is fungible and considered harder to track than in-kind aid. These regulations take no account of the motives for humanitarian aid and penalise aid agencies in the same way as those deliberately breaking the law.

There were other trends and opportunities identified in the Fit for Future research. Donors expressed a preference to finance a coherent programme for a large number of recipients across several agencies in order to supporting a strategic, shared endeavour. This is reflected in the move by several donors recently towards funding consortia. The recent trend in donors to focus on the cost-effectiveness of the programmes they fund was considered an opportunity to increase support for CBIs since CBIs have the potential to be more cost-effective than in kind procurement. Similarly the renewed focus by certain

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<sup>20</sup> In 2010, the Monitoring Group on Somalia found that up to 50% of food aid provided by the World Food Programme (WFP) was being diverted

donors<sup>21</sup> on programming to build resilience in areas subject to repeat crises may represent an opportunity to increase support for CBI since it is an opportunity for donors to bring together their humanitarian and development programming and to link together longer investments in safety nets, and the systems for delivering these, with short term responses. If the incidence of natural disasters in urban contexts increases, it was felt that this may lead to a rapid institutionalisation of cash programming within donors. Partnerships with private sector actors and e-payment providers would likely increase as a result.

It is likely that going forward the smaller DAC donors as well as non-DAC donors will increase their support for CBI as they become more familiar and comfortable with it. These donors lack coherent guidelines and policies on such programming to date. In addition new funding mechanisms are emerging - such as the crowd funding platforms of GoFundMe and GiveDirectly - which could foreseeably be expanded to cover non-Western countries in the future. This could lead to direct giving from individuals in donor countries to individuals in affected countries, removing the need for aid agencies as intermediaries and transforming the humanitarian aid landscape.

### 3 Conclusions and Recommendations on ways forward

#### 3.1 Conclusions on selecting E-payment service providers to support CBIs

Whilst service providers differed in terms of agility and perhaps level of interest in aid related cash transfers as a business niche, all service providers included in the assessment expressed interest and all can potentially be considered by ACF as viable partners for future humanitarian responses, subject to further discussion and testing. From the mapping and initial discussions with the thirteen service providers, including eleven e-payment service providers, the following recommendations for ACF on ways forward were drawn.

**Preparedness is essential:** undertaking this assignment on behalf of ACF highlighted the importance of preparing effectively for cash based response. Firstly there is the time that is required to complete a thorough assessment of the available options - needing near-full time input of a dedicated person for 8 working days. DFID made the point that if these assessments had been done by agencies prior to the typhoon then the consideration of CBI would be so much easier. Undertaking this sort of activity must be in the down time before an emergency. This needs to be appropriately resourced and it needs to be repeated regularly, given the continual advances in technology and in the coverage and integration of services. In the interest of increasing efficiency and reducing duplication of effort, some thought could be given to whether this is best done at the agency level or in a more coordinated manner across the sector. This is considered further below. Secondly are the time constraints that can prevent appropriate and effective service providers being viable response partners. Any of the companies assessed could be considered appropriate for future responses; the main factors limiting their potential for engagement on the immediate emergency response were infrastructural challenges on account of the Typhoon (though these were becoming steadily operational) and the lead

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<sup>21</sup> Including DFID, EC, USAID

time for setting up programmes with these service providers. Things such as contractual negotiations, account opening, card procurement and activation can add weeks to set up of operations. This lead time could be reduced through establishment of framework contracts - this is covered in section 3.2 below.

**The need for multiple options for cash delivery including none e-payment:** Business continuity is being promoted with financial service providers by the BSP. Taking Typhoon Haiyan as the ‘worse case’ scenario, the speed of network recovery and resilience of pay outpoints such as ATMs should be considered very positive. Nevertheless e-payment service providers are reliant to greater or lesser degree on third parties<sup>22</sup> and it will be necessary to include alternative over the counter approaches as a contingency measure for cases when the e-payment services are not operational. In the time available on the assignment, two over the counter partners that ACF have an existing relationship with were included, but there are others. One group which have wide reach into rural areas and seem resilient to disaster and that it would be useful to explore partnership with are MFIs such as Card Bank. The table below summarizes the requirements whilst must be back up and running post-disaster in order to use these delivery mechanisms.

Requirements	E-payments				Non e-payments	
	Mobile Money	Prepaid Card	sQuid card	Electronic or mobile voucher	Remittance	Paper voucher
Cellular or data network	Y	Y	N (just reconciliation)	Y	N	N
ATM active	N	Y for ATM card, N for store card	N	N	N	N
Merchant active	Y (though still small scale registered merchants so not critical)	Y	Y	Y	N	Y
Liquidity	Y(as mostly still for cash out)	Y for ATM, N for store card	N	N	Y	N

**Assessment based on costs and benefits:** this research confirms the highly context-specific nature of what constitutes an appropriate service provider. For example, those programmes targeting more rural communities or programmes providing cash to beneficiaries over just one or two disbursements, over the counter mechanisms may continue to present the best option. Programmes following rapid onset disaster may want an option that transfers resources quickly from A to B; whereas for programmes operating into recovery stages, e-payment providers offering potential for longer term financial inclusion may become more relevant. The latter may be of interest especially in areas where ACF have a longer term programme presence and where humanitarian intervention can potentially be linked to broader development programming. It requires serious analysis of not only the costs but also the benefits; as well as the indirect costs such as the investment of staff time required.

<sup>22</sup> For example, on the MNOs for cellular network; on banks for stocking of partner ATMs; and on merchants for re-establishment of in store payment services

**Joint approaches to service providers:** Service providers were interested in a coordinated approach from agencies. As mentioned above, this would increase efficiency and reduce duplication of effort on the part of agencies and service providers. Such a process could be useful in order to leverage improved terms and also for service providers to have a true idea of the real scale of services required in a particular location and to ensure they have capacity to deal with all needs. In order to achieve this there needs to be real appetite at a senior level, in ACF and others for more coordinated and collaborative approaches.

## 3.2 Action Points for ACF Philippines

In the first half of 2014, once ACF Philippines Mission’s activities relating to the Haiyan response are smoothly underway or completed, it is recommended that the team develop and implement an action plan which includes the following action points. This will help the team to address the barriers and constraints identified in Section 2 and prepare effectively for future emergency responses incorporating e-payments. These are listed in the table below, along with a priority grade. Those assigned grade one should be addressed immediately; those listed as grade two are medium term actions; and those listed as grade three are important but are things indirectly related to this assignment’s focus on e-payments.

### 3.2.1 Internal Actions

Internal Action Points		Priority
<b>1. Move forward with training and tool dissemination</b>		
1.1	Whilst the ACF Admin Logs CBI guidelines have not yet been widely used, they are clear and comprehensive. The ACF Philippines mission would benefit from sensitization on these guidelines. It is recommended that in early 2014 a workshop bringing together staff from all relevant departments <sup>23</sup> and both HQ and Base offices is held to introduce the guidance, the tools and procedures which are to be standard practice going forward and to raise awareness on the segregation of roles and responsibilities.	1
1.2	There was consensus that investment in training in CBI for staff who have not benefited from this would be useful. ACF should consult with CALP to establish whether any Level 2 training is scheduled for Philippines/Asia in 2014. If not then it is recommended that ACF consider investing in something similar themselves. This could be put out to other agencies for interest. This should include technical staff outside of FSL and include the technical coordinator of the Mission Emergency Response Team, to provide the link to design and implementation of the EPRP.	2
1.3	Due to Typhoon Haiyan it was not possible to hold a workshop to introduce the findings and tools from the new CALP e-transfer guidance manual. Given that several of these payment methods are new to ACF Philippines and in the interest of standardizing tools and approaches, a training focusing on these tools would be useful. ACF should consult with CALP Asia as this was being discussed as an option.	1
1.4	One final thing that could be worth considering would be training in the requirements for market assessment; it seemed that this was an area which the ACF technical team lacks confidence in. This is common in a number of agencies and again might be something what other agencies would be willing to jointly invest in.	3
<b>2. Support coordination of staffing on cash-based emergencies</b>		
2.1	ACF should consider establishing focal points for cash-based emergencies. This was a recommendation that came out of the recent CALP-led workshop on cash and disaster preparedness for Asia Pacific region. There should be one focal point per department assigned for Technical, Logs and Admin. These people should participate in any training developed under action point 1 above and should lead on the development of the wider action points below.	1

<sup>23</sup> Admin; Logs; Technical; Management

<b>3. Integrate CBI fully into the Emergency Preparedness and Response Plan</b>		
3.1	<p>This must look beyond delivery mechanisms and e-payments to preparedness for all other necessary stages of CBI. Since the EPRP has not been fully developed<sup>24</sup> or updated since 2011, this process will also require that ACF take stock of and update the EPRP as a whole. It is recommended that ACF carry out the following:</p> <ul style="list-style-type: none"> <li>○ The contextual analysis should be updated to take into account the changing landscape of e-payments infrastructure, products and regulatory environment.</li> <li>○ CBI fully developed as responses for each sectoral area; and incorporating unconditional cash, cash for work and voucher modalities.</li> <li>○ CBIs should be considered for all hazards which were identified as critical to address in the EPRP according to the hazard mapping and risk analysis (EPRP page 30 and 32).</li> <li>○ Develop a contingency plan for the ‘most likely’ case but also factoring in actions in the event of a ‘worse case’ scenario. Typhoon Haiyan can provide a baseline for ‘worse case’ in this context and contingency plans developed based on experience of what worked - or didn’t work - and lead times for service recovery in the month following the super Typhoon.</li> <li>○ Preparedness relating to payment methods: A number of the time consuming steps in the process of setting up and using payment methods, including e-transfer mechanisms can be undertaken as part of preparedness and should be included in the EPRP. The table below is taken from the e-transfer guidance manual and shows the typical length of time that each stage of setting up an e-transfer programme takes. Of these, steps 1-4, 6, 9 and potentially 5 and 8 could all be realistically completed by ACF as part of preparedness. In light of the continued relevance of over the counter service providers, this needs to go beyond e-transfers to cover preparedness with service providers more broadly.</li> <li>○ Capacity assessment of key staff in relation to CBI and e-payments (technical and operational); which can be used to inform any training and development plans. All relevant staff should be provided training in any e-transfer mechanism included in a framework contract.</li> </ul>	3
3.2	<p>Going forward, adequate time and resources must be set aside on an annual basis to revisit assessments and revise the EPRP (not just the cash-specific elements) according to changes in the context. Going forward the EPRP therefore becomes the institutional process for carrying out the necessary assessments of service providers and revisiting of framework agreements. The time presently being allocated to this (1-2 days) is not sufficient. If ACF are serious about preparedness then tasks should be part of focal point’s job descriptions and the proportionate amount of time allocated to annual work plans. Based on feedback from the team, it is recommended that time is allocated accordingly to tasks and revisions required for the different chapters and that this is scheduled over a period of a couple of weeks or months. A good time for such activity would seem to be between February and May as this is the period with relatively little risk of natural hazards.</p>	2
3.3	<p>Something which should be factored into the EPRP annual plan (again generally, not only specific to cash or to e-payments) is a period for reflection post emergency, to consider what worked well about the EPRP process, identify challenges and lessons learned and thus improve the preparedness process.</p>	3
<b>4. Identify a minimum of three service providers to partner with</b>		
4.1	<p>ACF Philippines should take the service provider assessments that were completed during the consulting assignment as the starting point from which to shortlist a number of service providers for further discussion, with a view to selecting those to establish framework contracts with. It is recommended that a minimum of three providers are identified for partnership, one of which should be an over-the-counter service provider.</p> <p>To the information collated to date it will be important to add any engagement of the provider to support delivery of aid as cash transfers in the Haiyan response; and</p>	1

<sup>24</sup> The preparedness plans are either incomplete or missing, and should be redrafted (not just for cash based but rather for all responses).

	<p>details of the service recovery following Haiyan. Service providers should also be requested to share details of their service coverage by region.</p> <p>The ACF Logs Admin guide (page 22) provides guidance on a number of criteria that may be used to guide selection of service providers. It highlights four priority criteria, of which one is still cost efficiency based on the transfer cost<sup>25</sup>. A tool for assessing service providers which is taken from/adapted from the CALP e-transfer guidelines is shown in Annex F. This process must involve inputs from Technical, Admin and Logs units as per the process shown in ACF's CBI guidelines. If ACF are seeking to move towards use of e-payments, it will be important for the assessment to focus on a wide range of benefits beyond cost efficiency. It is often the case that setup costs of e-payments are higher than more conventional mechanisms however there are a number of benefits generated as a result - not least the lower cost per transfer<sup>26</sup>.</p>	
4.2	<p>Undertake a full risk assessment for the chosen payment methods including how to mitigate against fraud and diversion; against risk of delays; and any security concerns. Page 16 of the Logs Admin Guidelines provides some basic information on risk mitigation which can be taken as a starting point. Annex E provides details of further steps to mitigate risk. This could also include measures to improve accessibility of mechanisms to vulnerable groups.</p>	2
<p><b>5. Establish framework contracts with selected service providers</b></p>		
5.1	<p>Framework contracts should be established for all service providers selected, including those providing e-payments and over the counter delivery. These should be revisited annually. The template developed by ACF in the KitLog is a sound foundation. Contracts for service providers should include the following provisions:</p> <p><b>Framework contracts with all CBI service providers</b></p> <ul style="list-style-type: none"> <li>○ Detail on the scale of programme (number of beneficiaries and expected number of disbursements) that the contracted company is to provide services for. Based on previous programme experience and the size of CBI anticipated on ACF's Haiyan response with CARE International, it is recommended this includes not only a 'most likely' case of at least 3000 HH and a 'worse case' of 7000 HH. It should specify the number of times the service can be drawn down upon in a twelve month period.</li> <li>○ A service level agreement that takes into account of the likely impact of external factors such as natural disasters on service provision - this should link to the companies' business continuation model.</li> <li>○ Specify what constitutes a force majeure when services will be disrupted.</li> <li>○ An indication of the time frame in which delivery of services can be expected in (e.g. the number of cards that can be activated per day, time to procure or deliver equipment, or customers served per day).</li> <li>○ Commitment on costs including transaction fees; cash out charges; and costs of any equipment.</li> <li>○ Specify whether the agreement is nationwide or specific to a region.</li> </ul> <p><b>Framework contracts with e-payment service providers</b></p> <ul style="list-style-type: none"> <li>○ A facility for pre-testing the system prior to actual disbursement of cash to beneficiaries.</li> <li>○ Training/sensitization required from the service provider for ACF staff.</li> <li>○ Cost of any service support, product customization and any subscription charges to servers.</li> <li>○ Pre-positioning of hardware such as cards, phones and POS. If services can be drawn down upon multiple times in a year, there should be provision in</li> </ul>	1

<sup>25</sup>The four criteria are safety and security of staff and beneficiaries; coverage and ease of access for beneficiaries; comparative cost efficiencies based on transfer costs; general criteria outlined in KITLOG V3.1 are still applicable

<sup>26</sup> O'Brien, Hove and Smith (2013)

	<p>the contract for re-stocking of contingency stocks and the timeframe required for this.</p> <ul style="list-style-type: none"> <li>○ The warranty period and any expiration dates on equipment such as phone and cards.</li> <li>○ What costs - if any - must be paid in advance by ACF to support this pre-positioning (especially for equipment that may have an expiration date).</li> <li>○ Any commitments of the provider to expand the service or building the ecosystem to where required in an emergency, and indication of the time this will take from when the service is activated. This may include provision of temporary cash-out services; accrediting and training new merchants; and providing mobile POS terminals.</li> </ul> <p>This is an emerging area generating interest in other agencies including WFP and is considered as part of more coordinated approaches to service providers and to preparedness, below.</p>	
5.2	<p>If ACF still consider paper vouchers to be a valid tool for CBIs then similar framework agreements will be required with voucher printing companies. ACF Philippines should consider the relative merits of a global, regional or country specific approach to voucher production. As a minimum, if ACF opt for design and printing in country then the provider should be at national level away from markets in affected areas.</p>	2

**Table 5: E-Transfer planning process**

<b>E-Transfer planning process</b>	<b>Estimated time</b>
1. Assess the commercial landscape of services and providers	2 weeks
2. Understand the regulatory context surrounding the e-transfer options under consideration	
3. Negotiate and sign a service contract with the chosen service provider (including tendering process and contract vetting by aid agency legal teams at HQ)	3 - 6 weeks
4. Ensure compliance of the e-transfer service with internal and donor requirement	1 day
5. Open an account at the partner bank of the service provider – optional	3 working days
6. Order e-transfer devices (cards/SIMs/mobile vouchers, e-voucher batches, etc.)	1 week or more
7. Register beneficiaries with associated e-transfer devices and train them on how to use the e-transfer device <i>In the case of a voucher programme, register and train merchants</i>	Depends on the size of the beneficiary (and merchant) population
8. Set up a disbursement account from which e-transfers to beneficiaries will be made – optional	1 week
9. Receive training on using the online interface to access the disbursement account	2 days
10. Populate beneficiary data and make a transfer	1 day
<b>Total</b>	<b>&gt; 2.5 months</b>

### 3.2.2 External actions

External Action Points		Priority
<b>6. Joint preparedness in Philippines: consortium-wide approaches</b>		
6.1	It is important that ACF consider preparedness more broadly to include the needs and constraints facing agencies that ACF is partnering with as part of consortia. Other agencies included in the research were open to the idea of joint preparedness planning. ACF already have an agreement with organizations including CARE International, Save the Children, Plan and LWR and this will be a useful place to start from. ACF should be proactive in raising this topic with collaborating agencies and hosting a meeting to confirm interest in this approach, with a view to agree on priority actions that should be addressed as part of a joint preparedness plan. Whilst such joint actions can go beyond e-transfers to look at cash preparedness and harmonization of approaches more generally, from the perspective of cash delivery it is recommended that the activities outlined below be prioritized.	1
6.2	Sharing of service provider assessments and collective discussion on the merits of each, with a view to agreeing on a number of potential partners ahead of an emergency.	1
6.3	Development of a standard agreed tool for service provider assessments.	1
6.4	Training and sensitization for consortium members on e-transfer mechanisms available and their operations.	1
6.5	Collective approaches to service providers for consortium-wide quotes which benefit from economies of scale; with a view to establishing consortium-wide pre-agreements. This should include discussion as to whether it is more effective to have a single agency as the corporate client of the service provider or agreements with each agency.	2
<b>7. Sector-wide preparedness in Philippines: building on momentum from Typhoon Haiyan</b>		
7.1	Difficult as it is to see positives in a national catastrophe of this scale, the coincidence of Typhoon Haiyan with ACF's piece of work on mapping of service providers and regulations for preparedness has potential to support the preparedness agenda. Firstly it highlighted to all concerned how little prepared agencies are and how important it is. It was felt by some that the cash working group to date in Philippines has not been particularly active and that what was needed was a jointly felt value in coordination. Hopefully the sharing of information seen thus far through the working group can generate interest to continue this post-emergency. Secondly it has set precedents in terms of engagement of the aid sector with the government and the private sector that should be built upon. It would be great if the momentum for a coordinated approach to cash delivery through the CALP/CWG could continue post emergency to take actions to prepare for future disasters. It is recommended that ACF advocate to CALP/OCHA that the OCHA-appointed cash coordinator stay on longer to facilitate this. Actions to cover with stakeholders are listed below.	1
7.2	With the BSP, setting standard relaxations to KYC and wider banking regulations that can be put in place automatically and across all service providers when national or sub-national disasters are declared.	2
7.3	With the service providers that shared particular information on service recovery post-Haiyan, discussion on establishing provision of such information as standard to the sector, and standard points of contact within the organization for information sharing.	2
7.4	With the government, ways of linking future emergency responses to the payment system delivering the conditional cash transfer and other government payments.	2
7.5	With the government, discussion on ways in which sensitization activities for cash transfers and for e-payments can be integrated into municipal DRR plans, in order to raise awareness amongst local government units and rural communities of what to expect and what will be expected of them in future responses. Likewise, discussion on the utility of a national survey of phone/card literacy or usage.	2
7.6	With donors, discussion on ways and means to finance preparedness and	2

contingency planning such as the pre-positioning of equipment.	
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### 3.3 ACF HQ action points to move forward with e-payments

#### 3.3.1 Conducting future country-specific studies

Several of the points of advice given in this report are highly context specific. For example, the nature of the regularly environment in Philippines; the development of the card-based e-payment infrastructure in comparison to Africa; conversely the lack of development of certain elements of the business service for mobile money; and the level of competition in the service provider market place compared to some which remain a monopoly. This study in Philippines focused on rapid onset emergencies as opposed to the slow onset cyclical emergencies that are prevalent in other ACF mission countries - where country teams arguably have longer to prepare; payments often run for multiple disbursements (i.e. through a lean season) and where service resilience may be less of an issue. It will be important for ACF to repeat this exercise at least one more time in order to triangulate information across contexts. It is also necessary to do this in order to fully implement the TOR as originally intended (i.e. a workshop to introduce and discuss the CALP e-transfer guidance and tools) from which ACF will be able to take stock of country level feedback on these and plan appropriately the support required.

In general the TOR provided a sound outline for how to structure this work. One thing to include as an output could be an action plan for moving forward with cash preparedness in the country programme that is developed by the team during the visit. Given the findings here and recent trends in CBI identified in the Fit for Future research undertaken by CALP, in future assignments it would be useful for ACF to factor in consideration of inter-agency preparedness and linkages to government safety nets more explicitly in the TOR.

#### 3.3.2 Supporting preparedness for e-transfers in other Missions

A number of the recommended action points set out in section 3.2 for Philippines can be considered more broadly across ACF as a whole and therefore ACF HQ will have an instrumental role in taking these things forward.

It would be prudent, based on what has been seen in Philippines, for ACF HQ not to assume that country missions are aware of and are following the CBI guidelines, and to promote their active dissemination, sensitization and usage with country teams. ACF may consider updating the framework contract template and risk assessment guidance provided in Annex 15 of KitLog to incorporate some of the essential information outlined in section 3.2 above.

- 3.3.2.1 CaLP's "E-transfers Implementation Support Guidelines" were developed through a collaboration of the leading organisations and stakeholders working in the area of e-payments for humanitarian programmes. They are a comprehensive resource providing clarity to what can be a difficult area of programming. This document provides guidance to be considered at every stage of the programme management cycle and has several annexes of useful tools which have been developed and in most cases field tested by other organizations. Rather than focus on developing new tools it is recommended that ACF seek to promote and adapt these tools so as to move towards standard approaches to CBIs using e-payments. It is recommended that ACF- either directly or through their seat on the CALP -

commission a programme of training in order to build capacity of staff across the organization.

3.3.2.2 It is recommended that ACF take note in particular of the descriptions and the benefits and limitations of each of the e-payment mechanisms (since several seem to be new to ACF); the minimum requirements of an e-transfer service provider to be considered viable; and the guidance provided on the minimum content for contracts with e-payment service providers which is a useful checklist.

3.3.2.3 Included as Annexes to this report are also three tools which were developed based on the CALP e-guidance manual and which may be of use to ACF: Annex E on risk mitigation measures for e-payment programme; Annex F delivery partner assessment survey; and Annex G a PDM tool for e-payment programmes developed by Concern Worldwide for use on the CALP research into cost effectiveness of e-payments.

3.3.2.4 Similarly CALP's new resource, the guidelines for the secure use of personal data on e-transfer programmes, is something which should be discussed and promoted across Missions. This is based on eight principles which complete with operational standards to follow in order to implement these principles, along with several templates and tools. If this is something that ACF wants to commit to organizationally, then there are numerous elements of the implementation process which can be factored into emergency preparedness and form part of the EPRP.

3.3.2.5 Whilst there is a need to support development of e-transfer capacity, it does not imply that a full shift away from alternative mechanisms to e-transfer mechanisms is either feasible or desirable. Rather in each new context a service provider assessment should always consider e- and non e-transfer options and decision made base on the best options according to intervention objectives.

The following is included as a draft checklist of minimum activities for ACF country missions to move forward with preparing for and implementing e-transfers. It should be noted that to date this is based only on information collected from a single country mission and this should be triangulated with information in the further planned country study in 2014 and amended before being shared.

<b>MINIMUM CRITERIA FOR MISSION PREPAREDNESS FOR E-TRANSFERS</b>
CBIs must be factored into response strategies of preparedness plans, which should be updated annually.
All relevant people in the country office (Programmes; Admin; as well as Logs) must be sensitized in the ACF CBI LogsAdmin Guidelines.
All relevant people in the country office (Programmes; Admin; as well as Logs) must be sensitized in the CALP e-transfer guidance and familiar and comfortable with the tools.
Mapping of service providers must be undertaken annually as part of preparedness planning, in accordance with the minimum requirements outlined in the CALP e-transfer guidelines and other contextual requirements (ideally with potential for national coverage; or specific regional coverage in strategic locations).

A minimum of 1 e-payment service provider should be identified, and pre-agreements negotiated, in line with the minimum content identified above.

A contingency delivery mechanism which does not rely on e-payments should be identified as a contingency and necessary contracts arranged.

The relevant people must be provided with the necessary training and support to be able to implement the e-payment mechanism successfully. This will include any training provided from the service provider in the technology or the financial system.

### **3.3.3 Institutionalizing the recommendations**

Whilst undertaking such an assignment through a short term external consultant is useful for providing impartial advice, it will also be necessary for ACF to consider how to move forward with institutionalization of the recommendations and action points developed as part of this process. ACF could consider the following:

- Establishing the participatory action planning process as part of the study should go some way to building country buy in to this process. ACF HQ should promote the engagement of senior decision makers at country level in the workshop when the TOR is developed with the country mission.
- Wherever possible build activities into existing institutional plans and processes- hence the link with the EPRP in Philippines.
- Follow an incremental process: start with a small number of countries - perhaps beginning with where there is a certain appetite and/or experience with e-transfers (those countries selected as case studies could be a good starting point); and seek to generate evidence and lessons to share with others.

### **3.3.4 Consideration of a global delivery solution**

- Services for transferring value such as those provided by third party platform sQuid and Transversal are opening up the possibility of a global disaster response solution for agencies to provide e-transfers quickly into areas with limited coverage of or damage to the standard e-payment ecosystem. Both providers have sent through very general examples of service costs (should not be taken as a quote, these are for illustration only and can be negotiated). It is recommended that ACF consider the costs and benefits of such a service for possible global deployment. To move forward with this it is recommended that ACF:
  - Take stock of the options for possible global delivery solutions (sQuid and Transversal are two possible options, there may be others).
  - Reach out through CALP to solicit the experiences and lessons of others in this area. This should include reaching out to counterparts in Save the Children UK and Mercy Corps who have both recently had similar discussions with sQuid and Transversal about similar services.
  - Pilot the service in a country mission to see whether it is fit for purpose.
  - Seek engagement with donors on the subject - it may be that there is appetite to fund the institutionalization of such a mechanism within an organization; or within a high risk disaster country.

### 3.3.5 Improving coordination in future emergencies

- It is the standard approach following a disaster for aid agencies to deploy a range of technical expertise to support response. The role that it is becoming increasingly clear is important - but perhaps still lacking - is that of interagency coordination. It became clear very early in the Philippines response that the CWG to be effective required a dedicated coordinator. Through their position in CALP, ACF should seek feedback from stakeholders in the CWG Philippines on whether a similar role as played by the consultant in the early stages of the response - coordinating collation and circulation of information from the private sector service providers - was useful in the Haiyan response and if it would be a useful position in future emergencies.
- One of the good things to come out of the Philippines response was the flexibility of the central bank to relax the regulations governing e-payments. It would be good for ACF, through CALP, to use this as a case study to advocate to other regulators in disaster prone countries.

### 3.3.6 Discussion with donors and UN regarding preparedness

DFID's Humanitarian Preparedness and Response team sits within the Conflict, Humanitarian and Security Team and one area of focus going forward is on improving preparedness for cash-based responses in emergencies. As mentioned in the donor mapping exercise in section 2,3, in 2014 they are embarking on a £20m project with WFP and UNICEF in 7 countries (including Philippines) to determine the extent to which coordination of preparedness can leverage a cash-based response capability within 72 hours of an emergency.

This will be looking at the feasibility and the implications of the UN cluster leads developing preparedness agreements with private sector service providers for use with NGO partners. The project is likely to focus on such things as discussed above, based on a multi-hazard risk approach; determining the acceptable level of risk to be preparing for; understanding the capacity for service delivery according to various scenarios of scale of need; including budget and timeframe for re-stocking; negotiations on price; and stockpiling of equipment.

DFID have gone down the route of the UN as head of cluster coordination and therefore with a guaranteed presence in all countries in the event of an emergency. This opens up interesting areas for discussion. On the one hand it may be possible to benefit from economies of scale; on the other it opens interesting questions about the role of INGOs and whether it will restrict the ability of implementing partners to work with their choice of service provider or foster innovation. Certainly the outcomes from such studies are likely to influence the direction that cash preparedness work will take. DFID was interested to consider a role for CALP in this project, and would facilitate discussions with WFP and UNICEF if this is something that is of interest. It is recommended that ACF's representative on the CALP Steering committee discusses this with other CALP members with a view to requesting technical input to the project at a global or country level.

### 3.3.7 Approaches to donors

In line with the findings of the donor mapping exercise it is recommended that ACF consider the following:

**Approaches to new donors of CBI:** the research highlighted a number of the smaller DAC donors as well as non DAC and non-institutional funders which have provided some significant funding to CBI. It could be useful to develop relationships with these donors

and would provide opportunity to guide the development of their internal thinking and procedures in this area.

**Donors and e-payments:** the research identified several donors actively promoting e-payments which could open up opportunities for funding for ACF going forward. A word of caution would be for ACF to bear in mind the underlying rationale for this interest in e-payments (whether for private gain or a desire to increase control or meet sector-specific outcomes).

**Advocacy to donors:** in order to address the persistent perception that cash is more risky than in-kind aid, and the emerging trend of demands for increased controls and focus on vouchers over UCT, the Fit for Future report recommended that there is a need for donors advisory units to be communicating existing evidence to finance officers and other relevant staff members. This could be of processes to mitigate risk, or evidence that cash is not misused. ACF (perhaps through CALP) could have a role to play in raising this requirement with their institutional donors.

**Discussions with donors concerning risk:** an honest dialogue between donors and aid agencies about their levels of risk tolerance and to develop strategies for dealing with the media and with tax payers' perceptions (including a strategy to deal with any future scandal about diversion of aid given as CBI). Again this is something that could be useful through ACF's role in CALP.

## 4 Annex A: TOR for the Assignment



### TERMS OF REFERENCE

Electronic Cash Transfers Scoping Study  
and Preparedness plan for ACF

September 2013

## 1. CONTRACTUAL DETAILS OF THE CONSULTANCY

### 1.1. Key Evaluation Dates

Expected Start Date:	8 November 2013
End Date:	30 November 2013 (including home-based work)
Submission of Draft Report	6 December 2013
Submission of Final Report	13 December 2013

### 1.2. Language of the Evaluation

Language Requirements for the Evaluation:	English
Language of the Report:	English

### 1.3. Workplan

Activity	Location	Activities	Working Days	Day (assuming activities can continue at weekends)
1	Home base	Briefing HQ Cash WG (teleconference), review of documents and preparation	2	Thu 7th Nov- Fri 8th
	Transit	Travel to mission (Philippines)	2	Sun 10th - Mon 11th
2	Manila	Briefing mission in country, final preparation of fieldwork including methodology	1	Tue 12th
3	Manila	Fieldwork and interviews with key informants week 1	4	Wed 13th - Sat 16th
	Manila	Consolidation	1	Sun 17th
4	Manila	Fieldwork and interviews with key informants week 2	5	Mon 18th - Fri 22nd
5	Manila	Mapping, analysis and draft content outline for field report	2	Sat 23rd - Sun 24th
6	Manila	Debriefing and presentation of content/ideas with mission staff for feedback	1	Mon 25th
	Transit	Travel back from mission	1	Tue 26th
8	Home base	Teleconference with HQ Cash WG for feedback	1	Thu 27th
9	Home base	Final teleconference with HQ Cash WG	1	December (TBD)
10	Home base	Donor mapping	1.5	Mid December
11	Home base	Preparation of final report	4	Mid December
		TOTAL DAYS	<b>26.5</b>	

## 2. DETAILS OF THE CONSULTANCY

1.1. The consultant will support the preparation/preparedness for Cash-based interventions with a specific focus on facilitating a shift from paper-based to electronic cash transfers in an ACF pilot country, the Philippines.

The methodology will be primarily based on a pre-final version of CaLP's "E-transfers Implementation Support Guidelines", supported by "ACF Cash Based Interventions Guidelines" and "ACF Log Admin Guidelines for Cash-based interventions".

The consultant will focus on the following during fieldwork:

- Mapping or "stock taking":
  - Which service providers are present and available?

- What are the different technologies they offer for electronic transfers?
- What is the capacity/coverage/costs of the above?
- What is the experience in country with ACF or other humanitarian partners, what are the challenges and opportunities of working with the various providers?
- What are the existing national policies on electronic payment?
- Mission preparedness for cash-based interventions:
  - Consideration of framework or pre-agreements based on ACF procedures (KitLog V3.2)
  - Development of the system/protocol according to different scenarios, the country mission strategy, and existing ACF procedures and regulations
  - Preparation of basic tools and standard documents
  - Preparation of data management - ACF and service provider
- Capacity building of the team:
  - What is the extent of existing knowledge, experience and capacity for e-transfers in the ACF country team and partners (program, support, management)?
  - What are the gaps and how can the team address them?

2.2 As a home-based project following the scoping study, the consultant will produce a summary mapping of major humanitarian and development donors (institutional and private), their policies, strategies and/or regulations regarding cash transfers, and brief analysis of constraints and opportunities for ACF to engage with these donors at scale based on existing knowledge of ACF and the scoping study. The end-user of this short guide, as for the emergency preparedness tools, will be ACF country program managers.

### 3. AIM OF THE CONSULTANCY

#### 3.1. Target User(s) of the Outputs

<b>ACF HQ</b>	Technical Advisors, Logistics, Admin/Finance, Desk Officers
<b>ACF Field Level</b>	Country Director, Senior Management (Technical and Support), Middle Management (Program Managers and Officers, Support Staff)
<b>Cash Learning Partnership</b>	CaLP Community via online D-group, website, and regional working groups
<b>Other</b>	Private sector partners, institutional donors/innovation funds, global UN clusters, other humanitarian actors looking to transition to e-transfers

#### 3.2. Overall Objective of the Consultancy

In order to increase the efficiency and scale of our cash-based interventions (CBI), the objective of the study is to support the preparation/preparedness for CBI with a specific focus on facilitating a shift from paper-based to electronic cash transfers in the Philippines.

#### 3.3. Consultancy Outputs

The consultancy should result in the following outputs:

1. Mapping or “stock taking” of service providers/stakeholders and policies in each of the country missions visited (15%);
2. Presentations and discussion within each mission on ideas and preparedness plan, identifying gaps and how the team could address them (5%);
3. Resulting mission-specific action points, recommendations, and tools (including any potentially new specific language for inclusion in framework agreements) for e-transfer preparedness (30%);
4. Production of a report building on Output 3, including but not limited to: specific feedback and points of improvement for using CaLP’s “E-transfers Implementation Support Guidelines” to support ACF mission in their adoption of e-transfers, checklist tool / minimum requirements for ACF country missions to prepare and roll out electronic transfers

based on the Philippines pilot, recommendations and a summary of available internal, external and/or newly created tools to this end, included as annexes (35%);

5. Desk-based donor mapping: a short summary of relevant institutional and private donor guidelines/policies on cash for country teams, bullet point advice for ACF Headquarters with regards to ways forward with those donors, and a visually concise mapping of donors and their policies for easy reference (15%).

### **3.4. Methodology**

#### *3.4.1. Briefing*

The ACF Cash Working Group, consisting of three technical advisors from USA, Spain and France headquarters will together brief the consultant (via teleconference, and possibly at one of the headquarters depending on the consultant's home country) on the terms of reference, ACF background to the e-transfer study and preparedness, and the country missions to be visited.

The consultant will also brief with country team focal points on each of her/his visits prior to beginning fieldwork.

#### *3.4.2 Scoping Study Methodology*

To be determined by the Service Provider in consultation with ACF prior to her departure for the field.

At a minimum, the consultant is expected to gather both primary and secondary information in each country mission:

- Secondary information analysis of other NGO e-transfer mapping or reports on access to finance, transfers, or telecoms as relevant to the countries in the scoping study that may be found in country or provided by technical advisors.
- Primary data collection with key internal and external informants e.g. ACF staff; private sector service providers from the financial, telecoms or other sectors; government or other humanitarian representatives; Cash Working Group country focal points.

#### *3.4.3. Debriefing & Learning Sessions in Country*

The Service Provider should facilitate a learning workshop:

- To present the mapping and recommendations to each ACF country mission coordination team making sure to include Management, Program, Logistics and Admin/Finance to ensure buy-in.
- To gather feedback on the findings and build consensus on recommendations.
- To develop action-oriented workshop statements on proposed ways forward, highlighting internal and external enabling factors, to be incorporated into the report on e-transfer preparedness.

#### *3.4.4. Debriefing with ACF HQ Cash WG*

The evaluator should provide a debriefing via Skype with ACF Cash Working Group on her/his draft report, and on the main findings, conclusions and recommendations of the evaluation. Relevant comments should be incorporated in the final report.

## **4. RESOURCES AND DOCUMENTATION**

The following documentation will be made available:

- Overview of country programs
- ACF Cash Working Group previous initiatives around electronic transfers
- ACF FSL Technical and Reference Libraries, ACF Cash SOPs (in KitLog)
- Any other relevant document

## 5 Annex B: Primary Data Sources

Participants (ACF Philippines)				
Office	Department	Position	Name	
Country office	Technical	FSL Coordinator	Demosthenes Militante	
	Technical	Technical Coordinator	Mark Cervantes	
	Admin	Administrative Coordinator	Maritess Mañalac	
	Logs	Logistics Coordinator	Junie Laguidao	
Base office	Technical	Deputy Consortium Coordinator	Nashrudin Modin	
		Head of Base, Program Coordinator	Famaraz Hashtarkhani	
		Hygiene Promotion Officer	Maffy Sibul	
Participants (External)				
Organization	Name	Email	Experience in which delivery mechanism	
1	WFP	Dipayan Bhattacharyya	<a href="mailto:Dipayan.Bhattacharyya@wfp.org">Dipayan.Bhattacharyya@wfp.org</a>	Remittance; mobile money
2	CALP	Carla Lacerda	<a href="mailto:asia@cashlearning.org">asia@cashlearning.org</a>	Mobile money
3	IFRC	Nigel Ede	<a href="mailto:Nigel.ede@ifrc.org">Nigel.ede@ifrc.org</a>	Remittance
4	Red Cross	Michael Belaro	<a href="mailto:Michael.belaro@redcross.org.ph">Michael.belaro@redcross.org.ph</a>	Remittance
5	Mercy Corps	Sara Murray	<a href="mailto:s.murray@field.mercycorps.org">s.murray@field.mercycorps.org</a>	E-voucher
6	Lutheran World Relief	Roderick Valones	<a href="mailto:rvaloneslwr@gmail.com">rvaloneslwr@gmail.com</a>	Remittance; card
7	ADRA	Jelome Manalu	<a href="mailto:Jelome@adra.ph">Jelome@adra.ph</a>	Card
8	US AID	Mamerto Tangonan	<a href="mailto:Mamerto_tangonan@dai.com">Mamerto_tangonan@dai.com</a>	Mobile money
9	Mobile First (ex-Mercy Corps)	Mike Catalano	<a href="mailto:mc@pmt-americas.com">mc@pmt-americas.com</a>	NA

Type	Organization	Person	Position	email	phone
Remittance	LBC	Eduardo Ibazeta	section head - account management, global remittance	<a href="mailto:ecibazeta@lbcexpress.com">ecibazeta@lbcexpress.com</a>	6328568552
	MLHuillier	Cecille Lumpas	Division manager	<a href="mailto:cecile.fsd@mlhuillier.com">cecile.fsd@mlhuillier.com</a>	
	G cash remit	Ryan Clint Erestain	Key Accounts Manager, G-Xchange Inc	<a href="mailto:rgerestain@globetel.com.ph">rgerestain@globetel.com.ph</a>	6325851995
		Carl Justin Wy	Brand Manager, Consumer Business Group	<a href="mailto:cswy@globetel.com.ph">cswy@globetel.com.ph</a>	6327393007
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	Smart remit	Lito Villanueva	Head, innovation ecosystem build and alliances	<a href="mailto:lmvillanueva@smart.com.ph">lmvillanueva@smart.com.ph</a>	
Pre-paid card	PVB	Liza Alincastré	Executive Vice President and COO, PVB Card Corporation	<a href="mailto:lealincastre@pvbcard.com">lealincastre@pvbcard.com</a>	6328841793
		Jobee Oca	Assistant VP, and Sales Head, Retail and Corporate Sector	<a href="mailto:jbfoajr@pvbcard.com">jbfoajr@pvbcard.com</a>	6328841793
	Citi	Sari Mortel	Head, TTS Product Management, Transaction Services	<a href="mailto:Sari.mortel@citi.com">Sari.mortel@citi.com</a>	632 894 7557
		Cookie Naval	Merchant Acquisition team	<a href="mailto:cookie.naval@citi.com">cookie.naval@citi.com</a>	
		Anne Dee	Relationship Manager	<a href="mailto:anne.dee@citi.com">anne.dee@citi.com</a>	
		Dino Siason	Head of Public Sector	<a href="mailto:dino.siason@citi.com">dino.siason@citi.com</a>	
	BPI	Aileen S. Lamasuta	Vice President, Debit & Prepaid Cards Division	<a href="mailto:aslamasuta@bpi.com.ph">aslamasuta@bpi.com.ph</a>	6328169918
		Ginbee Go	Senior VP	<a href="mailto:mclgo@bpi.com.ph">mclgo@bpi.com.ph</a>	
		Lovely Deleon	Alternative contact to Aileen in the event she is away	<a href="mailto:ljmdeleon@bpi.com.ph">ljmdeleon@bpi.com.ph</a>	
	BDO	Maureen Abelerado	President, BDO Foundation	<a href="mailto:Abelardo.Maureen@bdo.com.ph">Abelardo.Maureen@bdo.com.ph</a>	6328407000
		Vincent Marasigan	CMS Account Manager, Cash Management Services	<a href="mailto:marasigan.vincent@bdo.com.ph">marasigan.vincent@bdo.com.ph</a>	6328407000
		Edgardo Marcelo	VP Cash Management Services	<a href="mailto:marcelo.edgardo@bdo.com.ph">marcelo.edgardo@bdo.com.ph</a>	
		Demellee Chua	Remittance services	<a href="mailto:chua.demellee@bdo.com.ph">chua.demellee@bdo.com.ph</a>	-
	Landbank	Mylene Macapagal	Dept. Manager/Relationshi	<a href="mailto:mye722@yahoo.com">mye722@yahoo.com</a>	6328442950

			p Officer		
		Marilyn Tiongson	First Vice President	<a href="mailto:mtiongson@mail.landbank.com">mtiongson@mail.landbank.com</a>	6324057125
		Do Galsim	Project Manager 4P programme	<a href="mailto:dgalsim@mail.landbank.com">dgalsim@mail.landbank.com</a>	
		Gilda Pico	President and CEO	<a href="mailto:gpico@mail.lankbank.com">gpico@mail.lankbank.com</a>	
		Jocelyn Cabreza	EVP, Branch Banking Sector	<a href="mailto:jcabreza@mail.landbank.com">jcabreza@mail.landbank.com</a>	
Mobile money	globe Gcash	Ryan Clint Erestain	Key Accounts Manager, G-Xchange Inc	<a href="mailto:rgerestain@globetel.com.ph">rgerestain@globetel.com.ph</a>	6325851995
		Carl Justin Wy	Brand Manager, Consumer Business Group	<a href="mailto:cswy@globetel.com.ph">cswy@globetel.com.ph</a>	6327393007
		April Velasquez	Handles e-money partnership with Pure Gold retail	-	9175881887
		Paolo J. Baltao	CEO	<a href="mailto:pjaltao@globe.com.ph">pjaltao@globe.com.ph</a>	
	smart mobile wallet	Lito Villanueva	Head, innovation ecosystem build and alliances	<a href="mailto:lmvillanueva@smart.com.ph">lmvillanueva@smart.com.ph</a>	
Mobile network recovery	GSMA	Kyla Reid	Heads up disaster response	<a href="mailto:kreid@gsma.com">kreid@gsma.com</a>	
	Telecoms Sans Frontieres	Sebastian Latouille	TSF Delegate for Asia Pacific	<a href="mailto:asia@tsfi.org">asia@tsfi.org</a>	
	Globe	Bong Esguerra	CSR Department	-	9175882463
Payment processing	Visa	Pia Arellano	Business Development Director	<a href="mailto:parellan@visa.com">parellan@visa.com</a>	6329443322
	Megalink	Hilario M. 'Larry' Esguerra	Quality Assurance Manager	<a href="mailto:Larry.Esguerra@megalink.ph">Larry.Esguerra@megalink.ph</a>	6325567273
		Benjamin P. Castillo	CEO	<a href="mailto:Benjamin.Castillo@megalink.ph">Benjamin.Castillo@megalink.ph</a>	
		Bernadette A. Ramos	Senior Executive	<a href="mailto:Detta.Ramos@megalink.ph">Detta.Ramos@megalink.ph</a>	
	Banknet	Rey T Marukot	Sales and Marketing Director	<a href="mailto:rey.marukot@bancnetonline.com">rey.marukot@bancnetonline.com</a>	63 28568120
Government	BSP	Pia Bernadette Roman Tayag	Head Inclusive Finance Advocacy Staff	<a href="mailto:proman@bsp.gov.ph">proman@bsp.gov.ph</a>	6327087701
		Raymond Estioko	Deputy Director and Head Core information Technology Specialist Group	<a href="mailto:Restioko@bsp.gov.ph">Restioko@bsp.gov.ph</a>	6327087795
	DSWD	Rodora Babaran	National Program Manager, 4P	<a href="mailto:rtbabaran@dswd.gov.ph">rtbabaran@dswd.gov.ph</a>	63 9178128710

			programme		
third party platforms	sQuid Card	Adam Smith	MD	<a href="mailto:asmith@squidcard.com">asmith@squidcard.com</a>	
	Transversal	Max Larson Henry	MD	<a href="mailto:maxlarson.henry@transversal.ht">maxlarson.henry@transversal.ht</a>	
		Jeff Carre	Senior programme manager (assigned to support NGOs)	<a href="mailto:jeffrey.carre@transversal.ht">jeffrey.carre@transversal.ht</a>	
MFIs	Card Bank	Marilyn Manila		<a href="mailto:marilyn.manila@cardbankph.com">marilyn.manila@cardbankph.com</a>	
		Jaime Aristotle B. Alip	MD	<a href="mailto:aris.alip@cardbankph.com">aris.alip@cardbankph.com</a> ; <a href="mailto:aalip@yahoo.com">aalip@yahoo.com</a>	0920 917 8934
		Dolors Torres		<a href="mailto:dolores.torres@cardbankph.com">dolores.torres@cardbankph.com</a>	
	BankO	Teresita Tan	President	<a href="mailto:tbtan@bpi.com.ph">tbtan@bpi.com.ph</a>	
	RIMANSI-Philippines	Junjay Perez		<a href="mailto:jjeperez@yahoo.com">jjeperez@yahoo.com</a>	
	Micro-Finance Council of the Philippines (MCPI)	Allan Robert Sicat		<a href="mailto:allan.sicat@microfinancecouncil.org">allan.sicat@microfinancecouncil.org</a>	

## 6 Annex C: BSP Circulars Governing E-Money and KYC in a Disaster

### 6.1 BSP 608 2008: Valid ID Cards for Financial Transactions



*Bangko Sentral ng Pilipinas*

OFFICE OF THE GOVERNOR

CIRCULAR NO. 608  
Series of 2008

Subject : **Valid Identification Cards (IDs) for Financial Transactions**

Pursuant to Monetary Board Resolution No. 553 dated 8 May 2008, the provisions of Circular No. 564 dated 3 April 2007 on the guidelines governing the acceptance of valid identification cards for all types of financial transactions by banks and non-banks financial institutions under BSP supervision, including financial transactions involving overseas Filipino workers (OFWs), in order to promote access of Filipinos to services offered by formal financial institutions, particularly those residing in the remote areas, as well as to encourage and facilitate remittances of OFWs through the banking system, are hereby amended to read as follows:

- a) Clients who engage in a financial transaction with covered institutions for the first time shall be required to present the original and submit a **CLEAR** copy of at least **ONE (1)** valid photo-bearing identification document issued by an official authority. **FOR THIS PURPOSE, THE TERM "OFFICIAL AUTHORITY" SHALL REFER TO ANY OF THE FOLLOWING: (i) GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES; (ii) ITS POLITICAL SUBDIVISIONS AND INSTRUMENTALITIES; (iii) GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS (GOCCs); AND (iv) PRIVATE ENTITIES OR INSTITUTIONS REGISTERED WITH OR SUPERVISED OR REGULATED EITHER BY THE BANGKO SENTRAL NG PILIPINAS (BSP) OR SECURITIES AND EXCHANGE COMMISSION (SEC) OR INSURANCE COMMISSION (IC).** Valid IDs include the following:
- Passport
  - Driver's License
  - Professional Regulation Commission (PRC) ID
  - National Bureau of Investigation (NBI) Clearance
  - Police Clearance
  - Postal ID
  - Voter's ID

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A. Mabini St., Malate 1004, Manila, Philippines • Trunkline (632) 524-70-11 • URL [www.bsp.gov.ph](http://www.bsp.gov.ph) • e-mail: [bspmail@bsp.gov.ph](mailto:bspmail@bsp.gov.ph)

- Barangay Certification
  - Government Service Insurance System (GSIS) e-Card
  - Social Security System (SSS) Card
  - Senior Citizen Card
  - Overseas Workers Welfare Administration (OWWA) ID
  - OFW ID
  - Seaman's Book
  - Alien Certification of Registration/Immigrant Certificate of Registration
  - Government Office and GOCC ID, e.g. Armed forces of the Philippines (AFP ID), Home Development Mutual Fund (HDMF ID)
  - Certification from the National Council for the Welfare of Disabled Persons (NCWDP)
  - Department of Social Welfare and Development (DSWD) Certification
  - **INTEGRATED BAR OF THE PHILIPPINES ID**
  - **COMPANY IDs ISSUED BY PRIVATE ENTITIES OR INSTITUTIONS REGISTERED WITH OR SUPERVISED OR REGULATED EITHER BY THE BSP, SEC OR IC**
- b) Students who are beneficiaries of **REMITTANCES/FUND TRANSFERS** who are not yet of voting age may be allowed to present **THE ORIGINAL AND SUBMIT A CLEAR COPY OF ONE (1) VALID** photo-bearing school ID duly signed by the principal or head of the school.
- c) Banks and non-bank financial institutions under BSP supervision shall require their clients to submit clear copy of the ONE (1) valid ID on a one-time basis only, or at the commencement of a business relationship. They shall require their clients to submit an updated photo and other relevant information whenever the need for it arises.

**THE FOREGOING SHALL BE IN ADDITION TO THE CUSTOMER IDENTIFICATION REQUIREMENTS UNDER RULE 9.1.C OF THE REVISED IMPLEMENTING RULES AND REGULATIONS (RIRRS) OF R.A. NO. 9160, OTHERWISE KNOWN AS THE "ANTI-MONEY LAUNDERING ACT OF 2001", AS AMENDED.**

For purposes of this Circular, financial transactions may include remittances, among others, as falling under the definition of transaction. Under the Anti-Money Laundering Act of 2001, as amended, a financial transaction is "any act establishing any right or obligation or giving rise to any contractual or

legal relationship between the parties thereto. It also includes any movement of funds by any means with a covered institution."

This Circular shall take effect fifteen (15) days following its publication either in the Official Gazette or in a newspaper of general circulation.

## 6.2 Circular 508 2013: Temporary Relaxation of KYC for Typhoon Haiyan



**BANGKO SENTRAL NG PILIPINAS**

**OFFICE OF THE GOVERNOR**

**MEMORANDUM NO. M-2013- 052**

**To : ALL BSP COVERED INSTITUTIONS**

**Subject : TEMPORARY RELAXATION OF IMPLEMENTATION OF KNOW YOUR CUSTOMER (KYC) REQUIREMENT – NON-PRESENTATION OF IDENTIFICATION DOCUMENT IN PROCESSING TRANSACTIONS OF VICTIMS OF SUPER TYPHOON YOLANDA**

The Monetary Board, in its Resolution No. 1959 dated 21 November 2013, approved to temporarily waive the presentation of official Identification Document (IDs) in processing transactions of victims of Super Typhoon Yolanda.

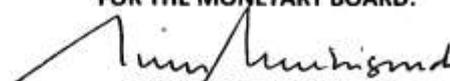
The following conditions and guidelines should be observed in its implementation:

1. The effectivity of relaxed implementation of KYC – mandatory presentation of official ID is until 31 December 2013 only;
2. The relaxed KYC requirement is applicable to all BSP covered institutions;
3. Amount of transactions is limited to P50,000.00 and below (or its equivalent in foreign currency) per day;
4. Customers are either permanent or temporary residents or who conducts business in the severely affected areas listed in the attached Annex;
5. Clients should issue a written certification (without need for notarization) that they are victims of Typhoon Yolanda and have lost their official ID;
6. Customer's account activities should be subject to strict monitoring by financial institution personnel to identify potential abuse of the relaxed requirement and any suspicious transactions shall be reported to the Anti-Money Laundering Council within the prescribed period; and
7. Customer identification documents will be required and updated after the effectivity of the relaxed implementation of KYC requirement.

In this connection, BSP covered institutions are expected to give their utmost cooperation in the implementation of the relaxed KYC requirement.

For information and guidance.

**FOR THE MONETARY BOARD:**



**DIWA E. GUINIGUNDO**  
Officer-in-Charge

22 November 2013

## 6.3 Circular 649 2009: E-Money



*Bangko Sentral ng Pilipinas*

OFFICE OF THE GOVERNOR

Circular No. 649

Series of 2009

The Monetary Board, in its Resolution No. 324 dated 26 February 2009, approved the following guidelines governing the issuance of electronic money (e-money) and the operations of electronic money issuers (EMI) in the Philippines.

**Section 1. Declaration of Policy.** It is the policy of the Bangko Sentral ng Pilipinas (BSP) to foster the development of efficient and convenient retail payment and fund transfer mechanisms in the Philippines. The availability and acceptance of e-money as a retail payment medium will be promoted by providing the necessary safeguards and controls to mitigate the risks associated in an e-money business.

**Section 2. Definition.** E-money shall mean monetary value as represented by a claim on its issuer, that is –

- (a) electronically stored in an instrument or device;
- (b) issued against receipt of funds of an amount not lesser in value than the monetary value issued;
- (c) accepted as a means of payment by persons or entities other than the issuer;
- (d) withdrawable in cash or cash equivalent; and
- (e) issued in accordance with this Circular.

Electronic money issuer shall be classified as follows:

- a) Banks (hereinafter called EMI-Bank)
- b) Non-bank financial institutions (NBFI) supervised by the BSP (hereinafter called EMI-NBFI); and
- c) Non-bank institutions registered with the BSP as a money transfer agent under Section 4511N of the Manual of Regulations for Non-Bank Financial Institutions (MORNBF) (hereinafter called EMI-Others).

For purposes of this Circular:

1. Electronic instruments or devices shall mean cash cards, e-wallets accessible via mobile phones or other access device, stored value cards, and other similar products;
2. E-money issued by banks shall not be considered as deposits.

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**Section 3. Prior BSP Approval.** Banks planning to be an EMI-Bank shall apply in accordance with Section X621 of the MORB relating to the guidelines on electronic banking services and with Section X169 of the MORB on outsourcing of banking functions, when applicable.

NBFIs planning to be an EMI-NBFI shall likewise comply with the requirements of Section X621 of the Manual of Regulations for Banks (MORB) which shall be made applicable to them and with Section 4190Q/S/P/N of the MORNBFI, when applicable.

Non-bank institutions planning to be an EMI-Others shall register with the BSP as a money transfer agent in accordance with the provisions of Section 4511N of the MORNBFI. To qualify for registration, they have to comply with the requirements detailed in Section 5 of this Circular. In case the non-bank institution is already registered with the BSP as a money transfer agent, it is required to meet the additional requirements mentioned under said section to qualify as EMI-Others.

**Section 4. Provisions for All EMIs.** The following provisions are applicable to all EMIs:

- A. E-money instrument issued shall be subject to aggregate monthly load limit of P100 thousand unless a higher amount has been approved by BSP. In case an EMI issues several e-money instruments to a person (e-money holder), the total amount loaded in all the e-money instruments shall be consolidated in determining compliance with the aggregate monthly load limit.
- B. EMIs shall put in place a system to maintain accurate and complete record of e-money instruments issued, the identity of e-money holders, and the individual and consolidated balances thereof. The system must have the capability to monitor the movement of e-money transactions and link e-money instruments issued to common e-money holders. The susceptibility of a system to intentional or unintentional misreporting of transactions and balances shall be sufficient ground for imposition by the BSP of sanctions, as may be applicable.
- C. E-money may only be redeemed at face value. It shall not earn interest nor rewards and other similar incentives convertible to cash, nor be purchased at a discount. E-money is not considered a deposit hence it is not insured with the Philippine Deposit Insurance Corporation.
- D. EMIs shall ensure that e-money instruments clearly identify the issuer who is ultimately responsible to the e-money holders. This shall be communicated to the client who shall acknowledge the same in writing.
- E. It is the responsibility of EMIs to ensure that their distributors/e-money agents comply with all applicable requirements of the Anti-Money Laundering laws, rules, and regulations.

- F. EMIs shall provide an acceptable redress mechanism to address the complaints of its customers.
- G. EMIs shall disclose in writing and its customers shall signify agreement to the information embodied in item C above upon their participation in the e-money system. In addition, it shall provide clear guidance in English and Filipino on consumers' right of redemption, including conditions and fees for redemption, if any. Information on available redress procedures for complaints together with the address and contact information of the issuer shall also be provided.
- H. Prior to the issuance of e-money, EMIs should ensure that the following minimum systems and controls are in place:
- Sound and prudent management, administrative and accounting procedures and adequate internal control mechanisms;
  - Properly-designed computer systems which are thoroughly tested prior to implementation;
  - Appropriate security policies and measures intended to safeguard the integrity, authenticity and confidentiality of data and operating processes;
  - Adequate business continuity and disaster recovery plan; and
  - Effective audit function to provide periodic review of the security control environment and critical systems.
- I. EMIs shall provide the Supervisory Data Center of the Supervision and Examination Sector, BSP, quarterly statements containing, among others, information on investments, volume of transactions, total outstanding e-money balances, and liquid assets in such form as may be prescribed later on.
- J. EMIs shall notify BSP in writing of any change or enhancement in the e-money facility thirty (30) days prior to implementation. If said change or enhancement requires prior BSP approval, the same shall be evaluated accordingly. Any change or enhancement that shall expand the scope or change the nature of the e-money instrument shall be subject to prior approval of the Deputy Governor, Supervision and Examination Sector. These changes or enhancements may include the following:
1. Additional capabilities of the e-money instrument/s, like access to new channels (e.g., inclusion of internet channel in addition to merchant Point of Sale terminals);
  2. Change in technology service providers and other major partners in the e-money business(excluding partner merchants), if any; and
  3. Other changes or enhancements.

**Section 5. Provisions for EMI-Others.** EMI-Others shall comply with the following additional provisions:

- A. They must be a stock corporation with a minimum paid-up capital of P100 million.

- B. They shall engage only in the business of e-money and other activities related or incidental to the business of e-money, such as money transfer/remittance. An existing entity engaged in activities not related to the business of e-money but wishing to act as EMI-Others must do so through a separate entity duly incorporated exclusively for such purpose.
- C. They shall not engage in the extension of credit, unless it complies with the provisions of Section 6 of this Circular.
- D. To further protect the e-money holders and ensure that e-money redemptions are adequately met at all times, the entity should have sufficient liquid assets equal to the amount of outstanding e-money issued. The liquid assets should remain unencumbered and may take any of the following forms:
  1. bank deposits separately maintained for liquidity purposes ;
  2. government securities set aside for the purpose; and
  3. such other liquid assets as the BSP may allow.

Records pertaining to the above liquid assets shall be made available for inspection by BSP at any time and the confidentiality of bank deposits and government securities shall be waived.

- E. The BSP shall be allowed access to review the e-money systems and databases of the entity. Whenever the circumstances warrant, such access shall extend to the agents, partners, service providers or outsourced entities of the EMI-Others in view of their participation in the e-money business.
- F. EMI-Others shall submit to the Supervisory Data Center of the Supervision and Examination Sector, BSP, its audited financial statements (AFS) within thirty (30) days from date of report of its external auditors.

**Section 6. QB License Requirement.** EMI-NBFIs and EMI-Others that engage in lending activities must secure a quasi-banking license from the BSP.

**Section 7. Sanctions.** Monetary penalties and other sanctions for the following violations committed by EMI-Banks, EMI-NBFIs, and EMI-Others shall be imposed:

Nature of Violation/Exception	Sanctions/Penalties
1. Issuing e-money without prior BSP approval	Applicable penalties under Section 36 & 37 of R.A. No. 7653; Watchlisting of owners/partners/principal officers
2. Violation of any of the provisions of R.A. No. 9160 (Anti-Money Laundering Law of 2001 as amended by R.A. No. 9194) and its implementing rules and regulations	Applicable penalties prescribed under the Act.

Nature of Violation/Exception	Sanctions/Penalties
3. Violation/s of this Circular	Penalties and sanctions under the abovementioned laws and other applicable laws, rules, and regulations

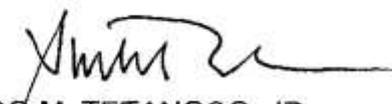
In addition, the susceptibility of a system to intentional or unintentional misreporting of transactions and balances shall be sufficient ground for appropriate BSP action or imposition of sanctions, whenever applicable.

**Section 8. Amendments to MORNBFI.** The provisions of Section X621 and related subsections of the MORB on electronic banking are hereby incorporated as Section 4621Q/S/P/N and related subsections of the MORNBFI.

**Section 9. Transitory provisions.** EMI-Banks, EMI-NBFIs, and EMI-Others granted an authority to issue e-money prior to this Circular may continue to exercise such authority, provided that it shall submit to the BSP, within one (1) month from the effectivity of this Circular, a certification signed by the President or Officer with equivalent rank and function that it is in compliance with all the applicable requirements of this Circular. Otherwise, they are required to submit within the same period the measures they will undertake, with the corresponding timelines, to conform to the provisions that they have not complied with subject to BSP approval.

**Section 10. Effectivity Clause.** This Circular shall take effect fifteen (15) days following its publication in the Official Gazette or any newspaper of general circulation.

FOR THE MONETARY BOARD:



AMANDO M. TETANGCO, JR.  
Governor

9 March 2009

## 7 Annex D: Assessments Service Providers

### A. Pre-paid card<sup>27</sup> issuers

1. Citibank	
Previous experience cash transfer programmes	<p>ACF 2011: 1000 households, urban emergency response, single payment</p> <p>Worked well and KYC was reduced</p> <p>Belibi government agency: for disbursement of calamity loans (140,000 cards since Jan 2014)</p>
Service description	<p>Reloadable, non-proprietary pre-paid cards, which must be linked at some point to a named individual.</p> <p>Can be customized with logo of agency.</p> <p>Can be distributed as blank cards, which means cards can be stockpiled (at Citi or at NGO safe) for up to 3 years, for immediate distribution. To activate the cards, the card must then be assigned to an individual that has met the BSPs 'Know Your Customer' requirements (see KYC section below).</p> <p>If individual cannot be KYC'd, single use gift cards are an option. These have a 1000p limit.</p>
KYC during set up	<p>To complete KYC process, the agency must fill in the application form for the beneficiary (11 pieces of information - see Annex B) and submit along with an approved piece of formal ID, which can include Barangay certificate or NGO ID card.</p> <p>Citi have successfully applied to BSP to reduce these administrative requirements following disaster and this is the process ACF followed with them in 2011. Citi will activate the cards providing they have just the person's basic information (name, dob), on condition the rest of the information is provided within 90 days.</p>
Coverage and resilience of pay out points	<p>They have only 6 of their own ATMs (None in Yolanda zone); card can operate on all other local switch ATMs Banknet/Megalink/Expressnet</p> <p>Citi is the Acquiring bank for 9000 POS machines in stores nationwide. Partners Include the drug store Mercury and department store Metro in Versayas</p> <p>Card is Visa branded and therefore can operate on any Visa POS</p> <p>They are willing to sensitize retail merchants on the programme to ensure they will accept the card at POS.</p> <p>They can deploy mobile POS devices to serve areas where infrastructure is damaged.</p>
Stock	<ul style="list-style-type: none"> <li>• 2000 generic cards in stock; no gift cards</li> <li>• Potential to use the Belebi pre-positioned cards if can get agreement (50,000)</li> </ul>
Training	Comms material already developed
Controls	Card can be limited to specific ATMs/merchants
Upload and reconciliation	Web based system, 'client zone', for uploading information of which cards to accredit; registered programme administrators have access. This produces a load report to show which uploads were successful.

<sup>27</sup> Given the urgency of the response, deposit accounts were not considered further

	The transaction report is in another system, 'report manager' - this is an internal system but agencies can request regular reports.
Verification process at POS/cash out	<ul style="list-style-type: none"> <li>• Merchants require a signature at the point of sale.</li> <li>• ATM require a PIN number - need to call to get this from call centre.</li> </ul>
Costs	<ul style="list-style-type: none"> <li>• Cards: p120 per standard card (design fee for customization)</li> <li>• Load fee: per card is 30p (NGO rate = 15)</li> <li>• Transaction fee at pos: none</li> <li>• Withdrawal at ATM: at Citi ATM is no cost; at another ATM is p15</li> <li>• Costs for deploying mPOS to these areas will cost about Php3,000 or USD70 per terminal.</li> <li>• Can negotiate further depending on the scale and value of programme</li> </ul>
Bespoke / temporary services?	<ul style="list-style-type: none"> <li>• Merchant acquisition team is willing to accredit new merchants; requirements can be seen in Annex C; must be a registered corporation in the Philippines. Possible to accredit an NGO though more forms and more approvals. Training provided on the use of the terminals.</li> <li>• Can deploy mobile POS (battery life of 72 hours), works through android phone or tablet. Have 15-20 units available now.</li> <li>• Willing to take on temporary staff</li> </ul>
Support	<ul style="list-style-type: none"> <li>• Dedicated account manager</li> <li>• Can block stolen cards on the hotline and then card is reissued with the balance (reissue fee).</li> </ul>
Lead time	<p>Standard services</p> <ul style="list-style-type: none"> <li>• Finalise contract: 1 week or 2</li> <li>• Opening account (not compulsory): 1-2 weeks</li> <li>• Issuing cards (including embossing/adding name): 5-7 working days</li> <li>• Design of customised cards: 3 weeks</li> <li>• Activating pre-positioned cards: 6-8 hours once they have the KYC info</li> <li>• Money transfer to Citi: 24 hours with account/3days with cheque</li> <li>• Loading of cards: same day</li> <li>• Procuring new cards: 6 weeks for custmoised, 4 weeks if not</li> <li>• Transaction report: 2 working days.</li> </ul> <p>Bespoke services</p> <ul style="list-style-type: none"> <li>• To deploy mobile POS (mPOS) to existing merchants: 5 working days</li> <li>• Procure additional mPOS: 3-4 months</li> <li>• To accredit new merchants: between 10 working days - one month</li> </ul>

## 2. Philippines Veterans Bank

Previous experience cash transfer programmes	<p>ACF: emergency response 2011 in Cotobato, 350 households, card restricted to particular merchant.</p> <p>ADRA: typhoon response in 2 cities, 850 HH, card was restricted to particular merchant</p> <p>Generally successful although some challenges with certain cards not working at the POS (3% for ADRA; larger figure for ACF). On ADRA project this required PVB to contact the acquiring bank of the POS infrastructure in the store</p> <p>In ADRA project the store was not informed of the project (since not a PVB-partnered store) and stopped the cards being accepted as concerned about fraud. This was resolved when ADRA contacted the store.</p>
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	Government partners for pre-paid cards for staff/members - Citi of Bacoor 420,000 beneficiaries; national police 20,000; Philippine blood centre 300,000. These all deploy PVB's proprietary POS
Services	<p>Reloadable, non-proprietary pre-paid cards - must be linked at some point to a named individual.</p> <p>150,000p per month limit on the card.</p> <p>Can be customized with logo of agency.</p> <p>Can be distributed as blank cards, which means cards can be stockpiled (at PVB or at NGO safe), for immediate distribution. No expiration date until card is activated. To activate the cards, the card must then be assigned to an individual that has met the BSPs 'Know Your Customer' requirements (see KYC section below).</p> <p>If individual cannot be KYC'd, single use gift cards are an option for store purchases.</p> <p>If individual cannot be KYC'd, single use gift cards are an option, for store purchases.</p>
KYC during set up	<p>To complete KYC process, the agency must fill in the application form for the beneficiary (11 pieces of information -see Annex B) and submit along with an approved piece of formal ID, which can include Barangay certificate or NGO ID card.</p> <p>PVB will activate the cards before they are KYC'd on condition the information is provided within 90 days.</p>
Controls	Can restrict use of card to particular ATM/stores
Coverage and resilience of pay out points	<p>They don't have any ATMs of their own.</p> <p>Card can operate on Banknet network; these interlink with the other switches in the country, Megalink and Nationlink. Therefore cards can operate on a'most all ATMs nationwide,</p> <p>Has sent through a list of ATMs in the disaster zone - shown in Annex D. Hopeful that the Switch companies (Megalink and Banknet) can provide updates on the recovery of these)</p> <p>106 stores nationwide have PVB proprietary POS; none within the affected areas.</p> <p>Presently they have a relationship with Visa and a Visa branded card meaning card can be accepted in any POS which is linked to Visa.</p> <p>In future they plan to migrate all cards over to JCB and China Union Pay; when this happens the card will be used at all merchants accepting JCB and China Union Pay.</p> <p>As of December 2013, a new partnership with remittance firm LBC will mean cash out can be done in all LBC branches.</p> <p>New partnership with distributor of Proctor and Gamble in 2014 will establish approx. 300,000 small stores to accept PVB cards through mPOS</p> <p>Normally speaking they can get back online in around 3 days after a disaster - they have relationship with all 5 network providers.</p>
Stock	10,000 generic cards
Training	comms material not developed
Controls	Card can be limited to specific ATMs/merchant
Upload and reconciliation	<p>Web based system for uploading beneficiary data.</p> <p>The transaction report is still not provided on line - this will be given as an emailed</p>

	transaction report.
Verification process at POS/cash out	<ul style="list-style-type: none"> <li>• Merchants require a signature</li> <li>• ATM require a PIN number -this is randomly generated</li> </ul>
Costs	<ul style="list-style-type: none"> <li>• Card: P70-80 per standard card (no design fee for customization); NGO rate will be 50p; they also have a CSR policy of 500,000 - 1 million cards for free for aid purposes</li> <li>• load fee per card: 8p (NGO rate = 5p)</li> <li>• transaction fee: 20p at POS (NGO rate = 10p)</li> <li>• Withdrawal at ATM: 15p</li> <li>• Costs for deploying mPOS: can provide for free and there would just then be the usual transaction fee at POS</li> </ul>
Bespoke / temporary services?	<ul style="list-style-type: none"> <li>• Merchant acquisition team is willing to accredit new merchants</li> <li>• Can deploy approx. 200 mobile POS units now. From Feb 2014 will be able to programme smart phones as POS devices</li> <li>• Willing to take on extra staff</li> </ul>
Support	<ul style="list-style-type: none"> <li>• Dedicated account manager</li> <li>• Customer hotline</li> <li>• Regional engineers for mPOS deployments.</li> </ul>
Lead time	<p>Standard services</p> <ul style="list-style-type: none"> <li>• Finalise contract 2 days- 1 week</li> <li>• Opening account: not required</li> <li>• Issuing cards (including embossing/adding name): depends on the size of the programme (3000 cards per day)</li> <li>• Design of customised cards: 1 week approval</li> <li>• Activating cards: active s soon as they are loaded</li> <li>• Money transfer to Citi: 1 day from Manila, 2 days overseas</li> <li>• Loading of cards: 1 day</li> <li>• Procuring new cards: 2 weeks for generic, 4 for customised (inseide Philippines)</li> <li>• Transaction report: 2 <i>working days</i>.</li> </ul> <p>Bespoke services</p> <ul style="list-style-type: none"> <li>• To deploy mPOS to existing merchants: 2 days</li> </ul>
<b>3. BPI</b>	
Previous experience cash transfer programmes	<p>BPI has the largest proprietary card base in Philippines and one of the largest proprietary POS networks</p> <p>No NGO relationships</p> <p>Provide the Government fuel card</p>
Services	<p>Several different reloadable pre-paid cards, proprietary and non-proprietary - must be linked at some point to a named individual. Limit of 100,000p per month. Can make the expiry date long (normally 2 years). Would prefer to go with their pre-paid cards that are limited to use at POS, as with ATMs there is the need to ensure the liquidity.</p> <ol style="list-style-type: none"> <li>1. 'Express cash' card: this is the only card which can operate on ATM; it also works in stores on their proprietary POS. this cannot be branded with logo though text can be added.</li> <li>2. They have proprietary store cards and also those branded with Mastercard. Card can be customized with agency logo. These have 50,000p limit.</li> </ol>

	<p>They have a new partnership with Visa but these cards take longer to produce and are more expensive so not of relevance now.</p> <p>3. Fastest way of getting cash to people without KYC is through their un-named single use gift card.</p>
KYC during set up	<p>According to BPI, cards are not usually reloadable if they are not named and they would require clarification from BSP on this. By “named” they understand that the name of the person must be physically written on the card.</p> <p>This is different to the services offered by Citi and PVB, where cards are assigned to a named, KYC’d person but this doesn’t need to be inscribed on the card. This is likely just the bank’s inexperience with this type of programme.</p> <p>Can provide agency with franking machine to name any pre-positioned cards directly; in which case inform them of the assigned names so they can activate the reload feature.</p>
Coverage and resilience of pay out points	<p>They have 1500 BPI ATMs nationwide; their Express Card operates on these ATMs.</p> <p>Happy to send through a list of BPI ATMs in the affected regions and will look into whether its possible to provide update on the status of these.</p> <p>They are a major retail merchant acquirer and have their BPI POS in over 33,000 outlets</p> <p>Their BPI cards only operate on BPI terminals; the Mastercard branded ones operate on all Mastercard-linked terminals.</p> <p>Happy to send through a list of merchant outlets per affected region and will look into whether its possible to provide update on the status of these.</p>
Stock	<p>Express cards: 30,000s in stock</p> <p>Gift card: few 1000 in stock.</p>
Controls	Happy to restrict their proprietary cards to particular outlets
Upload and reconciliation	<p>Required to open a corporate account from which agency reloads the cards directly through the online banking facility. Two people are given access - one nominates the values and one checks.</p> <p>There is a monthly statement provided based on card numbers - this shows the balance</p>
Verification process at POS/cash out	<ul style="list-style-type: none"> <li>• Merchants require a signature</li> <li>• ATM require a PIN number - Can assign a default pin to NGO if requested</li> </ul>
Costs	<ul style="list-style-type: none"> <li>• Express ATM card: 150p/card</li> <li>• No named cards: 50p/card, named are 150p.</li> <li>• Will consider reductions based on programme size and scale</li> <li>• No fee for withdrawal at POS; ATM withdrawals are 15p</li> <li>• Load fee per card: 3.5p</li> </ul>
Bespoke / temporary services?	<ul style="list-style-type: none"> <li>• Happy to consider accrediting new merchants. The minimum business requirement documents that will be necessary for this process are posted on <a href="#">bpiexpressonline</a> under merchant service.</li> <li>• Merchants rent BPI POS terminals for 1200p/month; or they have a threshold of X transactions per month. Agency would need to ensure that this could be covered. Merchants would need to have a phone line.</li> <li>• Don’t have mobile POS for the types of card discussed here.</li> </ul>
Support	<ul style="list-style-type: none"> <li>• Assign a dedicated contact person.</li> </ul>

Lead time	<p>Standard services</p> <ul style="list-style-type: none"> <li>Finalise contract: since the agency must open an agency account, a contract isn't always necessary, since the aid agency is responsible for the upload of value to cards through their internet banking page. Could just order the cards and that's it. If want branding, reporting or other such services from BPI then will need agreement on this: 1week-1 month</li> <li>All agencies need to have a corporate account: 1 month</li> <li>Issuing cards (including embossing/adding name): approx. 7 days to name and activate the cards although depends on the size of the programme (4000 cards can be created per day)</li> <li>Design of customised cards: 6-8 weeks</li> <li>Activating cards: no-named cards are active as soon as they are loaded</li> <li>Loading of cards: 1 day (999 per batch)</li> <li>Procuring new cards: 6-8weeks for Express ATM card and gift card (not sourced locally); 4 weeks for the personalised cards as these procured locally</li> <li>Reactivating re-load feature on single use cards: 2working days</li> <li>Transaction report: monthly statement based on card number</li> </ul>
<b>4. Land Bank</b>	
Previous experience cash transfer programmes	<p>They are a government-owned bank providing retail banking services.</p> <ul style="list-style-type: none"> <li>They manage the payment system for the government's conditional cash transfer (4P) programme. This is providing cash payments on a bi-monthly basis to 4million people altogether, of which 2 million now receive payments through LandBank's cash card. Others are provided through relationships with over the counter partners (Filpost; MLHuillier; various rural banks).</li> <li>During the elections they paid teachers for their time spent on supervision the election process - used to be paid by cheque, this has now made the transition to cash cards (200,000 people).</li> <li>They have a new programme planned with ICRC to provide cash payments through ATM card to up to 20,000 households in conflict affected regions.</li> </ul>
Services	<p>1. They can provide card-based services. Their cash card services have been expanding since 2011 - a proprietary card that can be used at Landbank ATMs as well as those operating through Banknet and Megalink switches. They are most interested in providing e-payment services where these can operate since over the counter cash out is time consuming for staff who are already dealing with the various government payrolls.</p> <p>Landbank are moving into the area of POS deployment but focused on their services to government, rather than retail outlets. The Landbank card can be used in stores operating megalink, banknet, BPI and BDO terminals.</p> <p>2. They can provide over the counter services to respond to the emergency and have a network of pay out partners with good penetration.</p> <p>3. They have a partnership with Smart mobile money which is linking a LandBank ATM card to the Smart mobile money account. In discussion with UNDP and DSWD about using this service for</p>
KYC during set up	<p>To activate cards they can accept NGO ID and Barangay certificates.</p> <p>They have previously not distributed 'no name' cards. However they are happy to get clearance from BSP on (i) providing no name cards and (ii) activation of cards before</p>

	<p>full KYC is provided, on the condition that aid agencies provide this to them within an agreed timeframe. This should be followed up on.</p>
Coverage and resilience of pay out points	<p>They have 340 branches and 1340 ATMs nationwide.</p> <p>They were the first bank to reopen operations in Tacloban.</p> <p>They can provide a list of the payment channels (ATM/branch/remittance partners) in the affected areas and the status of these. A verbal report they received on Friday 22<sup>nd</sup> November was that all but 3 of their branches are now back in operation. They have begun the 4P cash transfers again in partnership with the government. Payment partners include Filpost and rural banks.</p> <p>They are the only bank in Philippines to operate mobile ATMs, since August 2013. At present they have 5 deployed around the country (1 in Tacloban, 2 Manila, 2 in N and C Luzon) and 3 more will soon be ready for deployment to the typhoon affected areas. .</p> <p>One thing to be aware of is that the mobile connection on the mobile ATMs doesn't work in 100% of places (they suggested 80% reliability). To use the service, agencies would need to work around the deployment of the machines for the DSWD 4P programme, but payouts for this are every 2 months.</p> <p>Load capacity of the mobile ATMs is 4m pesos and a transaction takes around 2 minutes. On the DSWD programme they serve 3000 households in 2 days.</p>
Stock	<p>They have 162,000 cards available in stock and get them in batches of 300,000 (next deliver March)</p>
Controls	<p>Can look to add controls to where card can be used, however this would need to be referred to their technical department and there may be a waiting time.</p>
Upload and reconciliation	<p>Agencies open an account with them that allows internet banking and they are responsible for uploading the value to the cards.</p> <p>LandBank can provide reports on the list of accounts credited and the account movement.</p> <p>For over the counter payments, lists of beneficiaries to credit can be sent by email and reports will be provided on those that were paid and absentees.</p>
Verification process at POS/cash out	<ul style="list-style-type: none"> <li>To use the card requires a PIN - this is randomly generated but the beneficiary can change it.</li> <li>For over the counter payments they can accept the NGO ID - this will need to be mentioned in the agreement</li> </ul>
Costs	<ul style="list-style-type: none"> <li>Cost of cards: reduced NGO rate is 50p/card</li> <li>Card upload: Normally 10p per card, possibly negotiable subject to scale</li> <li>Over the counter transactions: 24p per transaction</li> <li>ATM withdrawals: Free in Landbank ATMs; 15p in others</li> <li>POS transactions: 10p</li> <li>Cash out through their partners (Filpost etc): service fee involved, approximately 42p/transaction</li> </ul>
Bespoke / temporary services?	<ul style="list-style-type: none"> <li>Provide Mobile ATMs</li> <li>Their extensive network of existing payment conduits means 80% of the country is covered but they are willing to consider others in hard to reach areas</li> <li>Plan to have mPOS in the future but do not have these as yet</li> </ul>
Lead time	<ul style="list-style-type: none"> <li>Opening an account: 1 day</li> <li>Card activation: 4 days for production; 5 for distribution (sent to the branches)</li> </ul>

	<ul style="list-style-type: none"> <li>• Upload list and accredit cards: 1 day</li> <li>• Lead time for ensuring liquidity: allow one week at the present time</li> <li>• Reconciliation reports: 5 working days</li> <li>• Procuring new cards from manufacturer: 45 days</li> </ul>
<b>4. BDO</b>	
Previous experience cash transfer programmes	UNDP discussed such programmes with them; not works on such programmes thus far
Services	<ol style="list-style-type: none"> <li>1. Remittance service that can be collected from any BDO branch or accredited remittance partner</li> <li>2. BDO has a proprietary reloadable pre-paid card (a 'cash card') and a Mastercard-branded card. Cards issued through their corporate payroll system have a limit of 100,000p. For use at ATMs and partner merchants/Mastercard-linked POS.</li> <li>3. They have a partnership with Smart and issue a card linked to SMART money, for use by Smart's mobile money customers in BDO ATMs and POS.</li> </ol>
KYC during set up	<p>Can accept various forms of ID including the Barangay certificate and NGOs. In order to issue the cards, at present they do require all of the KYC information and beneficiary signature beforehand. Their normal process is also to emboss the name onto the card.</p> <p>The president was happy to discuss the possibility of relaxation of this requirement for disaster response and provided contacts of the VP of cash management services in order to discuss this further with the product team.</p>
Coverage and resilience of pay out points	<p>799 Branches available for collection of remittances; these can also be collected from +100 SM stores and they offer a door-to-door service as well.</p> <p>They also operate their remittance service through a network of rural bank partners including CardBank which have branches within the affected areas.</p> <p>They are one of the largest merchant acquiring banks and operate thousands of POS nationwide including SM stores. They have approximately 2000 ATMs nationwide. They are happy to send through lists of the recovery status of their ATM network in the affected areas and will look into providing the same for POS merchants.</p> <p>Can provide mobile POS units.</p>
Stock	Will check number of cards and mPOS currently in stock and report back
Training	They are happy to support development of such materials
Controls	They can consider putting restrictions on the use of the card to ATMs. Would not want to restrict the card to particular merchant POS given the workload.
Upload and reconciliation	<p>Aid agency would open an account with BDO and would make use of their on line banking facility to upload value to the cards.</p> <p>Reconciliation would be through the same online banking facility and agencies would be able to see which uploads have been successful. Since cards are assigned to named individuals and these are considered by BDO to be private to the individual, it will not be possible for the agency to see which of these accounts have been accessed and cash withdrawn. Would be worth following up to see if there is any relaxation of this since other providers do not have the same restrictions.</p>

	<p>The remittance upload follows the standard process for remittances and the agency is provided with transaction numbers for distribution to beneficiaries.</p>
Verification process at POS/cash out	<p>Pre paid card: Card holder must assign themselves a PIN, which is done when they first visit an ATM. This is 6 digits rather than the standard 4 digits.</p> <p>BDO POS machines in SM stores are also PIN based; in other stores verification will still be done through signature</p> <p>They are working on a contactless card for 2014 (read through near field communication device (NYC) and not requiring PIN at POS.</p> <p>Remittance: beneficiaries must present the transaction number and valid ID. Will need to verify with the person responsible for the remittance service what ID is required at the pay-out point.</p>
Costs	<ul style="list-style-type: none"> <li>• Cost of card: 120p for generic card</li> <li>• Uploading value to cards: 5.50p per card</li> <li>• Withdrawals at ATM: 2p at a BDO ATM; 11p at other ATMs; no fee for withdrawal at BDO POS</li> <li>• Could look at a reduction in costs depending on the scale of programme required.</li> <li>• Cost for remittance service: 100p per transaction; this service can be provided for free if clients come through the BDO foundation</li> <li>• Cost for renting mPOS: merchants generally need to commit to doing a number of transactions per month for the terminal to be provided for free; or a fee could be paid (for discussion). They could also consider relaxing this given that it is for the disaster.</li> </ul>
Bespoke / temporary services?	<ul style="list-style-type: none"> <li>• Their consumer lending group can rent mobile POS to their existing merchants</li> <li>• They could discuss the provision of temporary pay out points for remittance services with their remittance team.</li> </ul>
Lead time	<ul style="list-style-type: none"> <li>• Setting up account: 1 day</li> <li>• Card activation and delivery: 1 week (delivered to the agency's local branch)</li> <li>• Provision of custom designed cards: takes 3-4 months</li> <li>• Time to ensure cash liquidity at pay out points: approx. 2 days in these circumstances</li> </ul>

## B. Remittance firms

1. LBC	
Previous experience cash transfer programmes	<p>Worked previously with a number of agencies including ACF; red cross; Oxfam</p> <p>Simple, and successful for areas where LBC branches are close to affected communities</p>
Service	<p>Over the counter remittance service to any of their many branches around the country.</p>

	New partnership with PVB in Jan 2014 will also provide cash out facilities to PVB card holders.
KYC during set up	The agency provides a list of the names of the beneficiaries to be credited and the provider assigns a tracking number to each individual. These are sent to the beneficiary by the agency.
Coverage and resilience of pay out points	1092 branches nationwide. Have already provided a list of outlets per affected region and weekly status updates on their recovery (Annex E).  Some branches are still down; others are operating 'offline' without network or electricity; some have network.  One of the main issues is the lack of cash in affected regions - they are taking cash in themselves. Tacloban still lacks sufficient liquidity.
Upload and reconciliation	Presently agency provides the list of names to be accredited through an excel template by email; they are in the process of launching a web-based system - early 2014.  Can provide daily reports also in Excel to agencies by email; can provide the signed docketts from the payout at the branch if necessary or could keep until required for audit.
Verification process at POS/cash out	Beneficiary must present the transaction code with a valid form of ID. They accept NGO/barangay ID. Also happy to have NGO presence in a branch for verification. Beneficiary signs for their cash.  Can be good to have representative of agency there to verify in case of spelling errors etc
Costs	<ul style="list-style-type: none"> <li>• 50p for the first 5000p; table of ascending rates - this is their corporate rate</li> <li>• No fee for the receipt of cash</li> </ul>
Bespoke / temporary services?	<ul style="list-style-type: none"> <li>• Happy to consider a mobile service; would need to clarify with the branch operations - secure location; eg gymnasium; and need to check staff capacity.</li> </ul>
Support	<ul style="list-style-type: none"> <li>• Assign a dedicated contact person.</li> </ul>
Lead time	<ul style="list-style-type: none"> <li>• Finalise contract: 1-2 weeks</li> <li>• Opening account: not required</li> <li>• Loading of money: 1 day</li> <li>• Time to arrange payout: 1-3 days depending on liquidity and manpower</li> <li>• Can handle approx. 300 clients per day per branch</li> </ul>
<b>2. MLHuillier</b>	
Previous experience cash transfer programmes	Worked previously with a number of agencies including ACF  Simple, successful for areas where have branches
Service	Over the counter remittance service to any of their many branches around the country.  They are running their own cards in their own locations - prepaid 1-time use cards with pre-assigned denominations. 1500p is the maximum value right now but could prepare others depending on the volume required. Branded with MLH and can include the logo of the agency.
KYC during set up	The agency provides a list of the names of the beneficiaries to be credited and the provider assigns a tracking number to each individual. These are sent to the beneficiary by the agency.  Card needs to activated through sms, and a transaction code will be returned by sms.

Coverage and resilience of pay out points	<p>1700 branches nationwide.</p> <p>Happy to send through list of branches in the affected areas and their recovery status on a regular basis. Branches are recovering; already opening especially Leyte, Cebu. In Tacloban they are building from scratch.</p> <p>They helicoptered cash into Tacloban as the banks cannot meet their needs.</p>
Upload and reconciliation	<p>Agencies can do an Excel upload of the list of beneficiaries through the web interface.</p> <p>Transaction report is available through this interface in real time (branch; time; amount collected)</p>
Verification process at POS/cash out	<p>Beneficiary must present the transaction code with a valid form of ID. They accept NGO/barangay ID. Also happy to have NGO presence in a branch for verification. Beneficiary signs for their cash.</p> <p>For the card they must present their card and transaction code (will accept this code presented on paper as well as the original sms)</p>
Stock	Lots of their cards in stock 5000-10,000; also others in the branches
Costs	<ul style="list-style-type: none"> <li>• No fee for the receipt of cash</li> <li>• NGO rate is 50p per upload up to a 20,000p transaction.</li> <li>• Same cost for uploads through cards</li> </ul>
Bespoke / temporary services?	<ul style="list-style-type: none"> <li>• Providing a mobile service would be a challenge - not their core business</li> </ul>
Support	Will assign a dedicated contact person.
Lead time	<ul style="list-style-type: none"> <li>• Finalise contract: if following standard MOA then it takes 4 days-1 week</li> <li>• Opening account: 2 days</li> <li>• Loading of money: 1 day</li> <li>• Time to arrange pay out: 1-2 days depending on liquidity and manpower-need to know the bigger picture of the response scale</li> <li>• Can handle 300per day per branch</li> <li>• Lead time for new cards can take a while</li> </ul>

### C. Mobile Network Operators

1. Globe	
Previous experience cash transfer programmes	<p>G-cash remit has been used by the government's 4p programme since 2010; red cross on a 20,000 HH disaster response in 2012 and since 2013 by Plan International for 5000 HH.</p> <p>Gcash wallet was used by WFP in a pilot programme in 2010</p> <p>Good feedback from clients on the service; main recommendation is to bear in mind the liquidity capacity of outlets</p>
Service	<ol style="list-style-type: none"> <li>1. Gcash remit: Over the counter remittance service to any of their many partner cash outlets round the country.</li> <li>2. Gcash wallet: mobile money service (can transfer up to 100,000p per month)</li> <li>3. Gcash wallet can be linked with GXI-issued pre-paid card ('Power Pay Plus'/3P card)</li> </ol>
KYC during set up	<p>To open a Gcash wallet: Agency must open a corporate mobile money account. Each beneficiary must open an individual mobile money account. This requires name; address; and valid ID. Possible to open an account over the network but previously this still required the customer to finalise the KYC at the point of cash out.</p> <p>This week Globe received confirmation from the BSP to relax this KYC for the disaster. This means reduced mobile money account functionality (can cash out only, cannot</p>

	<p>send money). Duration of the approval is from Nov. 18 to December 31 2013.</p> <p>For Gcash remit: as per a remittance service the agency provides a list of the names of the beneficiaries to be credited and the provider assigns a tracking number to each individual. These can be sent to the beneficiary as sms or provided to the agency for distribution to the beneficiaries.</p>
Coverage and resilience of pay out points	<p>Has been operating since 2004 and has 1 million active mobile money users. 7000 agents (pawn shops etc) nationwide for cash in cash out - this includes outlets of all sizes including small sari sari stores. Out of these there are around 200 larger, 'disbursing accounts' which provide the main payout points for Gcash remit.</p> <p>Currently monitoring agent network in the affected-areas. As of 18<sup>th</sup> November they have 50 GCASH agent outlets that are still operating in the affected areas. Please see Annex F. They will try to provide these updates on a weekly basis (requested a central point of contact for where to send this).</p> <p>Recommendation from Globe was that programmes focus cash out services on these larger disbursing accounts rather than on the network of smaller mom and pop owners, since this is much easier to manage from a liquidity perspective.</p> <p>Service is dependent on Globe Telecom's cellsite network recovery in the area. Generally they would expect a 24-36 hour recovery window (though Yolanda was 'worst case'). Network recovery progressing well - can access updates from with Globe Corp Com- Corporate Social Responsibility Group (see contacts page). Suggested that in sites where cell network is down they could discuss the possibility of third party verification (i.e. NGO presence)</p> <p>They have a relationship with certain Peer Gold stores for accepting mobile money for store purchases (see contact in the Contacts sheet for store locations and updates on store recovery).</p> <p>The P3 card can operate on both local ATM switches and can be used on any Megalink POS.</p>
Upload and reconciliation	<p>Agencies upload the file of beneficiary accounts to be accredited through the web interface; requires name; phone number and transfer value. Transaction reports provided in real time, through the web interface</p>
Verification process at POS/cash out	<p>Gcash remittance: formal ID, transaction report and a signature (including Barangay or NGO-certified ID)</p> <p>Mobile money: requires completion of an sms-based transaction between the beneficiary and the agent where the beneficiary must input their 4-digit PIN. Usually the person must also present ID and fill in the form at the point of cash out. This has been waived by BSP</p> <p>Pre-assigned pins are provided for the mobile money account and the linked pre-paid card; the customer then changes these</p>
Expiration	<p>Sim expires if don't do any transactions for 3 months</p>
Stock	<p>Not sure on P3 card stocks</p>
Costs	<ul style="list-style-type: none"> <li>• Cash out fee for Gcash wallet and P3card: 2% (20p for every 1000p)</li> <li>• Transfer fee for Gcash remit: 75p per transaction</li> <li>• Transfer fee for P3 card: 5p per transaction</li> <li>• Transfer fee for Gcash wallet: 1%</li> <li>• Cost of P3 card kit (including option of accident/death insurance): 100p</li> <li>• Cost of Sims: 35p</li> <li>• Cost of Cheap mobile: 800-900p</li> <li>• Can negotiate the fees and provision of free Sims</li> </ul>
Bespoke /	<ul style="list-style-type: none"> <li>• Accrediting new pay out merchants: Their sales team is accrediting new</li> </ul>

temporary services?	<p>merchants. Need to consider their profitability. Happy to speak with their existing merchant partners to discuss.</p> <ul style="list-style-type: none"> <li>• Temporary cash out service: can also ask existing pay out partners if they would be willing to provide temporary pay out points in under served areas (e.g. evacuation centre)</li> </ul>
Support	<ul style="list-style-type: none"> <li>• Mobile money application can be programmed in English or local language</li> <li>• Happy to support training</li> <li>• Putting in place a dedicated account manager</li> </ul>
Lead time	<ul style="list-style-type: none"> <li>• Contract: 1 week</li> <li>• Account opening for NGO: 1 day</li> <li>• Account opening for end users: same day (over the air)</li> <li>• Uploading value and sending sms notification: same day</li> <li>• Training on on-line interface: 1 day</li> <li>• Ensuring cash out: lead time will depend on the geography and the scale (need to ensure liquidity)</li> <li>• Accrediting new pay out agents: 1 month but could be faster - depends on whether the merchant can respond immediately to all the requirements</li> <li>• Activation of generic P3 cards: 3 weeks (customised cards take longer)</li> <li>• Procure new cards: 1-2 weeks</li> </ul>
<b>2. Smart</b>	
Previous experience cash transfer programmes	<p>This wasn't something that Smart got involved with in previous years but now they are seeking to develop these alliances.</p> <p>They operate an incentivised credit, saving and micro enterprise programme for participants of the government 4P conditional cash transfer programme.</p> <p>UNDP in talks to deploy services for the cash for work programme before Dec 1</p>
Service	<ol style="list-style-type: none"> <li>1. Smart money: mobile money transfer service, operating since 2001. Offers Consumer to consumer; consumer to business; business to business; and business to consumer services.</li> <li>2. Smart padala: remittance service, operating since 2004. According to Smart this operates in rural areas through various small local partners including MFIs.</li> <li>3. Smart money can be linked to a pre-paid card. They have 2 available, one which is issued by BDO bank; and another which is Mastercard branded.</li> <li>4. Discussion with Landbank for this response: provision of a companion cash card for mobile money accounts which can be used at Landbank ATMs.</li> </ol>
KYC during set up	<p>To open a Smart money wallet: Agency must open a corporate mobile money account. Each beneficiary must open an individual mobile money account. This requires name; address; and valid (government issued) ID. Possible to open an account over the network but previously this still required the customer to finalise the KYC at the point of cash out.</p> <p>Has discussed last week with BSP to relax this KYC for the disaster. At the time of writing this has not been finalised but if/when it is this will provide similar reduction of KYC as explained for Globe above.</p> <p>For remittance service: as per a remittance service the agency provides a list of the names of the beneficiaries to be credited and the provider assigns a tracking number to each individual. These can be sent to the beneficiary as sms or provided to the agency for distribution to the beneficiaries.</p>
Coverage and resilience of pay out points	<p>7100 smart money agents nationwide covering cash out for both products. This includes bigger partners and smaller MFI and sari sari type stores.</p> <p>They have approximately 100 mobile money agents in the affected zone - very few cash out agents have survived the devastation and as of Friday 22<sup>nd</sup> none were</p>

	<p>reported to be operational.</p> <p>They have partnered with Landbank to utilize their mobile ATMs and their fixed ATMs in calamity-hit areas for disbursements. They are also tapping the MFIs to open their branches to service smart customers. There is a summary of the service offering in Annex H.</p> <p>Cellular network is already up in the affected locations - happy to share the network recovery updates (contact GSMA for the link - see contacts sheet)</p> <p>They have a plan underway to accredit the 1.4m merchants nationwide currently selling air time to also accept smart money - this is a work in progress and will be ready by the end of first quarter 2014.</p> <p>Smart money cards can interoperate with the 2 local ATM switches. Holders of the non-branded BDO card can purchase goods in BDO merchant-acquired stores; those with Mastercard-branded cards can use this at any store with a Mastercard-linked POS.</p>
Upload and reconciliation	<p>Agencies upload the file of beneficiary accounts to be accredited through the web interface; requires name; phone number and transfer value</p> <p>Transaction reports provided in real time, through the web interface</p>
Verification process at POS/cash out	<p>Remittance: formal ID, transaction report and a signature (including Barangay or NGO-certified ID)</p> <p>Mobile money: requires completion of an sms-based transaction between the beneficiary and the agent where the beneficiary must input their 4-digit PIN. Usually the person must also present ID and fill in the form at the point of cash out. This should hopefully be waived by BSP.</p> <p>Pre-assigned pins are provided for the mobile money account and the linked pre-paid card; the customer then changes these</p>
Expiration	Sim expires if don't do any transactions for 3 months
Stock	<ul style="list-style-type: none"> <li>• 20,000 cards in stock</li> <li>• About a million sims; 10million new ones arriving in march</li> <li>• 10-20,000 handsets in stock (all types)</li> </ul>
Costs	<ul style="list-style-type: none"> <li>• Providing the tariffs for remittance transfer and mobile money transfer/cash out</li> <li>• Can negotiate provision of free sims</li> <li>• Cheapest phone: around \$7</li> </ul>
Bespoke / temporary services?	<ul style="list-style-type: none"> <li>• Could certainly consider accrediting new agents in underserved areas. This can take anywhere from 3 days to 1 month</li> <li>• Can consider providing a travelling/mobile pay out services from existing local partner remittance outlets.</li> </ul>
Support	Can support training - no tools developed as yet
Lead time	<ul style="list-style-type: none"> <li>• Contract: 1 week</li> <li>• Account opening for NGO: 1 day</li> <li>• Account opening for end users: same day (over the air)</li> <li>• Uploading value and sending sms notification: same day</li> <li>• Training on on-line interface: 1 day</li> <li>• Ensuring cash out: lead tiem will depend on the geography and the scale (need to ensure liquidity)</li> <li>• Activation of card: seconds if generic; 3 days for personalised</li> <li>• Lead time on procuring new cards: 2 weeks</li> </ul>

## D. Third party platforms

1. Squid card	
Previous experience cash transfer programmes	<p>UK-based company delivering commercial services in non-aid markets, principally education and business campuses in the UK, where it is the largest such service provider managing over 100,000 transactions per day across over 160,000 end users.</p> <p>Piloted successfully in Kenya 2013 on emergency FSL and livelihoods project with 2000 HH (SOS Children's Village).</p> <p>Particularly interested in moving into the humanitarian aid space.</p>
Service	<p>Smart card: each beneficiary/end user is provided with a smartcard. Funds are electronically posted to the smartcard from the NGO account and the end user/beneficiary can spend the value at any participating merchant/trader equipped with a sQuid POS terminal. Being a smart card means it is possible to hold value in different wallets on the card, allowing agencies to provide multiple transfers to the same household to serve different needs.</p> <p>Whilst it was designed to support cashless transactions for goods/services there is nothing to stop physical cash being provided by the merchant as the 'good'.</p> <p>Has potential to be deployed by an agency's country office for multiple emergencies; or even at HQ level for deployment to serve disaster responses in multiple countries, for use where financial services do not penetrate or where there's been infrastructure damage.</p>
Controls	Card is only accepted in the stores participating in the programme and can be restricted to particular goods. Multiple wallets on the card provide an additional control.
KYC during set up	<p>The technology is not designed to operate as part of the financial services industry (commercial transactions). Rather it is to facilitate movement of transactions within an organization. The agency would need to go through standard procurement rules with participating merchants/stores since the only actual financial transaction taking place is between the NGO and the merchant, to re-credit them for goods/services provided to households.</p> <p>In other words it is exactly like a paper voucher - just in electronic form.</p>
Coverage and resilience of pay out points	<p>There is no agent network that the service provider is responsible for ensuring liquidity of - the whole process is managed by the client and whichever merchants/traders the client chooses to work with. This would require the agency to identify and contract suitable merchants to service the programme.</p> <p>The system works over the data network rather than through the telecoms network. Therefore there is no need to have a third party partnership with a mobile network operator. A major benefit is the "store and forward" feature, meaning that transactions at the POS can happen offline, providing the POS syncs with the database before and after.</p>
Upload and reconciliation	<p>Agencies upload value to beneficiaries through a web interface.</p> <p>Reports are generated in real-time, also through the interface - in effect providing a double entry book keeping system. Can provide detail on transactions by sector/product, for programme decision making.</p>
Verification process at POS/cash out	The cards can make use of the new 'near field communication' (NFC) technology that is found in things like London transport 'Oyster' cards and some new debit and credit cards. This allows low level transactions to take place at the POS without verification

	<p>of identity ('tap and go').</p> <p>If agencies are concerned about risk of fraud, it is possible to incorporate a PIN or even biometrics into the card. However it should be acknowledged that on a number of aid programmes incorporating PIN protection the PIN has been poorly understood by beneficiaries, making its function essentially defunct (ie- people share their PIN with others/all PINs are set by the aid agency as a default 0000). An alternative approach to risk management is for this to be taken on by the organization transferring the cash - i.e. to transfer little and often. Cards reported stolen are immediately cancelled.</p> <p>Another alternative form of verification would be the inclusion of photos or an ID card number into the cards. This would make this an easy to operate technology for the illiterate.</p>
Costs	<ul style="list-style-type: none"> <li>• POS: Standard POS devices are currently \$600-700 per device. sQuid are developing a POS application for android phones which will go live in quarter1-2 of 2014 and will mean they can provide a POS for approx. \$140. These could be purchased by an aid agency for deployment in multiple programmes</li> <li>• Cards: \$2.10 for cards - these can be returned to the agency and reused</li> <li>• Branding or addition of PIN/biometrics will be at an additional cost</li> <li>• sQuid are providing some guidance on estimated costs for 3 sizes and durations of programme (forthcoming)</li> </ul>
Bespoke / temporary services?	This is a 100% customised service that would allow a temporary system to be set up and aid to be delivered quickly to households through local merchants.
Support	<ul style="list-style-type: none"> <li>• Can support training of agency staff and merchants in use of POS and system</li> <li>• Can have dedicated service support</li> </ul>
Lead time	<ul style="list-style-type: none"> <li>• Contract with agency: 1-2 weeks</li> <li>• Selecting merchants: depends on agency procurement process</li> <li>• Training: allow 1 week</li> <li>• Activation and loading of card: same day</li> <li>• Lead time on equipment: will need to discuss</li> </ul>
<b>2. Transversal</b>	
Previous experience cash transfer programmes	<p>Haitian company formed in response to the 2010 Haitian disaster response, providing a software platform to deliver bespoke voucher redemption and transaction services to the aid sector. Customers include:</p> <ul style="list-style-type: none"> <li>• UNDP - 12 month programme delivering vouchers to 15,000 HH</li> <li>• CRS - food vouchers for 2000 HH</li> <li>• CARE - sued product on various food voucher programmes (US\$8m to 60,000 HH across 5 programmes to date) .</li> </ul> <p>In 2012 Mercy Corps successfully piloted the migration of their service to meet humanitarian needs in another country context (Nepal), though with small sample size (less than 100 HH)</p>
Service	<p>Software application that uses either the mobile or the data network to allow households to collect goods (or potentially cash) from participating traders/merchants. Vouchers are created on a dedicated software system and are redeemed through the transfer of a voucher code and unique household ID over the network, through a phone. No direct e-commerce transaction takes place at the POS - the phone is simply a medium for authenticating a voucher code over the network.</p> <p>3 products:</p> <ol style="list-style-type: none"> <li>1. Sms-based product: this uses the sms network to authenticate the voucher</li> </ol>

	<p>at the POS. This requires both parties - the beneficiary and the merchant - to have a phone and to participate in the authentication process by sending and receiving sms. This was piloted in Nepal with Mercy Corps and is the most complex of the 3 applications. There can be delays on the sms network and beneficiaries may make mistakes in inputting the code.</p> <p>It requires a partnership with an sms aggregator company (a reseller of sms services - an example in Philippines is Chikka <a href="http://www.chikka.com/">http://www.chikka.com/</a>) or local mobile network operator.</p> <p>2. USSD -based product: this also operates through the standard cell network but is more reliable and means that only the merchant needs to have a phone (a simple phone will suffice) and send and receive messages with the platform for authentication. The beneficiary is provided with their voucher number and a PIN number on cards. Will require an arrangement with local MNO to arrange a USSD short code.</p> <p>Regarding short codes in Philippines - MNOs must request these from the BSP. According to the GSMA, Short-code provisioning from the MNO is possible, but they give them out infrequently and will require complete information around the intended purpose to consider a proposal - contact GSMA for more information (see contacts sheet).</p> <p>3. Data network-based product: this is more reliable than cell phone network, providing 2g or 3g is available. Again only the merchant needs a phone (in this case a smart phone) and the beneficiary is provided with their ID number and a PIN number on cards. Whilst the product hasn't been used yet off line, it can have this capability and a specification for this is provided in a separate document.</p> <p>Has potential to be deployed by an agency's country office for multiple emergencies; or even at HQ level for deployment to serve disaster responses in multiple countries, for use where financial services do not penetrate or where there's been infrastructure damage..</p>
Controls	Vouchers can only be redeemed at participating traders. Can be programmed to be used for specific goods/services.
KYC to get started	<p>The technology is not designed to operate as part of the financial services industry (commercial transactions). Rather it is to facilitate transactions within an organization. The agency would need to go through standard procurement rules with participating merchants/stores since the only actual financial transaction taking place is between the NGO and the trader, to re-credit them for goods/services provided to households.</p> <p>In other words it is exactly like a paper voucher - just in electronic form.</p> <p>A database of beneficiaries is created who are assigned a unique ID to which a voucher number is assigned.</p> <p>Transversal provide a template for the trader and beneficiary registration to upload to the system. This can be done through a digital data device for direct syncing, or through Excel.</p>
Coverage and resilience of pay out points	<p>There is no agent network that the service provider is responsible for ensuring liquidity of - the whole process is managed by the client and whichever merchants/traders the client chooses to work with. This would require the identification of suitable merchants to service the programme by the agency.</p> <p>The system requires a functional data network or telecoms network. To operate</p>

	<p>through the telecoms network requires a third party partnership with a mobile network operator.</p> <p>Potential to use a "store and forward" feature, meaning that transactions at the POS can happen offline, providing the POS syncs with the database before and after.</p>
Upload and reconciliation	<p>Value is assigned to beneficiaries by the agency through a web interface.</p> <p>Reports are generated in real time, also through the interface -can provide detail on transactions by sector/product, for programme decision making.</p>
Verification process at POS/cash out	Beneficiaries must provide their ID number and voucher code at the POS, and key in their unique 4 digit PIN.
Costs	Transversal has provided some ballpark guidance on costs for 3x sizes and durations of programme (separate document; these are totally negotiable especially for programmes of large scale and duration.
Bespoke / temporary services?	This service is a 100% customised service that would allow a temporary system to be set up and aid to be delivered quickly to households through local merchants.
Support	<ul style="list-style-type: none"> <li>• Can support training of agency staff and merchants in use of POS and system - they have training resources developed and follow a training of trainers method</li> <li>• Can have dedicated service support</li> <li>• They have dedicated an account manager to this (see contacts sheet).</li> <li>• Can provide service support on a 24/7basis, there will be a cost involved.</li> <li>• Has provided access to the staging server for people to take a tour - can modify this based on requirements (Annex G for further details)</li> <li>• Have provided a demo of the Application that agencies can install on a can be installed on any Android device version +2.2.</li> </ul>
Lead time	<ul style="list-style-type: none"> <li>• Contract with agency: 1-2 weeks</li> <li>• Selecting merchants: depends on agency procurement process</li> <li>• Training: allow1 week</li> <li>• Set up of platform: 24 hours to 1 week including testing.</li> <li>• Assigning value to beneficiaries: same day</li> <li>• Lead time on equipment: no equipment from their side, just access to the server. Will need to know local lead time for phones (traders) and printing of cards for beneficiaries</li> </ul>

## E. Micro Finance Institutions

### 1. BankO

BankO is a joint venture between BPI, Globe and the Ayala Corporation (40:40:20) to improve branchless banking services for the unbanked in Philippines. BankO savings account holders have access to a card (BDO) and a mobile wallet (GCash). This option has the benefit of longer term financial inclusion - however it will take longer to set up.

They are working closely with Mercy Corps and their first priority is to support provision of aid to their existing account holders. In the medium to longer term there may be opportunity to broaden out to new accounts. Those who are interested can contact Mercy Corps directly (Lesley Denyes - [ldenyas@field.mercycorps.org](mailto:ldenyas@field.mercycorps.org)).

BSP explained that BankO is in discussions with them about broadening cash out services to respond to Yolanda; BSP will inform the CWG of the outcome.

## 8 Annex E: risk mitigation measures on e-transfer programmes

(Concern Worldwide SOPs)

### Measures for reducing risk of fraud on e-transfer programmes

Distribute SIM cards to beneficiaries rather than using those they may already have. Always use the computer interface for the transfer of programme funds from the corporate mobile money account to the accounts of beneficiaries, using the service provider's bulk payment platform. Transfers must never take place from phone to phone using the Concern-registered SIM card. The SIM card connected to the Concern account must be kept in the safe under strict security procedures. Programmes using mobile money should arrange for the service provider to provide SIM cards with phone numbers in sequential order, which will enable ease of detection of missing or incorrect phone numbers in the system.

### Measures to reduce risk of delays on e-payment programmes

Provide training for all relevant programme and finance staff new to the system on then use of the payment mechanism.  
 Identify the lead time for phones, sim cards and cards from the service provider.  
 Pre-test the system.  
 Develop and communicate a contingency plan for manual verification for identification in the event that the technology fails.  
 Understand from the service provider the maximum number of transfers or size of transfers that can be processed by the automated system at any one time; the maximum value that can be kept in the phone or card account; and the deactivation period on the account. Operating plan must take this into account.  
 Work with the company to map mobile coverage and location and capacity of agents to ensure sufficient number, liquidity and proximity to the beneficiaries. Plan distribution schedule in line with this capacity.  
 Work with the company to ensure their distribution agents are aware of the programme and the amounts of cash to flow through the programme (to ensure liquidity).  
 Provide all necessary training to beneficiaries in the system and the PIN/requirements for identification.  
 Ensure agreements with service providers specify who to contact and the support required from the service provider in the event of system breakdown (ideally with a dedicated support manager).  
 Develop a system to handle funds that 'bounce' back or are not processed in initial disbursement.

## 9 Annex F: Tool to guide assessment of (e-transfer) service providers

Previous experience in CBI	How long has the operation been running?	
	Do they have an interest in supporting the response; and a track record in similar operations with NGOs or government?	
Coverage and resilience of network and pay out points	Do they currently have the necessary coverage of service in the targeted areas	
	Has the payment mechanism been affected by a disaster	<ul style="list-style-type: none"> <li>• what's the lead time for service recovery?</li> <li>• What about status of agents; staff; branch opening; electricity?</li> <li>• Are they part of the government's disaster response?</li> </ul>
	What guarantee can be provided that the service can resume, and how long would this be likely to take?	<ul style="list-style-type: none"> <li>• Can they provide us with regular updates on the status of recovery for their branches/agents in the affected areas</li> <li>• Can a Dedicated account manager be provided as a point of contact for NGOs?</li> </ul>
Capacity	can they expand their service to cover the areas required (e.g. provide remote banking agents / mobile banking vehicles )?	Are they Willing to; and what is the time involved to: <ul style="list-style-type: none"> <li>a) Accredite and train new agents/merchants</li> <li>b) Establish roving/mobile services on a temporary basis</li> </ul>
	Do they currently have the capacity to deliver the programme at the scale required and in the time available? (can they deal with the number of beneficiaries and the liquidity)?	<ul style="list-style-type: none"> <li>• How many people can a branch or a merchant serve per day on average?</li> <li>• Is there a limit to the number of accounts/beneficiaries your system could deal with in a single payment round?</li> <li>• Is there a maximum amount people can withdraw?</li> <li>• Are they Willing to and what is the time to Take on additional staff</li> </ul>
ACCESSIBILITY	Does the service have any specific requirements for verifying beneficiary ID when opening accounts or at the point of accessing cash?	<ul style="list-style-type: none"> <li>• What is the KYC now for customer identity?</li> <li>• Can the regulations be reduced/relaxed this to allow for more effective disaster response?</li> <li>• Service providers are accepting NGO IDs - is this possible?</li> <li>• Would you be willing to discuss this with central bank?</li> </ul>
OPERATIONAL ISSUES	lead time to set up the service in line with the time available	<p><i>Note: set up should include consideration of contracting, opening accounts, adding signatories, ordering Cheques/phones/cards, Training, registering, compliance, activating accounts)</i></p> <p><i>Get them to explain the activation process and the steps in the process of delivering cash; and the time each step takes. For example:</i></p> <ul style="list-style-type: none"> <li>• Finalising contract negotiations with NGO</li> <li>• Do we need to open account with you?</li> <li>• Do beneficiaries need to open accounts??</li> <li>• Ordering any payment instruments such as cheques</li> </ul>

		<ul style="list-style-type: none"> <li>• <i>What needs to be sent to you each month for making a new round of payments and how do we send this (web interface/email?)</i></li> <li>• <i>Time for transferring money from NGO to your account</i></li> <li>• <i>Time to process the transfers for beneficiaries (e.g. providing any cheques/tracking numbers; making sure liquidity is in the branches)</i></li> <li>• <i>Can we do a test run</i></li> <li>• <i>Any training for staff?</i></li> <li>• <i>What do beneficiaries need to do at the point of cash out (eg show ID; sign a receipt?)</i></li> <li>• <i>What is the process for Reconciliation and reporting</i></li> <li>• <i>Process for managing payment errors/ Technical issues</i></li> </ul>
ACCOUNTABILITY	What is the process for reconciliation of funds - what reports would be provided and within what time period?	<ul style="list-style-type: none"> <li>• How to handle complaints? E g customer hotline; account manager</li> <li>• Processes and regulations for data management?</li> </ul>
COSTS	What are the direct financial costs (set up costs and service charges)?	<ul style="list-style-type: none"> <li>• Costs could include: opening an account; costs of any payment instruments like cheques; costs of any additional temporary services; uploading the money from NGO account to each beneficiary; and completing the transaction (cashing out)</li> <li>• Can these be negotiated for large programmes?</li> </ul>

## 10 Annex G: PDM questionnaire for e-transfer programmes (from CALP research into cost efficiency of e-transfer)

A: PERSONAL INFORMATION					
A1	Questionnaire number		A2	Beneficiary ID_number	The number used to identify the beneficiary on the project (e.g ID card number / phone number)
A3	Registration type (1 = old caseload from 2011-2012, 2 = new caseload)				
A4	Name of Enumerator		A5	Date of Interview	
A6	District		A7	Village / Camp	
A8	Gender of respondent (1= male, 2 = female)		A9	Gender of head of hh (1=male, 2=female)	
A10	Total number of people in household		A11	Number of children under 5 in household	
A12	What is your relationship to head of HH	1 = HH head, 2 = Husband/Wife, 3 = Son/daughter, 4 = Son/daughter-in-Law, 5 = Sibling, 6 = Parent, 7 = Father/mother-in-law, 8 = Grandparent, 9 = Grandchild, 10 = Other relative			
A13	Which best describes your household's status? Codes: 1 = normally resident in this area, 2 = moved here due to drought, 3 = moved here due to conflict, 4 = moved here for other reasons				
A14	What is your household's current livelihood strategy (code)	1 = pastoralist, 2 = agro-pastoralist, 3 = agriculture, 4 = urban			
A15	How many people contributed to household income last month?				
A16	What was your total household income last month? (Shillings)				
A17	How much debt does your household owe? (Shillings)				
A18	Which of the following have you or members of your household received from NGOs or projects in the past month? (1 = yes, 2= no)				
	a. PlumpyNut / P-Sup	b. CSB	c. Food aid	d. Food for work	
	e. Cash or CFW	f. Medicine	g. Water or water voucher	h. NFI / other	
A19	Did you agree to any conditions to get transfer? <i>If no, skip Q420</i>	Codes for A19: 1 = yes, 2 = no			
A20	What condition did you agree to in exchange for receiving this cash?	Codes for A21: 1=send children to school; 2= attend hygiene awareness sessions; 3= go to hospital if required; 4= send children to OTP, if needed; 5= involvement in conducting sanitation campaigns			
B: RECEIPT/COLLECTION OF PHONES AND CASH					
B1	If you walked directly to the distribution, without stopping along the way, how many hours did you take to travel to the site where you received your phone and sim card? (code)				
B2	How long did you have to wait at the distribution site to get your phone and sim? (code)				
Codes for B2 & B3: 1 = <0.5 hours, 2 = 0.5 – 1 hour, 3 = 1 – 1.5 hours, 4 = 1.5 – 2 hours, 5 = 2 – 2.5 hours, 6 = >2.5 hours					
B3	Were you given your own phone or do you share with others? (code) (If 1= own phone, skip to QB6)	1 = own ; 2= share			
B4	How many people do you share the phone with?	List the number			
B5	What has been your experience of sharing the phone? (code)	1 = good ; 2 = fair 3 = bad			
B6	How do you charge your phone (code)	1 = solar charger built into phone ; 2 = own a charger; 3 = share a charger with others			
B7	Did you receive training on how to use the mobile phone	Codes for B7-B11: 1 = yes,			

<b>B8</b>	Did you receive training on how to use the mobile money, transfer system?				2 = no
<b>B9</b>	Is there a PIN or security code? <i>If no, skip to Q B13</i>				
<b>B10</b>	Did you change the PIN/Security code since receiving the mobile phone?				
<b>B11</b>	Have you shared your PIN/Security code with anyone else? <i>If no, skip QB12</i>				
<b>B12</b>	If yes, who with? (code)				<b>Code for B14 and B15:</b> 1=husband/wife; 2=son/daughter; 3=other relative; 4=neighbour, 5=gatekeeper/community leader; 6=other
<b>B13</b>	Who looks after the mobile phone you were given? (code)				
<b>Record the respondents' views on the following statements B14 – B21 using the codes - 1 = yes 2 = no</b>					
<b>B14</b>	Was the modality (i.e. e-cash) used to transfer the cash to you acceptable? (code)				
<b>B15</b>	Did the frequency of the cash transfer suit your household's needs? (code)				
<b>B16</b>	Was the transfer sufficient to cover your household's basic food needs? (code)				
<b>B17</b>	Would you prefer to receive food or food vouchers rather than cash? (code)				
<b>B18</b>	Did the transfer help you to fulfill the conditionality agreed (refer to A20 – if answered 2=no to A20, skip to B19)				
<b>B19</b>	Did the transfer allow you to invite non-household members to come and eat at your household?				
<b>B20</b>	Are you aware of a complaints mechanism to report problems with the programme? (code)				
<b>B21</b>	Have traders increased their prices as a result of the cash transfers? (code)				
<b>B22</b>	Has control over the cash caused conflict within your household? (code)				
<b>B23</b>	Are other members of the community jealous of you because of the cash transfer? (code)				
<b>B24</b>	What was the total size of the transfer you received last time?	USD	<b>B25</b>	Was this amount you expected? (1 = yes, 2=no) (if Yes, skip to B27)	<b>B26</b> What was the amount you expected?
<b>B27</b>	How long ago did you receive your last e-cash transfer from Concern/Oxfam? (code) Codes: 1 = <1 week, 2 = 1 – 2 weeks, 3 = 2 – 3 weeks, 4 = 3 – 4 weeks 5 = > 4 weeks				
<b>B28</b>	Were you able to manage the phone & e-cash by yourself or did you need assistance from someone else? (code)				<b>Code for B28:</b> 1 = on their own, 2 = with assistance
<b>B29</b>	Last time you received your e-cash Did you have to pay anyone either in order to receive your e-cash or after you were given cash did you have to give somebody money? (1 = yes, 2 = no) If no skip to question B30				
<b>B30</b>	How much did you pay? (enter up to 3 reasons)	A		Sh	
		B		Sh	
		C		Sh	
				<b>Reason codes:</b> 1 = access to registration list, 2 = protection, 3 = community tax, 4 = sanitation, 5 = rent,	<b>Choice codes:</b> 1 = voluntarily, 2 = involuntarily
<b>B31</b>	Rank the ease with which you received your e-cash from Concern/Oxfam on your phone (code)				<b>Codes for B31:</b> 1 = good, 2 = fair, 3 = poor
<b>B32</b>	Did you experience any problems with receiving the e-cash from Concern/Oxfam? (1 = yes, 2 = no) (if No, move to section C)				
<b>B33</b>	What problems did you experience? (code - Multiple choice)				1 = distance to phone/sim distribution site; 2 = locked out of phone by PIN; 3 = e-cash account deactivated; 4 = e-cash provider didn't send e-cash

		sms on the correct day; 5 = problems with network coverage; 6 = problems with charging phone; 7 = other (please explain)		
<b>C: USE OF CASH AND MARKET BEHAVIOUR</b>				
<b>C1</b>	Did you exchange any of the e-cash into Shillings? (1=yes, 2=no) If no, skip to Q C9			
<b>C2</b>	What proportion did you exchange into cash?	Codes: 5= all of it (100%); 4 = most of it (75%); 3 = half of it (50%); 2 = some of it (25%); 1 = a small amount (less than 25%)		
<b>C3</b>	What exchange rate did you get for the cash you received?	<b>1 US\$ =</b>		Sh
<b>C4</b>	Where did you exchange your cash? (code)		Codes for C3: 1 = Local hawala, 2 = Local trader to whom you have a debt, 3 = Other trader, 4 = Exchange agent, 5 = Bank, 6 = Phone company, 7= family member, 8=Other	
<b>C5</b>	How long did it take you to travel to this cash pay out agent?			
<b>C6</b>	How long did you need to wait at this agent to get your cash?			
Codes for C5 & c6: 1 = <0.5 hours, 2 = 0.5 – 1 hour, 3 = 1 – 1.5 hours, 4 = 1.5 – 2 hours, 5 = 2 – 2.5 hours, 6 = >2.5 hours				
<b>C7</b>	How much did you spend on transport to and from the cash out agent?	(Cost in Shillings)		
<b>C8</b>	Did you need to pay any fee to the cash out agent to receive your cash (if no, skip to Q C10)		1 = yes 2 = no	
<b>C9</b>	How much?		Cost in shillings	
<b>C10</b>	Did you experience any problems with getting the desired amount of e-cash exchanged? (if no, skip to Q C12)			1 = yes 2 = no
<b>C11</b>	What problems did you experience? (code - Multiple choice)	1 = distance to place where they could cash out; 2 = problem proving identity to the cash out agent; 3 = problems with network coverage; 4 = cash out agent didn't have enough currency; 5 = other (please explain)		
<b>C12</b>	Did you spend any of your cash as e-cash (ie directly, without exchanging first)? 1=yes, 2=no (if No, skip to Q C17)			
<b>C13</b>	Did you need to pay any fee to a trader to receive your goods (if no, skip to Q C15)		1 = yes 2 = no	
<b>C14</b>	How much?		Cost in shillings	
<b>C15</b>	Did you experience any problems with spending the e-cash? (1=yes, 2=no) If no, skip to Q C17			
<b>C16</b>	What problems did you experience? (code - Multiple choice)	1 = distance to place where they could purchase goods with e-cash; 2 = problem proving identity to the trader; 3 = problems with network coverage; 4 = trader didn't have sufficient goods 5 = other (please explain)		
<b>C17</b>	Indicate how much of the last month's cash transfer was used for each item (in Shillings):			
	a. Food		e. Debt repay	
	b. Water		f. Gift/Share	
	c. Transport		g. Rent/Shelter	
	d. Firewood		h. Medical	
		i. clothes / shoes		m. Saved
		j. Livestock		n. Business investment
		k. School fees		o. H-hold items
		l. Ag. inputs		p. Other
<b>C19</b>	How many kgs of rice did your household		<b>C20</b>	How many kgs of sorghum or maize did



## 11 Annex H: Donor Mapping of Guidelines, Policies and Trends in CBI

Donor Mapping: Guidelines and Policies and Emerging Trends in CBI	
DFID	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>No specific guidance on the design or implementation of CBI in emergencies or use of e-payments.</li> <li>The 2011 Humanitarian Emergency Response Review (HERR) advocates for greater use of CBI in emergency response and is guiding DFID CHASE's policy to a large extent<sup>28</sup>. This includes: commitments to greater use of innovative techniques and technologies routinely in humanitarian response including cash based responses (in a way that is empowering those affected and stimulating local enterprise); and embedding resilience in all DFID country programmes by 2015 with a focus on linking of long term (social protection) programming with timely humanitarian response. As a result the UK has expanded its commitments to cash transfers and other social protection programmes to 16 countries.</li> <li>Value for Money is a guiding principle of DFID's funding now and DFID's 2013 Guidance on Measuring and Maximising Value for Money in Social Transfer Programmes has been rolled out across DFID's country offices<sup>29</sup>. It is positive that this guidance focuses on the importance of measuring effectiveness rather than cost efficiency; it also highlights the importance of focusing at outcome level and to take into account unintentional (negative) impacts not just sector-specific outcomes<sup>30</sup>. Although, there is a possible danger that with such a drive towards ensuring VfM the accountability focus moves towards the tax payer and away from beneficiaries.</li> </ul> <p><u>Other activities and trends</u></p> <ul style="list-style-type: none"> <li>The long term social protection programmes that DFID invests significantly in show them to be a proponent of e-payments. The 2011 cash transfer evidence review shows that DFID consider CBI to be a form of economic programming with potential to achieve objectives that cut across sectors<sup>31</sup>.</li> <li>DFID is funding the CALP work on data protection guidance for e-payments although they don't have specific guidance on this subject.</li> <li>Currently investing in research on CTP to build a consolidated evidence base for increasing funding<sup>32</sup>.</li> <li>Moving more towards funding consortium approaches to response.</li> <li>DFID is making significant investments to move forward with disaster preparedness<sup>33</sup>. As part of this they are embarking on a £20m, 1 year project with UNICEF and WFP. This will operate across 7 countries in 4 regions including Philippines, with the aim of identifying the extent to which preparedness improves effectiveness of response. It will include a focus on the establishment of preparedness agreements between the UN Agencies and NGO partners, as well as with particular service providers and will take into account the required pre-positioning of stock. The aim would be to enable response capability, including with CBI, within 72 hours. The decision to trial this through UN rather than NGOs was taken on the basis of the ubiquitous presence of UN Agencies in crisis affected countries and their cluster coordination role. Such a trend</li> </ul>

<sup>28</sup> CALP (2013) 'Financing of CTP: is CTP fit for the future?'

<sup>29</sup> White et al 2013

<sup>30</sup> DFID CHASE 2012 pers.comm

<sup>31</sup> DFID 2011

<sup>32</sup> DFID CHASE 2013 pers. Comm.

<sup>33</sup> DFID Preparedness Adviser 2013, pers. Comm.

	<p>could have future implications for NGO implementing partners. It is positive that DFID are considering the financing of preparedness actions in relation to CBI and coordinated approaches offer potential to achieve economies of scale and efficiencies. It also leads to question concerning the autonomy of INGOs and decisions on programme design and on which service providers to engage with. DFID is also seeking new ways to engage with the private sector to bring their skills and expertise into humanitarian action, in areas where they have comparative advantage such as urban crises.</p>
<p>ECHO/ Europeaid</p>	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>• ECHO developed a policy on funding cash and vouchers in 2008 and has championed CBI.</li> <li>• The European Commission Humanitarian Food Assistance Policy (2010) and EC Humanitarian Wash Policy (2012) both support consideration of all transfer modalities.</li> <li>• Produced a paper in 2013 “the use of cash and vouchers in humanitarian crises” which provides guidance on the funding of projects which include the distribution of cash or vouchers to beneficiaries. This provides highly relevant and forward thinking guidance:             <ul style="list-style-type: none"> <li>○ It is a requirement of the Commission that all modalities be systematically analysed and compared- and provides useful tools and decision trees to support this analysis.</li> <li>○ Multiple contextual factors are taken into account, including technical feasibility criteria, security of beneficiaries, agency staff and communities, beneficiary preference, needs and risks of specific vulnerable groups and cost effectiveness.</li> <li>○ Market assessment is needed for any kind of resource transfer, not only CBI; proposals must specifically address the risks of inflation on cash programmes and deflation with in kind transfers,</li> <li>○ Direct and indirect support to market systems may be associated with a transfer where appropriate.</li> </ul> </li> </ul> <p>One possible challenge is that the guidance recommends that cost-efficiency of the alternative response options should be compared (rather than cost effectiveness).</p> <ul style="list-style-type: none"> <li>• In Jan 2013 ECHO removed their cap of euro 100,000 which previously limited the use of unconditional cash transfers by NGO partners.</li> <li>• EuropeAid has no specific guidance on CBI; however communiques in 2013 relating to social protection and resilience both set the scene for greater engagement of the EC in long-term cash based programming; safety nets at times of crisis; and linking of relief and development programming<sup>34</sup>.</li> </ul> <p><u>Other trends and activities</u></p> <ul style="list-style-type: none"> <li>• Between 2007 and 2011 there has been an increase from 2% to 23.1% of the budget share of food assistance projects to cash and vouchers and a quadrupling of projects with at least a partial element of cash programming. Despite increased use of the modality, cash and voucher programming remains limited in scale compared to in-kind delivery of humanitarian assistance, and consumes a relatively modest share of the total humanitarian budget.</li> <li>• Continued expansion of cash and voucher programming, in particular into other sectors, and the adoption of new Financial Regulation and Rules of Application in 2013 has expanded the scope for ECHO partners</li> </ul>

<sup>34</sup> EC (2013)

	<p>to use cash and vouchers.</p> <ul style="list-style-type: none"> <li>• ECHO make various policy commitments in relation to the scaling up of cash and voucher programmes going forward<sup>35</sup>: (i) evidence-based market analysis and decision-making to systematize and scale up the application of cash and voucher programmes; (ii) development of humanitarian information systems and tools to enhance capacity and coherence; (iii) greater coordination and links with national governments in disaster response; and (iv) investigation of how new technologies can be used for cash-based projects.</li> </ul>
OFDA / USAID	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>• While OFDA is not explicitly pro-cash it has a preference for supporting CBI in the agriculture and food security and economic recovery sectors<sup>36</sup>. The 2012 proposal guidelines state that “USAID/OFDA is a proponent of cash-based interventions when and where feasible and desired by people, as an alternative to direct distributions of commodities”.</li> <li>• OFDA proposal guidelines 2012 promote the use of cash and vouchers in relation to NFIs; agricultural and fisheries production/food security; temporary employment, livelihood restoration; and new livelihood development. The guidelines ask partners to demonstrate how they will deliver cash in a way that is secure and convenient for recipients, secure for staff members and will ensure accountability and cost-effectiveness<sup>37</sup>.</li> <li>• USAID’s Standards and Practices Report for Electronic and Mobile Payments 2012 was developed with the aim of establishing a set of common practices and precedents for the use of electronic and mobile payments for the disbursement of funding to beneficiaries. <ul style="list-style-type: none"> <li>○ The report provides a baseline understanding of existing and emerging payment types, the regulatory environment and internal controls, the risk profiles of each payment type and strategies for risk mitigation.</li> <li>○ The report aims to address certain challenges that it states exist in aid delivery including the dangers and inefficiency that may be present in the use of manual cash and paper voucher- based payments; loss of aid through illicit activities caused by an inability to effectively track the disbursement of cash payments; and limited digital tracking of beneficiary’s receipt and use of funds which the document states increases the risk of fund misuse. Whilst some of these are indeed risks, there is also evidence to contradict these statements and this highlights a trend in donor interest in accountability and control.</li> </ul> </li> <li>• In 2012 USAID released a reference tool “Financial Documentation in the use of Electronic Payments”. This outlines what main categories of financial documentation are needed, though a limitation is the lack of detailed guidance concerning certain controls such as what counts as sufficient beneficiary ID confirmation<sup>38</sup>.</li> <li>• In 2012 USAID commissioned NetHope<sup>39</sup> to develop a “costing utility tool” which is helpful for implementing partners to undertake comparative analysis of financial and non-financial costs of manual v e-payment services in a given context (though again perhaps has more</li> </ul>

<sup>35</sup> [http://ec.europa.eu/echo/policies/sectoral/cash\\_en.htm](http://ec.europa.eu/echo/policies/sectoral/cash_en.htm)

<sup>36</sup> CALP (2013)

<sup>37</sup> USAID/OFDA, 2012. pp. 180

<sup>38</sup> Mercy Corps pers. Comm

<sup>39</sup> NetHope is a collaboration of 41 leading international humanitarian organizations and technology partners in order to transform how information communication technology can be used to serve development and humanitarian needs.

	<p>emphasis on the financial and non-financial costs than the outcomes generated). US AID endorses this tool and encourages its use.</p> <p><u>Other trends and activities</u></p> <ul style="list-style-type: none"> <li>• In 2010 the US government established the Emergency Food Security Program (EFSP) and, in 2011, around a quarter of its funding was for cash transfers and food vouchers with the rest for local and regional procurement.</li> <li>• There are changes to US food aid policy<sup>40</sup> in the proposed budget for 2014 fiscal year including: reducing sale of food in developing countries in favour of CBI and local food purchasing; and creation of Emergency Food Assistance Contingency Fund (\$75 million), to provide emergency food assistance. This will enable US food aid to feed at least four million more per year and reduce monetisation and shipping inefficiencies and has been hailed as a major positive step. Stiff resistance from the shipping and agribusiness sectors meant that the budget has allowed for a compromise in order to earn Congressional and popular support. 45% of US food aid will be purchased locally or replaced with cash vouchers, while the other 55% will continue to be bought in and shipped from the US.</li> <li>• USAID are part of the Better than Cash Alliance<sup>41</sup>. USAID’s policy-level support for the evaluation and adoption of electronic and mobile payments has been somewhat fractured, with most adoption occurring at the Mission or program level. USAID published a bulletin in 2013 requiring country missions to incorporate hortatory language where appropriate for promoting the BTCA initiative in the instructions for proposals, in order to encourage applicants to consider electronic forms of payment when appropriate. This promotes several claimed benefits of e-payments includes improved Cost Savings, Transparency of financial flows, Security, Financial Inclusion, and New Market Access. Examples from Haiti, Afghanistan and Philippines of where US AID country mission has promoted use of e-payments with partner organizations.</li> </ul>
<p>Norwegian (NMFA/N ORAD)</p>	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>• No CBI guidelines or cash specific resource people<sup>42</sup>.</li> </ul> <p><u>Trends and Activities</u></p> <ul style="list-style-type: none"> <li>• Tending to learn by doing, through their implementing partners.</li> <li>• Incredibly flexible in what they fund and are a growing cash donor - last couple of years they have becoming increasingly interested in supporting cash as a response option.</li> <li>• 2013 saw a change in government and this new administration is very much into accountability/control; so remains to be seen if new guidance or position concerning CBI will be developed.</li> </ul>
<p>Swedish</p>	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>• SIDA is pro-cash, as stated in their humanitarian guidance<sup>43</sup></li> <li>• Still only mentioned in relation to food assistance not broader humanitarian need</li> </ul>
<p>Denmark</p>	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>• No CBI guidelines or cash specific resource people<sup>44</sup></li> </ul>

<sup>40</sup> <http://www.borgenmagazine.com/obama-proposes-major-changes-to-us-food-aid/>

<sup>41</sup> The Better Than Cash Alliance provides expertise in the transition to digital payments to achieve the goals of empowering people and growing emerging economies

<sup>42</sup> NRC Humanitarian Adviser and Humanitarian Director of Save the Children Norway, Pers.comm

<sup>43</sup> Sweden’s Policy for Humanitarian Assistance 2010-2016 “humanitarian food assistance is not restricted to food in kind but also includes other, more innovative types of support where possible, such as cash and vouchers that can be exchanged for goods”

<sup>44</sup> NRC Humanitarian Adviser and Humanitarian Director of Save the Children Norway, Pers.comm

Swiss Agency for Development and Cooperation (SDC),	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>The Humanitarian Aid Department of SDC began implementing Cash Transfer Projects in 1999 and produced a manual in 2007 that provided a practical users guide for design and implementation of cash projects<sup>45</sup>. This was one of the first comprehensive user guides to be developed and already considered cash across a number of sectors. It provides extensive guidance through the stages of the programme management cycle.</li> </ul>
Canadian	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>No guidance or documents available.</li> </ul> <p><u>Trends and activities</u></p> <ul style="list-style-type: none"> <li>Beginning in 2010 and 2011, a small percent of food aid funding was also allocated to cash and voucher programs.</li> </ul>
WFP	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>In 2008 the Executive Board approved the “Vouchers and Cash Transfers as Food Assistance Instruments: Opportunities and Challenges” which led to step change in how WFP delivers humanitarian assistance.</li> <li>Since then the organization has made the strategic commitment to delivery 40% of the food assistance portfolio as cash and vouchers. It remains to be seen what percentage of this is provided as UCT and which is in the form of vouchers - WFPs mandate continues to be a barrier to acceptance of UCT.</li> <li>The 2009 Cash and Vouchers manual defines corporate safeguards and standards, along with procedures and processes to assist WFP practitioners with the design, implementation and accountability of cash and voucher-based initiatives, comprising both ‘aids to judgement’ and mandatory standards. Extensive guidance for every stage of the programme management cycle. One challenge is that cost efficiency is highlighted rather than cost effectiveness in the decision making process.</li> </ul> <p><u>Trends and activities</u></p> <ul style="list-style-type: none"> <li>The Cash for Change unit has led a huge investment internally in WFP towards the use of electronic payment systems. Whilst several opportunities are opened here providing the technology is made available to implementing partners, one of the dangers is that e-payment technology becomes a tool for improving accountability upwards (around mandates) at the expense of beneficiary choice. In other words, e-payment technology allows for the adoption of cash based responses as commodity vouchers.</li> <li>WFP are a partner on the DFID-funded project outlined above concerning preparing for cash transfers.</li> </ul>
FAO	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>In 2013 FAO produced Guidelines for Public Works Programmes including cash and food, and Guidelines for Input Trade Fairs and Voucher Schemes. This provides sound guidance on the design of programmes including             <ul style="list-style-type: none"> <li>minimum requirements for a public works intervention<sup>46</sup></li> <li>guidance on setting the wage rate; targeting; establishing seasonal activities; taking into account the needs of women and vulnerable target groups; and linking with local government.</li> </ul> </li> </ul>

<sup>45</sup> SDC 2007

<sup>46</sup> markets must be functioning; CFW activities must not interfere with the community’s main livelihood strategies; assets and infrastructure to be built or rehabilitated will meet the basic needs of the targeted Population; and the programme has taken note of prevailing wages for manual labour and seasonal labour patterns.

	<ul style="list-style-type: none"> <li>○ Guidance on selecting a delivery mechanism including taking into account accessibility, technological literacy, transaction costs, ease of monitoring and reporting and beneficiary preferences.</li> </ul> <p>The document still considers that vouchers are ‘safer’ than cash; on the other hand it also says that vouchers are more complex to manage and that risks with cash can be mitigated.</p>
UNHCR	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>• Guidance manual on CBI is forthcoming in which they are actively promoting multi-sectoral grants.</li> </ul>
Nethope	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>• Developed the costing utility tool mentioned above, in partnership with US AID.</li> </ul> <p><u>Trends and Activities</u></p> <ul style="list-style-type: none"> <li>• Potential new funding partner for the aid sector: in 2013 Nethope launched their own call for small grants to NGOs to support agencies in the expansion of the use of e-payments systems within their organisations.</li> </ul>
Visa	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>• No specific guidance developed, however the Visa Foundation are a strategic partner of CALP and have supported a number of pieces of research and tool development in recent years.</li> </ul> <p><u>Trends and Activities</u></p> <ul style="list-style-type: none"> <li>• Becoming increasingly engaged with the sector and as a donor of cash-related interventions. Besides the CALP-related work Visa look to be moving into the area of funding agencies directly for CBIs (Philippines being a recent example). It remains to be seen whether such funding is restricted to programmes using e-payments but this is bound to be a core area of interest.</li> </ul>
Mastercard	<p><u>Guiding principles, standards and tools</u></p> <ul style="list-style-type: none"> <li>• No specific guidance developed</li> </ul> <p><u>Trends and Activities</u></p> <ul style="list-style-type: none"> <li>• Becoming increasingly engaged with the development aid sector through the Foundation and now provide grants to NGOs. No clear guidelines on funding, which remains on a case-by-case basis rather than through calls for proposals however areas of interest include programmes with financial inclusion objectives. E-payments again are bound to be a core area of interest.</li> </ul>