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USAID/PHILIPPINES SCALING INNOVATIONS IN MOBILE MONEY (SIMM) PROJECT

QUARTERLY PROGRESS REPORT:FOURTH QUARTER 2013
JANUARY - MARCH 2013

APRIL 2013

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JANUARY – MARCH 2013**

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Scaling Innovations in Mobile Money (SIMM) Project Fourth Quarterly Progress Report

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ACRONYMS

ADB	average daily balance
ASKI	Alalay sa Kaunlaran, Inc.
BFA	Bankable Frontier Associates
BCWD	Batangas City Water District
BDO	Banco de Oro
BDS	business development specialist
BPCCII	Batangas Province Chamber Of Commerce and Industry, Inc.
BPO	BanKO Partner Outlet
BSP	Bangko Sentral ng Pilipinas
BTC	Better Than Cash
CCT	conditional cash transfer
CI/CO	cash-in/cash-out
CDI	Cities Development Initiative
CDO	Cooperative Development Office
COA	Commission on Audit
COR	contracting officer's representative
DBM	Department of Budget and Management
DSWD	Department of Social Welfare and Development
EPSP	electronic payments service provider
EOR	electronic official receipts
e-payroll	electronic payroll
FFCCII	Federation of Filipino-Chinese Chamber of Commerce and Industry, Inc.
FICO	First Isabela Cooperative Bank
GXI	G-Xchange, Inc.
HDMF	Home Development Mutual Fund
KMBI	Kabalikat para sa Maunlad na Buhay, Inc.
LBP	Land Bank of the Philippines
LGU	Local Government Unit
LOP	life-of-project
MC	Mercy Corps
MCPI	Microfinance Council of the Philippines, Inc.
MFI	microfinance institution
MFS	mobile financial service

MICOOP	Microfinance Innovations in Cooperatives
MIESCOR	Meralco Industrial Engineering Service Corporation
M-money	mobile money
MMP	mobile money provider
MNO	mobile network operator
MOU	memorandum of understanding
MPDO	municipal planning and development officer
MRES	Modernizing Revenue Enhancement System
NATCCO	National Confederation of Cooperatives
NGO	non-government organization
OCVAS	Office of the City Veterinarian and Agricultural Services
OTC	over-the-counter
PCCI	Philippine Chamber of Commerce and Industry
PFM	Public Financial Management
PHIC	Philippine Health Insurance Corporation
PMP	performance management plan
POS	point-of-sale
RFP	request for proposal
RPT	real property tax
SIDCI	Soro-soro Ibaba Development Cooperative, Inc.
SIM	Subscriber Identification Module
SIMCO	San Isidro Multipurpose Cooperative
SIMM	Scaling Innovations in Mobile Money
SSS	Social Security System
TAMIS	Technical and Administrative Management Information System
TOR	terms of reference
TDRO	Transportation Development and Regulatory Office
ULAP	Union of Local Authorities (ULAP)
USSD	Unstructured Supplementary Service Data
USAID	U.S. Agency for International Development

EXECUTIVE SUMMARY

During the quarter, SIMM project achieved significant milestones in its effort to build an enabling environment for mobile money and overall electronic money in various localities in the country. In February and March, the U.S. Agency for International Development (USAID) signed a Memorandum of Understanding (MOU) with two local governments, namely the Municipality of Pulilan, Bulacan and Quezon City, marking a commitment to implement mobile money services in government disbursements and collections. In February 2012, SIMM contracted Software Group Asia Pacific for the Mobile Financial Services (MFS) Business Model for Microfinance Institutions (MFIs), a project that aims to develop, pilot test, and document new models for integrating mobile money in MFI operations to improve efficiency by lowering costs and increasing revenue and to improve transparency and client satisfaction convenience in loans payment and collection. Memorandum of Understanding were signed with the participating MFIs with nationwide coverage such as CCT Credit Cooperative, Kabalikat para sa Maunlad na Buhay, Inc. (KMBI), First Isabela Cooperative Bank (FICO), GM Bank of Luzon, and the National Confederation of Cooperatives (NATCCO). In March 2013, SIMM awarded the conduct of the interoperability study to Mercy Corps, a research that aims to formulate a strategic model for the Philippines to transition towards interoperability across accounts and inclusive payments system which the SIMM project anticipates will result to scaling the mobile money adoption and usage.

SIMM achieved considerable strides in building the confidence of government agencies to implement mobile money in government transactions by facilitating the release of pertinent regulations in the national and local level such as the COA regulation on electronic official receipts (EOR) and other local ordinances. SIMM has garnered the commitment of Department of Budget and Management Undersecretary and Chair of the Public Financial Management Committee Richard Moya enjoining all government agencies to use e-payments. In Valenzuela City, Ordinance 2012-139 was passed, regarding the authorization and recognition of the use of automated system of payment transactions of taxes, fees and other payments to the city of Valenzuela pursuant to existing policies and regulation. The policy is consistent with the city government's goal of providing an efficient, accessible, and easy to implement public services for improved transparency in government transactions. It provides for an efficient and effective collection of taxes as a prerequisite to generate the necessary income of the City that will support infrastructure projects and delivery of basic services.

From February 28-March 2, SIMM held the project implementation review and Year 2 annual planning workshop to take stock of the critical gains and lessons learned, assess gaps and challenges, and foreseeable opportunities from the first year moving forward. With the aim of fast tracking project implementation and strategic programming, SIMM prioritized activities that will deliver the target number of new users and other key project indicators by maximizing resources to focus on key organizations such as the construction and other labor intensive industries and large national government agencies payment streams for G2P services such as the conditional cash transfer of the Department of Social Welfare and Development (DSWD) and collection of social security (Social Security System), health insurance (Philippine Health Insurance Corporation), and housing benefits (Home Development Mutual Fund).

In March, SIMM launched the new services of San Isidro Multipurpose Cooperative (SIMCO) in Batangas City as a Business Partner Outlet of BankKO with 59 members registered as new mobile money users.

CHAPTER 1: INTRODUCTION

The U.S. Agency for International Development (USAID) believes that development entails facilitating access to economic opportunity. Financial services provide the means for the poor and unbanked to build assets, better withstand shocks, and participate more broadly in the formal economy. In the Philippines, the lack of rural access to financial services presents a major barrier to achieving broad-based economic growth. Across the nation, 610 out of 1,635 municipalities do not have banks. With just 26 percent of Filipinos enjoying access to formal financial channels, a latent demand for financial services remains largely untapped.

Meanwhile, the Philippines enjoys a high penetration rate (100.3%) of mobile phone subscribers and registers more than 9.5 million electronic wallet accounts, more than any country in the world, save Kenya. An enabling regulatory environment has facilitated the expansion of mobile money (m-money) and has aided the creation of three unique electronic money models. Ubiquitous airtime distribution networks provide an established infrastructure to expand reach. These positive factors have created a ripe opportunity to leverage existing electronic money channels to address development challenges of financial and economic inclusion.

Despite many positive factors that have enabled the Philippines to become one of the most successful m-money markets in the world, other factors have constrained its growth. USAID has an opportunity to address constraints to catalyze this emerging sector and leverage electronic money for financial inclusion.

OBJECTIVES AND KEY RESULTS

The Scaling Innovations in Mobile Money (SIMM) project builds upon USAID interventions in microenterprise access and mobile banking (m-banking) to further expand financial services. SIMM advances interconnected goals of increasing financial inclusion for broad-based economic growth through boosting expansion and rapid adoption of m-money services, and creating an enabling environment for m-money.

To reach these goals, SIMM will target three broad areas of strategic intervention: the payment system, government services, and electronic payroll (e-payroll) distribution.

Cutting across these strategic areas, the activities of SIMM will also address supply and demand constraints to broader adoption of m-money in the Philippines and promote global knowledge sharing.

Working with the government, the MNOs, financial institutions, and local organizations, SIMM will address obstacles that are impeding the growth of branchless banking in order to achieve growth-oriented sustainable results and impact. SIMM focuses on three primary areas: creating business models that scale, achieving inclusive user uptake, and promoting global knowledge sharing of m-money. SIMM will be responsible for delivering the following results.

- Growth of m-money to more than 1.3 million active users (of which one-quarter are new subscribers to m-money services).
- More than 12,500 people trained (via financial education and literacy on the uses of m-money and m-money services) for improved household financial management.
- More than 10,000 people opening savings accounts via m-banking.
- Increased e-payroll implementation and adoption to 100 (small, medium, and large) businesses and two Government of the Philippines agencies/local government units (LGUs).

- An additional 2,500 CI/CO merchant partners operating mostly in rural areas.
- Increased volume (monetary value) of m-money transactions by more than 200 percent.
- Three conferences and venues for networking supported; and
- Three research papers and assessments produced for knowledge sharing.

OVERVIEW OF QUARTERLY REPORT

This report covers the progress of the SIMM project during the period January 1, 2013 to March 31, 2013. Section 2 describes the progress of the main activities and tasks planned starting with the building of local ecosystems in selected cities. During the quarter, SIMM established partnerships with Municipality of Pulilan, Bulacan and Local Government of Quezon City; and awarded contracts for major research study on interoperability and Mobile Financial Services for Microfinance Institutions. Moving further, the progress of activities is categorized by objective and major activities that were active during the period including the anticipated activities for the upcoming quarter. Towards the end of the section, project results and performance review were updated, showing complete baseline data versus accomplishments. Section 3 looks at the emerging and opportunities forthcoming. Section 4 provides an overview of what to expect for next quarter's implementation.

CHAPTER 2: KEY PROGRESS TO DATE

BUILDING MOBILE MONEY ECOSYSTEMS IN SIMM CITIES

SIMM Municipality of Pulilan, Bulacan

During the period, SIMM finalized the commitments of the Municipality of Pulilan, Bulacan to be the third SIMM City. In January, the letter of interest Mayor Esguerra (*attached as Annex A*) adopting mobile money in the payroll system of the whole organization and the payment scheme for their Pulilan Water System, the sole provider in Pulilan that is owned and managed by the municipal government was transmitted to USAID along with the profiled and draft Memorandum of Understanding.

Soon after, preparations were underway for the courtesy call of USAID Mission Director Gloria Steele and Mayor Vicente Esguerra, Sr. and Memorandum of Understanding (MOU) Signing Ceremony that was held on February 15, 2012, 10.00 to 11.00am in the Municipality Hall of Pulilan. Local guest list include (a) key officials from Treasury, Accounting, Municipal Planning and Development Office, Municipality Auditor etc.; (b) business sector preferably the large enterprises with 300 employees above; (c) Micro Finance Institutions; and (d) Cooperatives with the largest members and assets. SIMM partner cooperatives, National



USAID Mission Director Gloria Steele discusses the Better Than Cash Initiative and how countries are benefiting from shifting to electronic payments with Pulilan, Bulacan officials, Mayor Vicente Esguerra, Sr., Vice Mayor Elpidio Castillo, and Municipal Administrator Vicente Esguerra, Jr.

Confederation of Cooperatives (NATCCO), Alalay sa Kaunlaran (ASKI) and GM Bank, who may have local counterparts in Pulilan were also invited.

SIMM Local Government of Quezon City

In January, SIMM met with Quezon City officials to introduce the SIMM Project and schedule a presentation with the Mayor, Vice-mayor and other relevant offices such as the Treasury, Accounting, COA and government depository banks. Chief of Staff Aldrin Cuña expressed interest in the project and some reservations due to concerns of the city government in the reconciliation of payments and issuance of official receipts which has prevented the city from shifting towards electronic transactions. He advised that the process must be clarified with their local treasurer and auditor on the practices of other pilot LGUs because the treatment of existing audit regulations varies across localities. By the end of the month, Mayor Herbert sent a letter of interest (*attached as Annex B*) to partner with SIMM in improving various governance services through mobile money. Among the priority transactions selected include 1) Payment of Real Property Taxes; 2) Stipends to local government scholars; and 3) Payment of amortizations due to the local government's housing corporation.

Quezon City is more than four times the size of Manila with an estimated population of 2,915,772 and a 2.92% annual growth rate. Population density is 18,375 persons per kilometer with 60% of the population living in the city's District 2. There are a total of 58,133 businesses registered as of 2010 figures. There are 6,162 Small, 278 Medium and 286 Large business establishment in Quezon City¹. Electricity is supplied by Meralco and water supplied by Maynilad Water Services and Manila Water.

Total utility customer is around 668,000 households and businesses. MFI present in Quezon City are Card NGO, KMBI & Pagasa Philippines Lending Company Int'l. There are total of 198 savings and loan associations and 495 credit cooperatives.

In February, SIMM met with Quezon City (QC) officials to discuss and address concerns relating to the implementation of the project. During the meeting, Chief of Staff, Aldrin Cuna officially gave the commitment of

the city government to partner with SIMM through the QC Office *Order (attached as Annex C)* signed by Mayor Herbert Bautista creating the QC counterpart team for SIMM that will be responsible for overseeing the implementation of the project. The team is comprised of representatives from the City Treasurer's Office, the Accounting Office, the Information Technology Office, and the Communication Coordination Center. The first committee meeting was held on February 28.

Immediately after, SIMM drafted the MOU and Terms of Reference (TOR) that was expanded to include collection of taxes and fees of the following: (1) Business Permits (2) Occupational Permits (3) Real



Quezon City is an ideal city to pilot a mobile money ecosystem owing to its high population density, the prevalence of banking institutions, the service of telecommunications companies, an active local business community.

¹ NSO 2010 Business List

Property Tax (4) Stipends to local government scholars; and (5) Amortizations due to the local government's housing corporation. Among the key features include the mass messaging feature that will inform the constituents on current and past dues, announcements from the city government and other notifications (i.e. pick-up of receipt or option for receipt delivered via post); and the web interface and access to verify and confirm payments made to government.

QC officials informed SIMM that the proposed MOU signing is compliant to Circular 04-2012 dated November 23, 2012 (*attached as Annex D*) providing clarifications on the conduct of procurement activities in relation to the May 13, 2013 National and Local Elections. The circular pertains to the election ban on all procurement activities during the election period (March 29 to May 13, 2013). Under section 4.1.3(f), it states that "Ongoing foreign assisted projects commenced before March 29, 2013 are likewise allowed, provided that such project was reported to COMELEC". The office of Commissioner Sixto Brillantes received the letter requesting exemption of the SIMM project from the Commission of Elections (COMELEC) Resolution 9835 on March 8.

The MOU signing ceremony between the Local Government of QC USAID was held on March 25 in the 3/F Bulwagan, Quezon City Hall.

City Government of Calamba

On January 10, SIMM met with officials of the City Government of Calamba, Laguna to gauge their interest in adopting mobile money for government financial transactions. Calamba City Planning and Development Office (CPDO) representative Imelda Pranas, City Treasurer Precy Adrian and City Assessors Officer Graciano Aldabe attended the meeting. SIMM provided the city officials with an overview on how to go about mobile money implementation for real property tax and business permit and license fees based on SIMM's Batangas City and Valenzuela City experience.

On January 29, SIMM gave a project orientation to Calamba City Mayor Joaquin Chipeco to obtain the City Government's buy-in to implement mobile money as an acceptable payment mode for government transactions. Calamba is a priority city because of its huge untapped market for mobile money services with over 83,737 households as potential clients for government local fees and water utility payments, 68,003 work force for payroll, and wide MFI outreach for loan disbursements and collections.

Mayor Chipeco expressed plans to modernize the city by maximizing use for up to date technology in their operations as Calamba city transforms into a regional hub of the country. In partnership with Malaysian investors, regional government offices will be soon established in the city. Among the key priorities identified for adoption of mobile money is collection and disbursement of government transactions. ICT specialist Mr. Reden Aquino confirms integration of mobile collection to their Modernizing Revenue Enhancement System (MRES). Another possible integration is using mobile money for the disbursements made to its officials for operational costs and financial assistance to the constituents covering education, health and other basic needs subsidies. To ease the queuing, collection of real property tax can be made via mobile payments. However, in light the organizational changes forthcoming after the 2013 elections and the current priorities to implement adjustments to the MRES, Mayor Chipeco sent a letter on March 13 (*attached as Annex E*) to respectfully decline the project for the time being and placed for discussion once the new officials have been officiated into office.

Calamba Water District

SIMM met with General Manager of Calamba Water District (CWD) Restituto Sumanga Sr. to explore implementation of mobile payment scheme for water utility payments. Currently, CWD has more than 42,000 concessionaires. Collection is primarily through its three (3) branches within Calamba City. Engr. Sumanga expressed his interest to expand payment options such as commercial banks, bayad

centers and mobile money to improve services to its concessionaires. SIMM will be presenting the benefits of the project to city officials by next quarter.

San Fernando City, Pampanga

On January 31, DCOP SIMM met with City Administrator Engr. Ferdinand Caylao, City Planning and Development Officer Engr. Limbitco and City Treasurer Mary Ann Bautista from the City Government of San Fernando, Pampanga to gauge their interest and readiness to adopt an electronic payment system like mobile money for their payroll, G2P, and P2G payment streams. In light of the local elections coming up, Engr. Caylao suggested to start the partnership in June 2013 as some organizational changes are anticipated with the incumbent Mayor Oscar Rodriguez serving his last term.

To ensure a more strategic and focused approach, in consultation with Contracting Officer's Representative (COR) Teresita Espenilla, SIMM will be focusing on building the various sectors in key national organizations and in the four local ecosystems in Batangas City, Valenzuela City, Quezon City and Municipality of Pulilan, Bulacan.

It must be noted that one of the mobile money providers, SMART, has expressed their constraints in manpower and resources, effectively limiting their LGU partnerships to three namely, Valenzuela City, Batangas City and Quezon City.

Union of Local Authorities (ULAP)

On January 29, SIMM briefed ULAP's Program Manager Czar Medina and officer-in-charge of Executive Director Sonia Lorenzo about SIMM to explore possible areas of collaboration on scaling mobile money in government services.

ULAP is an umbrella organization of all the leagues of Local Government Units and leagues and federations of local elective and appointive officials. The group serves as an avenue for local government officials in the Philippines (governors, mayors, councilors, etc.) to discuss relevant national and local issues; and advocate their position and the voice of their constituents regarding these issues. Currently, ULAP mobilizes LGUs and community in support of national health and education programs convened in collaboration with various government, non-government and private organizations. ULAP supports the project and has provided their endorsements for the Cities of Tarlac, Cabanatuan and San Fernando Pampanga to partner with SIMM. Apart from the coordination support, ULAP sees clear collaboration in their on-going project with PhilHealth that aim to encourage the informal communities to organize and set up terms for easy payment schemes for voluntary contributions of health premiums. Another possible collaboration is the OFW project where ULAP holds large forums for one stop shop services for OFWs; mobile money can be one of the remittance payment option that can be promoted apart from the regular 'Bayad' centers like western union, LBC, etc.

USAID Forges Partnerships with Top LGUs to Digitize Payment Systems for Better Governance



Pulilan officials, Mayor Vicente Esguerra, Sr. and Vice Mayor Elpidio Castillo and USAID Mission Director Gloria Steele signed the memorandum of understanding that will scale mobile money for government payroll and water utility payments.

The U.S. Agency for International Development (USAID) has partnered with the Municipality of Pulilan, Bulacan and the Local Government of Quezon City to pilot the use of mobile money to enable citizens and businesses to pay local government fees for business registration, real property tax, occupational permits, housing amortization, even water utility bills using their mobile phones. This is aligned with the Philippine government’s thrust to transition to electronic payments to foster transparency in the bureaucracy and expand opportunities for financial inclusion.

Under this partnership, Quezon City will also digitize G2P social transfers, specifically educational stipends to 10,000 government scholars and subsidies to housing beneficiaries and public school teachers. For Pulilan, electrifying key government payment streams like payroll will mean reduced administrative costs and improved delivery of public services for citizens.

Both governments are working closely with USAID’s Scaling Innovations in Mobile Money (SIMM) Project to automate existing payment and collections system for a faster, more secure, and more accountable management and tracking of government financial transactions.

SIMM will also mobilize the business and microfinance sectors in both localities to boost adoption and usage of mobile money for payroll, trade payments, and microfinance loan disbursements and collections.

On February 15 and March 25, respectively, USAID Philippines Mission Director Gloria D. Steele signed the memorandum of understanding with local chief

executives Pulilan Mayor Vicente B. Esguerra, Sr. and Quezon City Mayor Herbert M. Bautista.

“This partnership will further advance economic development in Pulilan,” said Mayor Esguerra. He encouraged key officials and the private sector to help the Municipal Government bring the benefits of mobile money to their constituents. “We will work with you to promote inclusive growth in Pulilan and make it a better place to live in for your citizens,” USAID Mission Director Gloria Steele said.

In his speech, Mayor Bautista underscored that it is time for government to update archaic laws and policies and recognize the benefits and convenience of using new technologies to deliver public services. Quezon City has earlier championed the application of technology for governance with the passage of Quezon City Ordinance 1508, which authorizes the City Treasurer to accept online payments as an alternative payment mode for tax collection.

USAID Mission Director Steele remarked, “We are optimistic that Quezon City, being the largest and one of the most progressive cities in the Philippines will become a model for other local governments to adopt innovative solutions like mobile money to improve governance.”



Quezon City Mayor Herbert Bautista and USAID Philippines Mission Director agreed to pursue good governance reforms through usage of mobile money for government financial transactions.

The project is part of a bigger initiative called Partnership for Growth, where the Governments of the Philippines and the United States agreed to work together to address key constraints to broad-based, inclusive economic growth, so the Philippines can achieve sustainable, inclusive development, at par with other high-performing emerging economies.

OBJECTIVE 1: Facilitating E-Payroll Distribution

Active

- Promote e-payroll options to established businesses
- Support the implementation of e-payroll to public sector agencies
- Facilitate the e-payroll implementation of businesses not currently served by commercial banks

- Promote e-payroll options to established businesses

SIMM prepared the business case for m-money payroll and the financial model comparing the various payroll disbursement options. The model clearly shows that m-money payroll, as it is currently priced, is the least cost option. Hence, the message has to be communicated to the target businesses in order to propagate adoption of m-money payroll.

On February 6, SIMM met with Lito Bermudo, President of Meralco Industrial Engineering Service Corporation (MIESCOR), and his team involved in payroll in order to assess their need for and interest in adopting mobile money for payroll. MIESCOR is a wholly-owned subsidiary of Meralco of the Metro Pacific group of companies engaged in engineering and construction. It employs 5,000 workers in its head and field (project) offices nationwide. Currently, they use bank CA/SA-based ATM accounts for distributing payroll which require them to put up Php 3,000-4,000 per employee as average daily balance (ADB) requirement. By switching to mobile money payroll, they would like to free up capital tied to the ADB requirement. Hence, they decided to implement mobile money payroll and expressed appreciation for SIMM for extending technical assistance and for offering to assist in training and information campaign. In March 18, SIMM engaged an individual service provider to focus on promoting m-money payroll to handle the Construction industry as well as other labor-intensive industries that are working capital-sensitive such as security guard agencies, restaurants, manpower agencies, direct selling companies, etc. At present, MIESCOR is selecting who and how to select employees for piloting prior to full rollout. Another lead is the Persia Grill restaurant with over 80 employees who are currently being paid in cash. It is now selecting which MMP to use for its payroll.

The service provider will first focus on establishing relationships with the industry associations of each target industry, and propose to speak about m-money payroll in the general meetings of these associations for lead generation purposes. SIMM will then work with the MMPs to close m-money payroll agreements with the companies that expressed interest.

- Support the implementation of e-payroll to public sector agencies

As agreed, SIMM will get the cooperation of the mobile networks to provide Visa with Unstructured Supplementary Service Data (USSD) channel for the mobile money service as well as facilitate an agreement between Visa and an agnostic agent network provider in order to reach rural population. Mercy Corps is working on the initiative to bring to market an agnostic mobile money agent network and has engaged Bankable Frontiers Associates (BFA) to do a research on interoperability. SIMM proposed that in order for the mobile networks to willingly provide USSD channel, Visa should provide capability to move funds between Land Bank of the Philippines (LBP) accounts and the MMPs own mobile money products. Visa proposed that this is for the 2nd phase. SIMM is having discussion with one mobile network operator (MNO) who expressed keen interest in providing the USSD channel that will enable its subscribers, who are also Land Bank Visa cardholders, to link their mobile phones with their Land Bank Visa accounts and access those accounts via their mobile phones. Planned availability date is October 2013 after Visa would have

completed the integration of Visa card management system in Land Bank and interconnects same to the MNO's system.

SIMM Municipality of Pulilan, Bulacan

After several discussions with key officials from the offices of the Assessor, Treasury, Accounting and Auditor and ICT, the Terms of Reference for the mobile money payment service was finalized detailing the objectives, project timeline, eligibility and requirements for the new collection and disbursement system for review of the municipality. The TOR will ensure that all requirements of the government are covered in the proposals of the MMP to identify the best service for the municipality. Further, the TOR will be the tool to simplify and expedite the solicitation and evaluation of proposals from MMPs for accreditation as an electronic payments service provider (EPSP) of the LGU as prescribed by DOF-DTI JDAO of 2010. The TOR will be duplicated and customized to Valenzuela City's implementation of mobile money collection for real property taxes. On March 16, the TOR was released to the mobile money providers for submission of the proposals by end month.

The project has also started collecting information from the business groups and cooperatives for a Mobile Money Forum to be convened by the Pulilan municipal government scheduled next quarter including topics from BSP regulations on electronic payments to managing payroll distribution and trade collections with resource speakers coming from the respective mobile money providers on successful business cases.

- Facilitate the e-payroll implementation of businesses not currently served by commercial banks

SIMM Batangas City

Office of the City Veterinarian and Agricultural Services (OCVAS)

In the meeting with Officer-in-Charge of the OCVAS Cooperative Division, Mercy Mandigma, SIMM learned that two more cooperatives have signified interest to integrate mobile money services in their operations, namely Pinamucan Ibaba Women's Multi-Purpose Cooperative and Ilijan Multipurpose Cooperative (Ilijan MPC). These two cooperatives have a combined outreach of over 800 members and an asset size of five million pesos (\$125,000). Incidentally, Ilijan MPC supplies manpower to the Korean Electric Power Corporation (Kepco) Ilijan Corporation, one of the leading electric utility providers in the Philippines, which can be a potential entry point for mobile money payroll. SIMM will be presenting to the concept paper on mobile money as a tool for promoting mobile money to other cooperatives next quarter.

Sorosoro Ibaba Development Cooperative (SIDC)

Following the initial discussions with the SIDC Board last year, SIMM was endorsed to the Savings and Loans Department to hammer out the technical specifications and implementation details for SIDC's planned adoption of mobile money for payroll and loan payments and collections. SIMM presented the concept to Juanita Dimayuga, Head of Savings and Loans Department and Grace Guerra, Business Development Supervisor, clarifying SIMM's role as implementing partner not competitor of the three mobile money providers, BPI-Globe BankO, G-Xchange, Inc. (GX for GCash), and Smart (Smart Money). In February, SIMM met with Ms. Fortune Rosales, head of human resource division on the



Mobile money offerings like the GCash Powerpay+ provides employees a cheaper alternative to receive payroll. It also increases utility of a typical payroll account with its added functionalities for bills payment and airtime reloading.

status of the proposal to enable mobile money for their payroll and loan collection and disbursement. As of the updates during the quarter, Globe GCash has presented the Powerpay+ for their payroll needs which is pending presentation to the Board for final approval. SIDC plans to pilot the payroll with the management first to increase confidence in the new financial service before it is rolled out to the entire organization. Among the concerns include the transaction cost considering that the existing payroll is cash based which allow employees to fully utilize their salaries at no cost. In addition, there are no ATM machines within the proximity of the Barangay Sorosoro Ibaba where 80% of the employees live. SIMM will present the proposed ecosystem for SIDCI prioritizing on loan disbursement and collections for the cooperative members.

SIMM Valenzuela City

On March 19, DCOP met with Valenzuela City Head of the Office of Coop Section Veronica Chongco to consult her about the optimal ways of engaging Valenzuela City cooperatives for mobile money adoption. Valenzuela City has a dynamic cooperative sector with 78 registered cooperatives, 66,000 members (30,000 regular members and 36,000 associate members) and an aggregate asset of P1.692 billion. Ms. Chongco suggested to SIMM to approach the Valenzuela Cooperatives Managers Club (VCMC) and present the SIMM project in their regular monthly meeting.

As agreed with the President of Federation of Filipino-Chinese Chamber of Commerce and Industry (FFCCCI) SIMM will conduct a forum that will cover real property tax payments and e-payroll once Valenzuela has launched its services

Anticipated Activities Next Quarter

SIMM City LGU activities

1. Submission of Proposals
2. Evaluation of proposals and negotiation on pricing;
3. Technical set-up and User Acceptance Testing (UAT);
4. Internal users training; and
5. Launch and information / education campaign.

Conduct of Mobile Money Forums for Cooperatives and Businesses

OBJECTIVE 2: Reducing Transaction Costs in the Payment System

Active

- Support and expand the wide adoption of P2G at one government of the Philippines agency
- Facilitate an efficient payment system to private sector utilities via m-money

- Support and expand the wide adoption of P2G at one government of the Philippines agency

Social Security System (SSS)

On March 4, USAID COR and SIMM met with Rogelio Funtalar, Department Manager II of the Service Delivery Department, Member Services Division and Emmanuel Trinidad, Assistant Vice President & Office-In-Charge of the Cash Department of the Social Security System (SSS) to discuss how SSS can benefit significantly by enabling mobile money for payment of social security contributions, loans, and other benefits. SIMM's proposition comes on the heels of the passage of Republic Act 10361 known as Kasambahay Act providing for the mandatory coverage of social security, health insurance, and housing benefits to the estimated 600,000 to 2.5 million domestic workers in the Philippines. The table below provides a brief overview of SSS' existing payment

system and accreditation process as well as their existing arrangements with mobile money providers.

Table 1. Status of SSS mobile money efforts

Item	Discussion
Existing agreements with mobile money providers (MMPs)	<p>SSS has existing or impending agreements with MMPs.</p> <ol style="list-style-type: none"> SSS still has to confirm it but there is a planned MOA with BankO to cover the informal sector. Ms. Amelia Penas from the SSS Service Delivery Department will advise SIMM if MOA with BankO includes m-money collection. For GCash, GXI has yet to sort out settlement of outstanding payables to SSS.
Requirements for accreditation of payment provider	<p>One requirement for accreditation is continued profitability for the past three years. Globe has vouched for GXI since GXI has not yet met this requirement.</p> <p>Accreditation process as follows:</p> <ol style="list-style-type: none"> Submit accreditation requirements to Investment Research and Support of Investments Sector (body that accredits payment service providers). They will evaluate and if ok, will endorse to SSS board for approval. Once approved, sign MOA between SSS and payment service provider. <p>Mr. Funtalar underscored that SSS management/board approval is necessary to allow household owners to pay SSS contributions of their household staff using m-money.</p>
Payment process	<p>Process for payment/remittance of SSS contributions:</p> <ol style="list-style-type: none"> Register as an employer. Use form R1 and R1-A. To pay monthly, use form R-5. After payment, file form R-3 (Collections report). Monthly, if online. Quarterly is OTC.
Technical standards for electronic payments and receipts	<p>At the minimum, SSS requires the following from the MMPs:</p> <ol style="list-style-type: none"> Collection transaction file format MMP to send collection transaction file to SSS via FTP, i.e. transfer file to SSS server/folder. <p>SSS is considering sending confirmation via e-mail and/or SMS text message.</p>

Mr. Funtalar has agreed to assist SIMM in securing approval from the SSS Board and management to include m-money as payment option for household employers.

SIMM has sent BPI-Globe BankO and Smart full checklist and memorandum of agreement templates for banks and non-banks provided by SSS for accreditation to be an SSS payment provider. SIMM is closely coordinating with the progress of GCash's pending MOA, and the SSS Board's decision to allow the household employer's number to make premium of payments of domestic helpers for ease in implementation of the Kasambahay Act.

Philippine Health Insurance Corporation (PHIC or PhilHealth) and the Department of Health (DOH)

On March 13, SIMM met with DOH and PHIC officials to present mobile money as an alternative payment option for PhilHealth members for monthly contributions and for disbursement of payment claims of accredited professional health care providers. Specifically, SIMM is looking into introducing m-money as a payment channel for PhilHealth contributions of domestic workers and their employers, which will soon be required under the Philippines Kasambahay Act to remit social security benefits. This meeting was done in coordination with the Private Sector Mobilization for Family Health (PRISM) 2, another project supported by USAID which is exploring alternative means for reimbursement of PhilHealth claims of midwives. In attendance were key officials from PHIC including Reuben John Basa, Vice President for ITMD, Task Force Informatics, Corplan & OSD, Evelyn Bangalan, Vice President, Membership Management Group (MMG), Atty. Alfredo Pineda, MMG - Formal Sector, Dr. Francisco Sarmiento, Treasury Department and representatives from the International and Local Cooperation Department (ILCD). The table below presents background information on PhilHealth current payment and collection system and their plans to digitize disbursements to hospitals and other facilities.

Table 2. Status of PhilHealth's payment and collection system

Items	Details
Previous experience in mobile money	Mobile money was used in the past to collect premium contributions from individually paying members but did not work due to the issue on acceptability of electronic official receipt as proof of contribution when availing of benefits.
Current process of payment of contributions and availment of PhilHealth benefits	<ul style="list-style-type: none"> - Current policy requires members to present member data report (MDR) print-out as well as certification of contribution from employer (or proof of contribution in case of individually paying member). - The solution they identified is for individually paying members to secure print-out of contributions from business centers since they have to go to the nearest business center just the same to secure their MDR print-out every time they avail of their benefits. - Chat contributions paid by members are applied on the current month (the contribution was paid). Their system does not post contributions for prior periods. - In case of overpayment, the excess amount is applied to the succeeding month(s). However, members can underpay using existing payment channels as there is no checking on the correctness of amount prior to acceptance of payment. - PhilHealth is proposing for the mobile money providers (MMPs) to add in their menu a drop-down of the contribution amount (as contributions are fixed per salary bracket) to make sure there is no underpayment of monthly premium.
Identified issues and risks	<ul style="list-style-type: none"> - PhilHealth does not want to repeat the same problem they have with BPI Online where all billers were aggregated in a single list (alphabetically) thus the risk of members paying PhilHealth Care, a private insurance company, rather than PhilHealth (Philippine Health Insurance Corporation). A suggestion was made to segmentize or group the billers, i.e., government, private, utilities, etc. This approach is similar to GCash menu where billers are listed by segment or category. - Risk of member's contribution not being remitted to PhilHealth (i.e., lost while in transit). - SIMM pointed out that provided the member indicated the correct member ID number the amount paid will be remitted to PhilHealth. Also, MMPs are regularly audited by the BSP to ensure reliability/credibility of the system and to check compliance with standards/regulations.
Digitizing PhilHealth disbursements	<ul style="list-style-type: none"> - On disbursements, the direction to shift to institutional payments from individual payments as well as from manual (checks) to electronic fund transfer. - Payments to hospitals will be through electronic fund transfer. - Fees of doctors, midwives and other professional medical service providers will be paid through electronic fund transfer via the institution they are affiliated with e.g., hospitals, clinics, LGUs, etc. Individual claims

Items	Details
	(reimbursements) will no longer be allowed. - All members will avail of their benefit through hospitals or clinics (institutions) thus payment will be through electronic fund transfer. - PhilHealth will be linked with hospitals electronically (via internet access) thus hospitals can check eligibility of members (MDR and contributions) on-site thus members don't have to travel to business centers just to secure MDR and proof of contribution print-outs.

PhilHealth, through Dr. Francisco Sarmiento of PhilHealth Treasury Department, will provide SIMM the accreditation guidelines, pro-forma contract and IT specifications for payment service providers (collection agents). SIMM will meet with G-Xchange, Inc. and Smart Communications to share the materials and discuss their submission of accreditation requirements. Dr. Sarmiento will also provide SIMM updates on BPI-Globe BankO's application for accreditation. . Dr. Sarmiento requested SIMM to write a formal request to Ms. Evangeline Racelis, Senior Manager, Treasury Department and OIC-OSVP – Fund Management Sector of Philhealth. Further, Dr. Sarmiento, through the advice of Ms. Racelis, invited SIMM to present the project to the PCA Accreditation Committee during its regular meeting to allow both SIMM and the committee to directly field questions / queries on the mobile money service providers participating in the project.

To ensure implementation in the local communities, SIMM met with ULAP Program Manager, Ms. Czarina Medina and PhilHealth officer for the I-Group project, Mr. Edracel Del Rosario on March 19, to discuss the status of their on-going partnership and ascertain if such can be a viable entry point for introducing mobile money as an alternative payment channel for PhilHealth contributions.

ULAP in partnership with Australian Aid, PhilHealth and Sanofi are currently implementing local policy advocacy work and conducting information campaigns on voter's education, advocacy work for People With Disabilities (PWDs) and universal healthcare in pilot areas namely Cotobato, Ilocos Sur, Mindoro Oriental, Bulacan, Nueva Ecija and Samar. ULAP is an umbrella organization of the Leagues and Federations of local elective and appointed officials aimed in consolidating and unifying local development to achieve national goals through collaboration of various stakeholders that gather capacity and resources of the private and public sector, donor agencies, among others.

The PhilHealth I-Group program aims to provide an enhanced access for Individually-Paying Members (IPM) in partnership with duly-registered organizations. Among the major groups under this program are Tricycle Operators and Drivers' Association (TODA), market vendors and microfinance institutions like NATCCO and Kasagana Ka who are also SIMM cooperative partners. Currently, this program is being promoted through the partnership with ULAP and the local PhilHealth offices.

SIMM aims to explore possible partnership with ULAP and PhilHealth to fast track accreditation of mobile money as an accessible payment channel for local communities especially the large informal sector to ensure easy access to health services that will also increase PhilHealth premium collections. SIMM can strengthen the efforts of ULAP and iGroup and pilot test payments of PhilHealth premiums in the local areas where SIMM is operating in namely Cities of Batangas, Valenzuela, Calamba, Quezon City and Municipality of Pulilan, Bulacan.

Once PhilHealth accredits the mobile money providers, the partnership with ULAP and I-Group will be to disseminate activation to the ground through the multi-stakeholder activities convened by the respective local government units.

Union Bank

SIMM met with officers of Union Bank (UB) for Corporate Banking and Business Development Group on March 21 to explore collaboration opportunities on mobile money. UB is providing mobile banking services to Tulay sa Pag-unlad, Inc. (TSPI) microfinance institution (MFI) using G-Cash. Main value-add to TSPI is UB's reporting tool. SIMM and UB will jointly look into possible collaboration to promote white-labeled m-money payroll product to rural banks because their client base consist of SMEs which are good prospects for m-money payroll. The UB-TSPI model will also be explored to see if it can be leveraged with the other non-deposit taking MFIs.

SIMM Valenzuela City

On February 26, SIMM Valenzuela City achieved a milestone in the implementation of mobile money services in government transactions upon the passage of the Ordinance 2012-139 (*attached as Annex F*), re: authorization and recognition of the use of automated system of payment transactions of taxes, fees and other payments to the city of Valenzuela pursuant to existing policies and regulation. The ordinance was sponsored by City Councilors Marlon Alejandrino, Antonio Espiritu, and Lorena Natividad-Borja. The policy is consistent with the city government's goal of providing an efficient, accessible, and easy to implement public services for improved transparency in government transactions. It provides for an efficient and effective collection of taxes as a prerequisite to generate the necessary income of the City that will support infrastructure projects and delivery of basic services.

During the quarter, SIMM held several meetings with Valenzuela City IT Head Randy Sison and City Assessor Atty. Cecilyn Andrade to follow through on their earlier discussion regarding the draft terms of reference for the setting up of the City's mobile payment facility for real property taxes.

The TOR for the mobile money payment financial services of the City of Valenzuela includes two components, namely, mobile or on-line bill inquiry and payment of real property tax dues through mobile money. The primary objective for implementing mobile payments in Valenzuela City's financial transactions is to make its operations more transparent and more efficient at the same time very convenient and cost-effective for its constituents. A key feature is the bills inquiry facility for collection of real property tax, business permits, and other local fees.

SIMM and Valenzuela City Government continued the review on the TOR particularly on the technical component to ensure compatibility of the various systems of the city government, MMPs and Land Bank to enable online billing system, access to daily deposits and transfers and actual amounts charged by the MMPs to the tax payers.

Valenzuela City met all MMPs for a technical discussion on March 25 and expose the draft TOR and to clarify both technical and process issues. Valenzuela City's billing system developer (third-party) was also present to answer technical questions on what the billing system can do and how it will interface with the MMPs' systems as well as check if they can do the algorithm. All technical and process issues were resolved on GCash but remaining issue with Smart Money on validation of amount due prior to processing will be discussed further with Smart's technical personnel.

Initial discussions on the implementation plan, particularly on the information, education, and communication campaigns and roadshows were likewise taken up. The roadshow will include the Federation of Filipino-Chinese Chamber of Commerce and Industry in Valenzuela, Valenzuela Business Club, local cooperatives and barangays. Objectives include creating awareness on the new mobile payment system and promoting usage of m-money for payment of real property tax.

Cooperative Development Office (CDO)

On January 30, DCOP Vice met with Veronica Chongco to get information on the cooperatives operating in Valenzuela City and how SIMM can engage them in partnership with the LGU CDO.

SIMM Batangas City

SIMM met with Batangas city Local Economic, Investment and Promotion officer Erick Sanohan and City Treasurer Tess Geron to provide feedback on the concerns relating to the COA regulation on electronic receipts. However, despite several efforts of SIMM to engage with the local and regional COA auditors, a standing request for an Office Order from national COA remains before any meetings can be scheduled on the project. Further, per Atty. Encarnacion from the office of Commissioner Heidi Mendoza, the authority to direct local auditors is not within its purview and that the matter should be decided by the local officials. Upon agreement, the mayor sent a letter in March to the COA national office to seek advice on the city's plan to implement mobile money as option for collection of city taxes with the attached issue background on the COA concern and implementation plan.

Meanwhile, SIMM proceeded with project activities and review of the Terms of Reference to be used in the evaluation of the proposals submitted by the mobile money partners. Batangas will prioritize payment of real property taxes followed by the business permit payments. It was noted that the depository bank of Batangas for collection is LandBank while Veterans Bank is used for payroll. As of date, the mobile money providers have submitted their proposals and are now being evaluated for accreditation.

SIMM Quezon City

On March 12, SIMM met with the QC-LGU team to thresh out the software and hardware requirements, proposed process flow for mobile payments, and identify policies needed to mobile money enable key priority transactions namely, Business Permits, Occupational Permits, Real Property Tax (RPT), Stipends to local government scholars and Amortizations due to the local government's housing corporation. Statistics were gathered on the addressable market for mobile money particularly transactions amounting to 100,000 and below: 575,000 for RPT and over 100,000 for business permits. QC-LGU also copy furnished SIMM the official letter to COMELEC reporting the partnership with USAID/SIMM (*attached as Annex G*). Chief of Staff Aldrin Cuña informs SIMM that the project is exempted from the election ban and anticipates launching of the new services as early as July, granting that national policies for electronic payments are in place. To fast track the finalization of the Terms of Reference, SIMM has released the draft and arranged the technical meetings between QC-LGU and the mobile money providers from March 20-22 to discuss the technical requirements and products and services. Simultaneously, SIMM also finalized the arrangements and other coordination activities to finalize the event for the USAID-Quezon City (QC) MOU signing on March 25. In March, SIMM facilitated two consecutive meetings with the mobile money providers to assess, flesh out, and agree on the technical

G-Xchange, Inc. (GXI)

On March 20, key account manager Ed Tablante presented GXI's products and services to the city government and discussions were made with the ICT officer Chuck Tunanday on the system to accommodate Gcash ICT officer discussed capability of the GCash platform and said that it accommodate the city government's requirements. Among the key features include bill inquiry and notification, security features that will check the validity and identity of a user and transaction; live access to transactions made, timely reporting of collections and settlement with the government depository bank and creation of a customized Quezon City Mobile Money Cards

and special menu that will be used by both government personnel and constituents to make payments to and receive stipends and other benefits from the city government. Quezon city officials liked the idea and added the possible inclusion of over 10,000 teachers that currently collect their allowances over the cashier in city hall. Considering the volume of transactions of the services, GCash agreed to waive the transactions costs of disbursements and provide free SIM cards and two free withdrawals. However, to effect the disbursement aspect, QC requires further discussion with their Treasury department. It was decided that the Terms of Reference for collections and disbursements will be separated to fast track the former while pending discussion.

BPI-Globe BanKO

On March 21, Vice President for Institutional Banking Josaias dela Cruz briefed the Quezon City officials on BanKO's wide range of financial products and services and laid out BanKO's proposed mobile payment solution to the City Government. QC discussed limitations of government agencies in opening bank accounts with private banks and asked BanKO to apply for accreditation to become a government depository bank with Department of Finance and Bangko Sentral ng Pilipinas. Among the key features are the benefits of having a mobile savings account for their allowances, access to all other banking benefits such as 1% interest per annum plus free life insurance (equivalent to five times the average daily balance [ADB], up to P200,000 maximum insurance coverage) when the account ADB reaches P2,000. An additional feature for payments is QC's access to detailed transaction history.

During the meetings, issues were raised by the Assistant Treasury regarding Article 2 of the Local Government Code on the functions of the Treasurer to receive payments due the government and disbursement of all local government funds. SIMM explained that accrediting electronic payment and collection providers (EPCS) is compliant with the Code, E-Commerce Act and other joint administrative orders of key oversight agencies. Further SIMM reported updates on the Memo Circular on implementation of the EPCS forthcoming from the Public Financial Management Committee and the Commission on Audit Circular on electronic receipts. QC officials agreed the release of any of the policies will be sufficient to settle the concerns of the Treasury.

- Facilitate an efficient payment system to private sector utilities via m-money

Alalay sa Kaunlaran, Inc. (ASKI)

On Jan 2, 2013, a workshop was held with SIMM, ASKI and BPI-Globe BanKO in preparation for the proposal submission to the Visa-NetHope grant. In May 2012, ASKI formed a partnership with BPI Globe BanKo to pilot a mobile-based disbursement project for its farmer members. The pilot implementation showed very positive results with a total of 1,673 rice farmers that now have PDIC-insured bank accounts including a crop insurance to minimize risks due to natural disasters. As of date, the Agri-Loan Program portfolio totals Php 38.66M. Other assistance include education on mobile-money financial transactions and Nutrient Management, a system that helps manage the amount, form, placement, and timing of the application of nutrients for optimum crop yield.

Following the success of the pilot program, ASKI's main objectives for the grant is to increase financial inclusion for all the farmer members of ASKI and increase operational efficiency through the following interventions: (1) launch an Information Education Communication Campaign (IEC) on Mobile Financial Services (MFS) to activate all 21,000 farmer members and 60 network agents on mobile banking; (2) build capacity of farmers and network agents on MFS and Nutrient Management; and (3) enhance ASKI's system to facilitate mobile money transactions including loan payments, bill payment, money transfers, vendor and trading management applications. The grant total is USD100,000 for a period of one year (Mar 2013 – Feb 2014). Deadline is due on January 9, 2013. The phase 2 pilot project will catalyze adoption of mobile-money to the

remaining 80,000 ASKI members and serve as a platform of other microfinance projects. SIMM may participate in the information, education, communication (IEC) activities on from design to implementation.

ASKI, officially registered on 1 July 1987, is a non-stock, non-profit organization committed to the promotion and development of micro and small-to-medium enterprises and the delivery of social services. Today, ASKI is one of the largest providers of microcredit services in northern and central Luzon. It now has a total of 38 branches and plans to open up more branches in 2013. ASKI's loan portfolio in 2011 was around 26.8 million US dollars, its revenues 9.6 million US dollars and its expenditures 6.1 million US dollars.

SIMM and DAI Consultant Lief Doerring facilitated the review of the draft proposals of the National Confederation of Cooperatives (NATCCO) and Alalay Sa Kaunlaran (ASKI) for the Visa Innovations Grants Program. This grant supports non-government, tax-exempt organizations that are intending to shift to electronic transactions as a way of fostering innovation and financial inclusion in the communities they serve. Final proposals were submitted by NATCCO and ASKI before the Jan 9 11:59pm PST deadline. VISA Net Hope has confirmed receipt of the proposals.

Despite earlier plans for SIMM to assist BankO and ASKI for the IEC campaign to rollout MFS to 21,000 ASKI farmer members, BankO decided to defer the collaboration considering the other company activities deemed more urgent. Nonetheless, SIMM remain willing to support this and other BankO initiatives to increase adoption of mobile money.

National Confederation of Cooperatives (NATCCO)

SIMM convened a meeting between G-Xchange, Inc. (GX) and the National Confederation of Cooperatives (NATCCO) on January 16 to bridge potential collaboration on the development of a mobile banking platform through G-Cash that can help bring the benefits of electronic payments to NATCCO's more than 500 cooperatives with 1,000 branches and 2.1 million members.

GX proposed to NATCCO to enable their coop collectors to become GCash cash merchants which estimates a 30% Return of Investment, additional revenue for the collector at P10 per P1,000 of cash-in transaction, 10% rebated on airtime load, payment of bills and inter-coop funds transfer or transactions. GCash partnership criteria include a 2-5 minute spiel to clients on their products, and training for coop collectors. NATCO raised its policy on non-disclosure of customer data.

On January 29, SIMM met with NATCCO Chief Executive Officer Sylvia Paraguya and IT Group Head Evangeline Lopez to brainstorm on potential mobile money model for NATCCO. It was agreed that NATCCO will establish a Memorandum of Understanding with USAID to develop a business model for NATCCO and its cooperative members that will be pilot tested in 6 key areas located in Luzon, Visayas and Mindanao. The project aims to mobilize at least 200,000 NATCCO members to use mobile-money as part of their financial products and services. SIMM and NATCCO signed an MOU detailing the scope of the partnership, responsibilities of each organization and implementation plan for the duration of 12 months starting March 2013.

Mobile Financial Services (MFS) Business Model

The objective of the Mobile Financial Services Business Model for Microfinance Institutions (MFIs) is to develop, pilot test, and document new models for integrating mobile money in MFI operations to improve efficiency by lowering costs and increasing revenue and to improve transparency and client satisfaction convenience in loans payment and collection. This project is

expected to result in 218,000 new users during the pilot phase and an estimated 300,000 new users for the rollout. The goals of the MFS MFI business model are as follows:

1. Seek to reduce operating costs of MFIs in loan disbursement and collections of loan amortization, microinsurance premiums, savings from customers, etc.
2. Aim to increase revenues by increasing the number of accounts that can be handled by account or loan officers.
3. Expand outreach and footprint of MFI branches to include areas that are otherwise cost-inefficient to reach.
4. Enable MFIs to offer new products or services.
5. Promote transparency in cash receipts and disbursements of MFI staff.

MFIs represent huge transactions related to microfinance services especially in the rural areas. These transactions include microcredit, microsavings, micro insurance, loan and premium payments and other related MFI services.

During the quarter, SIMM continued discussions with the participating MFIs and formalized the agreements through Memorandum of Understandings with CCT Credit Cooperative, Kabalikat para sa Maunlad na Buhay, Inc. (KMBI), GM Bank of Luzon, and First Isabela Cooperative Bank (FICO).

SIMM finalized the Terms of Reference and called for proposals for the Mobile Financial Services Business Model for Microfinance Institutions (MFIs) in various portals including Devex, the Philippine Star (February 6, 2013) and SIMM’s website and social media sites to seek international or local consulting firms and/or individuals during the week to lead the development of the mobile financial services business models for MFIs.

Three firms submitted their full technical and cost proposals for the MFS business modeling project on February 28. After evaluating the proposals, SIMM selected the Software Group Asia Pacific and met with Director Marie Valdez on March 11 to discuss their technical and cost-proposal for the project.

Table 3. Status of MFS business modeling project per MFI

Participating MFI	Description/Project Activities
Kabalikat para sa Maunlad na Buhay, Inc. (KMB)	<p>KMBI is a key MFI partner with 71 branches and over 240,000 active borrowers in its portfolio.</p> <p>On February 4, SIMM and KMBI signed a memorandum of understanding (MOU) for the implementation of the mobile financial services (MFS) business model project. During the quarter, SIMM has been regularly coordinating with the KMBI team to discuss upcoming project activities, timelines, deliverables, budget and cost sharing, responsibilities.</p>
First Isabela Cooperative Bank (FICO)	<p>On February 7, SIMM and FICO Bank executives led by President Herminio Ocampo brainstormed ideas on how to go about their mobile money partnership with SIMM and how to optimize BPI-Globe BankKO’s proposition in their mobile money implementation. . BPI-Globe BankKO sent FICO Bank a formal proposal for its co-funding scheme that will allow FICO Bank to expand its portfolio without requiring more capital, and to use BankKO’s mobile money platform for FICO’s clients.</p>
Taytay sa Kauswagan, Inc. (TSKI)	<p>TSKI is a microfinance institution founded in 1986 with the aim of bridging poverty to progress by empowering the poor through livelihood and educational assistance and enterprise development. With over 98 branches and district offices spanning 629 municipalities, TSKI boasts over P1billion loan portfolio and P2billion in assets in 2011. TSKI currently serves more than 285,000 clients.</p>

Participating MFI	Description/Project Activities
	<p>On February 25, SIMM met with Chairman, Mr. Angel L. de Leon, Jr. and Mr. Steve V. Tajanlangit III, Chairman & CEO of 7107 Islands Management, Inc., a subsidiary of TSKI.</p> <p>Initially some reservations were raised particularly due to their experiences with Smart Padala where it was difficult to avail of “willing” cash merchants in the rural areas given the potential risk involved in carrying huge amount of cash to serve TSKI’s clients. TSKI agreed to explore the partnership and to pilot the project in sub-urban areas (town centers) in Visayas and Mindanao with the objective of reducing operating cost in sub-urban areas to subsidize high operating cost in serving rural areas.</p>
GM Bank of Luzon, Inc.	<p>SIMM signed an MOU with GM Bank of Luzon, Inc. on January 8, 2013, one of the leading microfinance institutions (MFIs) in the Philippines with more than 40 branches operating in Northern Luzon.</p> <p>Under this agreement, SIMM will assist GM Bank in fully integrating mobile money services into their backend operations to enable a more efficient and transparent way of serving their growing clientele. With this partnership, SIMM will pilot test new models for m-money implementation by building capacity of local microfinance institutions to set up m-money platforms for financial services, extending their reach to the underserved market in the rural communities.</p>
Bangko Kabayan and RBAP	<p>SIMM met with Bangko Kabayan (BK) and the Rural Bankers Association of the Philippines (RBAP) on January 11 to discuss their questions about the MOU for project.</p> <p>Present in the meeting were (from BK) Pres. Francis Ganson, Managing Director Teresa Ganson, Corporate Planning and Marketing Head Fides Ganson-Ofreco, and (from RBAP) Executive Director Vicente Mendoza and Research and Communication Specialist, Francis Maneja.</p> <p>The MOU prescribes the use of mobile money by MFIs for loan disbursements. BK raised concerns about promissory notes (PN), as well as proposition to borrowers. SIMM proposed some business process changes in the loan application to include signing of PN, use mobile money to pay for loan proceeds upon approval and enable distributors to accept mobile money payments.</p>

SIMM Batangas City

Batangas City Water District (BCWD)

SIMM is closely coordinating with Atty. Reginald Dimacuja, Secretary of the Mayor, and Mr. Ruel Garcia, Member of the BCWD Board of Directors for the mobile payment implementation with BCWD. The BCWD Board is appointed by the Batangas City Mayor. Progress of activities is pending response from COA to implement mobile money as option for collection of city taxes.

San Isidro Multipurpose Cooperative (SIMCO)

Following the conduct of the SIMM Mobile Money Forum for Cooperatives last November 16, 2012, a partnership was successfully forged between BPI-Globe BankO and San Isidro Multipurpose Cooperative. Currently, SIMM is



SIMCO officers confer with BPI-Globe BankO Business Development Supervisors before the General Assembly to expound on the benefits and uses of having a BankO account.

closely coordinating progress of four other cooperatives in the process of accreditation as a BanKO Partner Outlets.

On March 21, SIMM presented the project to SIMC General Manager Marites Ramirez and discussed how digitizing their operations can make their cooperative more efficient and responsive to the needs of their members. SIMC signed their implementing agreement with BanKO and is scheduled to launch the service on March 23 to coincide with their annual general membership assembly. SIMC was founded in April 1999 by a group of teachers from the San Isidro Elementary School. Its outreach has grown to more than 300 members along with a share capital estimated at over 6 million pesos (US\$150,000). SIMM will hold an activation event during the general assembly of over 300 members in April 2013.

Lyceum of the Philippines University-Batangas

SIMM is still finalizing the concept paper detailing how mobile money can benefit schools and universities to be presented to the various areas next quarter.

Anticipated Activities Next Quarter

SIMM City LGU activities

6. Submission of Proposals
7. Evaluation of proposals and negotiation on pricing;
8. Technical set-up and User Acceptance Testing (UAT);
9. Internal users training; and
10. Launch and information / education campaign. Target launch for mobile money enabled real property tax collection is March 2013.

In lieu of the aborted collaboration with BanKO and ASKI for SIMM to work on the IEC for the MFS rollout to 21,000 ASKI farmers, SIMM will explore how it can support other initiatives of BanKO. COP will have a discussion with BanKO CEO to identify areas where SIMM's contributions are most needed. Areas to be explored include BanKO's accreditation as payment provider for SSS, PhilHealth and Pag-Ibig.

With the award of the MFS business model for MFI project to Software Group (SG), SIMM will finalize the project workplan with SG and kick-off the project with the five participating MFIs. SIMM and SG estimate that the business models will be finalized by June 2013. SIMM will hire an STTA to manage, monitor, and control this project.

Pilot MFIs Lead Expansion of Mobile Financial Services

Through SIMM, USAID will pilot new business models to scale mobile banking services in the microfinance sector and introduce mobile money as a secure and convenient delivery channel for financial services like loan disbursement, collection, savings, and microinsurance premiums.

This quarter, SIMM formalized partnerships with five key microfinance institutions (MFIs), namely GM Bank of Luzon, CCT Savings and Credit Cooperative, First Isabela Cooperative (FICO) Bank, Kabalikat para sa Maunlad na Buhay, Inc. (KMBI), and the National Confederation of Cooperatives (NATCCO) to develop and implement a set of cutting-edge interventions aimed at integrating mobile money in the backend operations of MFIs with the aim of increasing efficiency and transparency in their operations.

The project will also extend the delivery of financial services to more than 200,000 MFI depositors and borrowers from rural- and urban-based rural banks and cooperatives in different parts of the country with the potential to scale to over 2.3 million microfinance clients.

SIMM has recently awarded the contract for the mobile financial services business modeling to Software Group, a global IT consulting firm with offices in Bulgaria, Kenya, and the Philippines that specializes in providing business solutions to the financial sector, e.g., commercial banks, microfinance institutions (MFIs), cooperatives, credit unions, payment network operators, and mobile operators.



Photo by: Donato Padua/USAID/SIMM

SIMM's MFI partners were invited to witness the MOU signing between USAID and the Local Government of Quezon City last March 25. In photo are (standing): Representatives from CCT, KMBI, NATCCO, and USAID. Seated: Quezon City Accountant Editha Alzona, Mayor Herbert Bautista, USAID Mission Director Gloria Steele, and USAID Office Chief for Economic Development and Governance Daniel Miller.

OBJECTIVE 3: Improving Public Service Delivery (G2P)

<i>Active</i>	<ul style="list-style-type: none"> • Increase transparency, reduce leakages, and efficiently scale up social protection programs with m-money • Enhance financial literacy of Cash Conditional Transfer (CCT) and non-CCT beneficiaries
<i>Prospective</i>	<ul style="list-style-type: none"> • Promote asset building via m-banking of target CCT households

- Increase transparency, reduce leakages, and efficiently scale up social protection programs with m-money

In March, SIMM completed the conceptual paper for the CCT program of the Department of Social Welfare and Development (DSWD).

SIMM's strategy for the CCT will specifically target over 40% of the beneficiaries that are still using manual based Over-the-Counter (OTC) channels including the 235 unserved municipalities (rural areas) who have no access to ATM or Landbank branches. To address previous concern on the low mobile phone ownership of CCT beneficiaries totaling only 14%, SIMM will look into the viability of introducing onsite Point-of-Sale (POS) devices where beneficiaries can swipe their mobile money electronic cards at designated payment facilities to expedite release of CCT grants. This is the primary device for branchless banking deployed in Brazil and other countries.

Each grantee / beneficiary will receive a SIM (Subscriber Identification Module) and electronic card or an ATM / debit card from the mobile money service provider. Grantees with access to mobile phones may use the SIM in order to withdraw cash from mobile money cash merchants using mobile phones. Grantees who prefer not to use mobile phones or those without mobile phones may still withdraw cash using their ATM / debit cards from mobile money cash merchants with POS devices. In both cases, grantees may choose to save their money securely in their mobile money accounts, send money, buy airtime load and pay bills at less cost and greater convenience.

The strategy aims to reduce cost from P70 to P40 with cost savings to the government of P255, 677,965 or a 42.86% cost reduction. This cost reduction will bring down total administration cost of 10.13% to 9.5% of total CCT program budget.

It must be noted that the addressable market for mobile money of the CCT program considering that 60% of CCT clients are already being serviced electronically either by Land Bank or G-Xchange, Inc. (GCash). SIMM can only tap the remaining 40% that are still receiving their cash grants manually.

Mastercard (MC)

SIMM met with Mastercard executives on March 19 to explore opportunities for partnerships on mobile money in the Philippines. In the meeting were: Tara Nathan, Executive Director for Public Private Partnerships who is based in New York; Eric Meniere, Senior Vice President for Strategic Initiatives, Asia/Pacific and ME and Africa who is based in Singapore; Manohar Murali, Business Leader for Mobile, also based in Singapore; and Santi Magno, the Filipino Global Head of Business Development, based in Singapore.

SIMM gave a brief background on SIMM, its objectives, strategic interventions, approach (SIMM Cities), and contributions and described possible applications with the DSWD's CCT distribution,

and business models of microfinance institutions and cooperatives. Incidentally, MC is in Manila to increase their acquirers as well as the number of transactions switched through the MC gateway.

Mobile Payment Solutions (MPS) is the company that operates the m-payment switch. It is a switch that caters to multiple form factors including cards (credit/debit/ATM), mobile phones, biometrics, etc. MPS is owned 60% by MC and 40% by Smart Communications (Philippines). Smart Hub is 100% owned by Smart Communications.

Specifically, MC/MPS would like to explore how they can help SIMM with the CCT since they already did something akin to this in South Africa and Mexico. They said that they are open to bring in people from these deployments as testimonials and strengthen SIMM's m-money concept for DSWD.

Next step is for MC/MPS to present how its business case, which includes the business model, cost, and price structure, can potentially impact the concept paper that SIMM is developing for DSWD. SIMM will prepare the business model such that MC/MPS cost and business case impact can be seen right away.

On March 22, SIMM met with MC/ and MPS executives to understand better the business model, cost, and price structure that they are proposing for the government's conditional cash transfer (CCT) distribution. MC/MPS discussed its proposed solution which covers disbursing CCT grants through MC prepaid cards, cash-out through agnostic merchants, POS or ATM or use the prepaid card to purchase goods, pay bills or send money. MC/MPS plans to do the program in two phases, namely: Phase 1 – Disbursing through prepaid cards with agent-assisted transactions and Phase 2 – Mobile-enabled disbursements and consumer-initiated mobile money transactions. SIMM and MC/MPS will meet with Director Rodora Babaran, Program Manager of DSWD's CCT program to check the validity of assumptions used in the business case and obtain breakdown of current administration cost elements prior to finalization of the concept and presentation to DSWD.

Pt MVCommerce Indonesia / PVB Card Corporation

SIMM held an exploratory meeting with Pt MV Commerce Indonesia and PVB Card Corporation on possible solution for CCT distribution using mobile POS devices with biometric authentication capability the Utility of their POS Devices for the Conditional Cash Transfer Program to discuss the viability of deploying biometric devices in support of SIMM's proposed strategy for electronic disbursement. Pt MV Commerce and PVB Card Corporation will submit a proposal / concept paper on their CCT distribution payment solution.

- Enhance financial literacy of CCT and non-CCT beneficiaries

SIMM has started developing its training strategy and has started coordination with Bangko Sentral ng Pilipinas Teresita P. Lisama, Deputy Director, Financial Consumer Affairs Group to partner in the delivery of financial education program making use of existing training models and in further developing the modules and materials to include mobile banking. SIMM is now developing the Terms of Reference for the consultants who will work with the partner organizations.

SIMM recognizes financial education as a principal driver for increased uptake and use of mobile banking hence careful research and analysis will be undertaken to develop designs and modes of delivery that reflect the variance in the learner's stage in life, situations and problems encountered, demographic, and cultural, social, and economic dynamics of their target participants.

SIMM will partner and build on existing training platforms of government agencies, partner organizations from businesses, cooperative and other microfinance institutions and NGOs to further develop financial literacy training programs and materials including special discussions on mobile banking, consumer protection and awareness, product uptake and improved product use, and personal development for improved livelihoods. SIMM’s training program design will follow the development process of market research, concept testing, pilot testing, refinement and roll-out. To ensure sustainability, SIMM will develop the materials and train staff of local government units, NGOs, schools, businesses and cooperatives to continuously reach the communities, members and employees of the partner organizations.

The delivery channels will involve a mix of face-to-face training for trust and relation building, multi-pronged mass media campaign including radio, music, dance and drama, comic strips, picture cards, flip charts, consumer handbooks, newspapers, TV talk shows, publications, and workshops tools to encourage conversation and stimulate excitement for financial education such as brochures, flyers, posters, or training videos/DVDs.

Experiential learning or learn by doing techniques have proven to be effective as it allows the participant to immediately practice the newly acquired knowledge and skills in financial management (i.e. opening accounts and transactions. Useful indicators include pre- and post-test data to measure the acquisition of knowledge and skills, uptake of products and services, and decrease of indebtedness.

OBJECTIVE 4: Promoting Supply-Side Networks

<i>Active</i>	<ul style="list-style-type: none"> • Develop focused channel management strategy • Encourage platform integration (merchant network with banking back office)
<i>Prospective</i>	<ul style="list-style-type: none"> • Support CI/CO channel managers and partner vendor • Build capacity of channel management networks

- Develop focused channel management strategy

SIMM has completed drafting the Terms of Reference for the Channel Management Strategy Study. The study will consist of three activities, data gathering, development and implementation of channel management strategies. Major components of the study include the following:

1. Environmental Scanning – Identify existing agent networks of MMPs (i.e. structure, requirements, channels, compensation scheme, training, profile to marketing) agent network regulation and trade landscape in the Philippines
2. Consumer Preference – Identify preferred channel for financial transactions, types of transactions, and other important attributes from front liner skills, outlet, liquidity, security to location and reasons for using and not using m-money
3. Gaps and Issues with Existing Agent Networks
4. Channel Management Strategy – Identify criteria for channel selection, agent network structure, performance standards, agent network economics and performance monitoring
5. Implementing the Channel Management Strategy – Map of existing agents, identify gaps and possible agents, process of acquisition and accreditation of new agents , training, marketing and monitoring effectiveness

SIMM is still evaluating possible outsourcing of the gaps analysis component to a market research company and an STTA to write the trade distribution landscape (FMCG distribution consultant). Analysis and strategy development and action planning with MMPs will be conducted by SIMM.

Considering the budget limitation in outsourcing the Channel Management Strategy Study, the project was put on hold and resources shifted to the agnostic agent network (AAN) project in partnership with Mercy Corps, Microventures, Inc. and MobileVentures, Inc.

- Encourage platform integration (merchant network with banking back office)

SIMM met with Mercy Corps Senior Director for Financial Services Innovation Leesa Shrader, and Microventures, Inc. Managing Director Erika Tatad and MobileVentures, Inc. Director Gilbert Paras on March 22 to discuss the ascertain progress on their agnostic agent network pilot project. The pilot will run based on the existing agent-based work of HaPinoy, with technology enablement by MobileVentures, Inc. and technical support and additional resources provided by Mercy Corps and SIMM. The group has identified the possibility of testing a number of interventions that would be critical to establishing proof of concept or business case for a large scale shared agent network, including: 1) testing different approaches to agent training; 2) testing premise that additional products will drive transaction volume (i.e., insurance, remittance, bills payment, etc.); 3) testing relevance of interface across basic and smart phones; 4) testing premise that multiple entities can benefit from agent sharing; 5) testing premise that card and mobile payment solutions combined can provide significantly more revenue to agent; and 6) testing key data requirements for meaningful agent management (i.e., liquidity management, transaction flow, etc.). Further discussions are required to agree on timeline, budget and roles of the parties.

Anticipated Activities Next Quarter

1. Mapping of existing agent network in SIMM pilot sites (i.e., SIMM cities, MFI pilot sites, etc.), identification of gaps and working with MMPs to accredit new agents.
2. Completion/finalization AAN of pilot details, i.e., timeline, budget, roles, etc.

OBJECTIVE 5: Driving Customer Usage

<i>Active</i>	<ul style="list-style-type: none"> • Build awareness and understanding of m-money through marketing campaigns • Conduct market analysis of consumer behavior and readiness to adopt m-money
<i>Prospective</i>	<ul style="list-style-type: none"> • Launch public and client education campaigns on consumer protection

- Build awareness and understanding of m-money through marketing campaigns

SIMM continued its m-money outreach and marketing efforts for this quarter, promoting mobile money as a value added tool for transparency, efficiency, and financial inclusion to various project stakeholders, including government, microfinance institutions (MFIs), and businesses, as described in the previous sections of this report. Such initiatives paved the way for the successful forging of partnerships with two key local governments—Municipality of Pulilan, Bulacan and Local Government of Quezon City—and five top-performing MFIs for the mobile financial services business modeling project. SIMM has also provided marketing support to the three mobile money providers (MMPs) through regular sharing of information and potential networking opportunities for mobile money services.



Select rural banks discussed the applicability of BPI-Globe BanKO's proposal in their existing operations and how it can further expand mobile financial services for their clients.

On January 24, SIMM arranged a roundtable discussion between the Rural Bankers Association of the Philippines (RBAP), BPI-Globe BanKO, and SIMM to enable RBAP member banks for a network sharing and white labeling arrangement to leverage its mobile money technology platform and agent network. Through automation, the BanKO proposition can potentially address existing issue of RBAP with G-Cash about the limited scalability because deposit and withdrawal transactions are still manually processed at bank branches. Expected outcome is for rural banks to actively promote adoption and usage of mobile money to expand their customer base and retain existing ones by integrating mobile money enabled savings accounts, payroll, loan disbursement, and collection into their product features.

Also this quarter, SIMM was able to link BPI-Globe BanKO with one of its cooperative partners in Batangas City, the San Isidro Multipurpose Cooperative (SIMCO) to become a BanKO Partner Outlet. SIMCO was founded in April 1999 by a group of teachers from the San Isidro Elementary School and has grown to be one of thriving cooperatives in Batangas City with a membership of more than 300 and a share capital estimated at over six million pesos (US\$150,000).

On March 23, SIMM joined BPI-Globe BanKO for the SIMCO General Assembly where more than 250 cooperative members participated. During the parallel activation of BanKO, 59 cooperative members opened their new mobile money savings accounts. SIMCO will continue to activate all their existing and new members so that everyone in their community would have access to mobile money services through the coop, which is now an accredited cash merchant of BanKO.



SIMCO members take advantage of BPI-Globe BanKO's presence during their General Assembly to activate their new mobile money accounts.

For the succeeding quarters, SIMM will sustain assistance to the other cooperative members of the Batangas City Office of City Veterinarian and Animal Services (OCVAS), three of which are in the process of having their coops accredited as BanKO Partner Outlets. The project will likewise boost marketing support to other partners with the anticipated production and distribution of relevant communication and outreach materials on mobile money across all stakeholder segments.

- Conduct market analysis of consumer behavior and readiness to adopt m-money
Experience from mobile money deployments in other parts of the world suggests that consumer adoption of mobile money services entails behavior change. Since most countries, including the Philippines, still subsist in cash-based economies where cash is king, encouraging users to switch to electronic payments has been quite challenging for many implementers.

Across market segments and localities, consumer needs and behaviors manifest at varying levels and must be analyzed to ensure that appropriate and evidence-based behavior change communication interventions are tailored for each segment. SIMM has developed a baseline data gathering tool for stakeholders to use in profiling and scanning the m-money market and unlock potential information that could enrich the project’s marketing strategies and customize messages that can best reach the microfinance or cooperative sector. SIMM piloted the tool during the SIMCO General Assembly and BanKO Activation last March to collect baseline information on cooperative demographics as well as coop members’ financial and communication-seeking behaviors. About 121 accomplished survey forms were returned, making for a 47% response rate. Results of survey analysis are presented below.

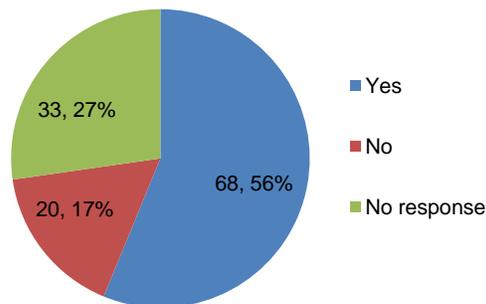
Demographic Characteristics of Respondents

- Respondents were mostly female (76%), married (70%), and between the ages of 30-50 years old (42%).
- Majority (40%) of them finished college.
- About 22 percent were privately employed.
- Two out of 10 respondents reported a monthly income of PhP9,000 (\$225) below.
- Mobile penetration rate among respondents was at 70 percent, most (42%) were Smart/Sun subscribers.

Financial Behavior of Respondents

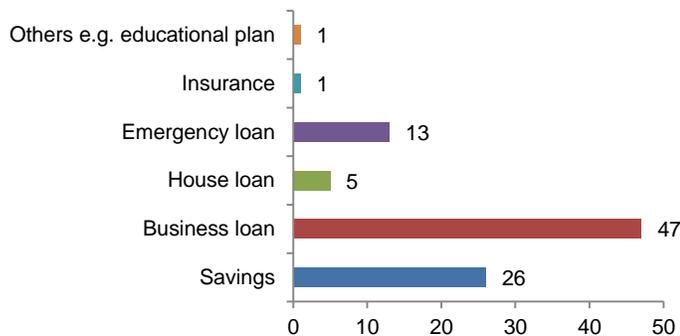
- More than half of the respondents said they own a savings account. Of this, 67 percent reported using other banks for asset build-up, while 51 percent said they avail the coop’s savings product. Notably, 19 percent of respondents admitted to using informal modes of savings like *paluwagan*, storing money home or through friends and relatives.

Currently has own savings



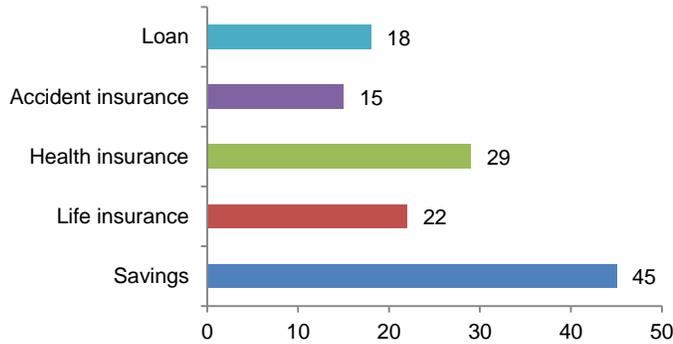
- According to the respondents, the most frequently availed cooperative service is their loan products.

Availment of cooperative services



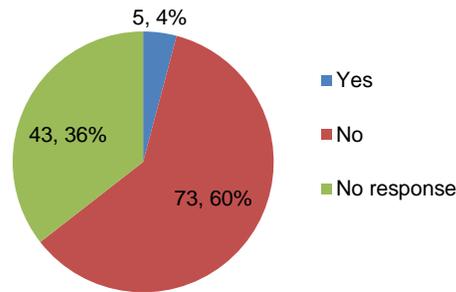
- Most of the respondents said they were willing to tap other financial services through the cooperative, such as savings and insurance. This data is promising as BanKO offers both savings and insurance for depositors. What this suggests to implementers is to focus on promoting these two key services to increase mobile money adoption.

Preferred financial services



- At the time of the survey, mobile money uptake was low at only four percent; most (3) were Smart Money users.

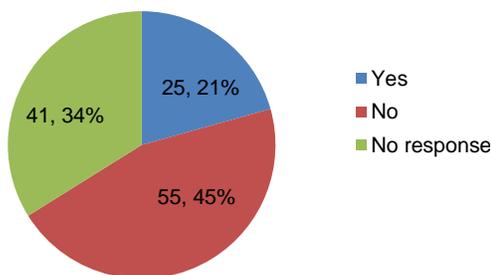
Has mobile money account



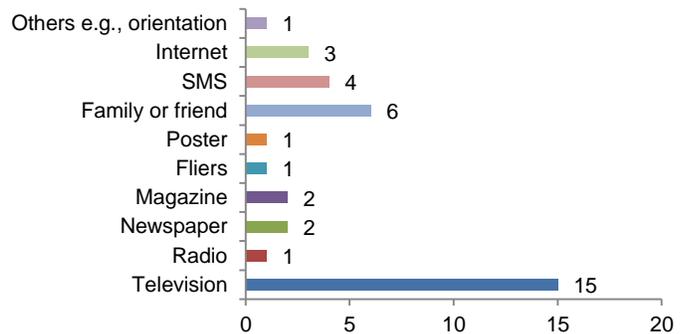
M-Money Awareness and Communication-Seeking Behavior of Respondents

- Awareness of mobile money services was low with only 21 percent of the respondents reported hearing or reading about mobile money. Of those, 60 percent said they heard or read about mobile money on television. Another top source is personal networks like family or friend.

Heard or read about mobile money

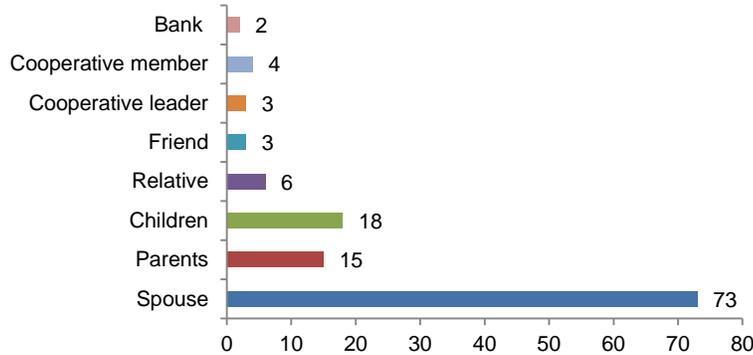


Source of m-money information



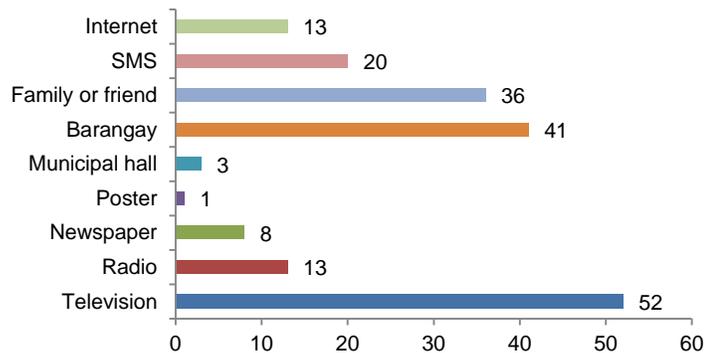
- Data further suggests that in order to build certainty and trust on usage of mobile money services, messages and other communication interventions should target users' own personal networks like spouse, parents, and children as they are the ones typically consulted for financial advice.

Source of financial information



- The top three sources for community information are television (42%), barangay (34%), and family or friend (30%). It should be noted that there were also quite a few respondents (17%) that get their information through mobile.

Source of community information



Though not generalizable due to lack of rigor in survey sampling, the survey data can help implementers like SIMCO and BankKO in developing appropriate design interventions for promoting and scaling mobile money services among cooperative members. SIMM will continue to build local data on m-money consumer behavior as it ramps up engagement with partners across SIMM Cities.

Anticipated Activities Next Quarter

1. Development of training modules on financial literacy and consumer protection
2. Development and production of m-money communication and outreach materials
3. Launch of mobile money services in Pulilan, Bulacan
4. Launch of mobile money services in Valenzuela City

MOBILE MONEY: CREATING OPPORTUNITIES TO SAVE

When 36-year old wife and mother of one, Lea Calnea learned that SIMCO, their community cooperative is now an accredited BPI-Globe Partner Outlet, she hurriedly inquired about the requirements for opening a new savings account. “My husband and I already have a savings account with another bank. But I wanted to have a separate account so I can start saving for my son’s future,” she shared.

Lea first heard about mobile money on television and has since been encouraged to utilize BankO’s service because of its convenience and affordability. “Even with only 150 pesos (\$4) in my pocket, I was able to open my BankO account. And that already includes my initial deposit and the cost of ATM card,” she narrates. Because of her proximity to the coop, Lea said that it will be very easy for her to make small deposits on her son’s account on her way to or from work.

Through USAID assistance, working mothers in Batangas like Lea now have access to better financial services,



Photo by: Vicente Catudio/US.AID/SIMM

Cooperative member, Lea Calnea is all smiles as she surveys her new BankO account.

urban and rural communities, USAID is helping increase touch points for people to send money, pay bills, and build assets safely, conveniently, and affordably.

Lea hopes to impart the value of saving to her son. “Hopefully, when he’s old enough, he will continue what I started. Times are tough so it’s important to always have something stored up for the rainy days.”

The family that saves together



Photo by: Vicente Catudio/US.AID/SIMM

Steep bank charges and handling fees have compelled husband and wife Rudy and Luisita Dinglasan to give up their old savings account. “Yung konting ipon namin sa bangko, naubos lang dahil di na naming kayang bayaran yung maintaining balance” (Because we could no longer afford to maintain the required balance in our account, the bank ended up taking whatever’s left of our savings.), recounted Mang Rudy, a mechanic and father of three. That’s why he was pleased to learn that there is now a low-cost financial product in the market that can provide people like them a safe place for storing money sans the high transaction costs. For the Dinglasans, having the means and ability to save will better equip their family in weathering any financial crisis.

One of SIMM’s key goals is to expand the poor’s access to financial services by harnessing low-cost technology for development.

OBJECTIVE 6: Promoting Global Knowledge Sharing of M-Money

<i>Active</i>	<ul style="list-style-type: none"> • Support research agenda into the needs of the unbanked • Integrate knowledge sharing component
<i>Prospective</i>	<ul style="list-style-type: none"> • Promote global enabling regulatory environment

- Support research agenda into the needs of the unbanked

On January 9, SIMM obtained confirmation from the Bangko Sentral ng Pilipinas (BSP) to proceed with the conduct of the interoperability study which aims to formulate a model or strategy towards 1) interoperability across all accounts and 2) an inclusive payments system which SIMM anticipates will result to scaling mobile money adoption and usage. The terms of reference (TOR) for the study were finalized and after several discussions with BSP, Bankable Frontier Associates (BFA) and Mercy Corps, the project was awarded to Mercy Corps with BFA as a sub-contractor.

During the quarter, SIMM closely coordinated with BSP and the sub-contractors to kick off the data gathering activities for the research via the conduct of the National Payments System Workshop on April 22-24. For this workshop, key actors in the payments system landscape—from government agencies, banks, non-banks, mobile money providers, national switch operators, among others—will be convened to explore how the industry can work together, identify current gaps in the payments industry, and develop a high-level national payments strategy that can enable an efficient and inclusive financial system that will serve the public good. Once completed, this research will provide BSP the needed business case to craft appropriate policy and regulatory environment for interconnection and greater financial inclusion.

In preparation for this workshop, a series of consultation meetings with various players from the payments sector including BSP, Megalink, Bancnet, PLDT Group for Smart Money, and the country’s leading commercial banks e.g., Banco de Oro, Bank of the Philippine Islands, Metrobank, and Rizal Commercial Banking Corporation will be done to glean current industry perspectives on interoperability and other inclusive models for funds and payment transfers. The tentative course agenda and brief can be seen on Annex H.

- Promote global enabling regulatory environment

Department of Budget and Management (DBM)

Given the current regulatory ambiguities and gaps on the use of electronic payments and collections in government particularly on the part of the Commission on Audit (COA) and resistance observed from current engagements with partner government agencies, SIMM met with DBM Undersecretary of the Chief Information Office and Chair of the Philippine Public Financial Management Committee (PFM) Richard “Bon” Moya on February 26. SIMM sought advice to address the current barriers to the implementation of Electronic Payment and Collection Systems in government transactions. Below are the issues and corresponding recommendations:

Table 4. Issues and recommendation on the implementation of EPCS

Issues	Recommendations
ISSUE 1 – Government Collections (or person-to-government (P2G) payments)	Request PFM Committee to discuss current efforts, issues and identify agreed action plan:
Government agencies are not fully confident to implement mobile money for collecting taxes and/or fees due to absence of regulation from	<ul style="list-style-type: none"> - Status of the Government Electronic Payment & Collection System Evaluation Team (GEPCSET) - COA to release guidelines on electronic official receipts as soon as possible.

Issues	Recommendations
<p>the Commission on Audit (COA) governing rules on electronic official receipts (EOR) as required by DTI-DOF JDAO No. 10-01 series of 2010. To date, no such guidelines issued yet to date.</p>	<p>- DOF-DTI to issues new JDAO, or an amendment to the previous JDAO (1) prescribing acceptable guidelines on electronic official receipts until such time that same is issued by COA; (2) reinforcing to government agencies through a Department Administrative Order (DAO) that electronic payments is already allowed by virtue of JDAO 2006 and 2010, and that no more additional regulations are needed for them to start using electronic payments.</p>
<p>ISSUE 2 – Government Disbursements (or government-to-person (G2P) payments)</p> <p>There is no clear regulation or guidelines enabling government agencies to disburse payments using Electronic Payment And Collection System (EPCS) via private electronic payment service providers (EPSP)</p>	<p>DOF to issue similar DAO for disbursement of government funds using EPCS</p>
<p>ISSUE 3 – Government Payroll</p> <p>DOF Department Order requires that government agencies deposit their funds at Authorized Government Depository Banks (AGDB) only. If government agencies are to use private EPSP which would require them to transfer funds for disbursement, they would need clear guidelines on what constitutes a deposit so they won't violate DOF regulations.</p>	<ul style="list-style-type: none"> • Explore engagement with the DOF to encourage Land Bank of the Philippines to interconnect their bank and e-money accounts with the mobile money partners and provide option to account owners to transfer funds to the mobile money accounts using the ATM. • BSP to issue guidelines on what constitutes "deposit" and how government's funds for disbursements should be handled and recorded by private EPSPs

Undersecretary Moya advised SIMM that there is no need to issue new policy but rather a Memorandum Circular signed by the lead agencies of the PFM to clarify and enjoin all agencies to implement the Electronic Payment and Collection System, consistent with applicable laws and as part of the government's commitment to improve transparency and accountability through the use of innovative technologies like online payment facilities and mobile money. Further, he emphasized the need to continue digital reform measures with the Philippine Government's commitment to adopt cashless payment schemes as a signatory to the Better Than Cash Alliance (BTC), a global movement consisting of public-private partnerships that provide expertise and resources needed to make the transition from cash to digital payments using new technology like online payment facilities and mobile money, which can increase the immediate accountability and tracking of financial flows, resulting in less corruption and theft.

Moving forward, Undersecretary Moya explained that with the completion of the Government Integrated Financial Management System and Single Treasury Account in the next year, the government is streamlining all systems to monitor and process financial transactions across all agencies which will require a standard payments and collections system of the 1.3T national budget. He foresees mobile money to be an alternative stream for government and transactions and proposes that a meeting be convened with the support of the PFM Committee, BSP and all mobile money players to standardize an exchange rate for all convenience or transaction fees of mobile money. SIMM noted that this is also the goal of the interoperability study currently in the pipeline and will explore the suggestion to collaborate with the PFM on the efforts.

On March 7, SIMM sent the draft of the Memorandum Circular enjoining all government agencies to implement Electronic Payment and Collection System (EPCS) in government transactions (*attached as Annex J*) to DBM Undersecretary Richard "Bon" Moya for his final review and signature of the three Public Financial Management principals comprising of DBM Secretary Butch

Abad, Department of Finance Secretary Cesar Purisima and Commission on Audit Gracia Pulido-Tan. The Memorandum Circular will serve as a policy basis for SIMM government partners for the seamless implementation of mobile money in government transactions. Meanwhile upon close monitoring of SIMM on the progress of the COA guidelines on electronic official receipts (EOR), the draft guidelines is pending review in the Information and Communications and Technology Office which will then be transmitted back to the Commission Proper for approval. The Memorandum Circular is attached as Annex F.

- Integrate knowledge sharing component

In March, SIMM met with BSP Deputy Governor Nestor Espenilla, Deputy Director and Head of Core Information Technology Specialist Group Raymond Estioko, and Head of Inclusive Finance Advocacy Pia Roman-Tayag for the annual review of project implementation, including actual progress as of 3rd quarter, accomplishments, issues, challenges, planned activities until FY2 versus targets and BSP's feedback and recommendations.

Deputy Governor Nestor Espenilla asserted that BSPs overall goal is to increase financial inclusion through the promotion of electronic transactions regardless of the mode or channel utilized. He recommended that considering the limitations of the project it is critical to gather data on the entire electronic money industry to have a better assessment of the progress of activities towards the goals and where mobile money is currently most applicable while the landscape transitions towards banking infrastructure and proliferation of ATM machines in the rural areas. The annual report summary follows.

USAID/SIMM Project Annual Report Summary (April 2012 – April 2013)

Mobile money is still a minor player in the larger electronic money industry where commercial banks are employing fast scaling business models with rural banks. Overall contextual performance show that only 9.5 million or 9.48% have mobile money accounts across the three providers, of which only 350,000 or 3.73 percent are active. Although third quarter data shows minimal changes in the statistics, SIMM anticipates the numbers to increase substantially as the project intensifies implementation activities.

As of February data, SIMM institutional accounts pending in the pipeline comprise 22 Cooperatives, 66 Businesses, 2 Schools and 11 national and local government agencies. Notably, consumer target adoption covering all members of institutional accounts will exceed target of 250,000 by end of project.

Accomplishments during the first year include project milestone partnerships with key stakeholders including the mobile money providers, Bangko Sentral ng Pilipinas, local governments, large microfinance institutions and the National Confederation of Cooperatives (NATCCO), the largest confederation of cooperatives in the country.

SIMM has begun the development of the Mobile Financial Services (MFS) business models for GM Bank, FICO Bank, KMBI, CCT Savings and Credit Coopera-

tive, NATCCO as well as its policy support for the possible establishment of a national payments system. San Isidro Multipurpose Cooperative, SIMM's partner cooperative in Batangas City became a BankO cash merchant and has started activating mobile money customers. After contracting, mobile money services are scheduled to start implementation on April 2013.

SIMM has also ramped up its communications effort through the SIMM website, Geographic Information System/GIS and social media platform such as Facebook (Philippines.SIMM) and Twitter (@mmoneyphl). Mobile money training and activation workshop series with USAID and its projects were also conducted in support for the Better Than Cash Initiative of the Philippine Government.

Challenges encountered include the lack of established business models and policy gaps in ensuring confidence to use mobile money among the various stakeholders particularly government agencies who lack awareness and clear guidelines on use of electronic payments and disbursements. SIMM has garnered the commitment of Department of Budget and Management Undersecretary and Chair of the Public Financial Management Committee Richard Moya enjoining all government agencies to use e-payments.

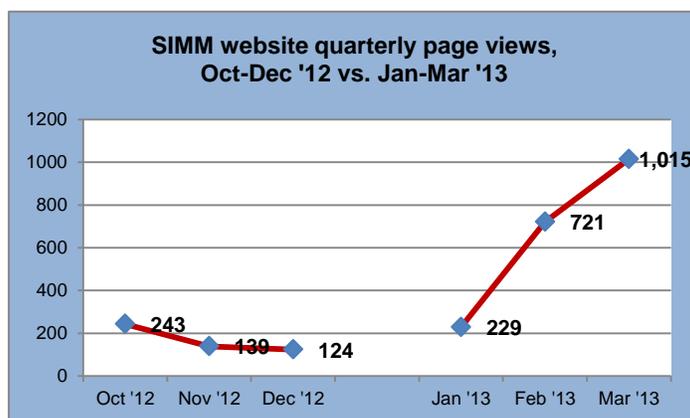
HIGHLIGHTS

- Through SIMM, USAID has successfully engaged four key Philippine cities (Batangas, Valenzuela, and Quezon) and municipality (Pulilan, Bulacan) to pilot use of mobile money for payroll, disbursement of educational stipends, and payments of real property taxes, business permits, housing amortization, water utility services, and other local fees to expand opportunities for financial inclusion for citizens and improve transparency, security, and efficiency in government transactions.
- Building on USAID's demonstrable gains in the microfinance sector, SIMM is set to develop and implement innovative business models on mobile financial services for microfinance institutions (MFIs) to improve existing systems for loan payments and collections. SIMM is working with four key MFIs, namely GM Bank of Luzon, Inc., First Isabela Cooperative (FICO) Bank, CCT Savings and Credit Cooperative, and Kabalikat Para sa Maunlad na Buhay, Inc. (KMBI) to promote and broaden mobile money usage to over 16,000 direct beneficiaries in the pilot phase, with the potential to scale to 300,000 MFI clients in the project rollout.
- SIMM has likewise partnered with National Confederation of Cooperatives (NATCCO), the largest network of cooperatives with over 2.1 million individual members and 580 cooperatives in the Philippines to establish a mobile-enabled payment system that will increase cooperatives' efficiency in delivering financial services to its members. This partnership will potentially benefit 200,000 MFI depositors and borrowers from rural- and urban-based coops.
- Leveraging strategic partnerships with the private sector, SIMM is assisting the Meralco Industrial Engineering Services Corporation (MIESCOR), a wholly-owned subsidiary of the Philippines's largest electric utility firm, Manila Electric Company (MERALCO), to enable mobile money for payroll disbursement to more than 5,000 employees, with the potential to scale to approximately 1.7 million workers in the construction industry.

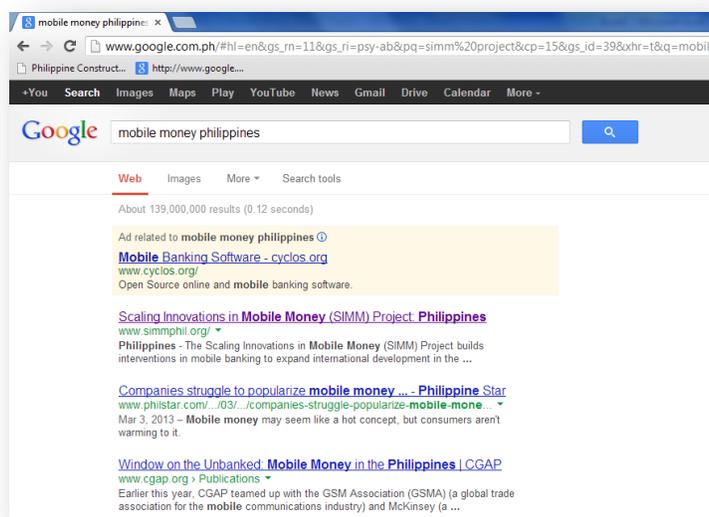
Digital Engagement on Mobile Money

SIMM's online presence is gaining ground based on a review of quarterly site analytics and social media insights. The project is tapping traditional and non-traditional media to share data and emerging best practices on scaling mobile money programs in the Philippines. In particular, SIMM has harnessed the power of the Internet and social networks to broaden its global footprint in the mobile money space.

From January to March, the SIMM project website received almost 2,000 hits or page views, a marked improvement of 222% percent increase compared to the 609 web visits reported last quarter. Site traffic has now grown to an average of 40 visits per day.



As a result of the increased web activity, SIMM's website, www.simmphil.org is now the top Google result for the search list *mobile money Philippines* as shown from the screen grab to the right. Other search engine words for SIMM that were recorded this past quarter include *SIMM Project*, *SIMM Philippines*, *mobile banking Philippines*, *financial inclusion Philippines*, and *SIMM Project USAID*. The top clicks on the site for this quarter were the links to BSP regulations. Interestingly, posts on request for applications and proposal solicitations were among the most frequently visited on the site, followed by the "About SIMM" web page.



To increase utility and relevance of the website, SIMM will enhance existing pages especially under "Resources" to share SIMM's inventory of knowledge products like decks, concept notes, toolkits, and other literature on m-money. The project will also improve the visual appeal of the site by updating slider and gallery images to highlight up-to-date project events.

SIMM on Social Media

Beginning this quarter, the project will report relevant key metrics data on SIMM’s social media and microblogging sites, Facebook and Twitter to deepen measurement and analysis of SIMM’s social media initiatives and its impact to stakeholder outreach and online behavior.

Facebook defines **reach** as the “the number of people who received impressions of a page post.” Please note that data on reach might be less than the impressions data since it is possible for one person to see multiple impressions. **Impressions**, on the other hand, measure “the number of times a post from a page is displayed, whether the post is clicked on or not.” Again, it is possible for people to see multiple impressions of the same post through news feed or if it is shared by a friend.

The table below summarizes key indicators of Facebook page-level (macro) data for the quarter

Table 5. Social media indicators

Indicator	Total
Page likes Lifetime - Total number of people who have liked the page (unique users)	43
Daily friends of fans Number of people who are friends with people who liked the page (estimated) (unique users)	28,928
Page Stories Number of page stories (total count)	18
Page consumption Average number of clicks on any of the page content per month. Clicks generating stories are included in "Other Clicks." Stories generated without clicks on page content (e.g., liking the page in Timeline) are not included. (total count)	66
Engaged users ¹ Average number of people who engaged with the page (unique users) per month	21
Total reach Average number of people who have seen any content associated with the page (unique users) per month	244
Organic reach Average number of people who visited the page, or saw the page or one of its posts in news feed or ticker per month. These can be people who have liked the page and people who haven't. (unique users)	60
Viral reach ² Average number of people who saw the page or one of its posts from a story shared by a friend (unique users)	192
Total impressions Average number of impressions seen of any content associated with the page per month (total count)	2,353
Organic impressions Average number of times that posts were seen in News Feed or ticker or on visits to your page per month. These impressions can be by people who have liked the page and people who haven't. (total count)	1,681
Viral impressions ³ Average number of impressions of a story published by a friend about the page per month (total count)	410

¹ Engagement includes any click or story created

²These stories include liking the page, posting to the page's timeline, liking, commenting on or sharing one of the page posts, answering a question posted, responding to one of the events, mentioning the page, tagging the page in a photo or checking in at a location.

³These stories include liking the page, posting to the page's Wall, liking, commenting on or sharing one of the page posts, answering a question posted, RSVPing to one of the events, mentioning the page, phototagging the page or checking in at a Place.

Key to broadening reach of messages and building support for SIMM’s mobile money activities is increasing the virality of page stories. For this quarter, two particular posts went viral. First was the

call for applications for technical consultants, and second was the story on the USAID and Quezon City MOU signing. Producing content that resonates well with online users increases their engagement with the page and moves them to higher-level behaviors—from lurking or browsing through, which are more passive activities, to liking and sharing posts from the page. Doing so would enable SIMM to reach out to a broader and more global audience and convey how the project is helping shape the mobile money landscape in the Philippines. Keeping digital stakeholders engaged is crucial since SIMM web analytics



Anticipated Activities Next Quarter

Following are the activities planned for next quarter:

1. National Payments System Workshop
2. Research on Mobile Money Interoperability in the Philippines

QUARTERLY PROGRESS PER PMP PROJECT INDICATORS

During the quarter, SIMM and DAI Business Analyst Tanja Lumba continued enhancements on the SIMM Technical and Administrative Management Information System (TAMIS) to facilitate and integrate project monitoring and reporting. M&E Specialist leads the re-design of the project information system that will be aligned with the project results framework, workplan, and indicators, and will make it easier for staff to record and track performance. Considering that the SIMM project deals with multiple stakeholders with project activities that undergo an entire project cycle, a stakeholder module was developed to include pertinent details of the partner organizations from profile, contacts, milestone, adoption figures and activities conducted from meetings, trainings to other events. Other enhancements have been made to track progress of activities through the action logs which details the issue items, agreements, persons responsible, due dates and next steps. The new modules may serve as a template for future DAI mobile money projects around the world.

During the period, SIMM continued to review and improve the quality of the data. The MMPs have provided the baseline and updated figures that will be presented in the tables below. The summary results table is attached as Annex J.

Mobile money is still a minor player in the larger electronic money industry where commercial banks are employing fast scaling business models with rural banks. Overall contextual performance show that only 9.5 million or 9.48% have mobile money accounts across the three providers, of which only 350,000 or 3.73 percent are active.

Table 6. Mobile money usage in the Philippines as of baseline September 2012

Mobile subscribers	Mobile money users	Active users
100,654,708	9,544,413	356,425
	3.73%	
9.48%		
0.35%		

Project Activity Indicators

Percent (%) of activities that improved financial inclusion of women

Target achieved. During the quarter SIMM conducted 105 activities ranging from project introductions, workshops, product presentations, coordination meetings, roundtable discussions, business forum to financial education trainings. Out of the total 475 participants who attended SIMM activities, a total of 272 or 57 percent women received financial education/opened a savings account via branchless banking.

Percent (%) of activities that improved financial inclusion for individuals and households in rural areas

Target achieved. Out of the total activities conducted with 475 attendees, a total of 417 or 88 percent individuals received financial education/opened a savings account via branchless banking.

Value of activities funded by cost-sharing /contribution arrangement with SIMM

During the quarter total cost share/in kind contribution amounted to \$1,320 with a cumulative total of \$17,576 from Aug 2012 to Mar 2013 achieving a 31% accomplishment rate vs. FY2 target.

Context-level indicators

During the quarter, complete baseline data on the number of active users were collected from all three MMPs showing a total of 356, 425 active users for the period Jul – Sep 2012. From Oct-Dec, data shows a total number of 345,992 active users who used the services at least once during the months covered. Partial data for the period Jan – Mar 2013 totals to 327,196 active users.

Notably, as of the baseline figures in September 2012, there was a grand total of 9,546,515 registered mobile money accounts. Data shows that 4% of the total registered accounts across all MMPs are actively using mobile money at least once in 90 days (or 3 months). LOP target of 1.3M active users is 14% of total m-money accounts.

For the percent (%) increase in volume (monetary value) of m-money transactions, baseline data shows a total transaction amount of PHP 53,039,897,658.23 (or \$ 1,293,656,040.44) as of September 2012. Percentage increase in volume from baseline to the period Jan-Mar 2013 is at 8.2% amounting to PHP 52,039,897,658.23 (or \$ 1,269,265,796.54). It must be noted that during the period Oct-Dec 2012, figures were updated showing increased total transaction amount from baseline by 10.6% amounting to PHP 58,671,232,993.88 (or 1,431,005,682.78).

Formula for volume of mobile money includes the following transactions conversion from cash centers, ATM/Mobile/Internet Banking, Remco Partners Abroad, MasterCard Money Send, Conversion from cash centers of each provider, ATM/POS withdrawals, Funds transfer from e-money wallets to deposit accounts, Payment to Merchants, Bills Payments, Transfer to Other Subscribers (P2P/W2W), Airtime Purchase and Donations.

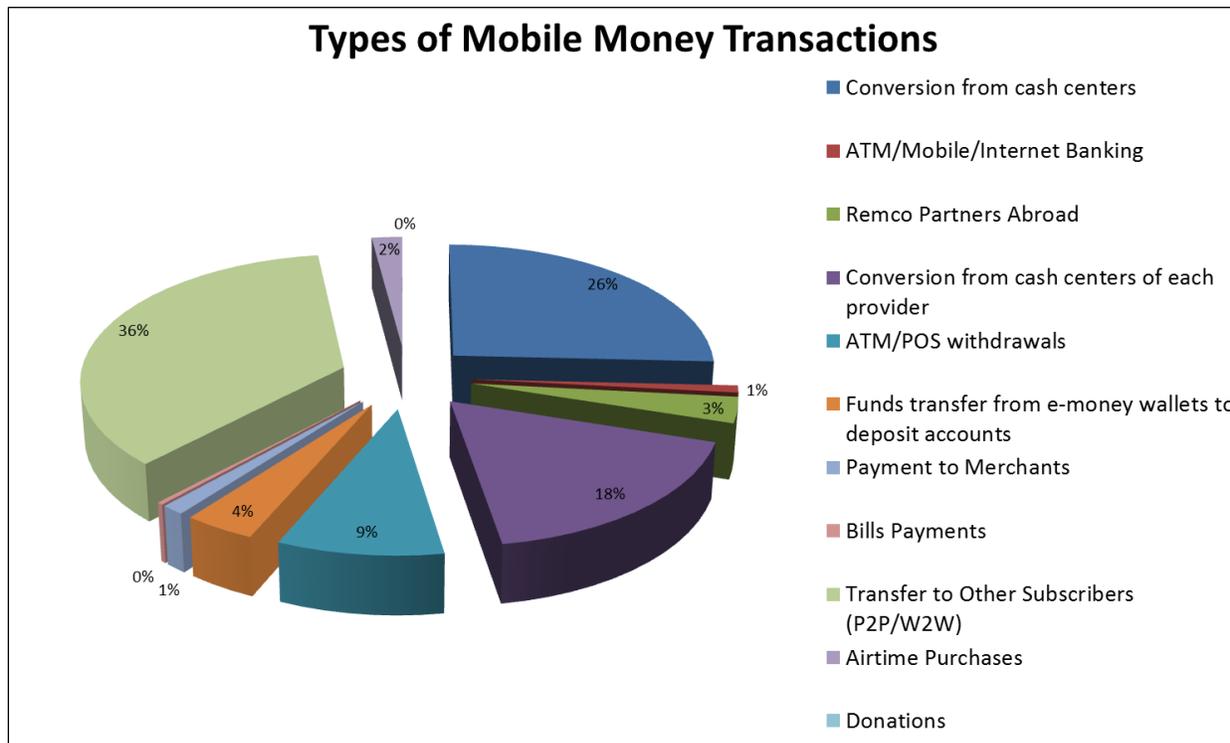


Chart shows that the highest transactions in monetary value is transfer to other subscribers (P2P/W2W) at 36%, followed by conversion of cash to e-money at 26%, conversion from cash centers of each provider at 18%, then ATM/POS withdrawals at 9%

Results level indicators

Number of SMEs and/or large businesses using e-payroll

Currently, SIMM is working with the Business Permits and Licensing Office (BPLO) of the partner local governments to convene business forums to promote the mobile money payroll and other services. During the period, SIMM increased its efforts by targeting key industries for m-money payroll such as Construction industry as well as other labor-intensive industries that are working capital-sensitive from security guard agencies, restaurants, manpower agencies to direct selling companies, etc. Total of seven companies were engaged for the implementation of the mobile money payroll and are now pending proposal submission from the MMPs. Among the organizations are, MIESCOR, Philippine Constructors Association, Persia Grill, Kebab House, Software Group (Phl), Hotel and Restaurant Association of the Philippines, Bayview Park Hotel.

For microfinance institutions (MFIs), in the national level, SIMM has started the Mobile Financial Services business model review of five participating MFIs, CCT Credit Cooperative, Inc. (CCT), First Isabela Cooperative (FICO) Bank, GM Bank of Luzon, Inc. (GM), Kabalikat para sa Maunlad na Buhay Inc. (KMB) and National Confederation of Cooperatives (NATCCO). The project timeline and activities to be conducted will run from April 10 to June 21 covering four key milestones from the project kick off,

business model review, product development and MFS Business Model Development. Pilot implementation will commence in July 2013.

In the local, SIMM is working with the respective Cooperative offices of the local government. Under the Batangas City’s Office of the City Veterinarian and Agricultural Services, Sorosoro Ibaba Development Cooperative (SIDCI) and San Isidro Multipurpose Cooperative (SIMCO) pending final proposals for the loan disbursement and payments mobile money services. It must be noted that SIMC has launched its services as a Business Partner Outlet of BanKO and has registered 59 new users during an activation event.

Number of government agencies using e-payroll/e-bills payment

The requirements were negotiated and finalized for the e-payroll of over 200 municipal employees of Pulilan, Bulacan and disbursement of stipends of about 10,000 student scholars of Quezon City and is now pending submission of proposals by the MMPs.

Number of cash-in/cash-out merchant partners operating mostly in rural areas

San Isidro Multipurpose Cooperative was launched as a BanKO Business Partner Outlet in SIMM Batangas City March 2013. SIMM is working with the MMPs to identify high demand areas and expand the agent network in its local pilot sites.

SIMM is working with MMPs to expand existing agent network in SIMM cities and tap existing retail networks (i.e., convenience stores, drugstores) and partner with Mercy Corps in building an agnostic agent network targeting 500 new agents by end year. Also, SIMM will integrate the agent network support in the MFI project to tap branches of participating MFIs as cash merchants.

It must be noted that baseline data is still being collected from BSP and will be mapped by region, city/municipality in the GIS system. The information in the GIS system will provide useful data that will identify targeted areas for acquisition of new agents.

Number of new m-money users

During the quarter, a total of 59 individuals opened m-money accounts during the SIMC General Membership Assembly and BPI-Globe BanKO Activation co-organized by the SIMM project.

Notably, as of the end of the quarter, SIMM is still making progress within the key milestones prior to launching of mobile money services. Milestones include Exploratory Meetings, MOU signing/presentation of concept notes, Request for Proposal, Submission of Proposals, Evaluation and Selection, Agreement / Contracting, Business Process Documentation, Ready for Service, Users Training, Information Education Campaign activities, Information Education Campaign activities and Launch of Services. Below is an updated list of organizations SIMM is closely working with and their current milestone status. It must be noted that existing database of the MMPs are limited and unable to disaggregate data of individual registrations by area or locality. Currently SIMM is pilot testing its new enhanced system modules that tracks milestone progress of individuals and stakeholders engaged by the project to adopt m-money services.

Table 7. Stakeholder interest in mobile money and potential reach

Stakeholder	Name of Organization	No. of projected new users	Milestone Progress
Mobile Money E-Payroll / Disbursement Distribution			
Local			

Stakeholder		Name of Organization	No. of projected new users	Milestone Progress
1	MFI	Office of the City Veterinarian and Agricultural Services (OCVAS)	500	Presentation of concept notes for loan disbursement and collections
		San Isidro Multipurpose Cooperative (SIMC)		
		Sorosoro Ibaba Development Cooperative, Inc. (SIDCI)		
2	G2P	Municipality of Pulilan, Bulacan (Payroll)	249	Evaluation and Selection
3	G2P	Local Government of Quezon City (Student's stipends)	5,000	Evaluation and Selection
4	MSME	Federation of Filipino-Chinese Chamber of Commerce and Industry (FFCCCII)	1,000	Presentation of concept notes
5	Private Sector	Philippine Constructors Association (PCA)	TBD	Presentation of concept notes
6		Persia Grill	TBD	Submission of Proposals
7		Kebab House Software Group (Phl)	TBD	Submission of Proposals
8		Hotel and Restaurant Association of the Philippines	TBD	Presentation of concept notes
9		Bayview Park Hotel	TBD	Submission of Proposals
10	National			
11	Large Enterprise	Miescor	26,500	Submission of Proposals
12	MFI	CCT Credit Cooperative, Inc. (CCT),	20,000	Business Process Documentation - Mobile Financial Services Business Model Review
13		First Isabela Cooperative (FICO) Bank,		
14		GM Bank of Luzon, Inc. (GM),		
15	Kabalikat para sa Maunlad na Buhay Inc. (KMBI)			
16	MFI	National Confederation of Cooperatives (NATCCO)	21,000	Business Process Documentation - Mobile Financial Services Business Model Review
17	G2P	Department of Social Welfare and Development (DSWD)	10,000	Presentation of concept note conceptual paper for the CCT program
Mobile Money E- Payments and Collections				
1	Utilities	Batangas City Water District (BCWD)	3,000	Presentation of concept notes
2	Utilities	Calamba Water District (CWD)	500	Presentation of concept notes
3	Utilities	Pulilan Water District	2,000	Evaluation and Selection
4	P2G	Batangas City	16,000	Evaluation and Selection
5	MFI	Batelec	12,000	Users Training
6	P2G	Local Government of Quezon City	32,100	Submission of Proposals
7	P2G	Valenzuela City	200	Evaluation and Selection
8	Schools	Lyceum of the Philippines University-Batangas (LPU-Batangas)	1,000	Presentation of concept notes
National				
9	P2G	NSO	1,000	Submission of Proposals
10	P2G	SSS	30,000	Submission of Proposals
11	P2G	PhilHealth	30,000	Submission of Proposals
12	P2G	Pag-Ibig	10,000	Submission of Proposals

As part of the efforts to focus more on organizations with more traction to adopt mobile money services in their operations, SIMM has deprioritized the following organizations, Plantersbank, Lyceum of the

Philippines University-Batangas (LPU-Batangas), Batangas Province Chamber of Commerce and Industry, Gerweiss Motors Corporation, Coca-Cola Bottlers Philippines

Number of people opening savings accounts via branchless banking

A total of 59 individuals opened savings accounts via branchless banking on-site during SIMM activities. Note that overall, BankO reported a total of 45, 361 individuals opened savings accounts.

Number of people trained in financial education and literacy

A total of 358 participants from the public and private sector attended SIMM co-organized events ranging from roundtable discussion with the Rural Banker’s Association of the Philippines on the value proposition of mobile money, memorandum of understanding ceremonies with local government units to implement mobile money in government transactions and activation of members as mobile money registered users. The events familiarized employees of local agencies, SMEs, and large businesses and MFIs and their respective members on the project and the benefits of mobile money that resulted to key outcomes – forged partnerships and activation of new users. Number shows emphasis on building awareness of various sectors on the benefits of mobile-money to ensure establishment of local ecosystems.

Table 8. Training data, FY2012 Q3

Date	Event Title	Female	Male	Total
24-Jan-13	Roundtable Discussion with RBAP, Select RBs, and BPI-Globe BankO on BankO's Proposition	11	13	24
15-Feb-13	Signing of MOU Between Municipal Government of Pulilan, Bulacan and USAID on the Selection of Pulilan for SIMM Project	15	32	47
25-Mar-13	Signing of MOU between the Local Government of Quezon City and USAID Concerning the Selection of Quezon City for the Scaling Innovations in Mobile Money (SIMM) Project	12	15	27
23-Mar-13	SIMCO General Membership Assembly and BPI-Globe BankO Activation	184	76	260
GRAND TOTAL		222	136	358

CHAPTER 3: CHALLENGES AND OPPORTUNITIES

This past quarter, SIMM has come to bear with local realities that may possibly impede implementation. Such is not unique to SIMM as most development projects have, at one point or another, been encumbered with similar challenges. These have only prompted implementers to explore alternative opportunities for engagement and re-formulate strategies to respond better to the project’s changing needs and unexpected circumstances.

Challenges

- Standard pricing of MMPs would raise some issues with some target stakeholders. Smart Money normally charges Php 200,000 for one-time setup fee per biller which would be unacceptable to government agencies, MSMEs, MFIs and cooperatives. BankO’s tiered pricing for bills payment transaction fee is unacceptable to the same set of target stakeholders. Root cause of this is because

BanKO cannot recover agent's fee for cash in, especially for large amounts, out of revenues from bills payment. For Smart Money, they came up with a scheme to charge the one-time setup fee per biller against their Corporate Social Responsibility (CSR) budget which is applicable for LGUs and schools. For other types of stakeholders, they may waive the setup fee if monthly transaction projection exceeds 5,000. For BanKO, they are still reviewing pricing and may waive it on a case to case basis.

- An ongoing challenge in project implementation with LGUs is the elections in May 2013 as the local politicians are focusing on campaigning as campaign period commenced on March 29, 2013². Hence, SIMM is continuing to work with the technical working teams of the LGUs although a slower pace of implementation was noted compared to the period prior to the campaign period.
- For person-to-government (P2G) payments, government agencies are not fully confident to implement mobile money for collecting taxes and/or fees due to absence of regulation from the Commission on Audit (COA) governing rules on electronic official receipts (EOR) as required by DTI-DOF JDAO No. 10-01 series of 2010. Per previous meeting with Commissioner Heidi Mendoza of COA, such regulation was estimated for release in first quarter of 2013. However, such circular is still pending with the commission proper as at end of quarter. SIMM will revert to Comm. Heidi to explore ways on how SIMM can help expedite issuance of the circular.
- For government-to-person (G2P) payments, SIMM will recommend to government agencies to obtain authorization from payee to receive payment via m-money as there is no specific regulation or guidelines enabling government agencies to disburse payments using private electronic payment service providers (EPSP). For government payroll, SIMM will also explore engaging with Land Bank of the Philippines to Visa-enable their bank and e-money accounts and interconnect them with the MMPs.
- Adoption of mobile money by private sector in SIMM Cities is experiencing delays due to lack of coverage or dedicated personnel from some MMPs to close partnership agreements with private companies. SIMM will work with and monitor closely the progress of MMPs concerned so they would focus on finalizing their partnerships with hot leads generated jointly by SIMM and the MMPs.
- Adoption of mobile money payroll by private sector may be hampered due to client satisfaction issue related to ATM withdrawal fees charged by some MMPs, as well as accessibility of the MMPs' settlement banks to the SMEs. SIMM will work with rural banks to "productize" mobile money payroll and offer it to their SME clients for a fee in order to take away the burden of pre-funding payroll disbursement accounts from the SMEs.
- Developing a channel management strategy that will be accepted, owned and implemented by the MMPs will require in-depth research on consumer behavior, profiling of existing agent network and scanning of trade distribution ecosystem to identify potential channels to support possible recommendation on agent network structure and enhancement of existing compensation system as well as training systems. Considering the resources required to undertake both consumer and trade research, SIMM will work with MMPs to expand existing agent network in SIMM cities and tap existing retail networks (i.e., convenience stores, drugstores) and partner with Mercy Corps in

² Comelec website:

<http://www.comelec.gov.ph/?r=Elections/2013natloc/pressreleases/RemovePrematurelyPlacedElectionPropagandaBeforetheStartofCampaignPeriod&bn=Back+to+Search+Results&b=search%26searchbox%3Dcampaign%2Bperiod%23ps3181>

building an agnostic agent network. Also, SIMM will integrate the agent network support in the MFI project to tap branches of participating MFIs as cash merchants.

While there are challenges, SIMM has also identified opportunities that will help scale mobile money adoption and usage.

Opportunities

- Mobile money implementation in Valenzuela City is anticipated by first half of 2013. Aside from attracting new users directly, this will also generate new users from the private sector as business groups in Valenzuela have requested SIMM that a business forum be organized with them so they may also use mobile money. This implies that they are waiting for a demonstration effect from their city government to shore up their confidence in mobile money.
- The Batangas City business forum held last December 2012 generated more than 60 hot leads among the private companies interested in mobile money payroll. MMPs are currently engaging with them as SIMM is carefully monitoring the progress. Some private companies have adopted m-money for their trade collections. Some cooperatives have also adopted m-money and are acting as cash agents of the MMPs.
- Pulilan LGU would like to convert from cash payroll to mobile money payroll as soon as issues around G2P using private EPSPs are resolved.
- COA has proven to be a reliable and dependable partner in enabling government adoption of electronic payments, including mobile money. Like in Valenzuela City, COA can help ensure fast time to market of mobile money implementations by LGUs by helping it resolve issues such as value dating mobile money payments, settlement of mobile money collections, depositing to the LGU's account, issuing official receipts, and submission of reports to COA. Other LGUs engaged by SIMM have requested to invite the COA auditor from Valenzuela City to help them with similar issues in their agencies.
- SIDC is in the final process of finalizing its decision to adopt mobile money for payroll, as well as for loan disbursement and collections. SIDC is among the bigger cooperatives in the country so once this is implemented, it would encourage other cooperatives to follow due to the demonstration effect.
- Four microfinance institutions (MFIs) have partnered with SIMM to use mobile money for their loan disbursements and collections. All the MFIs have already signed MOUs with SIMM for development of business models and pilot testing. The demonstration effect that this would create will result to more mobile money adoption by other MFIs to potentially benefit the over 3.1 million MFI borrowers³ in the Philippines.
- Aside from the MFIs, the National Confederation of Cooperatives (NATCCO) has partnered with SIMM for developing and piloting mobile money to 200,000 of its over 2.1 million members during the year 2013.

³ Mix Market

- Rural banks have expressed interest in offering mobile money payroll to their SME clients. One MMP is prepared to offer its wireless and mobile access to enable deposit taking institutions to offer their own mobile money products to their customers.

CHAPTER 4: HIGHLIGHTS FOR NEXT QUARTER

Following this quarter's effort to prioritize activities that will deliver the target number of new users and other key project indicator, resources were maximized by focusing on key partnerships. SIMM is moving towards project implementation with the kick-off of two major projects that will result to the scaling of mobile money adoption and use by providing a successful business model that can be replicated for financial institutions and policy direction to promote an inclusive payment system.

Mobile Financial Services Business Models for Microfinance Institutions (MFIs) Project

The project kick off will be held on April 10, 2013. The project timeline and activities to be conducted will run from April 10 to June 21 covering four key milestones from the project kick off, business model review, product development and MFS Business Model Development. The roles and responsibilities will be laid out detailing all the documents and information needed for the review as well as project support to ensure that there are dedicated staff to facilitate the entire project cycle. The Mobile Financial Service business model for each Financial Institution (FI) will focus on mobile money transactions covering a range of services from microcredit, savings, insurance, loan disbursement/payment and payments for other goods.

Research Study on Mobile Money Interoperability in the Philippines

A three-day National Payments System Workshop will be held on April 22-24, kicking off the start of the Research Study on Mobile Money Interoperability in the Philippines which will look into appropriate models and glide path for inclusive payments and funds transfers in the Philippines. This research will aid the Bangko Sentral ng Pilipinas (BSP) in crafting needed policy and regulatory environment for interconnection and help foster the creation of an inclusive payments system.

Training Support

As the program moves towards implementation, SIMM will release a Request for Proposal for the Mobile Financial Services Training Support to develop and conduct financial education training programs and materials to educate consumers (m-money adopters) and build skills of the participating organizations and clients from various sectors including National and local government agencies, Finance Institutions (FIs), Business Sector, and Academe on mobile banking, consumer protection and awareness, product uptake and improved product use. Deadline of submission of proposals is on May 10, 2013.

Communications Support

As part of the sustainability plan to ensure new and active usage of mobile money, SIMM is finalizing the terms of reference for a communications consultant that will spearhead the development of project communication and outreach strategies that are evidence-based, behavior-focused and will clearly and consistently convey the value proposition of mobile money as a financially inclusive, transparent, secure, and convenient tool for development for all different stakeholder segments. The objective is to increase uptake and drive regular use of mobile money services across SIMM intervention areas. In designing appropriate messages and selecting communication channels, the project will bear in mind the "customer journey," the internal process that individuals go through when deciding to move from one behavior to the

next e.g. from first being unaware to awareness to understanding to knowledge to trial, and finally to regular use.

- Create awareness of Mobile Money and its benefits, importance and priority (Awareness Raising)
- Create interest in, and energy around, participating in the transition to the active use of Mobile Money (Mobilization)
- Create confidence that Mobile Money will be marked by open communication and knowledge sharing (Knowledge Building and Sharing)
- Sustain interest in Mobile Money throughout the many phases of the projects (Visibility), and
- Promote and enhance capabilities of external project stakeholders (Mobile Money Providers, Public and Private Sector, Local and National Government Agencies and the public) to support Mobile Money (Advocacy)

ANNEXES

- A. Municipality of Pulilan, Bulacan. Mayor Esguerra Commitment Letter
- B. Local Government of Quezon City (QC-LGU), Mayor Bautista Commitment Letter
- C. Office Order No. 20 Series of 2013, Organizing the QC- LGU Counterpart Team for the USAID/SIMM Project
- D. GPPB Circular 04-2012, 23 Nov 2012 re: Clarification on Conduct of Procurement Activities in relation to May 13, 2013 National and Local Elections
- E. Letter of Mayor Chipeco, Calamba, Laguna
- F. Ordinance 2012 Re: authorization and recognition of the use of automated system of payment transactions of taxes, fees and other payments to the city of Valenzuela pursuant to existing policies and regulation.
- G. QC-LGU Letter to COMELEC
- H. National Payment System Workshop Program Agenda and Brief
- I. Memorandum – Circular re: Enjoining all government agencies and instrumentalities to implement the Electronic Payment and Collection System (EPCS) in government transactions utilizing all modalities and channels of electronic payments and collections
- J. SIMM Performance Monitoring Plan (PMP) Results Table as of March 2012

Annex A – Municipality of Pulilan, Bulacan. Mayor Esguerra Commitment Letter



Republic of the Philippines
Province of Bulacan
Municipality of Pulilan

OFFICE OF THE MUNICIPAL MAYOR

26 December 2012

MR. MAMERTO E. TANGONAN

Chief of Party
Scaling Innovations in Mobile Money (SIMM) Project
139 Corporate Center, 10/F Suite 1004
139 Valero St., Salcedo Village, Makati City

Dear **Mr. Tangonan**:

We gratefully appreciate having considered our LGU to be one of the pilot recipients of your project, Scaling Innovations in Mobile Money (SIMM).

Please be informed of our ardent intention to avail this opportunity and be partner of the USAID in this important intervention. We are interested in adopting mobile money with our payroll system in the whole organization and eventually with the payment scheme for our Pulilan Water System, the sole water provider in Pulilan, owned and managed by the Municipal Government.

Thank you and we hope to discuss with you regarding this and have the partnership formalized in due time.

Our best regards.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Vicente B. Esguerra, Sr.'.

VICENTE B. ESGUERRA, SR.
Municipal Mayor

/tdt*

Annex B – Local Government of Quezon City (QC-LGU), Mayor Bautista Commitment Letter



Republic of the Philippines
Quezon City
OFFICE OF THE MAYOR



Herbert M. Bautista mpa mnsa

January 23, 2013

MR. MAMERTO TANGONAN
Chief of Party
USAID Scaling Innovations in
Mobile Money (SIMM) Project
Development Alternatives Inc.
139 Corporate Center
10th Floor, Suite 1004
139 Valero Street, Salcedo Village
Makati City

Dear Mr. Tangonan,

The Quezon City Government is interested in knowing more about USAID's Scaling Innovations in Mobile Money (SIMM) Project and would like to be assisted in studying its applicability in introducing improvements in various governance services.

We would like to find out its applicability in such local government services as:

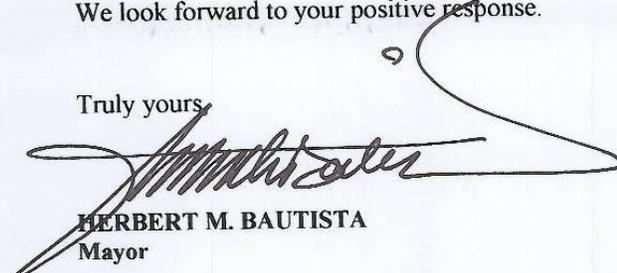
- Payment of local taxes, especially the real property tax;
 - Payment of stipends to local government scholars;
 - Payment of amortizations due to the local government's housing corporation;
- And such other applications where SIMM can introduce convenience to our constituents and increased efficiency in our rendering of services.

We understand that the Project's assistance will include the provision to us of guidelines by the Commission on Audit, the Department of Finance and other relevant government agencies on the acceptability of this mechanism for government transactions.

We also understand that the Project will include technical assistance through the provision of experts and possibly grant funds that can engage the services of such experts to introduce changes in our LGU's information technology systems, including our web management systems, for these to produce convenient channels to facilitate and encourage mobile money transactions.

We look forward to your positive response.

Truly yours,


HERBERT M. BAUTISTA
Mayor

Annex C - Office Order No. 20 Series of 2013, Organizing the QC- LGU Counterpart Team for the USAID/SIMM Project



QUEZON CITY
OFFICE OF THE MAYOR



Herbert M Bautista mpa mnsa

Office Order No. 20
Series of 2013

Organizing the Quezon City Local Government (QC-LGU) Counterpart Team for the Scaling Innovations in Mobile Money (SIMM) Project of the QC-LGU and US Agency for International Development (USAID)

For the purpose of studying fully and providing adequately for the effective implementation of the Scaling Innovations in Mobile Money (SIMM) Project of the QC-LGU and USAID to be covered by a Memorandum of Understanding, a Local Counterpart Team is hereby organized composed of the following:

Team Head: Aldrin C Cuña MNSA

Members: Edgar T Villanueva
Editha V Alzona
Reynald Paul M Imjada
Garry DLC Domingo
Rogelio T Reyes
Manuel N Sabalza
Regina A Samson, Project Coordinator

This team shall be assisted by a technical working group composed of a representative each from the City Treasurer's Office, City Accounting Office, the QC ITDO, and the CCC web masters.

The local representative of the Commission on Audit shall be invited to all relevant meetings of this Counterpart Team.

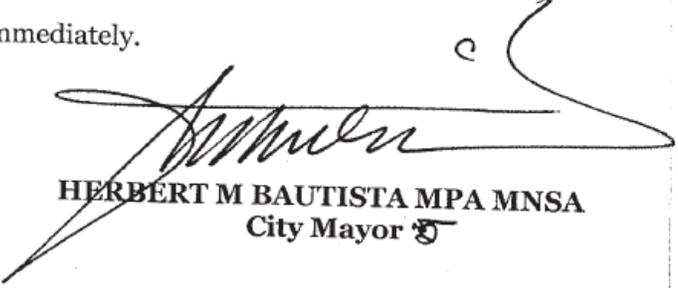
The Tasks of the team are the following:

- 1.0 Study/review all requirements for this project, including terms of references in contracts, particularly on the obligations and benefits to the Quezon City Government.
- 2.0 Prepare for the signing of the Memorandum of Understanding between both parties to the Project.
- 3.0 Maximize learnings and applications from resources provided by USAID SIMM.
- 4.0 Provide needed data/information required for this project
- 5.0 Study and facilitate the adoption and application of mobile money devices, online payment schemes and other relevant instruments of e-commerce that are permissible for government transactions, to improve the provision of services the City government to the public.
- 6.0 Work with the USAID SIMM, telecommunications and financial services providers formally engaged with the project for the effective implementation of this program.
- 7.0 Oversee the pilot-testing and full implementation of the SIMM project on the following services of the QC-LGU:

- 7.1 Payment of City taxes, **real property and business**;
- 7.2 Payment of new business permit applications;
- 7.3 Payment of stipends to QC-LGU scholars
- 7.4 Payment of amortizations to HURA housing units; and
- 7.5 Other applications that the team may consider viable.

The team shall report on the status of the project regularly to the Mayor and obtain his approval for the full operationalization of all its recommendations.

This Office Order Shall take effect immediately.



HERBERT M BAUTISTA MPA MNSA
City Mayor

Annex D - GPPB Circular 04-2012, 23 Nov 2012 re: Clarification on Conduct of Procurement Activities in relation to May 13, 2013 National and Local Elections



Unit 2506 Raffles Corporate Center,
F. Ortigas Jr. Road, Ortigas Center,
Pasig City, Philippines 1605

CIRCULAR 04-2012
23 November 2012

TO : Heads of Departments, Bureaus, Offices and Agencies of the National Government including State Universities and Colleges, Government Owned and/or Controlled Corporations, Government Financial Institutions, and Local Government Units

SUBJECT : Clarification on Conduct of Procurement Activities in relation to the May 13, 2013 National and Local Elections

1.0 PURPOSE

- 1.1 This Circular is issued to clarify the conduct of procurement activities of the government agencies from March 29 to May 13, 2013 (*hereinafter referred to as "Election Period"*) and to advise government agencies on the procurement activities it may or may not undertake under Section 261(v) and (w) of the Omnibus Election Code.
- 1.2 This also serves to remind agencies that the election ban is not designed to paralyze the operations of the government, but to insulate government procurement from political partisan activities, usually in the form of new projects, which are designed to influence the public during the upcoming May 13, 2013 National and Local Elections.

2.0 SCOPE

All Departments, Bureaus, Offices and Agencies of the National Government including State Universities and Colleges, Government-Owned and/or Controlled Corporations, Government Financial Institutions, and Local Government Units.

3.0 DEFINITION OF TERMS

- 3.1 **Public Works** - This refers to "infrastructure projects" as defined under Section 5(k) of Republic Act No. 9184 (Government Procurement Reform Act). It shall refer to the construction, improvement, rehabilitation, repair, restoration, or maintenance of roads and bridges, railways, airports, seaports, communication facilities, irrigation, flood control and drainage, water supply, sanitation, sewerage and solid waste management systems, shore protection, energy/power and electrification

facilities, national buildings, school buildings, hospitals buildings, and other related construction projects of the government.

- 3.2 **Social Projects** - This refers to activities undertaken by the Department of Social Welfare and Development (DSWD) and other agencies performing similar functions.
- 3.3 **Housing Related Projects** - This refers to activities undertaken by the Housing and Urban Development Coordinating Council (HUDCC) and other agencies performing similar functions.
- 3.4 **Routine and Normal/Administrative Expenses** – This refers to expenses required for the day-to-day operations of the agency, such as salaries, light, heat, and power.

4.0 GENERAL CONSIDERATIONS

- 4.1 Procuring entities may proceed with the commencement and completion of procurement activities during the Election Period. However, issuance of a Notice of Award or the release, disbursement and expenditure of public funds, shall be prohibited in the following instances:
 - 4.1.1 **Social Projects.** No Notice of Award, whether through public bidding or any of the alternative modes of procurement, may be issued for social projects by the DSWD and any other departments performing functions similar to DSWD, during the Election Period, except in the following cases:
 - (a) *Routine and normal expenses.* Routine and normal expenses of the department.
 - (b) *COMELEC Exemption.* Such other expenses authorized by COMELEC after due notice and hearing.
 - 4.1.2 **Housing-related Projects.** No Notice of Award, whether through public bidding or any of the alternative modes of procurement, may be made for housing-related projects by the HUDCC and any other agency of the government performing similar functions, during the Election Period, except in the following cases:
 - (a) *Administrative expenses.* Such other necessary administrative expenses.
 - (b) *COMELEC Exemption.* Such other expenses authorized by COMELEC after due notice and hearing.
 - 4.1.3 **Public Works.** No Notices of Award, whether through public bidding or any of the alternative modes of procurement, may be issued for public works during the Election Period.

While public bidding for public works may be conducted, the Procuring Entity should withhold the issuance of the Notice of Award during the Election Period.

However, procurement for any of the following public works is allowed:

- (a) *Maintenance Work.* Maintenance of existing and/or completed public works projects; *provided* that no additional laborers shall be employed. Only the average number of laborers or employees employed during the six (6) month period immediately prior to March 29, 2013 shall be permitted to work during such time.
- (b) *Contract entered into or awarded before election ban.* Notices of award, whether through public bidding or any of the alternative modes of procurement, issued before March 29, 2013, *provided* that such award was reported to the Commission on Elections (COMELEC) in accordance with Section 5 below.
- (c) *Preparatory works.* Preparation for working drawings, specifications, bills of materials, estimates, and other procedures preparatory to actual construction including the purchase of materials and equipment and all incidental expenses for wages of watchmen and other laborers employed for such work in the central office and filed storehouses before March 29, 2013.
- (d) *Calamity.* Emergency works necessitated by the occurrence of a public calamity, but such work shall be limited to the restoration of the damaged facility.
- (e) *Ongoing projects.* Ongoing public works commenced before March 29, 2013, *provided* that such project was reported to the COMELEC in accordance with Section 5 below.
- (f) *Similar projects under foreign agreements.* Ongoing foreign assisted projects commenced before March 29, 2013 are likewise allowed, *provided* that such project was reported to COMELEC in accordance with Section 5 below.

5.0 REPORTORIAL REQUIREMENTS

5.1 COMELEC

On or before March 29, 2013, the Head of the Procuring Entity shall submit to the COMELEC through its regional election directors/provincial election supervisors/election officers concerned certified lists of the following:

- (i) All ongoing public works projects commenced before March 29, 2013;
- (ii) Similar ongoing projects under foreign agreements commenced before March 29, 2013; and
- (iii) Notices of award for public works issued before March 29, 2013 together with a copy of each contract.

Except for local government units, all other Procuring Entities shall furnish the Department of Public Works and Highways (DPWH) with a copy of the certified list submitted to COMELEC.

5.2 Philippine Government Electronic Procurement System (PhilGEPS)

All Invitations to Bid and awards of contracts shall be posted in the PhilGEPS in accordance with the provisions of Republic Act No. 9184 and its revised Implementing Rules and Regulations.

6.0 This Circular shall take effect immediately.

7.0 For guidance and compliance.

(Sgd.)
FLORENCIO B. ABAD
Chairman

Annex E - Letter of Mayor Chipeco, Calamba, Laguna



Republic of the Philippines
Province of Laguna
CITY GOVERNMENT OF CALAMBA
Office of the Mayor



March 13, 2013

Mr. Mamerto E. Tangonan
Chief of Party
Scaling Innovations in Mobile Money Project

Attention: Mr. Donato C. Pua
ICT Specialist

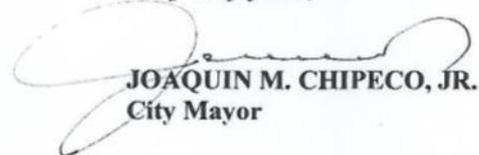
Dear Mr. Tangonan:

Thank you very much for furnishing us with the necessary information regarding the possible adoption of mobile money payments for our local government services. Our Department Heads who evaluated your proposal are unanimous in their opinion that the project will indeed facilitate the prompt and efficient payment of taxes to the city, as well as the systematic disbursement of allowances and financial assistance to our constituents.

While we realize the benefits that this project will bring in terms of advancing our efforts to further promote good governance, we regret that we couldn't give the matter due course at this time in view of the need to prioritize the adjustments required in the Modernizing Revenue Enhancement System (MRES). This is of utmost importance to ensure the smooth implementation of the system which we are already implementing but where some problems were encountered that need immediate attention.

Again, thank you very much and we hope to resume discussion on this project at the earliest possible time.

Very truly yours,


JOAQUIN M. CHIPECO, JR.
City Mayor

Annex F – Certification of the Ordinance 2012 Re: authorization and recognition of the use of automated system of payment transactions of taxes, fees and other payments to the city of Valenzuela pursuant to existing policies and regulation.



Annex G - QC-LGU Letter to COMELEC

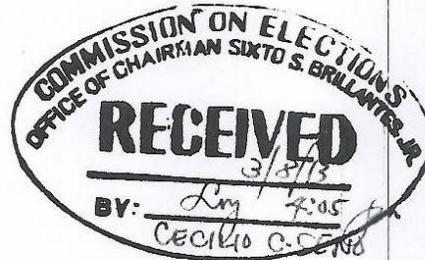


Republic of the Philippines
Quezon City
OFFICE OF THE MAYOR

Herbert M. Bautista mpa msa

07 March 2013

THE HONORABLE
SIXTO S BRILLANTES JR
CHAIRMAN
COMMISSION ON ELECTIONS
Palacio del Gobernador Bldg.
Intramuros, Manila 1002



Dear **Hon Brillantes**:

The Government of the Republic of the Philippines and the United States of America entered into a partnership to implement **Scaling innovations in Mobile Money (SIMM)**. The partnership aims to provide Filipinos easier access to financial services through the use of mobile phones.

We are pleased to inform you that the **Local Government of Quezon City** was selected to pioneer a new breakthrough created in partnership with the **United States Agency for International Development (USAID)**. The project aims to provide Filipinos easier access to financial services through the use of mobile phones. Mobile Money technology, by offering a safe, cost-effective and more convenient way of doing business and transacting with the city government. Through this technological tool we promote financial inclusion and transparency.

The Local Government of Quezon City is an ideal city to pilot a mobile money ecosystem owing to its high population density, the presence of key microfinance institutions (MFIs), an active business community and a city government that was recognized by the Department of the Interior and Local Government (DILG) for fostering a culture of excellence last December 2012.

The Memorandum of Understanding (MOU) is scheduled to be signed between the **United States Agency for International Development (USAID)** represented by Gloria D Steele, Mission Director and the **Local Government of Quezon City (QC-LGU)** represented by this representation.

We therefore seek the Commission's Exemption from COMELEC Resolution No 9835 for the said event and project. Thank you.

With assurances of our highest esteem.

Truly yours,

Annex H - National Payment System Workshop Program Agenda and Brief

Program on National Payments System: A Retail Perspective

The National Payments System Institute in collaboration with the Bangko Sentral ng Pilipinas (BSP) with the support of the United States Agency for International Development (USAID) presents a Program on National Payment Systems. The program will provide participants with a thorough understanding of the policy, framework and regulatory issues in a typical National Payment System (NPS), with a specific focus on the retail components and issues of the system. The overall aim is to develop the capacity of individuals involved in building or further developing national payment systems worldwide in a sustainable way so that these systems can contribute towards regional and national growth, efficiency and financial inclusion.

Why is an integrated national payments system important?

In order to achieve broader policy goals such as financial inclusion, it is critical that the customer experience is one that provides the relevant affordable product, with trust and certainty in order to facilitate the movement of people to electronic payments. A key aspect of this movement is interoperability and the interconnection of a multitude of different systems and participants in the most inclusive, efficient and effective manner. This type of interoperability includes appropriate risk governance, technology, commercial agreements and management structures. This course addresses the key aspects required between participants, which if absent, effective and efficient interoperability cannot be achieved, and broader public policy objectives may also not be achieved.

What is the role of NPS-I?

The mission of the NPS Institute is to develop the capacity of all involved in designing, building or developing national payment systems in a sustainable way so that these systems can contribute towards national growth, efficiency and financial inclusion.

The NPS-I offers in-person courses of a general and tailored nature. General courses are offered from time to time in various locations and allow access to members of the public who sign up with the event organizer. The event organizer may or may not charge each participant a fee for attendance. Tailored courses are specifically designed by NPS-I with the needs and interests of a defined particular group in mind and are usually offered in a location convenient for the group in question.

NPS-I is currently developing a web interface to allow e-electives, e-book and additional subscribed content to be available on a subscription basis to allow wider and easier access to its materials.

Why a course on National Payments Systems?

Individuals who deal with issues relating to national payment systems through projects and programmes, in the public and private sector as well as at donor organisations and non-governmental organisations (NGOs), often find that the information which they seek is not freely available and remains the intellectual domain of a select few.

There is a global thirst for knowledge about the development of payment systems. As electronic payment systems expand their reach ever wider as the result of technological innovation, so the level of complexity rises; and so also, the pool of people widens who require a clear perspective on what is

happening in other places around the world in order to perform their roles better: policy makers, regulators or financial providers or other participants who are directly involved, seeking to support the development of the national payment system as a whole in particular countries as well.

Unfortunately, credible information on the national systems as a whole is not widely available. The knowledge sought includes information on basic concepts, components of the NPS, the payment system landscape, clearing and settlement, open versus closed systems, regulatory landscape, payment instruments, payment standards and bank and non-bank participants, including mobile money schemes. What is available is often presented from particular angles—such as the views of providers of particular technology solutions. While technical training is available on how to operate particular payment systems, such as cards or SWIFT transfers for example, often decision makers are left with a sense that it is hard to grasp the overall picture and how the different parts relate to it. This lack of “big picture” knowledge and lack of common language and concepts also makes it difficult to have a meaningful conversation among stakeholders about how to address issues, much less to make good decisions when confronted by complex choices.

National Payment System Institute (NPS-I) courses aim to fill that knowledge gap, enabling participants to understand the overall framework, how the different pieces fit together, and what options exist to promote development in different ways. This programme seeks to address these issues and provide the information in a meaningful, interactive manner.

After attending an NPS-I course, each participant will have:

- a clearer understanding of core NPS concepts and terms
- a new ability to apply them to a particular setting
- a holistic perspective of the NPS and how to manage and navigate it
- an understanding of best practice and an ability to identify gaps in own environment

Who should attend?

The full curriculum provides an introduction to the wide range of issues underlying NPS development. It is suitable for participants from executive level to managerial level. Sectorally, it is of interest to:

- Bank and non-bank supervisors, payment system overseers, telco regulators and competition authorities, other government entities such as governmental and non-governmental social assistance agencies
- Commercial banks, telcos with interest in mobile money, non-bank financial institutions
- National switch and other switch operators
- Payment service providers, hardware and software vendors
- Corporations for whom a significant element of their business involves the collection or payment of funds such as insurance companies
- Investors involved in projects or funding of a payments nature
- NGOs involved in cash transfer programs
- Consulting firms advising on transactional and payments related business
- Academics and students

How is the curriculum structured?

The course comprises core and elective modules taught by skilled faculty, together with real case studies and group exercises designed to ensure a blend of classroom experience for greatest learning.

Who are the faculty?

Brian Le Sar

Chief Executive Officer, National Payments System-Institute and Senior Associate at Bankable Frontier Associates



Mr. Brian Le Sar has a background as an executive of Africa's largest bank. He managed the Group's payments strategy and was the executive in charge of their card business across the African continent. Brian has sat on numerous regulatory committees e.g. Standing Committee for the Review of the NPS Act in South Africa, was Chairman of the Payments Association of South Africa (PASA), Vice Chairman of Bankserv Africa (the payments switch in South Africa), a board member of Namclear (the payments switch in Namibia). He was involved in the Payments modernization project of SADC. Brian has consulted widely with regulators and other payment providers. He has presented at numerous international forums and is co-author with David Porteous of NPS Institute's text book.

James "Jim" Hokans

Director, Bankable Frontier Associates



Mr. James Hokans is an expert in demand side studies on domestic payment systems and transformational branchless banking. He has worked in many countries around the world, including the Philippines, where among other projects, he led and co-authored a seminal study on domestic payments in the Philippines market that highlighted the use of pawnshops by Filipinos for domestic money transfers and the potential significance of cross payments among those interested in mobile money schemes.

Mr. Johann Bezeuidenhoudt
Senior Associate



Mr. Johann Bezeuidenhoudt has a background as a business development executive for Africa's largest telco where he was involved in the start-up of MTN Banking in 2005. Mr. Bezeuidenhoudt has consulted widely around the world on the mobile payments business, including in the Philippines. He has written on managing the risks in mobile payment systems and led the audits of mobile payment service providers in Nigeria in 2011, 2012 and 2013.

Core modules: Introduction to National Payment Systems

The core modules enable potential and existing players in national payment systems to understand the foundational policy, framework and regulatory issues in a typical NPS in order to create a common language is shared.

Core 1: Introduction to the National Payment System

After completion of this module, participants will have an understanding of:

- The typical scope of an NPS
- How the NPS thinking evolved and what/who has shaped it
- The basic NPS Architecture that policy makers have in mind
- NPS Stakeholders and Role Players
- An overview of an NPS management structure
- The International Principles applicable to an NPS

Core 2: Regulatory Frameworks and Interoperability

After completion of this module, participants will have an understanding of:

- The legal framework common to NPS acts
- Core legal building blocks in legislation
- A good understanding of key concepts such as interoperability and interconnection, methods of measurement and regulatory approaches
- An understanding of how different regulators approach the issue of promoting interconnection in payment systems using examples from different countries

Core 3: Automated Clearing House (ACH) and settlement principles

- After completion of this module, participants will:
- Understand ACH clearing principles and models
- Understand settlement principles
- Understand national ACH switch principles
- Have a perspective on appropriateness for different countries

Elective Module:

Elective 1: Mobile money issues

After completion of these electives, participants will understand:

- The range of mobile structure and business models
- The regulatory considerations involved in each
- The approaches adopted by different countries to date

Elective 2. National Payment Systems and competition

This discussion will be based on the recent Competition Authorities actions in the Pakistan market and its potential impact on interoperability

After this elective you will have a better understanding of:

- The need for co-operation between different regulatory bodies
- The impact of competition authorities on Financial Inclusion
- The need to look beyond the core regulator and the consequences of poor interaction between regulators

Elective 3. Interchange

After completion of this elective, participants will understand:

- The concept of interchange and how it has evolved
- Different international models and definitions
- The effect of Interchange on an NPS

Day 3: Payments Clinic and Focus on the Philippines

Discussion will commence based on the results of a pre-course questionnaire completed by all participants. These results will set the baseline for enabling a discussion on the present state of the Philippines' payments industry.

A high level gap analysis of the existing Philippines payments industry will then be developed by the participants facilitated by the NPS-I. Key challenges will be addressed by various teams for presentations to the broader group.

NPS Workshop Schedule

Day 1 – 22 April 2013 (Monday)	
07:30-08:05	Coffee and Registration
08:05-08:10	Welcome Remarks Speaker: Hon. Nestor Espenilla, Jr Deputy Governor, Supervision and Examination Sector Bangko Sentral ng Pilipinas
08:10-08:15	Opening Remarks Speaker: Gloria Steele Mission Director U.S. Agency for International Development (USAID)
08:15-10:15	Introduction to National Payments System (NPS) After completion of this module, participants will have an understanding of: <ul style="list-style-type: none"> • The typical scope of an NPS • How the NPS thinking evolved and what/who has shaped it • The basic NPS Architecture that policy makers have in mind • NPS Stakeholders and Role Players • An overview of an NPS management Structure • The International Principles applicable to an NPS Lecturer: Brian Le Sar
10:15-10:30	Tea/coffee
10:30-12:30	The regulatory framework for National Payments System (NPS) and Interoperability After completion of this module, participants will have an understanding of: <ul style="list-style-type: none"> • The basis and underlying legal framework common to NPS acts • Core legal building blocks in legislation • Who may participate • Access to payment systems • Current methods of treatment of E-Money • Distinguishing between regulations, directives and Guidance • Paradigm of NPS oversight • Standard Risks in the NPS • Who regulators are • Co-ordination with other regulators • Modes of interconnection • Measurement and outcomes of regulatory approaches to interconnection Lecturer: Brian Le Sar
12:30-13:15	Lunch
13:15-15:15	Case Study: eZwich Ghana After completion of this case study, participants will: Have a practical understanding of the numerous issues facing regulators and

	means of dealing with them, as covered in previous modules Case Moderation: Brian Le Sar
15:15-15:30	Tea/coffee
15:30-17:30	Clearing and Settlement Principles After completion of this module, participants will: <ul style="list-style-type: none"> • Understand ACH clearing principles and models • Understand Settlement principles • Understand National ACH Switch principles • Have a perspective on appropriateness for different countries Lecturer: Brian Le Sar
Day 2 – 23 April 2013 (Tuesday)	
08:15-10:15	Case Study: National Payments System (ACH) Switch After completion of this case study, participants will: Have a practical understanding of the issues relating to the creation and ongoing longevity of a National Payment System (ACH) switch Case Moderation: Brian Le Sar
10:15-10:30	Tea/coffee
10:30-12:30	Key issues with Mobile Payments Upon completion of this elective: <ul style="list-style-type: none"> • Understand the various mobile models including in Kenya, Philippines, Nigeria and elsewhere • Have insight into the regulatory factors shaping the models • Insight into various regulatory approaches to date • Mobile Payment Supervision approaches Lecturer: Johann Bezuidenhout
12:30-13:15	Lunch
13:15-15:15	National Payment Systems and competition This discussion will be based on the recent Competition Authorities actions in the Pakistan market and its potential impact on interoperability After this elective you will have a better understanding of: <ul style="list-style-type: none"> • The need for co-operation between different regulatory bodies • The impact of competition authorities on Financial Inclusion • The need to look beyond the core regulator and the consequences of poor interaction between regulators Case Moderation: Brian Le Sar
15:15-15:30	Tea/Coffee

15:30-17:30	<p>Interchange Upon completion of this elective:</p> <ul style="list-style-type: none"> • Understanding of the concept of Interchange • How it has evolved • Different International models and definitions • Effect of Interchange on an NPS <p>Lecturer: Brian Le Sar</p>
Day 3 – 24 April 2013 (Wednesday)	
08:15-10:15	<p>Wrap up/debrief of the various modules:</p> <ul style="list-style-type: none"> • What have we learned to date during the course and clarification of any issues • Review of the pre course questionnaire completed • Questions and possible topics for discussion to have been provided by participants to the faculty at the end of day 1 of the course <p>Facilitators: Jim Hokans/Johann Bezuidenhoudt/Brian Le Sar</p>
10:15-10:30	Tea/Coffee
10:30-12:30	<p>Payments Clinic: Discussion, workshops and review of the past 2 days</p> <ul style="list-style-type: none"> • Discussion, workshop and review the key issues <p>Facilitators: Jim Hokans/Johann Bezuidenhoudt/Brian Le Sar</p>
12:30-13:15	Lunch
13:15-15:15	<p>Payments Clinic: Discussion, workshops and review of the past 2 days</p> <ul style="list-style-type: none"> • Perform a high level gap analysis on the current state of the Philippines payments industry. • Discussion, workshop and review the key issues <p>Facilitators: Jim Hokans/Johann Bezuidenhoudt/Brian Le Sar</p>
15:15-15:30	Tea/coffee
15:30-17:30	<p>Payments Clinic: Discussion, workshops and review of the past 2 days</p> <ul style="list-style-type: none"> • Perform a high level gap analysis on the current state of the Philippines payments industry. • Discussion, workshop and review the key issues • Discuss priorities and a roadmap going forward <p>Facilitators: Jim Hokans/Johann Bezuidenhoudt/Brian Le Sar</p>

Annex I - Memorandum – Circular re: Enjoining all government agencies and instrumentalities to implement the Electronic Payment and Collection System (EPCS) in government transactions utilizing all modalities and channels of electronic payments and collections

MEMORANDUM CIRCULAR NO. 2013-__

March ____, 2012

TO: All Heads of Departments, Bureaus, Offices and Other Agencies of the National Government, including State Universities and Colleges, Government Owned or Controlled Corporations, Government Financial Institutions, all Provincial Governors City and Municipal Mayors, Provincial/City/Municipal Treasurers, Accountants and Auditors and Other Officials concerned

Subject: Enjoining all government agencies and instrumentalities to implement the Electronic Payment and Collection System (EPCS) in government transactions utilizing all modalities and channels of electronic payments and collections

I. Statement of Policy

It is the goal of Philippine Government to achieve greater transparency and security in financial transactions of public funds. In line with achieving this goal, government recognizes the importance of information and communications technology in achieving the commitment to improve governance, accountability and, ultimately, sustainable economic growth. In pursuit of the government's commitment to improve transparency and accountability, key digitization reforms and cashless solutions have been enabled for easier monitoring of government transactions, facilitate accurate liquidation and auditing, and ensure efficient and transparent financial management in government agencies.

This policy is consistent with the Philippine Government's commitment to adopt cashless payment schemes as a signatory to the Better Than Cash Alliance (BTC), a global movement consisting of public-private partnerships that provide expertise and resources needed to make the transition from cash to digital payments using new technology like online payment facilities and mobile money, which can increase the immediate accountability and tracking of financial flows, resulting in less corruption and theft.

The Administration continues to institute digital reform measures that will transform the major processes of the bureaucracy to provide quicker and more efficient delivery of public goods and services. The innovative initiatives are central to the goal of reforming government to spur economic growth and empower the poor and vulnerable.

This Memorandum Circular is issued to enjoin all government agencies and instrumentalities to implement the Electronic Payment and Collection System (EPCS) in government transactions,

using all modes and channels of electronic payments and collections, consistent with applicable rules and regulations. Payment and collection modes and channels provided by existing policies include, but not limited to, credit cards, Automated Teller Machines (ATMs), debit cards, stored-value cards, cash cards and mobile phones for payment of fees, charges, assessments and revenues due to the government.

II. Background

In June 14, 2000, RA No. 8792, or otherwise known as the, Electronic Commerce Act (ECA) was passed into law providing for the recognition and use of electronic commercial and non-commercial transactions and documents. Section 27 of the law provides for the Government Use of Electronic Data Messages, Electronic Documents and Electronic Signatures. Pursuant to law, require or accept the filing of documents, require that documents be created, or retained and/or submitted, issue permits, licenses or certificates of registration or approval, or provide for the method and manner of payment or settlement of fees and other obligations to the government.

On October 25, 2006, Department of Trade and Industry (DTI) and Department of Finance (DOF) signed the DTI-DOF Joint Department Administrative Order No. 02-2006 that prescribe the guidelines for the implementation of RA 8792 on Electronic Payment and Collection System (EPCS) in government. The policy applies to all Government Entities that intend to use or which have existing EPCS for the collection of fees, charges, assessments and revenues. Further it states that the EPCS should be able to accommodate various modes and channels of electronic payments such as, but not limited to, credit cards, Automated Teller Machines (ATMs), debit cards, stored-value cards, mobile wallet payments and kiosks.

Following the guidelines, Government Electronic Payment and Collection System Evaluation Team (GEPSET), an interagency evaluation team, was created on January 15, 2007 composed of representatives from DOF, DTI, Bureau of Treasury (BTr) and National Computer Center (NCC) with Bangko Sentral ng Pilipinas (BSP) as an advisor. The GEPSET is mandated to implement standards, operational efficiency, security, and privacy of EPCS in all government agencies. The evaluation team has been integrated with the Government Integrated Financial Management System of the Public Financial Management of the Philippine Government comprising of key oversight agencies including Department of Budget and Management, DOF, Commission on Audit (COA) and BTr.

On March 9, 2009, BSP issued Circular No. 649 series of 2009 providing guidelines governing the issuance of Electronic money (E-money) and the operations of Electronic Money Issuers (EMI) with the aim of fostering the development of efficient and convenient retail payment and funds transfer mechanism in the Philippines including safeguards and controls to mitigate risks in e-money business.

On March 24, 2010, DTI-DOF Joint Department Administrative Order No. 10-01 was issued clarifying the guidelines on the use of access devices such as but not limited to credit cards, debit cards, cash cards and mobile phones, for payment of fees, charges, assessments and revenues due to the government through the Government entity's EPCS.

On December 22, 2010, BSP issued Circular No, 704, series of 2010, providing guidelines on outsourcing of services by EMI to Electronic Money Network Service Providers (EMNSP) with the goal of achieving truly inclusive financial system through e-money as an instrument to facilitate delivery of financial services affordably to the low income, unbanked, or undeserved segments of the population, particularly in non-urbanized areas.

This Memorandum Circular shall take effect immediately.

MA. GRACIA PULIDO-TAN

Chair

Commission on Audit

FLORENCIO B. ABAD

Secretary

Department of Budget and
Management

CESAR V. PURISIMA

Secretary

Department of Finance

ANNEX J - SIMM Performance Monitoring Plan (PMP) Results Table as of March 2012

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
Number of active users	Number of people	356,425	345,992	327,196 *only includes partial data from two mobile money providers	741,000	559,000	1,300,000	Only two mobile money providers submitted user data report. Partial data shows 327,196 active users for the period Jan-Mar 2013	Mobile Money Partner (MMP) report on users to USAID/SIMM project	Active users are registered m-money accounts that made at least one mobile money transaction in 90 days (or 3 months).
Percent (%) increase in volume (monetary value) of m-money transactions	Transaction Amount Value	PHP 53,039,897,658.23 ⁴	PHP 58,671,232,993.88 ⁵	PHP 57,394,741,715.77				For the percent (%) increase in volume (monetary value) of m-money transactions, baseline data shows a total transaction amount of PHP 53,039,897,658.23 (or \$ 1,293,656,040.44) as of September 2012. Percentage increase in volume from baseline to the period Jan-Mar 2013 is at 8.2% amounting to PHP 52,039,897,658.23 (or \$ 1,269,265,796.54).	System generated reports from Mobile Money Partner database	Volume of m-money (in monetary value) include the amount of money involved in the following transactions: <ol style="list-style-type: none"> 1. Conversion from cash centers 2. ATM/Mobile/Internet Banking 3. Remco Partners Abroad 4. Conversion from cash centers of each provider 5. ATM/POS withdrawals 6. Funds transfer from e-money wallets to deposit accounts 7. Payment to Merchants 8. Bills Payments 9. Transfer to Other Subscribers (P2P/W2W) 10. Airtime Purchases 11. Donations
	Percent increase in volume		10.6%	8.2%	115%	200%	200% from baseline			

⁴ Previously reported data of PHP25,965,666,504.46 was increased as more accurate figures were submitted

⁵ Previously reported data of PHP25,501,197,233 was increased as more accurate figures were submitted

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
Strategic Objective 1: Create an Enabling Environment for Mobile Money by Creating Business Models that Scale										
IR1 Improved Efficiency of E-Payroll Distribution										
Number of SMEs and/or large businesses using e-payroll	Number of new businesses	0	0	0	S 57	43	100	<p>In the pipeline, below are the organizations pending implementation:</p> <p>Seven private sector organizations include MIESCOR, Philippine Constructors Association, Persia Grill, Kebab House, Software Group (Phl), Hotel and Restaurant Association of the Philippines, Bayview Park Hotel.</p> <p>MFIs - Seven microfinance institutions, two local cooperatives in Batangas, Sorosoro Ibaba Development Cooperative Inc. and San Isidro Multipurpose Cooperative (SIMCO) and 5 national cooperatives, CCT Credit Cooperative, Inc., First Isabela Cooperative Bank (FICO), GM Bank of Luzon, Inc., Kabalikat para sa Maunlad na Buhay (KMBI), and National</p>	<p>Service Level Agreement from MMP and/or partner</p> <p>Stakeholder Progress Report to USAID/SIMM project</p> <p>Monthly report from partner organizations</p>	<p>This indicator includes the following stakeholders: Schools, Microfinance institutions, Utilities, Businesses (large, small, and medium enterprises.</p> <p>Businesses are categorized based on asset and no. of employees (SOURCE: dti.gov.ph)</p> <p>Small - P3,000,001 - P15,000,000 ; 10-99 employees</p> <p>Medium - P15,000,001 - P100,000,000; 100-199 employees</p> <p>Large above - P100,000,000; more than 200 employees</p>

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
								Confederation of Cooperatives (NATCCO) SIMM is also working with Business Permits and Licensing Office (BPLO) of the partner local governments to convene business forums, obtain leads and promote the mobile money payroll and other services.		
IR 2 Improved Public Service Delivery										
Number of government agencies using e-payroll/e-bills payment	Number of agencies	0	0	0	3	2	5	The requirements were negotiated and finalized for the e-payroll of over 200 municipal employees of Pulilan, Bulacan and disbursement of stipends of about 10,000 student scholars of Quezon City and is now pending submission of proposals by the MMPs for evaluation and selection. In the national level, SIMM completed the concept papers for large national payment streams SSS, PhilHealth, NSO, DSWD and Pag-ibig	Service Level Agreement from MMP and/or partner Stakeholder Progress Report Monthly report from partner organizations	Government agencies refer to both local and national levels. E-bills payment here refers to disbursement of funds to beneficiaries (G2P) or collection of payments for contributions, taxes and other fees (P2G) for government services. This will be measured through the m-money accounts opened under payroll and payments.

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
IR 3 Supply-side Networks Promoted										
Number of cash-in/cash-out merchant partners operating mostly in rural areas	Number of new CI/COs	0	0	1	1,425	1,075	2,500	<p>San Isidro Multipurpose Cooperative was launched as a BanKO Business Partner Outlet in SIMM Batangas City March 2013. SIMM is working with the MMPs to identify high demand areas and expand the agent network in its local pilot sites.</p> <p>SIMM is working with MMPs to expand existing agent network in SIMM cities and tap existing retail networks (i.e., convenience stores, drugstores) and partner with Mercy Corps in building an agnostic agent network targeting 500 new agents by end year. Also, SIMM will integrate the agent network support in the MFI project to tap branches of participating MFIs as cash merchants.</p>	<p>MMP report on outlet coverage</p> <p>SIMM Partner reports</p> <p>GIS System</p>	Cash-in/Cash-out (CI/CO) refers to banks, ATMS or authorized agents (i.e. pawnshops, sari stores, gas stations, pharmacies, post office etc.) where cash can be converted to m-money and vice-versa.
Number of new agents trained	Number of agents trained	0	0	1	1,140	860	2,000	<p>SIMC agent trained.</p> <p>Pending implementation</p>	Project Attendance Sheets	Agents refer to individuals working for a CI/CO trained.

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
								of agnostic network agent. TOR draft for training consultant is being finalized.	Monthly report from partner organizations Report from SIMM consultant MMP reports on agent trainings	
Strategic Objective 2: Boost Expansion and Rapid Adoption of Mobile Money Services By Achieving Inclusive User Uptake										
IR 4 Reduced transaction costs in the payment system										
Percentage (%) by which transaction costs are reduced	Percent decrease in transactions costs	Baseline TBD*	NA	NA	10%	20%	20%	<p>Pipeline activities show that 8 MFIs, 1 School, 3 Utilities, 2 large enterprises, 2 local MSMEs, 4 local governments and 3 national government agencies are in progress for collections, bills, loan payments and disbursement and payroll.</p> <p>Milestone progress shows that 9 are under presentation of concept paper, 9 are under Submission of Proposals, 5 Evaluation and Selection, 5 Business Process Documentation,</p>	Partner organizations database on transactions costs	<p>Transaction costs refer to the fee charged for use of payment services.</p> <p>*Baseline data will be gathered once the organizations have been contracted during the milestone "Business Process Documentation" detailing the existing manual and/or electronic process and transactions fees involved.</p>

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
								1 User Training. Once the existing business review is complete baseline data can be gathered on transactions costs and any changes once mobile money has been implemented		
IR 5 Increased adoption and use of m-money services										
Number of new m-money users	Number of people	0	78	59	142,500	107,500	250,000	<p>A total of 59 individuals opened m-money accounts during the SIMC General Membership Assembly and BPI-Globe BankKO Activation co-organized by the SIMM project.</p> <p>Notably, as of the baseline figures in September 2012; there were a grand total of 9,546,515 registered mobile money accounts. During the period Oct-Dec, an additional 484,000 new m-money users across major MMPs operating in the country was reported amounting to a cumulative total of</p>	<p>Mobile Money Partner (MMP) report on users for SIMM</p> <p>Post-activity surveys</p> <p>Monthly report from partner organizations</p>	<p>M-money users refer to registered accounts that are linked to a mobile number. It must be noted that one of the MMPs can have two mobile money accounts per mobile number.</p>

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
								10,030,519. Updated figures for Jan-Mar is not available.		
Number of people opening savings accounts via branchless banking	Number of persons	0	62	59	5,700	4,300	10,000	A total of 59 individuals opened savings accounts via branchless banking on-site during SIMM activities. Note that during the period BankKO reported a total of 45,361 individuals who opened new savings accounts with a cumulative total of 307,066.	System generated reports from Mobile-Money BankKO database	Savings accounts refer to deposit accounts that earn modest interest. Branchless banking refers to mobile-phone based banks. This indicator will measure the number of customers who registered for a BankKO account, a branchless bank.
Number of people trained in financial education and literacy (planning, budgeting, savings)	Number of CCT beneficiaries; Number of non-CCT beneficiaries trained	130	372	357	6,840	5,160	12,000	A total of 358 participants from the public and private sector attended SIMM co-organized events ranging from roundtable discussion with the Rural Banker's Association of the Philippines on the value proposition of mobile money, memorandum of understanding ceremonies with local government units to implement mobile money in government transactions and activation of members as	Attendance Sheets Project training reports Partner monthly/quarterly reports	People refer to all CCT beneficiaries and all other individuals who participate in SIMM activities such as orientations, forums, conferences and end user trainings on m-money and financial education.

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
								mobile money registered users.		
Cross Cutting IR 6 Promote Global Knowledge Sharing										
Number of conferences supported to share knowledge	Number of conferences	0	0	0	2	1	3	After the development and pilot testing of business models and completion of studies currently in the pipeline, several conferences will be held to share lessons learned and best practices for replication.	Attendance Sheets	Conferences refer to a gathering of local and/or international organizations, discussing and exchanging information on m-money market in the Philippines/region.
Number of research papers shared and developed	Number of research papers	0	0	0	2	1	3	In the pipeline: (1) Interoperability study by Mercy Corps and Bankable Frontiers Associates (2) Four MFI Business Model for mobile financial services business. (3) NATCCO Business Model	Monthly/Quarterly reports Copies of the studies and Business Model, Operations Manual	Research papers include studies, business models and project concept papers developed on mobile money in the Philippines. and shared in various portals in conferences, website and social media
Project Activity Level Indicators										

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
Percent (%) of activities that improved financial inclusion of women	Percent of activities	TBD	67%	57%	30%	50%	50%	Target achieved. During the quarter SIMM conducted 105 activities ranging from project introductions, workshops, product presentations, coordination meetings, roundtable discussions, business forum to financial education trainings. Out of the total 475 participants who attended SIMM activities, a total of 272 or 57 percent women received financial education/opened a savings account via branchless banking.	Project training reports SIMM project management system generated reports Partner monthly/quarterly reports	This indicator measures the percentage ratio of SIMM activities wherein participation of female is greater than male. Activities may include trainings, workshops, roundtable discussions, seminars, etc. Formula: Total no. of female participants /Total no. of all participants
Percent (%) of activities that improved financial inclusion for individuals and households in rural areas	Percent of activities	TBD	74%	88%	50%	90%	90%	Target achieved. Out of the total activities conducted with 537 attendees, a total of 395 individuals received financial education/opened a savings account via branchless banking.	Project training reports SIMM project management system generated reports Partner monthly/quarterly reports	This indicator measures the percentage of individuals and households who participated in SIMM activities relating to financial inclusion particularly participants that opened savings account and received financial inclusion training. Formula: Total no. of people trained in financial

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
										education and literacy + Total no. of individuals who opened branchless banking accounts / Total no. of all participants
Value of activities funded by cost-sharing/contribution arrangements with SIMM	Dollar value of activities	\$3,127	\$13,130	\$1,320	\$57,000	\$43,000	\$100,000	During the quarter total cost share/in kind contribution amounted to \$1,320 with a cumulative total of \$17,576 from Aug 2012 to Mar 2013 achieving a 31% accomplishment rate vs. FY2 target.	Cost Share report Partner monthly/quarterly reports	For SIMM, cost-share is defined as any cash and/or in-kind resources not borne by USAID but leveraged by SIMM from public and private sector partners. Counterpart resources of implementing partners could be anything from: <ul style="list-style-type: none"> • staff time for participation to SIMM events (salary); • cost of office space for meetings or other events involving SIMM (venue); • meals provided to participants (meals); • supplies and other event materials (instruction); • marketing collaterals or tokens distributed to participants (others); • press release and other outreach materials (others); • honorarium for resource speakers (instruction); and • Subsidized cost of

Performance Indicator	Unit of Measurement	Baseline (as of Sep 2012)	Oct-Dec 2012	Jan-Mar 2013	FY2	FY3	LOP Target	Notes	Means of Verification	Definition
										<p>technology e.g., setting up m-money infrastructure or platform (others).</p> <p>Expense items particularly for training events are categorized as Instruction, Participant and Travel expenses per USAID ADS 253.</p>