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

LIFE OF PROJECT AND YEAR ONE ANNUAL WORKPLAN

AUGUST 2012

This publication was produced for review by the United States Agency for International Development. It was prepared by DAI.

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Program Title:	USAID/Philippines Scaling Innovations in Mobile Money (SIMM) Project
Sponsoring USAID Office:	Office of Economic Development and Governance (OEDG)
Contract Number:	AID-492-C-12-00004
Contractor:	DAI
Date of Publication:	August 3, 2012
Author:	DAI

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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SIMM Year One Schedule of Activities – Gantt Chart 62

ACRONYMS

4Ps	Pantawid Pamilyang Pilipino Program
AusAID	Australian Agency for International Development
B2B	business-to-business
BDA	Bangsamoro Development Agency
BDO	Banco de Oro
BPI	Bank of the Philippine Islands
BSP	Central Bank of the Philippines
CCT	conditional cash transfer
CI/CO	cash in/cash out
COA	Commission on Audit
DSWD	Department of Social Welfare and Development
G2P	government-to-person
GDA	Global Development Alliance
GIS	geographic information system
GSIS	Government Service Insurance System
GXI	G-Xchange, Inc.
ICT	information and communications technology
IEC	information, communication and education
IFC	International Finance Corporation
IT	information technology
LBP	Land Bank of the Philippines
LGU	local government unit
LTO	Land Transportation Office
MABS	Microenterprise Access to Banking Services
MCPI	Microfinance Council of the Philippines, Inc.
MFI	microfinance institution
MFS	mobile financial services

MIS	management information system
MMCI	Mindanao Microfinance Council, Inc.
MNO	mobile network operator
MRPI	mobile remote payment issuer
NGO	non-government organization
P2G	person-to-government
P2P	point-to-point
PhilPaSS	Philippine Payments and Settlements System
POS	point of service
RBAP	Rural Bankers Association of the Philippines
SIMM	Scaling Innovations in Mobile Money project
SME	small and medium-sized enterprise
SMS	short messaging service
SSS	Social Security System
TA	technical assistance
TAG	Transparent Accountable Governance
ToT	training of trainers
UPITTC	University of the Philippines Information Technology Training Center
USAID	U.S. Agency for International Development
WFP	World Food Programme

EXECUTIVE SUMMARY

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.

In line with Mission strategic objectives, SIMM advances financial inclusion through these inter-connected goals:

1. Boost expansion and rapid adoption of m-money services; and
2. Create an enabling environment for m-money.

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.
- Three research papers and assessments produced for knowledge sharing.

SIMM's strategy focuses on areas that will expand the rapid adoption of e-money while also deepening financial inclusion. Throughout, SIMM project activities demand a strong component of pilot testing and experimentation to create demonstration and catalytic effects for positive feedback and organic, private sector-led growth in the m-money sector, and to build trust for all parties in using e-money. The overall project strategy relies on a two-pronged approach combining location-based pilots with national-level activities and advocacy. By focusing on the key components below the project anticipates a significant impact on the adoption and use of m-money:

1. **E-payroll distribution.** One of the major barriers to m-money adoption is the accessibility and cost of cashing in m-money. If people received their salaries directly via m-money, then they would have a steady and convenient supply of m-money at no cost to them. Therefore, e-payroll

distribution is a key to scaling up m-money adoption. This component will provide technical assistance to promote e-payroll disbursements to receptive businesses and government agencies.

- 2. Reducing transaction costs in the payment system.** This component will provide technical assistance to identify and facilitate ways to streamline m-money payment systems. Accounting for 55 percent of all occurring payment transactions per month, bill payment transactions constitute the single most common money transaction in the country. Currently, the three major m-money players- BankKO, G-Cash, and SMART Money- have bill payment product features. However, most of the current utility billers are from Metro Manila and a few other metropolitan areas, thereby excluding the vast number of people living outside these areas.
- 3. Improving public service delivery (G2P).** Currently, CCT funds are distributed through the Land Bank of the Philippines (LBP). A primary challenge of this system is the limited number of LBP branches that have to be augmented by makeshift offsite payment centers. SIMM activities will entail collaboration with the leading EMIs: Globe, SMART, and BanKO to support efficient distribution of CCT payments in an effort to remove the barriers for MRPIs to participate in CCT distribution. In addition to CCT and government payroll, SIMM will also look at other government payment streams especially government agencies implementing subsidy programs to support farmers and fisher folks, social benefits on disaster relief assistance, pension, and other social security benefits.
- 4. Promoting supply-side networks.** E-money platforms require the support of cash conversion alternatives for CI/CO transactions through bank branches, ATMs, or authorized agents that include a host of potential retail outlets such as pawn shops, sari stores, gas stations, pharmacies, mobile top-up card shops, post office outlets, and others. SIMM will look into the agent economics and liquidity management of each participant in the supply chain of each channel to understand how each participant can make their m-money business sustainable.
- 5. Driving customer usage.** In order for the m-money formula to work, a synergy of efforts are required among stakeholders that focus on enhancing supply as well as generating client demand. Key to increasing uptake of m-money is driving customer usage, or getting targeted consumers to adopt the technology and to use it, not only once, but repeatedly. This situation may entail tapping into the unmet needs of consumers or creating a new demand for mobile users by analyzing their habits, preferences, and key m-behaviors and using that information as the basis for designing and communicating the value proposition of m-money.
- 6. Promoting global knowledge sharing of m-money.** The complex and dynamic m-money market appears well developed, yet marketing deficiencies and limited consumer demand have prevented wider adoption and a meaningful transition to m-money for one of the most advanced m-money markets in the world. Harmonizing with USAID's strategy on global development, SIMM will promote constant learning and experimentation to improve development impact, specifically increasing financial inclusion for the underserved.
- 7. Gender issues.** The Philippine Government recognizes the importance of having a robust national program that promotes gender equality. To achieve gender mainstreaming, the following initiatives will be undertaken targeting the participation of women in CCT payments covering 2.3

million beneficiaries targeting pregnant women who avail of pre- and post-natal care services; engaging women-led MFIs as partners in financial literacy for m-money; encouraging equitable participation of men and women in public-private partnerships; collaborating with partners in developing training modules and materials customized in the appropriate context for m-money adoption; partnering with MRPIs to develop marketing programs that target both men and women; and delivering one research paper that will capture the behaviors of unbanked men and women in the use of m-money.

SECTION 1.0 INTRODUCTION TO SIMM

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 percent) 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.

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.

While most m-banking deployments around the world provide a new delivery channel to existing bank clients, transformative models like SIMM aspire to integrate unbanked populations into the formal financial sector. These ambitions are consistent with the new U.S. Government priority for the Partnership for Growth (PFG), which focuses on addressing binding constraints to broad-based economic growth in priority countries like the Philippines. They also support the goals of Government of the Philippines to promote inclusive growth as embodied in the Philippine Development Plan (PDP) 2011-2016. In SIMM's promotion of e-commerce and information and communications technology (ICT)-enabled automation, project objectives also complement and support the economic development agenda of the Government of the Philippines in pursuit of inclusive growth.

1.1 OVERVIEW OF WORKPLAN

As detailed in this workplan document, SIMM’s components will focus on achieving measurable results. At the same time, SIMM is designed to have sufficient program flexibility to respond rapidly and effectively to windows of opportunity, such as new technological opportunities, regulatory opportunities or requirements, and unexpected domestic, regional, or international economic and business developments. The Life of Project and Year 1 Workplan provides an overall analysis of both years of the project, as well as highlights of Year 1 objectives intended to help USAID and SIMM achieve expected performance results. The document notes the critical activities that will logically lead to expected changes and results, while listing the tasks required to reach these objectives. Each section provides a breakdown of estimated level of effort (LOE), Life of Project, Year 1, and Year 2 budget estimates, and expected performance monitoring results.

The table below illustrates some of the major constraints currently in the m-money sector, and the numerous opportunities that SIMM believes exist to address these issues.

Actors	They Are Constrained By	M-Money Offers	SIMM Will	By Leveraging
Users (especially in rural areas)	Lack of knowledge about mobile transaction services. Impression of risk in transferring money via mobile. Limited number of cash in/cash out (CI/CO) agents. Limited number of businesses accepting mobile payments. Unclear value proposition.	Lower risk than alternative money transfer and bill pay methods. Lower opportunity and transaction costs. Greater ease in checking balances, managing accounts, and transferring money.	Work with local marketing groups and University of the Philippines to conduct extreme user interviews, focus group interviews, and market segmentation studies to understand client orientation and attitudes. Develop effective marketing materials, demonstrations, and promotions based on the research to build awareness, familiarity, and trust in m-money systems. Support mobile network operators (MNOs) in developing and implementing a marketing drive in rural areas using newly developed materials and techniques.	Local marketing groups and universities to research and develop effective marketing and promotion materials based on those results. New CI/CO agents, microfinance institutions (MFIs), and credit cooperatives in promoting mobile transaction services, especially in rural areas. Funding mechanisms from sources such as women.
CI/CO Agents	Low level of marketing, promotion, and support by MNOs. Inadequate financial incentives to promote mobile financial sales and transactions. Liquidity management issues. Lack of training.	Increased profit from m-money sales. Increased store traffic and sales. Increased customer base. Increased profit from cross-selling other services and goods. Potentially improved liquidity management and record keeping.	Use DAI's agent network evaluation framework to understand key issues such as motivation, liquidity, profitability, and financial incentives. Work with MNOs to develop sound financial incentives for agents, effective marketing and promotion materials for new agents, and a simplified training package for new agents. Use DAI's geographic information system (GIS) capabilities to help MNOs prioritize the expansion of CI/CO agents in rural areas based on population and transportation networks. Assist in implementing a growth plan for expanding agent networks in targeted rural areas on a pilot basis. Pilot test tools for agents to monitor profits in real time. Work with MNOs to develop complementary programs (e.g., a short messaging service [SMS] program to check the nearest CI/CO location).	The planned growth projections and strategies of the MNOs (GXl, Globe, BankO, and SMART) to incorporate strategic rural expansion. The natural growth of retail outlets such as Robinsons, SM, and Walmart to move into smaller retail outlets such as pawnshops, gasoline stations, and sari-sari shops.
Government Agencies	Government policies on payroll distribution through established mechanisms and bill paying through government offices. Perceived higher transaction costs than alternatives.	Increased transparency. Improved service delivery. Reduced costs in rural areas.	Work with government agencies (e.g., the Government Service Insurance System [GSIS], Social Security System [SSS], conditional cash transfer [CCT], Land Bank of the Philippines [LBP], and Union Bank) develop strategies to incorporate mobile transfers and bill payments.	The government's Philippine Development Plan 2011–2016, including centralized payroll. University of the Philippines Information Technology Training Center (UPITTC) to

Actors	They Are Constrained By	M-Money Offers	SIMM Will	By Leveraging
	Absence of management information system (MIS) interface to mobile financial transactions.	Better service to employees and customers. Reduced transaction risk.	With the government, develop strategies for extending payroll services to remote areas via mobile phones. Model and analyze transaction costs to develop more cost-effective delivery. Work with UPITTC to develop interface solutions.	develop MIS interface technologies.
Private Utilities	Transaction costs. Absence of MIS interface to mobile financial transactions. Policies regarding bill paying for government entities (such as water districts).	Improved service delivery. Improved bill collection. Greater efficiency in processing transactions. Reduced processing costs.	Work with MNOs to develop and implement strategies for marketing bill paying solutions to private utilities. Work with UPITTC to develop MIS interface solutions.	Existing experience with Maynilad and Manila Water to build the case for adoption by private electricity and other utilities. UPITTC to develop MIS interface technologies.
Businesses	Higher transaction costs than alternatives. Backend technology not set up to process e-payroll and receive payments. Limited knowledge of how to enable mobile transactions. Lack of experience and little perceived need.	Reduced risk of holding money. Reduced transaction and opportunity costs. Improved collections. Improved accounting.	Develop with MNOs model e-payroll, bill paying, and business-to-business (B2B) platforms that can be marketed to small and medium-sized businesses. Assist MNOs in developing marketing and promotion materials for businesses. Facilitate a B2B solution for at least one CI/CO and its suppliers. Work with UPITTC to develop a backend technology solution for the MNOs to offer to prospective clients.	GDA private sector partners such as Coca-Cola, Nestle, and Pepsi. UPITTC to develop interface technologies. Funding mechanisms from sources such as the Development Innovation Ventures or Grand Challenge Initiative.
Financial Institutions (rural banks, credit cooperatives, MFIs)	Insufficient awareness of mobile financial transaction possibilities. MIS not set up to integrate m-money.	Reduced risk for field agents. Reduced costs. Attractive service offerings for clients.	Continue to work with rural banks to expand mobile financial transaction offerings. Work with established associations (e.g., Rural Bankers Association of the Philippines [RBAP], Microfinance Council of the Philippines, Inc. [MCPI], National Confederation of Cooperatives (NATCCO), Mindanao Microfinance Council, Inc. [MMCI]) and lead firms (e.g., MFIs and credit cooperatives) to pilot mobile financial transaction services. Work with UPITTC to develop MIS interface solutions.	Globe BankO. Microenterprise Access to Banking Services (MABS). RBAP. NATCCO. MCPI.

Constraints and challenges to widespread adoption provide opportunities for USAID to catalyze this emerging sector and create an enabling environment for private sector leadership. For a variety of reasons, the Philippines presents a fertile market for m-money. The convergence of ubiquitous mobile handsets, limited internet connectivity coverage, and low penetration of banking services makes the Philippines an ideal market for m-money. Reliable network coverage of the dominant MNOs and numerous airtime distribution networks provide an established infrastructure to expand the reach of m-money. Also, an enabling regulatory environment has facilitated the expansion of m-money and there is optimism for future effective cooperation with the Government of the Philippines. A thriving microfinance industry continues to professionalize, commercialize, and innovate in ways that distinguish the Philippines as a trend-setter in financial inclusion, and previous USAID projects have been extremely successful in establishing strong finance and banking institutions. The microfinance sector provides a favorable environment for continued innovation that m-money promises to foster. A substantial quasi-financial services sector including pawnshops, cash-laden outlets, MFIs, cooperatives, and remittance providers, continues to serve those excluded from the formal financial system.

1.2 OBJECTIVES

In line with Mission strategic objectives SIMM advances financial inclusion through these inter-connected goals:

1. Boost expansion and rapid adoption of m-money services.
2. Create an enabling environment for m-money.

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.

SIMM targets broken down by Year 1 and Year 2 are included in the Annex A. Baseline data are currently being gathered and will be included in the Performance Management Plan (PMP).

1.3 IMPLEMENTATION STRATEGY

SIMM's strategy focuses on areas that will expand the rapid adoption of m-money while also deepening financial inclusion. Throughout, SIMM project activities demand a strong component of pilot testing and experimentation to create demonstration and catalytic effects for positive feedback and organic, private sector-led growth in the m-money sector, and to build trust for all parties in using m-money.

Our overall project strategy relies on a two-pronged approach combining location-based pilots with national-level activities and advocacy. One of the major challenges of scaling m-money is identifying the catalyst for change in terms of supply and demand. For people to access m-money, an extended agent network must be in place. To justify an extended agent network, there needs to be a base of m-money users to create the business case for additional investment. SIMM will work simultaneously to stimulate supply and demand of products and services for agents and consumers within a pilot community. By piloting a range of activities in specific locations, SIMM will create an environment for m-money in individual localities, while promoting financial inclusion. During pilot trials, SIMM will document lessons learned, success stories, and studies to aid in the scale-up of m-money throughout the Philippines.

In addition, we will continue to advocate the business case for interoperability and establishing agnostic agent networks to the mobile remote payment issuers (MRPIs), although the initial response from SMART who owns a 70 percent share of the mobile market was not encouraging. USAID and SIMM believe that interoperability is a critical component of scaling up m-money usage and will continue to work closely with SMART and potentially Central Bank of the Philippines (BSP) to advocate for regulation that mandates interoperability. Both Globe and BankO are supportive of interoperability and agnostic agent networks. A major partner such as Citibank demanding interoperability may force SMART to consider changing its stance. More people would be encouraged to adopt and use m-money as the number of other people using it and the uses for it increases. In fact, in a survey of 1,794 adults, 33% of the non-users of G-Cash or SMART Money say that the ability to make cross-payments would make them consider using mobile money.¹

1.4 PILOT LOCATIONS

Proving success is the first step in encouraging expansion and replication. SIMM will work with MRPIs, agents, and the government to identify pilot projects that will test proof of concept and that are replicable and scalable. Pilot locations will be identified based on potential impact and readiness. Potential factors to consider when determining pilot sites include number of CCT recipients or people receiving salaries from government or private companies through e-payroll, openness of utility firms to accept payments via m-money, potential agents for m-money, strength of MFIs, LGU openness to innovation, and the existence of other development activities that SIMM can leverage. The pilot projects will serve as a template for future replication or national scale-up, depending on the appetite of the MRPIs, retailers, government agencies, and other implementing organizations. Within these pilot locations, we will work with MRPIs, LGUs, retailers, and businesses to scale-up opportunities for people to use m-money for transactions such as utility payments, person-to-government (P2G) payments, loan repayments, remittances, and small business trade payments to their suppliers, while increasing the sources of m-money through payroll, CCT, and other G2P payments, and CI/CO outlets. Concurrently, SIMM will work to extend and train the agent network. To maintain our neutrality as a USAID project, we will keep pilot participation open to all

¹ Demand Study of Domestic Payments in the Philippines. Bankable Frontier Associates. December 3, 2010. See section 9.5.

three primary issuers of m-money in the Philippines G-cash, SMART Money, and BanKO products. While working with the MRPIs to engage with key pilot locality organizations, MFIs, utilities, retailers, small and medium-sized enterprises (SMEs), and others, we will simultaneously work with national players to extend G2P and medium-to-large companies' payments, including payroll, loans, and other benefits at the national level.

In selecting pilot locations, SIMM will prioritize cities and municipalities that have the best combination of the following factors in decreasing order of importance:

1. **Fast time to market.** Time it would take to sign agreements and activate government agencies, LGUs, private companies and MFIs for e-payroll or e-payments using m-money.
2. **Large addressable market of people who may receive m-money through e-payroll or G2P payments.** These people would have convenient and no, or minimal, cost of sourcing m-money, including the following:
 - a. Employees of government agencies, LGUs, and private companies in the area. If this number is not readily available, alternative indicators such as number of population and presence of government agencies, LGUs, and private companies in or around the area may be used.
 - b. CCT beneficiaries.
 - c. MFI borrowers in the area.
 - d. Migrant domestic workers' families receiving inward remittances.
3. **Large addressable market of people who would have strong demand to use m-money.** These people would be any of the following:
 - a. Customers of utility firms.
 - b. Voluntary members of SSS, Home Development Mutual Fund (HDMF), and PhilHealth.
 - c. MFI borrowers and cooperative members who need to pay loan amortizations or contributions.
4. **Large number of potential CI/CO outlets and their liquidity sources.**

Two prioritized lists would be generated, one each for urban and rural areas, due to the different characteristics of these types of areas. Simultaneous pilots may be launched in each type, depending on execution capacity of m-money players. The specific pilot areas will be identified after the prioritization exercise is completed in August 2012. We envisage conducting the pilot in 7-10 areas: 3 during Year 1 and 4-7 during Year 2.

A pilot area with many CCT beneficiaries and/or employees of government or private agencies, such as large plantations, might include agreements with the Department of Social Welfare and Development (DSWD) and LBP for the distribution of CCTs via m-money, agreements with government and private agencies for e-payroll via m-money, agreements with utility firms and other private and government agencies to accept m-money payments, agreements with MRPIs to increase CI/CO outlets in the area and to launch aggressive marketing campaigns, and also agreements with liquidity providers for the CI/COs.

There would also be agreements with rural banks, cooperatives, and nongovernmental organizations (NGOs) in the area for financial literacy education to include m-money.

1.5 COORDINATION

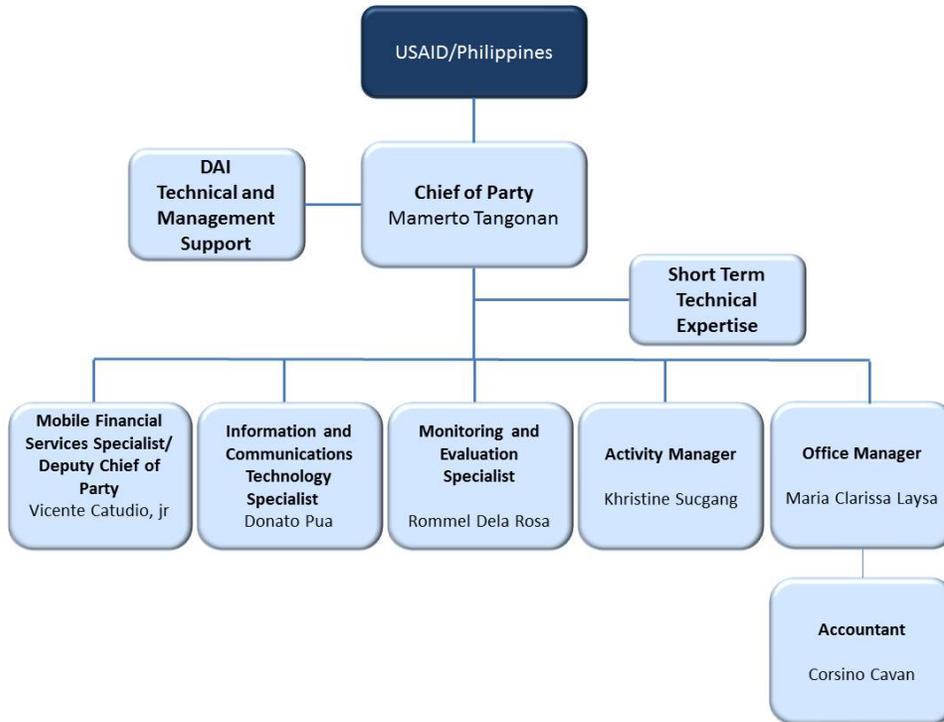
SIMM will conduct most of its activities in conjunction with major mobile remote payment issuers, such as BankO, Globe, and SMART, while ensuring maximum discretion in discussing new technology, committing to confidentiality by signing nondisclosure agreements, when necessary. As pointed out by USAID's Tess Espenilla, there is a paradox in our overall goal of disseminating all of the latest technology and ideas, while maintaining discretion about proprietary technology and innovations created by these three key partners. SIMM will align its interventions with the Partnership for Growth (PFG) initiatives signed by the Philippine Government and the United States Government. Through this bilateral agreement, the PFG will assist the Philippines achieve the goal of moving from a low growth path to a higher, sustained and more inclusive growth trajectory in line with other high-performing emerging economies.

In particular, implementation of SIMM pilot projects will be prioritized in the areas identified in the Cities Development Initiatives component of PFG. SIMM will coordinate its efforts as well as share information with Government of the Philippines entities and other USAID programs, where m-money is relevant. The long-term success of MABS has created a productive landscape for USAID to continue to be perceived as an innovator and leader in technology and financial services. SIMM will build on MABS's initiatives with the MFIs for mobile money. In the same manner, SIMM will explore possibilities of promoting m-money services in LGUs and other government agencies where the USAID-funded Transparent Accountable Governance (TAG) and the Investment Enabling Environment (INVEST) Project are being implemented to promote transparency and accountability to improve public service delivery at different levels in government. SIMM will also work with the World Food Programme (WFP)'s cash-for-work activities in Mindanao, the U.S. Department of the Treasury, and the Australian Agency for International Development (AusAID) who are working with Government of the Philippines payroll services, as well as the Asian Development Bank (ADB) and World Bank CCT and agriculture-related activities to reach farmers who make up a majority of the underserved and unbanked. Based on SIMM's limited budget, we will leverage what other donor programs are doing and adding m-money to the available sources of transfers to decrease cost and increase efficiency. SIMM will act as a facilitator to introduce partners and ideas, while remaining neutral in working with all partners.

1.6 ORGANIZATIONAL STRUCTURE

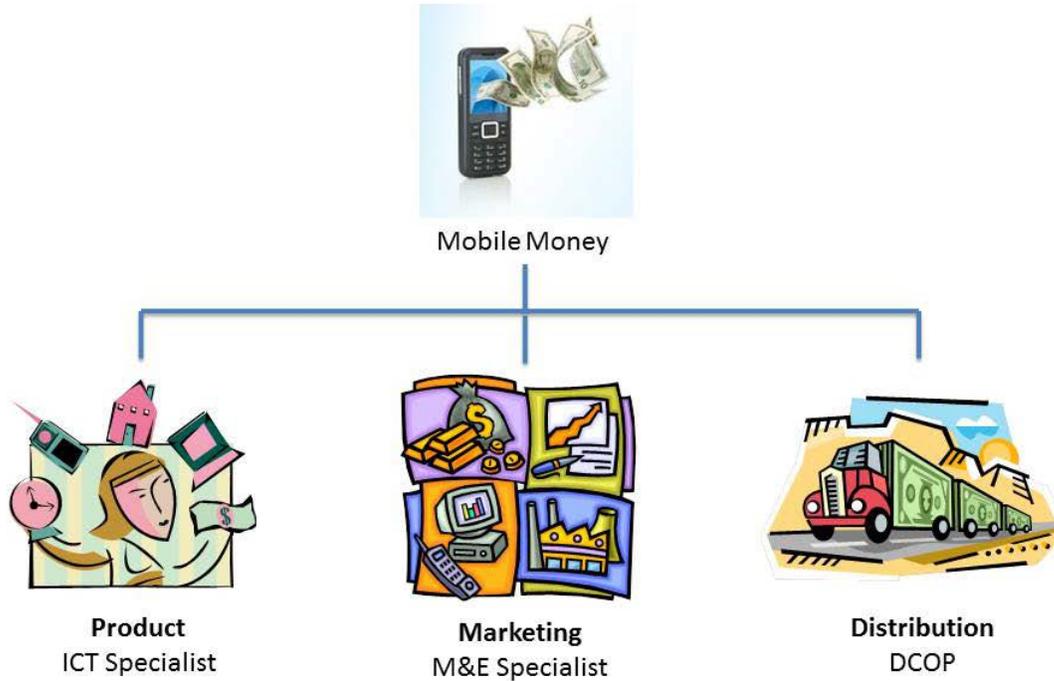
SIMM will be based in Manila with an office in Makati. The organizational chart depicted in the figure below shows the nimble and talented staff. Led by Chief of Party Mamerto Tangonan—a highly successful branchless banking specialist with experience in the public and private sectors—SIMM will be strategic in approach, creative in thinking, and practical in implementation. Mr. Tangonan will be supported by Vicente Catudio, Jr. as Deputy Chief of Party cum Mobile Financial Services Specialist who will be on board by August 15, ICT Specialist Donato Pua, and Monitoring and Evaluation (M&E) Specialist Rommel Dela Rosa. DAI will support this team with short-term experts who are active contributors to the field of branchless banking and Mobile for Development solutions. The technical team will be supported by an Activity Manager, Office Manager, and Accountant.

Figure 1. SIMM Project Organizational Chart



Given SIMM's lean organizational structure, the project will employ a targeted work approach, delineating key component tasks and activities to its core technical specialists. Taking on the product is the ICT Specialist who will be in charge of facilitating the design and implementation of strategies that will scale up usage of mobile money products for e-payroll, e-payments, and G2P social welfare services. The DCOP will be responsible for distribution specifically strategizing the expansion of the supply-side network. Together with the MRPIs, the DCOP will look at improving distribution along the mobile money value chain. Addressing demand constraints for mobile money warrants the implementation of a robust, user-driven marketing component that will bolster demand and use cases of m-money. Leading this component is the M&E Specialist who will be responsible for conceptualizing an m-money campaign employing a mix of commercial and social marketing approaches to drive customer usage. The COP will be responsible for ensuring the harmonization of all these components and that all project efforts will lead to the attainment of the project's intended development outcomes and impacts. Supporting the technical team in the operationalization of activities are the Activity Manager, Office Manager, and the Accountant. Figure 2 illustrates the functional organizational chart of SIMM.

Figure 2. SIMM Project Functional Chart



1.7 GEOGRAPHIC INFORMATION SYSTEM (GIS)

GIS will be used as a planning tool for SIMM, USAID, and partners to better visualize and analyze spatial factors affecting adoption and usage of mobile money for more effective interventions and to achieve better results. It will also be used as a communication tool for presenting to USAID, partners, government and the public the progress of the project by showing growing presence of sources and uses of mobile money and CICO outlets (mobile money ecosystem elements) in pilot areas, and the comparison of results and conditions among pilot areas for evaluation purposes.

Target users of the SIMM GIS are as follows:

User/Audience	Purpose
SIMM team	<ul style="list-style-type: none"> ▪ Analyze ▪ Plan ▪ Monitor results
Mobile money partners	<ul style="list-style-type: none"> ▪ Analyze ▪ Plan ▪ Monitor results
USAID	<ul style="list-style-type: none"> ▪ Analyze ▪ Plan ▪ Monitor results

Government	See an understand progress
Public	Follow developments

The map overlay data envisaged to be used in the GIS are as follows:

Overlay	Data available	Remarks
Mobile money users – per mobile money partner		Plan is to get on a per village (barangay) level, if available
Agents – per mobile money partner		Plan is to get on a per village (barangay) level, if available
Large employers	No. of establishments per city/municipality	
MSME employers	No. of establishments per city/municipality	
Employees	No. of employees per city/municipality	
MFIs	Street address	
Electric cooperatives and their coverage areas	<ul style="list-style-type: none"> ▪ Street address of collection offices ▪ Cities/municipalities of coverage areas 	
Water districts and their coverage areas	<ul style="list-style-type: none"> ▪ Street address of collection offices ▪ Cities/municipalities of coverage areas 	
Supportive LGUs	Street address	
Bank branches	Street address	
Bank ATMs		Plan is to get on a per village (barangay) level, if available
Pawnshop outlets	Street address	

SIMM will endeavor to include useful features and additional information on the map such as the following:

1. Clickable points on the map with pop-up photos of area conditions, agent outlets, people using mobile money, etc.
2. Clickable points on the map with pop-up videos of area conditions, testimonials, events, etc.

LIFE OF PROJECT ACTIVITIES AND YEAR 1 TASKS

SECTION 2.0 FACILITATING E-PAYROLL DISTRIBUTION

One of the major barriers to mobile money adoption is the accessibility and cost of cashing in m-money. If people received their salaries via m-money, then they would have a steady and convenient supply of m-money at no cost to them. Therefore, e-payroll distribution via m-money is a key to scaling up its adoption.

This component will provide technical assistance to promote e-payroll disbursements to receptive businesses and government agencies. Given the volume, value, and regularity of salary payment transactions via cash payout, high economic dividends could be achieved by encouraging the conversion of these transactions into m-money payments. Cash handling costs and security risk faced by companies that manage employee payrolls through physical cash payments could be drastically reduced with the adoption of m-money. For many employees, electronic money would imply a more convenient and cheaper way of accessing their salaries. With e-payroll, employees traditionally paid by direct credit to their ATM payroll account would enjoy additional options to cash out at locations other than bank service providers.

There are a variety of ways for making salary payments in the Philippines today—depending on the size of the organization, the value of salaries to be paid, the physical location of employees who will receive the funds, and accessibility of bank payroll services. Such options range from direct debit to an employee savings payroll account with automatic teller card features (common at the larger, more integrated organizations) to the less sophisticated cash pay-out system at nearby banks or at the physical premises of the businesses. The less sophisticated schemes are common among smaller organizations and in rural areas with limited access to the formal banking sector.

In the formal sector, there are about 1.3 million government and 16 million private sector employees². There are an estimated 21 million self-employed and informal sector employees³ including domestic household workers, farm workers, etc. Hence, the impact of e-payroll distribution via m-money is huge. SIMM will therefore work to encourage mostly SME companies using a manual payroll method to adopt e-payroll, promote m-money as a payment option among companies whose payroll is already being serviced by banks, and support implementation of the national government's Central Payroll System for government employees.

² Bureau of Labor and Employment Statistics. (March 2012). [Highlights of the January 2012 labor force survey.] *Labstat updates* (16-12). Retrieved June 20, 2012, from http://www.bles.dole.gov.ph/PUBLICATIONS/LABSTATpercent20UPDATES/vol16_12.pdf.

³ Bureau of Labor and Employment Statistics. (March 2012). [Highlights of the January 2012 labor force survey.] *Labstat updates* (16-12). Retrieved June 20, 2012, from http://www.bles.dole.gov.ph/PUBLICATIONS/LABSTATpercent20UPDATES/vol16_12.pdf.

2.1 FACILITATE THE E-PAYROLL IMPLEMENTATION OF BUSINESSES NOT CURRENTLY SERVED BY COMMERCIAL BANKS

Smaller companies, and those located in rural areas still rely heavily on cash payments in envelopes that are provided to employees on a regular basis. In addition, many of the large agriculture plantations owned by multinationals such as Del Monte and Dole in Mindanao actually fly salaries in by plane and make cash payments to laborers. The expense of such measures is exorbitant, although it is certainly a better alternative than transferring cash from the banks by vehicle since payday is well known in the area and represent security risks. Other organizations who have a large staff and use manual cash salary distributions are also taking on significant costs and risk. A quick analysis in rural areas showed that, generally, SMEs distribute payroll through cash payments at the company office or outsource these payments to a local bank. Productivity is lost as employees wait in line for their salary payments, while they also receive the burden of paying for transportation to and from the financial institution.

YEAR 1 TASKS:

1. Identify potential companies and classify them into market segments. Identify umbrella organizations and associations that have influence over these specific market segments to facilitate a more efficient one-to-many engagement.
2. Conduct consultations with the umbrella organizations and key companies in each segment, as well as with the MRPIs.
3. Prepare a program for each of the segments, as needed. The program would describe how best to make business proposals for these companies, and how to m-money enable their payroll.
4. Facilitate agreements between the companies and the MRPIs.
5. Monitor implementation.

2.2 PROMOTE E-PAYROLL OPTIONS TO ESTABLISHED BUSINESSES

The opening of the Philippine special economic zones gave rise to the number of businesses clustered strategically in different industrial territories all over the country. According to the Philippine Economic Zone Authority (PEZA), there are about 258 economic zones operating as of March 2012; most are involved in information technology (IT) and manufacturing. Collectively, they employ about 600,000 workers⁴. However, this figure does not take into account the majority of workers that are usually hired on a contractual and casual basis, a common recruitment practice among ecozone companies. Locator companies are usually large by nature, both in terms of capital and employee size. For SIMM, it makes sense to tap into the ecozone market for the e-payroll given the scale and the profile of its employees, more particularly the contractual and casual hires who are typically migrant workers routinely sending money home to their families in rural areas.

Aside from ecozone employees, SIMM will also target companies with many field employees as m-money would deliver greater convenience at less cost for these employees to access their salaries.

⁴ Retrieved June 20, 2012 from, <http://filipinnovation.dost.gov.ph/library/PEZA.pdf>.

YEAR 1 TASKS:

1. Identify umbrella organizations and associations that that have influence over these specific market segments to facilitate a more efficient one-to-many engagement.
2. Conduct consultations with the umbrella organizations and key companies in the ecozone segment and the segment of companies with many field employees, as well as with the MRPIs.
3. Prepare a program for each of the segments, as needed. The program would describe how best to make business proposals for these companies, and how to m-money enable their payroll.
4. Facilitate agreements between the companies and the MRPIs.
5. Monitor implementation.

2.3 SUPPORT THE IMPLEMENTATION OF E-PAYROLL TO PUBLIC SECTOR AGENCIES

In line with its main thrust to increase transparency and reduce leakages in its transactions, the government is targeting to use electronic payments for all government disbursements, including payroll and payments to suppliers and contractors, by 2015. This initiative is being supported by AusAid and the U.S. Department of the Treasury. For payroll, there is an ongoing pilot Central Payroll System project being led by the Department of Budget and Management (DBM) and involving six government agencies with about 8,800 employees. After the pilot project, the Central Payroll System would be rolled out to all government agencies that would benefit the 1.3 million government employees, not counting the casuals. A lot of transactions would be generated because most government employees are paid weekly.

YEAR 1 TASKS:

1. Conduct consultations with DBM, BSP, COA, pilot government agencies, and MRPIs.
2. Prepare a program for the government agencies. The program would describe how best to obtain buy-in from each agency, and how best to educate the agency executives and employees on m-money. It will also include employee enrollment and activation of their m-money accounts.
3. Facilitate agreements between the companies and the MRPIs.
4. Monitor implementation.

The table below presents key project management information about the main activity specified in Section 2.0. See Annex B for the Gantt chart and Annex C for the budget.

Activity	Facilitating E-Payroll Distribution
Manager	Donato Pua
Pilot Projects	
Potential Partners	BankO, Globe, SMART, BSP, DBM and LBP.
Expected Results	Increase number of Mobile money subscribers. Increase m-money transactions and value. Increase in number of agencies using m-money.
Year One Indicator Targets	At least 60,000 new m-money subscribers. At least two Governments of the Philippines using payroll on m-money.

Component/Task	Intermediate Results(*)			SO Number(**)	Indicator Number(***)	POC
	1.1	2.1	3.1			
2.1 Facilitate the e-payroll implementation of business not currently served by commercial banks		<input checked="" type="checkbox"/>		2.0	SO 2.1, SO 2.2, SO 2.3, 2.1.1, 2.1.2, 2.1.3, 2.1.4	Don Pua, ICT Specialist
2.2 Promote e-payroll options to established businesses		<input checked="" type="checkbox"/>		2.0	SO 2.1, SO 2.2, SO 2.3, 2.1.1, 2.1.2, 2.1.3, 2.1.4	Don Pua, ICT Specialist
2.3 Support the implementation of e-payroll to public sector agencies		<input checked="" type="checkbox"/>		2.0	SO 2.1, SO 2.2, SO 2.3, 2.1.1, 2.1.2, 2.1.3, 2.1.4	Don Pua, ICT Specialist

Note:

- (*) IR 1.1 – Create Business Models that Scale
IR 1.2 – Achieve Inclusive User Uptake
C IR3.1 – Promote Global Knowledge Sharing
- (**) SO1 – Create Enabling Environment
SO2 – Boost Expansion and Rapid Adoption of M-money Services
- (***) Refer to Annex A. Performance Indicator Matrix

Task	LTTA	STTA	Start date	End date	LOE
	Total	Total			Total
2.1 Facilitate the E-Payroll Implementation of Businesses Not Currently Served by Commercial Banks					
Identify potential companies and classify them into market segments. Identify umbrella organizations and associations that have influence over each segment.	10	0	7/1/12	7/30/12	10
Conduct consultations with the umbrella organizations and key companies in each segment, as well as with the MRPIs.	15	0	7/1/12	7/30/12	15
Prepare a program for each of the segment, as needed. The program would describe how best to make business proposals for these companies, and how to m-money-enable their payroll.	10	0	11/1/12	11/30/12	10
Facilitate agreements between the companies and the MRPIs.	15	0	11/1/12	6/30/13	15
Monitor implementation	10	0	11/1/12	6/30/13	10
	60	0			60
2.2 Promote E-Payroll Options to Established Businesses					
Identify umbrella organizations and associations that have influence over these companies.	5	0	7/1/12	7/30/12	5
Conduct consultations with the umbrella organizations and key companies in the ecozone segment and the segment of companies with numerous field employees, as well as with MRPIs.	15	0	7/1/12	8/30/12	15
Prepare a program for each segment as necessary.	20	0	8/1/12	9/30/12	20
Facilitate agreements between the companies and MRPIs.	10	0	9/1/12	10/30/12	10
Monitor implementation.	10	0	9/1/12	10/30/12	10
	60	0			60
2.3 Support the Implementation of E-Payroll to Public Sector Agencies					
Conduct consultations with DBM, BSP, COA, pilot government agencies, and MRPIs.	10	0	7/1/12	7/30/12	10
Prepare a program for the government agencies. The program would describe how best to obtain buy-in from each agency, and how best to educate the agency executives and employees on m-money. It will also include employee enrollment and activation of their m-money accounts.	15	0	8/1/12	8/30/12	15
Facilitate agreements between the companies and MRPIs.	10	0	8/1/12	8/30/12	10
Monitor implementation.	15	0	9/1/12	9/30/12	15
	50	0			50
2.0 Facilitating E-Payroll Distribution	170	0			170

Milestones/Outputs	Date
Signed agreements on e-payroll between companies/government agencies and MRPIs.	9/30/2012
Pilot at least one private company using m-money as payroll.	10/30/2012
Pilot at least one government agency using m-money as payroll.	12/31/2012
Monitoring reports on the pilot companies and agencies.	4/30/2013

Key Events (PR/Media)	Date
Signing of agreements with government agencies, companies, and MRPIs.	9/30/2012
Piloting of e-payroll in companies and government agencies.	10/30/2012
Information dissemination forum on initial results of piloting of e-payroll.	5/31/2102

SECTION 3.0 REDUCING TRANSACTION COSTS IN THE PAYMENT SYSTEM

This component will provide technical assistance (TA) to identify and facilitate ways to streamline m-money payment systems. Accounting for 55 percent of all occurring payment transactions per month, bill payment transactions constitute the single most common money transaction in the country. According to recent research, customers identify accessibility as the main reason to choose one payment service provider more than another. Cost is not identified as the major factor since in most cases clients are not charged fees for payment services. Recipients of these transactions include utility companies, insurance companies, telecoms, and credit card companies with utility payments for water and electricity receiving the largest share of these payments. Throughout the Philippines, consumers are plagued by long lines at utility payment centers creating excessive delays and lost time and resources for both the bill payers and the receiving companies. Increasing bill payment via m-money, which enables users to pay their bills anytime, anywhere, has the potential to decrease these opportunity and economic costs and strengthen a more efficient payment system.

Currently, the three major m-money players—BanKO, G-Cash, and SMART Money—have bill payment product feature. However, most of the current utility billers are from Metro Manila and a few other metropolitan areas, thereby excluding the vast number of people living outside these areas.

SIMM will promote the expansion of m-money payment for utilities outside Metro Manila and other metropolitan areas, focusing on water and electricity. Leveraging DAI resources through the USAID Philippines Water Revolving Fund (PWRF) project, water payments will be prioritized. There are around 70 million service connections nationwide serviced by more than 500 water utility firms. Twenty percent of these firms have more than 5,000 connections. At present, they enjoy an average of 95 percent collection efficiency. Based on consultations with the major rural water firms, bill payment through m-money would increase their customers' convenience and may potentially reduce their collection costs. SIMM will engage with the Philippine Association of Water Districts (PAWD) to reach the water utility firms and get them on board m-money for customer bill payment and e-payroll distribution to their employees. SIMM will integrate the actual rollout to the public with the local pilot approach for m-money activation described in the beginning of the document.

For electricity payments, SIMM will work with the Association of Philippine Electric Cooperatives (APEC) to enable the electricity cooperatives to accept m-money payments from their customers. As of February 2012, there are 119 electric cooperatives that supply power to 1,475 cities and towns with 9.3 million subscribers⁵.

SIMM will also focus on P2G payments at the national and local levels, including PhilHealth, SSS, HDMF, and other appropriate national and local government units.

⁵ National Electrification Administration (NEA) EC Statistics—Financial and Statistical data. www.nea.gov.ph.

3.1 SUPPORT AND EXPAND THE WIDE ADOPTION OF P2G AT ONE GOVERNMENT OF THE PHILIPPINES AGENCY

National government, government-owned and controlled corporations (GOCC), and LGUs handle millions of collection or P2G payment transactions every month. Currently, government agencies collect fees or contributions from the public through banks, payment centers and more than-the-counter cash transactions in their branches. Convenient and cost-efficient collection methods already exist, such as for employed individuals whose SSS, GSIS, HDMF, and PhilHealth contributions are deducted from them by their employers who remit the collections to the government agencies, usually through banks. However, there are still many cases where individuals would have to go to the bank, payment center, or government agency office to make payments. Examples are voluntary contributions to SSS, HDMF, and Philhealth, and special services requested from government such as civil registry documents, drivers' license, motor vehicle registration, etc. In rural areas payments for contributions of SSS, PhilHealth, HDMF and services for local water utilities, birth certificates, and other civil documents at National Statistics Office (NSO) are accepted in the nearest provincial or regional branch offices. Citizens who live far from regional/provincial/city centers and banks spend at least a half day of their time each time they need to conduct this type of transaction. Following is a sample of data showing the vast opportunities for m-money to make a difference in terms of reducing costs and increasing convenience for the public in making payments to government:

- Payment to water districts (GOCC): 2.7 million service connections⁶
- SSS: 3.2 million voluntary members⁷
- PhilHealth: 4.2 million voluntary contributors⁸
- NSO (for civil registry documents): 1.4 million requests in 2011⁹
- Land Transportation Office (LTO): 4.2 million drivers licenses in 2008
6.2 million vehicles registered in 2009¹⁰

Hence, SIMM will work with government agencies to enable them to accept payments via m-money.

At the local level, SIMM will explore possibilities to discuss with LGUs in Mindanao and other rural areas preferably covered under USAID's TAG project to promote P2G initiatives in service delivery improvement and reduce transaction costs to citizens. The services will include payment of business permits and licenses, terminal fees, and market cash tickets and other LGU-based, income-generating economic enterprise services.

The approach that SIMM will take is to conduct consultations with government agencies, COA, and MRPIs to seal buy-in for m-money and identify responsibilities. A program would be prepared covering business proposal, setup (including system setup and business process setup) between government

⁶ 2011–2012 Directory of Water Districts. PAWD.

⁷ *SSS Facts and Figures*. 2011.

⁸ PhilHealth Stats and Charts. September 2011.

⁹ NSO website.

¹⁰ NSCB website.

agencies and MRPIs, and staff training. SIMM will integrate the actual rollout to the public with the local pilot approach for m-money activation described in the beginning of the document.

YEAR 1 TASKS:

1. For water districts:

- a. Conduct consultations with PAWD, major water districts and MRPIs.
- b. Prepare program for enabling water districts to accept m-money payments from their customers. Finalize program with PAWD, major water districts, and MRPIs. For customer education, consider utilizing meter readers to promote and train customers in the use of m-money for payments.
- c. Prepare water district rollout plan based on prioritization of areas for m-money activation.
- d. Facilitate agreements between MRPIs and the water districts servicing the pilot areas.
- e. Monitor implementation.

2. For SSS, PhilHealth, NSO, LTO, LGUs, and other government agencies:

- a. Conduct consultations with each of the agencies and COA.
- b. Prepare a program for enabling these agencies to accept m-money payments from the public. Finalize program with each government agency and the MRPIs.
- c. Facilitate agreements between each government agency and the MRPIs.
- d. Monitor implementation.

SIMM will also explore the possibility of prioritizing LGUs in Mindanao that were covered by the TAG project for procedural reform for payments. These LGUs would have higher capacity for change management.

3.2 FACILITATE AN EFFICIENT PAYMENT SYSTEM TO PRIVATE SECTOR UTILITIES VIA M-MONEY

Aside from water, the other type of utility firm that generates a lot of collection transactions is electricity. The biggest power distribution firm is Meralco with five million customer accounts in their franchise areas covering 31 cities and 80 municipalities¹¹. Meralco is already an existing biller of all three major MRPIs. Hence, the remaining challenge is to motivate Meralco's customers to pay using m-money.

Another major opportunity is to enable the electric cooperatives operating outside Meralco franchise areas to accept payments via m-money. These 119 electric cooperatives have an existing customer base of 9.3 million service connections out of a potential 12.3 million customers.¹²

¹¹ Meralco. (November 2011). Meralco report: *How do you light up a nation?* [Powerpoint slide]. Retrieved June 20, 2012, from <http://gpcci.org/home/wp-content/uploads/2012/01/MERALCO-Presentation-Nov.-2011.pdf>.

¹² *Status of energization*. NEA. February 2012.

The approach that SIMM will take is to conduct consultations with APEC and MRPIs to seal buy-in for m-money and identify responsibilities. A program would be prepared covering business proposal, setup (including system setup and business process setup) between government agencies and MRPIs, and staff training. SIMM will integrate the actual rollout to the public with the local pilot approach for m-money activation described in the beginning of the document.

YEAR 1 TASKS:

1. Conduct consultations with APEC, major electric cooperatives, and MRPIs.
2. Prepare program for enabling electric cooperatives to accept m-money payments from their customers. Finalize program with APEC, major electric cooperatives, and MRPIs. For customer education, consider utilizing meter readers to promote and train the customers in the use of m-money for payments.
3. Prepare electric cooperatives rollout plan based on prioritization of areas for m-money activation specified under the pilot approach for m-money rollout.
4. Facilitate agreements between MRPIs and the electric cooperatives servicing the pilot areas.
5. Monitor implementation.

The table below presents key project management information about the main activity specified in Section 3.0. See Annex B for the Gantt chart and Annex C for the budget.

Activity	Reducing Transaction Costs in the Payment System
Manager	Rommel Dela Rosa and Donato Pua
Pilot Projects	Identify pilot locations with MRPIs based on potential impact and level of readiness of the m-money ecosystem.
Potential Partners	BanKo, Globe, SMART, water districts, NSO, PhilHealth, SSS, LTO, PhilHealth, APEC, and electric cooperatives.
Expected Results	<ul style="list-style-type: none"> ● Reduced payment transaction costs in government agencies and utility firms. ● Increased number of subscribers using m-money as payment option. ● Increased awareness of users on m-money payment services. ● Increased number of utility firms and government agencies utilizing m-money as payment option. ● Number of subscribers receive training on m-money transactions to include financial literacy.
Year One Indicator Targets	<ul style="list-style-type: none"> ● At least 5,000 subscribers using m-money for bill payment. ● At least two private utility firms accepting m-money for bill payment. ● At least one government agency accepting m-money for bill payment. ● Conducted at least one awareness campaign on usage of m-money for bill payment. ● At least 500 subscribers receive training on m-money. ● Reduced transaction cost by at least 20 percent.

Component/Task	Intermediate Results(*)			SO Number(**)	Indicator Number(***)	POC
	1.1	2.1	3.1			
3.1 Support and expand the wide adoption of P2G at one Government of the Philippines agency		<input checked="" type="checkbox"/>		2.0	SO 2.1, SO 2.2, SO 2.3, 2.1.3, 2.1.4	Don Pua, ICT Specialist
3.2 Facilitate an efficient payment system to private sector utilities via m-money		<input checked="" type="checkbox"/>		2.0	SO 2.1, SO 2.2, SO 2.3, 2.1.2, 2.1.4,	Don Pua, ICT Specialist

Note:

- (*) IR 1.1 – Create Business Models that Scale
IR 1.2 – Achieve Inclusive User Uptake
C IR3.1 – Promote Global Knowledge Sharing
- (**) SO1 – Create Enabling Environment
SO2 – Boost Expansion and Rapid Adoption of M-money Services
- (***) Refer to Annex A. Performance Indicator Matrix

Task	LTTA	STTA	Start Date	End Date	LOE
	Total	Total			Total
3.1 Support and Expand the Wide Adoption of P2G at One Government of the Philippines Agency					
For Water Districts:					
Conduct consultations with PAWD, major water districts, and MRPIs.	10	0	7/1/12	7/30/12	10
Prepare program for enabling water districts to accept m-money payments from their customers.	10	0	8/1/12	8/15/12	10
Finalize program with PAWD, major water districts and MRPIs.	10	0	8/16/12	9/10/12	10
Prepare water district rollout plan based on prioritization of areas for m-money activation.	5	0	8/11/12	8/30/12	5
Facilitate agreements between MRPIs and water districts servicing the pilot areas.	15	0	9/1/12	10/30/12	15
Conduct customer awareness and education campaign. Consider utilizing meter readers to promote and train the customers in the use of m-money for payments.	15	0	11/1/12	5/30/13	15
Monitor implementation.	5	0	11/1/12	5/30/13	5
For SSS, PhilHealth, NSO, LTO, LGUs and other government agencies:					
Conduct consultations with each of the agencies and COA.	5	0	7/1/12	7/30/12	5
Prepare a program for enabling these agencies to accept m-money payments from the public.	5	0	8/1/12	8/15/12	5
Finalize program with each government agency and MRPIs.	5	0	8/16/12	9/10/12	5
Facilitate agreements between each government agency and MRPIs.	15	0	9/1/12	10/30/12	15
Monitor implementation.	10	0	11/1/12	5/30/13	10
	110	0			110
3.2 Facilitate an Efficient Payment System to Private Sector Utilities Via M-Money					
Conduct consultations with APEC, major electric cooperatives, and MRPIs.	5	0	7/1/12	7/30/12	5
Prepare program for enabling electric cooperatives to accept m-money payments from their customers.	5	0	8/1/12	8/15/12	5
Finalize program with APEC, major electric cooperatives, and MRPIs.	5	0	8/16/12	9/10/12	5
Prepare electric cooperatives rollout plan based on prioritization of areas for m-money activation specified under the pilot approach for m-money rollout.	5	0	8/11/12	8/30/12	5
Facilitate agreements between MRPIs and the electric cooperatives servicing the pilot areas.	15	0	9/1/12	10/30/12	15
Conduct customer awareness and education campaign. Consider utilizing the meter readers to promote and train the customers in the use of m-money for payments.	15	0	11/1/12	5/30/13	15
Monitor implementation.	5	0	11/1/12	5/30/13	5
	55	0			55
Total 3.0 Reducing Transaction Costs in the Payment System	165				165

Milestones/Outputs	Date
Pilot at least one private utility firm using m-money for bill payment.	January 2013
Pilot at least one government agency using m-money for bill payment.	February 2013
Public awareness campaign on m-money payment options.	November 2012

Key Events (PR/Media)	Date
Official agreements completed for P2G payments	October 2012
Public awareness campaign	November 2012
M-money payments accepted for utility bills	January 2013

SECTION 4.0 IMPROVING PUBLIC SERVICE DELIVERY (G2P)

G2P payments can provide a vehicle for extending financial inclusion and improving the welfare of the poor while offering a more cost-effective and efficient method compared to traditional means of delivering cash payments through banks, post offices, or other locations where numerous cash transactions require substantial investment in time and resources for delivery and accounting of funds. In addition, expanded G2P payments can promote transparent and responsive governance by improving the traceability of funds. When payments are made in electronic money directly to mobile phone wallets, cost, security concerns, and government leakage can potentially be reduced.

Aside from government payroll discussed in Section 2.0, SIMM will work to bring the benefits of mobile money to CCT distribution. Currently, CCT funds are distributed through LBP. A primary challenge of this system is the limited number of LBP branches that have to be augmented by makeshift offsite payment centers. This results in a significant opportunity and financial cost for CCT beneficiaries traveling to receive CCT, as well as for DSWD, which shoulders the cost of offsite payment centers. The potential impact of m-money for CCT distribution is great considering the estimated 4.6 million transactions conducted monthly for 2.3 million beneficiaries targeted by end of 2011 with the bimonthly payment frequency.¹³ SIMM will also take into account the P2G payments discussed in Section 3.0 to reduce transaction costs and help improve public service delivery.

SIMM activities will entail collaboration with Globe, SMART, and BanKO to support efficient distribution of CCT payments in an effort to remove the barriers for MRPIs to participate in CCT distribution. This will build on the success of G-Cash Remit in distributing CCT to more than 56,000 poor households worth more than ₱100 million since the start of 2011, as reported in the July 2011 Highlights of the MABS program. While G-Cash Remit distributes CCT payments to beneficiaries via its agents, SIMM seeks to have CCT beneficiaries with access to mobile phones receive their subsidies through mobile money sent to their mobile phones. Given that 80% of Filipino households have at least one mobile phone¹⁴, mobile money would impact a meaningful number of CCT beneficiaries. SIMM will focus on promoting increased use of m-money for CCT beneficiaries through capacity development of the Government of the Philippines in payment distribution for the Pantawid Pamilyang Pilipino Program (4Ps) in coordination with DSWD, LBP, Commission on Audit (COA), MRPIs, and their CI/CO outlets in order to improve public service delivery. In addition to CCT and government payroll, SIMM will also explore other government agencies implementing subsidy programs to support farmers and fisher folks, social benefits to include disaster relief assistance, and pension and social security.

¹³ Overview of the Philippines' Conditional Cash Transfer Program. *Philippine Social Protection Note*. The World Bank and AusAid. May 2011.

¹⁴ World Bank. 2010. <http://technology.inquirer.net/14162/philippines-cited-for-mobile-phone-use>.

However, there are challenges to implementing mobile money for CCT distribution. One of them is the image of a CCT beneficiary owning a mobile phone which might raise questions on DSWD's effectiveness in targeting. Hence, there might be reluctance to use mobile money as a payment method. Fortunately, there is a recent development that could warrant a serious review of the mobile money payment option. DSWD committed to cutting down administrative costs of implementing the CCT program from the current 10% to 7%¹⁵, which is more in line with the benchmarks from Latin American countries doing CCT, without reducing manpower as it might compromise the program. One of the ways that can contribute to this cost reduction target is by sending mobile money to existing mobile phones of CCT beneficiaries as the fees are much lower than using remittance companies.

4.1 INCREASE TRANSPARENCY, REDUCE LEAKAGES, AND EFFICIENTLY SCALE UP SOCIAL PROTECTION PROGRAMS WITH M-MONEY

Currently, the CCT program covers at least three million poor households¹⁶ in the Philippines. The entitlement program run by Government of the Philippines distributes cash payments that are usually received through LBP cash cards, or if the facility is not available, LBP establishes alternative outlets in rural areas through off-site payment centers located in municipal/provincial halls where CCT beneficiaries can claim their money.

SIMM will facilitate DSWD and LBP partnering with MRPIs to expand m-money distribution of CCT and other Government of the Philippines social protection programs. Discussions will be held with DSWD, LBP, COA, and the MRPIs to craft an inclusive strategy that would streamline and institutionalize the process to increase transparency and reduce leakages in the distribution of cash payments to CCT beneficiaries. It is reported that even for municipalities with LBP branches, issuance and distribution of cash cards to beneficiary households has been particularly challenging due to factors such as mismatch of beneficiaries' information in LBP and Pantawid Pamilya Management Information System (MIS) databases and documentary requirements to open accounts¹⁷. SIMM will also solicit support from BSP in creating a productive regulatory environment for MRPIs to participate in G2P, and finalize a plan of action between the primary players, resulting in a formal partnership. Fruitful initial discussions have already been completed with BSP who have pledged their support in assisting SIMM when significant public benefits can be achieved and a compelling business case for private sector organizations is articulated.

YEAR 1 TASKS:

1. Review government policies and regulations for any potential roadblocks limiting or disallowing MRPI participation in G2P social subsidy and CCT program design and disbursement rules.
2. Perform comparison and cost-benefit analysis of m-money versus current CCT distribution.

¹⁵ DSWD willing to cut cost of cash dole program for poor. *Philippine Daily Inquirer*. July 18, 2012.

¹⁶ Pantawid Pamilya beneficiaries can open P50 savings account. *Manila Times*. May 22, 2012. (<http://pantawid.dswd.gov.ph/index.php/news/299-pantawid-pamilya-beneficiaries-can-open-p50-savings-account>).

¹⁷ Overview of the Philippines' Conditional Cash Transfer Program. *Philippine Social Protection Note*. The World Bank and AusAid. May 2011.

3. Conduct individual consultations with DBM, DA, BSP, DSWD, LBP, and MRPIs on G2P, and facilitate joint discussion between the key actors to discuss the overall vision and benefits of m-money, while addressing constraints and barriers to entry.
4. Finalize plan of action that may result in written agreements between the organizations, as well as program for preparing areas for CCT and social subsidy distribution by building an m-money ecosystem in these areas and activating m-money adoption among CCT beneficiaries.
5. Pilot G2P CCT and social subsidy payments in one or two specific locations.
6. If appropriate, replicate pilot success and initiate a national roll.

4.2 ENHANCE FINANCIAL LITERACY OF CCT AND NON-CCT BENEFICIARIES

As per CCT program package, cash grants shall be received by the most responsible person in the household, usually the mother, through a LBP cash card. Priority is given to pregnant women, who avail of pre- and post-natal care, and children who are within the age range from 0 to 14 years, receiving health check-ups and vaccines, who have 85 percent attendance rate in daycare, preschool classes, elementary, and high school, and who receive deworming pills twice a year. SIMM will work with MRPIs, government agencies, and other NGOs that are currently integrating m-money education and enrollment with financial literacy training, leveraging existing NGO and USAID education programs targeted toward women, and extend this model to work with other organizations, including MFIs, NGOs, and MRPIs, on including financial literacy and m-money material and awareness into existing or new training platforms. In addition, SIMM will leverage NGOs that are focusing on financial literacy for low-income households and draw on MABS and local university training materials and models. In addition, SIMM will investigate if ADB or World Bank is interested in enhancing their programming to build the capacity of NGOs and MRPIs engaged with CCT. SIMM through its partner MRPIs and NGOs will extend this capacity building efforts to other low-income households that may not be included the CCT but are served by the MRPIs.

YEAR 1 TASKS:

1. Consult with NGOs, MFIs, MABS, and MRPIs on existing training materials and activities on financial inclusion for low-income households.
2. Identify target NGOs to provide training to their existing beneficiaries and work with these organizations to build capacity in enhancing financial literacy of CCT and non-CCT beneficiaries especially in the use of m-money. If needed, a training needs assessment will be made prior to the development of training materials. Capacity building would mostly be in training materials development to incorporate m-money in existing financial literacy training materials, and in training of trainers (TOT) to equip the existing trainers with knowledge and skills in using m-money.
3. Incorporate CCT education within the generic agent training materials so m-money users can receive continual education at the point of service (POS).

4.3 PROMOTE ASSET BUILDING VIA M-BANKING OF TARGET CCT HOUSEHOLDS

Building on the tasks noted above in Section 4.2, SIMM will engage NGOs that work with low-income segments of the population in Mindanao and other areas covered by CCT in Luzon and Visayas to promote asset building, and educational training providers such as MRPIs, MFIs, NGOs, LGUs, and rural banks—many of whom currently work with MABS—in hosting educational events targeted at CCT beneficiaries. This model builds on the existing capabilities and plan of BanKO, that provides introductory finance training and activation seminars successfully in urban areas, however they have requested SIMM support in reaching rural locations and maximizing their reach. While SIMM will contribute significantly to the development of training modules on financial literacy and asset building, training administration and roll-out will be conducted by partner MRPIs and MFIs.

Again, as in Section 4.2, among the key interventions here are training materials development to incorporate use of m-money for asset building, and training of trainers (ToT) to equip existing trainers in this additional knowledge and skills. Training events for the unbanked and disenfranchised are also covered by MFIs who expend the greatest costs in outreach and operational expenses by sending loan officers into the field in an attempt to market their products. Efforts aimed at reaching a wider audience are attractive to all of the banks and non-bank institutions, and will save resources. Holding larger meetings with farmer groups, associations, and other representative organizations, particularly in conjunction with LGU outreach activities—such as agriculture extension agent visits—will ensure a clear and consistent message is delivered and can help stimulate building assets, rather than simply accessing microfinance loans. In order to promote mobile money, SIMM will work with the MRPIs to expand their current products to include other financial services for asset building like savings, microinsurance, and microcredit.

YEAR 1 TASKS:

1. Conduct initial meetings with MRPIs, MFIs, rural banks, and LGUs for CCT beneficiaries, cash-for-work recipients, and program personnel from WFP, other donors, farmer groups, and other associations to stimulate interest in accessing e-money and convincing organizations responsible for payments of the benefits to cash-free secure transfers.
2. Identify existing NGOs whose scope of work complements improving access to financial services and engaging with CCT beneficiaries.
3. Together with target NGO, plan training events and seminars in conjunction with identified partners.
4. Facilitate development of programs to expand the number of m-money accounts for CCT beneficiaries.

The table below presents key project management information about the main activity specified in Section 4.0. See Annex B for the Gantt chart and Annex C for the budget.

Activity	Improving Public Service Delivery (G2P)
Manager	Donato Pua and Rommel Dela Rosa.
Pilot Projects	Mindanao LGUs and other locations based on assessment findings and feedback with partners and the Government of the Philippines.

Potential Partners	Globe, SMART, BankO, WFP, DSWD, DBM, and LBP.
Expected Results	<ul style="list-style-type: none"> ● Increase in number of CCT beneficiaries using m-money. ● CCT beneficiaries received training on financial literacy. ● Increased number of CCT beneficiaries opened savings account via branchless banking ● Reduced transaction costs at individual and/or household level and institution level.
Year One Indicator Targets	<ul style="list-style-type: none"> ● At least 12,000 CCT beneficiaries subscribed to m-money services. ● At least 3,600 CCT beneficiaries received training on financial literacy. ● At least 1,500 CCT beneficiaries opened savings account via branchless banking. ● At least 15% of the total number of activities improved financial inclusion of women. ● At least 30% of the individuals who opened savings account via branchless banking received training on financial literacy

Component/Task	Intermediate Results(*)			SO Number(**)	Indicator Number(***)	POC
	1.1	2.1	3.1			
4.1 Increase transparency, reduce leakages, and efficiently scale up social protection programs with m-money	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		1.0, 2.0	SO 1.1, SO 1.2, SO 1.3, SO 2.1, SO 2.2, SO 2.3, 2.1.2, 2.1.4	Don Pua, ICT Specialist
4.2 Enhance financial literacy of CCT beneficiaries	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		1.0, 2.0	SO 1.1, SO 1.2, SO 1.3, 1.1.1, 1.1.2, 2.1.5	Don Pua, ICT Specialist
4.3 Promote Asset Building via m-banking of targeted CCT households	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		1.0, 2.0	SO 1.1, SO 1.2, SO 1.3, 2.1.5	Don Pua, ICT Specialist

Note:

(*) IR 1.1 – Create Business Models that Scale

IR 1.2 – Achieve Inclusive User Uptake

C IR3.1 – Promote Global Knowledge Sharing

(**) SO1 – Create Enabling Environment

SO2 – Boost Expansion and Rapid Adoption of M-money Services

(***) Refer to Annex A. Performance Indicator Matrix

Task	LTTA	STTA	Start Date	End Date	LOE
	Total	Total			Total
4.1 Increase Transparency, Reduce Leakages, and Efficiently Scale Up Social Protection Programs with M-Money					
Review government policies for potential roadblocks in MRPI participation in G2P and CCT program.	5	0	7/1/12	7/15/12	5
Perform comparison and cost-benefit analysis of m-money versus current CCT distribution.	10	0	7/1/12	7/30/12	10
Conduct consultations with BSP, DSWD, LBP, and MRPIs on G2P and facilitate discussions between the key actors.	15	0	8/1/12	9/30/12	15
Finalize plan of action that may result in written agreements between the organizations and a program for building m-money ecosystem in areas for CCT distribution.	10	0	10/1/12	10/30/12	10
Pilot G2P CCT payments in one or two specific locations.	15	10	11/1/13	3/30/13	25
Initiation of national rollout CCT payments.	15	0	02/1/13	05/30/13	15
	70	10			80
4.2 Enhance Financial Literacy of CCT Beneficiaries					
Consult with NGOs, MFIs, MABS, and MRPIs on existing training materials and activities.	10	0	7/1/12	7/30/12	10
Identify target NGOs to conduct training needs assessment on m-money, provide training to their existing beneficiaries and build capacity in enhancing financial literacy of CCT beneficiaries.	5	5	8/15/12	9/30/12	10
Incorporate CCT education within the generic or MRPI-agnostic agent training materials.	5	0	11/1/12	5/31/13	5
	20	5			25
4.3 Promote Asset Building Via M-Banking of Target CCT Households					
Conduct initial meetings with BankKO, MFIs, rural banks, and LGUs for CCT beneficiaries to stimulate interest in accessing m-money.	10	0	7/1/12	7/30/12	10
Identify existing NGOs whose scope of work complements improving access to financial services.	5	0	8/1/12	9/15/12	5
Plan training events and seminars in conjunction with identified partners.	5	0	9/1/12	5/30/13	5
Develop program to expand the number of m-money accounts for CCT beneficiaries.	10	0	10/1/12	5/30/13	10
	30	0			30
Total 4.0 Improving Public Service Delivery G2P	120	15			135

Milestones/Outputs	Date
Pilot G2P CCT payments in one or two specific locations.	March 2013
Rollout CCT awareness and education campaign to agents and beneficiaries.	February 2013
Training events conducted for CCT beneficiaries on e-money and building assets.	November 2012

Key Events (PR/Media)	Date
Official agreements completed for G2P payments.	November 2012
Financial literacy class conducted for CCT beneficiaries incorporating m-money.	January 2013
M-money payments completed to CCT beneficiaries.	February 2013

SECTION 5.0 PROMOTING SUPPLY-SIDE NETWORKS

M-money platforms require the support of cash conversion alternatives for CI/CO transactions through bank branches, ATMs, or authorized agents that include a host of potential retail outlets such as pawn shops, sari stores, gas stations, pharmacies, mobile top-up card shops, post office outlets, and numerous others.

SIMM will look into the agent economics and liquidity management of each participant in the supply chain of each channel to understand how each participant could make their m-money business sustainable. This would also indicate to SIMM the level of transaction volume, pricing, and sources of liquidity that would make their business profitable. In areas underserved by MFIs, SIMM will look into alternative sources of liquidity for the agents, or even capital, such as pawnshops which may view agents as their outsourced points of sale for their other services such as remittance and bill payment.

The existing infrastructure, including BanKO's agent acquisition strategy resulting in 2,500 agents in six months, provides a solid foundation on which to build, ensuring appropriate training is provided for all partners and focusing on increasing local agents' liquidity through banks and other financial institutions in order to ensure that enough cash is on hand for cash-out requests from customers.

5.1 DEVELOP FOCUSED CHANNEL MANAGEMENT STRATEGY

We will work with MRPIs, traditional trade, MFIs, and other potential channels to develop a channel management strategy utilizing the exceptional work that MABS has completed during the last decade. This channel management strategy will focus on expanding the use and uptake of m-money services. Specifically, SIMM will hold meetings with channel managers to develop channel strategies that address the value proposition, agent economics, and pricing, compensation and incentive models making the business case for becoming m-money agents. This component will also promote B2B transactions for both retailers and suppliers under the fast moving consumer goods (FMCG) value chain to support m-money at the retail level.

YEAR 1 TASKS:

1. Conduct consultations with MRPIs, traditional trade value chain (distributors, sub-distributors, and retailers), MFIs, key accounts, and other potential channels
2. Conduct consultations with FMCG manufacturers to encourage use of m-money for ordering and collections in its distribution chain.
3. Research and understand the agent economics for each channel, including profitability, cash flow needs, and minimum transaction levels for sustainability.
4. Develop channel management strategy covering agent selection and acquisition (including business proposition), and agent monitoring and management (including liquidity monitoring and linking agents to sources of liquidity).

5. Facilitate new agreements needed among parties.
6. Monitor implementation.

5.2 SUPPORT CI/CO CHANNEL MANAGERS AND PARTNER VENDOR MANAGERS

Given the strategies in Section 5.1 and in coordination with the MRPIs and value chain of each channel, SIMM will develop a TA plan to support the agents in implementing the strategies identified to expand the network of merchants servicing m-money users, particularly in underserved areas of the Philippines.

YEAR 1 TASKS:

1. Conduct consultations with the value chain of each channel to determine support needed, such as marketing support, agent selection and activation support, consumer education and activation support, etc.
2. Prepare TA plan.
3. Monitor implementation.

5.3 BUILD CAPACITY OF CHANNEL MANAGEMENT NETWORKS

SIMM will support activities geared toward development of business management skills of agent networks, including training and education of agent personnel in pitching m-money to potential customers, delivering good customer service, and handling objections, as well as building liquidity monitoring tools for agents and business profitability monitoring tools, etc. SIMM will also analyze and support the development of systems to address security and liquidity management concerns. SIMM will work on leveraging Mercy Corps' initiative in setting up a sustainable agent network management company and IT platform. The incentive structures are covered in Section 5.1.

Year 1 Tasks:

1. Conduct consultations with MRPIs and agent networks.
2. Perform gap analysis on current capacity of agent networks.
3. Prepare project to close the gaps.
4. Finalize agreements with MRPIs, agent networks, and other parties.
5. Monitor implementation.

5.4 ENCOURAGE PLATFORM INTEGRATION (MERCHANT NETWORK WITH BANKING BACK OFFICE)

SIMM will support MRPIs who request advice on product development such as security best practice, product bundling, etc. SIMM will also encourage MRPIs and banks to be interoperable with each other and will support MRPIs' efforts toward interconnecting with bank switches, or even to the national payment system or Philippine Payments and Settlements System (PhilPaSS). Once m-money is interoperable with bank accounts, agent liquidity management would become easier.

ACTIVITIES

1. Conduct consultations with MRPIs to identify their needs for advice regarding product development.
2. Encourage MRPIs to interconnect with bank switches or with PhilPaSS, including assisting in business case development, if requested.
3. Work with other NGOs or donor institutions in setting up sustainable agent network management company and platform.

The table below presents key project management information about the main activity specified in Section 5.0. See Annex B for the Gantt chart and Annex C for the budget.

Activity	Promoting supply-side networks
Manager	Deputy Chief of Party.
Pilot Projects	
Potential Partners	Globe, SMART, BankO, MFI, BSP, and FMCG businesses.
Expected Results	Increased number of Cash-in/Cash-out merchants. Adopt m-money as mode of payment for B2B. Increase m-money transactions and value.
Year One Indicator Targets	At least 750 CI/CO merchants recruited. At least 60% increase in volume of m-money transactions

Component/Task	Intermediate Results (*)			SO Number (**)	Indicator Number (***)	POC
	1.1	2.1	3.1			
5.1 Develop focused channel management strategy	<input checked="" type="checkbox"/>			1.0	1.1.2	DCOP
5.2 Support CI/CO channel managers and partner vendors managers	<input checked="" type="checkbox"/>			1.0	1.1.1	DCOP
5.3 Build capacity of channel management networks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		1.0, 2.0	1.1.1, SO2.1, SO2.2, SO2.3	DCOP
5.4 Encourage platform integration (merchant network with banking back office)		<input checked="" type="checkbox"/>		2.0	2.1.2	DCOP

Note:

(*) IR 1.1 – Create Business Models that Scale

IR 1.2 – Achieve Inclusive User Uptake

C IR3.1 – Promote Global Knowledge Sharing

(**) SO1 – Create Enabling Environment

SO2 – Boost Expansion and Rapid Adoption of M-money Services

(***) Refer to Annex A. Performance Indicator Matrix

Task	LTTA	STTA	Start Date	End Date	LOE
	Total	Total			Total
5.1 Develop Focused Channel Management Strategy					
Conduct consultations with MRPIs, traditional trade value chain (distributors, sub-distributors, and retailers), MFIs and other potential channels.	10	0	7/1/12	7/30/12	10
Conduct consultations with fast moving consumer goods (FMCG) manufacturers to encourage use of m-money for ordering and collections in its distribution chain.	10	0	7/1/12	7/30/12	10
Research and understand the agent economics for each channel including profitability, cash flow needs, minimum transaction levels for sustainability.	10	10	7/1/12	7/30/12	20
Develop channel management strategy covering agent acquisition (including business proposition), agent monitoring and management (including liquidity monitoring and linking agents to sources of liquidity).	10	5	8/1/12	8/30/12	15
Facilitate new agreements needed among parties.	10	0	9/1/12	9/30/12	10
Monitor implementation.	10	0	10/1/12	4/30/13	10
	60	15			75
5.2 Support CI/CO Channel Managers and Partner Vendor Managers					
Conduct consultations with the value chain actors of each channel to determine support needed, such as marketing, agent selection, activation support, and other areas.	10	0	7/1/12	7/30/12	10
Prepare TA plan.	10	0	8/1/12	8/30/12	10
Monitor implementation.	10	0	9/1/12	9/30/13	10
	30	0			30
5.3 Build Capacity of Channel Management Networks					
Conduct consultations with MRPIs and agent networks.	10	0	7/1/12	7/30/12	10
Perform gap analysis on current capacity of agent networks.	5	5	7/1/12	7/30/12	10
Prepare program to close the gaps.	10	5	8/1/12	8/30/12	15
Finalize agreements with MRPIs, agent networks and other parties.	10	0	9/1/12	9/30/12	10
Monitor implementation.	10	0	10/1/12	4/1/13	10
	45	10			55
5.4 Encourage Platform Integration (Merchant Network with Banking Back Office)					
Conduct consultations with MRPIs to identify their needs for advice regarding product development.	10	10	8/1/12	10/1/12	20
Encourage MRPIs to interconnect with bank switches or with PhilPaSS, including assisting in business case development, if requested.	10	5	8/1/12	10/1/12	15
Work with other NGOs or donor institutions in setting up sustainable agent network management company and platform.	10	10	9/1/12	10/1/12	20

Task	LTTA	STTA	Start Date	End Date	LOE
	30	25			55
5.0 Promoting Supply-Side Networks	165	50			215

Milestones/Outputs	Date
Increase in number of CI/CO outlet.	10/30/2012
Bank as backend of m-money for liquidity.	9/30/2012
Piloting of FCMGs on m-money payments.	10/30/2012

Key Events (PR/Media)	Date
Signing of agreements with MRPIs, FCMGs, and agent networks.	9/30/2012
Consultation workshop/dialogue with MRPIs and banks on platform integration.	10/1/2012

SECTION 6.0 DRIVING CUSTOMER USAGE

For the m-money formula to work there needs to be a synergy of efforts among stakeholders that will look not only at enhancing supply, but also at generating client demand. Key to increasing uptake of m-money is driving customer usage, i.e., getting targeted consumers to adopt the technology and to use it, not once, but repeatedly. This may entail tapping into the unmet needs of consumers or creating a new demand for mobile users by analyzing their habits, preferences, and key m-behaviors and using that as the basis for designing and communicating the value proposition of m-money.

In a study commissioned by the Bill and Melinda Gates Foundation in 2011, it was revealed that knowledge and usage of m-money services are still considerably low with only four percent of users of all payment service providers reporting usage of m-money services. Less than half (between 28 to 46 percent) of the respondents said they were aware that such services exist¹⁸. That said, low awareness on the existence of m-money services among mobile users is certainly one barrier that the project intends to address. SIMM will build on the gains of M-PESA, which invested heavily in marketing, and will utilize on-the-ground, client-driven behavior change communication approaches through massive consumer education campaigns.

6.1 BUILD AWARENESS AND UNDERSTANDING OF M-MONEY THROUGH MARKETING CAMPAIGNS

Currently, there is confusion among consumers and agents on m-money products, fees, and services. Although G-Cash and SMART Money are prevalent in many shops and outlets, and the Philippine public has a general understanding that m-money is available, most people are unaware of how the system works, have serious concerns about privacy and security, and are hesitant to invest time and effort in memorizing account numbers and scrolling through options and inputting information via SMS to complete a payment. These challenges are partially due to limited marketing campaigns and agent training. Building on SIMM research assessments on m-money usage, and the financial characteristics and needs of the poor, SIMM will work with MRPIs to tailor their product offering in ways that add value to the broader consumer market and require minimal effort to learn.

Specifically, SIMM will update and improve the existing materials in an effort to produce a product-neutral training platform for agents on how to market m-money to their consumer base. SIMM will also work with government agencies, MFIs, and MRPIs to provide assistance on marketing strategies to achieve the greatest impact and reach the financially underserved. Training platforms will position m-money as a value proposition in light of the advantages and disadvantages of current alternatives through user-friendly, simple visual and print media. SIMM will apply research into the needs of the unbanked and m-money behaviors of the poor, covered in Section 7.0 below, and leverage MABS and MFI training materials, experiences, and research.

¹⁸Bill and Melinda Gates Foundation. (July 2011). *Mobile payments in the Philippines: Future opportunities for growth*. Retrieved from, <http://mmublog.org/blog/mobile-payments-in-the-philippines-future-opportunities-for-growth>.

YEAR 1 TASKS:

1. Familiarize SIMM staff with MRPI marketing campaigns and training materials.
2. Create generic agent training platform for agents on marketing m-money products
3. Identify MFIs to engage with MRPIs in identifying targeted messages and disseminating information to consumers and agents.
4. Collaborate with MRPIs on creating a training platform for pilot government agencies and MFIs on promoting and marketing m-money products.
5. Complete implementing agreements with MRPIs, MFIs, and LGUs.

6.2 LAUNCH PUBLIC AND CLIENT EDUCATION CAMPAIGNS ON CONSUMER PROTECTION¹⁹

SIMM will work with MRPIs to create education campaigns that include consumer education during MRPI activation campaigns and product releases. SIMM will explore partnerships with the Bangko Sentral ng Pilipinas, Department of Trade and Industries (DTI), Department of Finance (DoF), and National Telecommunications Commission (NTC) to raise awareness around consumer protection to safeguard customers and educate the public on m-money. In particular, consumer protection campaigns will be tailored on BSP Circular No. 649, and the issuances of DTI-DOF Joint Administrative Orders, and NTC Memorandum Circulars on consumer protection. Effort will be made to work with MRPIs in customizing IEC materials to include consumer protection in training and campaign materials.

YEAR 1 TASKS:

1. Coordinate with the BSP, DTI, and NTC on m-money consumer protection issues.
2. In consultation with MRPIs, prepare messages and materials for consumer protection education to highlight consumer rights related to m-money, to include:
 - right to privacy and the manner by which data is protected;
 - right to select only the services, channels the consumer opts to avail;
 - all terms and conditions of service shall be disclosed to the consumer;
 - the provisions for complaint, and that the service provider has the burden of proof regarding complainants made or authorization of an unverified charge for a product or services; and
 - the provisions for retention of data log for all m-money transactions made by the

¹⁹ BSP Circular (Series of 2009). Governing the Issuance of Electronic Money and the Operations of Electronic Money Issuers in the Philippines; Joint Administrative Order 02 (Series of 2006). Guidelines Implementing R.A. 8792 on Electronic Payment and Collection System (EPCS) in Government; Joint Administrative Order 10-01 (Series of 2010). Guidelines on the Use of Access Devices for the Payment of Fees, Charges, Assessments and other Revenues Due to the Government Through the Electronic Payment and Collection System (EPCS) of a Government Entity. Memorandum Circular No. 05-06-2007. Consumer Protection Guidelines; Memorandum Circular No. 04-06-2007. Data Log Retention of Telecommunications Traffic.

consumer.

3. Publish materials and complete training programs together with MRPIs and partners reaching the maximum public audience.

6.3 CONDUCT MARKET ANALYSIS OF CONSUMER BEHAVIOR AND READINESS TO ADOPT M-MONEY

SIMM will work with partners to synthesize existing knowledge of the fee structure, usage, and demographic characteristics of customers who use alternatives to m-money and perform more in-depth assessments as necessary. Results of assessments will be used to influence future project trainings, education materials, activities, and public outreach strategies.

YEAR 1 TASKS:

1. Perform literature review of existing financial services and consumer behavior materials.
2. Conduct information gathering with key organizations and partners.
3. Perform assessment of alternatives to m-money, including fee structures and costs.
4. Produce report outlining findings and recommendations to increase the use of m-money.
5. Distribute findings and recommendations to partners to improve the effectiveness of marketing materials and increase the number of m-money users.

The table below presents key project management information about the main activity specified in Section 6.0. See Annex B for the Gantt chart and Annex C for the budget.

Activity	Driving Customer Usage
Manager	Rommel Dela Rosa and Kaye Sucgang.
Pilot Projects	
Potential Partners	MRPIs, DTI, MFIs, DTI, DoF, NTC, BSP, and USAID.
Expected Results	<ul style="list-style-type: none"> • Information, education and communication (IEC) materials for consumer protection customized for m-money. • IEC strategy piloted to government agency and private utility firm customers.
Year One Indicator Targets	<ul style="list-style-type: none"> • At least 600 agents trained. • Developed at least one set of training materials.

Component/Task	Intermediate Results (*)			SO Number (**)	Indicator Number (***)	POC
	1.1	2.1	3.1			
6.1 Build awareness and understanding of m-money through marketing campaigns	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		2.0	SO 2.1, SO 2.2, SO 2.3, SO 1.2, 2.1.2	M&E Specialist, Rommel Dela Rosa
6.2 Launch public and client education campaigns on consumer protection	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		SO 2.1, SO 2.2, SO 2.3, SO 1.2, 2.1.2	M&E Specialist, Rommel Dela Rosa
6.3 Conduct market analysis of consumer behavior and readiness to adopt m-money			<input checked="" type="checkbox"/>	1.0, 2.0	3.1.2	M&E Specialist, Rommel Dela Rosa

(*) IR 1.1 – Create Business Models that Scale

IR 1.2 – Achieve Inclusive User Uptake

C IR3.1 – Promote Global Knowledge Sharing

(**) SO1 – Create Enabling Environment

SO2 – Boost Expansion and Rapid Adoption of M-money Services

(***) Refer to Annex A. Performance Indicator Matrix

Task	LTTA	STTA	Start Date	End Date	LOE
	Total	Total			Total
6.1 Build Awareness and Understanding of M-Money Through Marketing Campaigns					
Familiarize SIMM staff with MRPI marketing campaigns and training materials.	15	0	7/1/12	8/30/12	15
Create generic agent training platform for agents on marketing m-money products.	15	15	9/1/12	4/30/13	30
Identify MFIs to engage with MRPIs in identifying targeted messages and disseminating information to consumers and agents.	10	10	9/1/12	1/30/13	20
Collaborate with MRPIs on creating a training platform for pilot government agencies and MFIs on promoting and marketing m-money products.	10	0	9/1/12	1/30/13	10
Complete implementing agreements with MRPIs, MFIs, and government agencies.	10	0	7/1/12	12/30/12	10
	60	25			85
6.2 Launch public and client education campaigns on consumer protection					
Coordinate with the BSP, DTI, and NTC on m-money consumer protection issues	10	7	7/1/12	3/30/13	17
In consultation with MRPIs, prepare messages and materials for consumer protection education to highlight consumer rights related to m-money.	20	10	7/1/12	12/30/12	30
Publish materials and complete training programs for MRPIs and partners reaching the maximum public audience feasible.	10	0	11/15/12	5/30/13	10
	40	17			57
6.3 Conduct market analysis of consumer behavior and determine readiness to adopt m-money					
Perform literature review of existing financial services and consumer behavior materials.	10	5	8/16/12	9/15/12	15
Conduct information gathering with key organizations and partners.	10	5	8/1/12	12/30/12	15
Perform assessment of alternatives to m-money, including fee structures and costs.	10	5	8/1/12	8/20/12	15
Produce report outlining findings and recommendations to increase the use of m-money.	5	0	8/21/12	8/30/12	5
Distribute findings and recommendations to partners to improve the effectiveness of marketing materials and increase the number of m-money users.	10	0	9/1/12	9/30/12	10
	45	15			60
Total 6.0 Driving Customer Usage	145	57			202

Milestones/Outputs	Date
Developed training platform for agents.	January 2013
Campaign material on consumer protection customized to m-money.	December 2012

Key Events (PR/Media)	Date
Official agreements with MRPIs, MFIs, and government agencies.	December 2012
Launching of public and consumer protection on m-money.	May 2013

SECTION 7.0 PROMOTING GLOBAL KNOWLEDGE SHARING OF M-MONEY

The complex and dynamic m-money market appears well developed; however marketing deficiencies and limited consumer demand have prevented wider adoption of the transition to m-money for one of the most advanced m-money markets in the world. Harmonizing with USAID’s strategy on global development, SIMM will promote constant learning and experimentation to improve development impact, specifically increasing financial inclusion for the underserved. Ideally, the Philippines would succeed in leapfrogging traditional financial services for those who have not previously had access to financial services and move directly into branchless banking.

7.1 SUPPORT RESEARCH AGENDA INTO THE NEEDS OF THE UNBANKED

Within the last year a greater awareness among m-money practitioners has become prevalent that for m-money to be truly inclusive, products, marketing, and m-money interfaces need to better reflect the local needs of the unbanked and how they conceptualize money. Global research in m-money is shifting from “how can we replicate Kenya” toward “how can we create ecosystems that address local regulations and markets.” Within the Philippines, a moderate amount of research has been performed on financial practices of the poor, though there is a noticeable gap in research on how local m-money services, marketing, and agent networks can be further expanded to address the needs of the unbanked.

SIMM will collate existing resources, emphasizing the needs of the unbanked in the Philippines, interview global and local experts of financial inclusion—including MFIs and rural banks—and, if required, perform a more thorough assessment of issues in understanding the needs of the unbanked. SIMM will develop and share three research papers, one of which identifies the characteristics of m-money behavior of the poor. The final product will highlight trends in the needs and behaviors of the unbanked and present recommendations on how m-money services, marketing, and agent networks can better promote financial inclusion. These results will be distributed to partners and used to inform SIMM marketing, training, and agent network expansion activities.

YEAR 1 TASKS:

1. Perform literature review on household financial arrangements, needs of unbanked, and m-money behavior of the poor.
2. Complete roundtable discussions with experts on household financial arrangements and needs of unbanked and experts on m-money behavior of the poor.
3. Support or perform assessment of household financial arrangements and needs of unbanked and m-money usage of the poor.

4. Write research paper on household financial arrangements and needs of unbanked and usage behavior of the poor.
5. Hold seminar or workshop to distribute research and recommendations to partners.

7.2 PROMOTE GLOBAL ENABLING REGULATORY ENVIRONMENT

SIMM will contribute to international risk-based mobile financial services (MFS) guidelines and policies. To accomplish this objective, SIMM will support USAID’s 20 percent Initiative in promoting international standards of best practices in m-money deployment by sharing activities and research with the “Better than Cash” Alliance. In addition, SIMM will engage with Citibank to provide product development and policy support, and share best practices in m-money deployment in the Philippines. By engaging with national and global practitioners and sharing the Philippines experience, it is anticipated that SIMM can contribute standards and practices toward improving global knowledge of the interaction between regulatory environments and m-money uptake.

YEAR 1 TASKS:

1. Share SIMM updates and relevant materials with USAID’s Mobile Solutions Team via SIMM’s COR. Highlight activities that may be relevant to the “Better than Cash” campaign.
2. Share “Better than Cash” materials and findings with partners, when relevant.
3. Participate in webinars with DAI on m-money and improving the global regulatory environment. (see Section 7.3 below).

7.3 INTEGRATE KNOWLEDGE SHARING COMPONENT

To support global knowledge sharing, SIMM will participate in webinars hosted by DAI on m-money and regulatory environments in Year 1 and investigate possibilities to hold roundtables and seminars with partner organizations in Year 2. SIMM will explore other knowledge sharing opportunities as time allows, such as cosponsoring conferences with USAID partners, World Bank, International Finance Corporation (IFC), ADB, Citibank, and the “Better than Cash” Alliance.

To highlight the experience of the Philippines and share lessons learned with the global community of m-money practitioners, SIMM will extend its reach with cost-effective, popular social media tools such as Twitter and Facebook, as well as launching a Facebook group on m-money in the Philippines aimed at serving as a platform for researchers and practitioners to engage in discussions about m-money in the Philippines. Also, SIMM will leverage DAI’s global reach in more than 60 countries to distribute reports and research to a wider network of global m-money professionals. SIMM also intends to collaborate closely with USAID’s Mobile Solutions Team and the “Better than Cash” Alliance through the SIMM COR in sharing materials and providing consultations about its experience. All SIMM reports, information, and upcoming events in the Philippines will be posted on the SIMM website.

YEAR 1 TASKS:

1. Conduct at least one webinar with DAI.
2. Launch Facebook page and group and manage the pages.

3. Create and manage the Twitter account.
4. Launch SIMM website.
5. Host or co-host two roundtable discussions or seminars with partners.

The table below presents key project management information about the main activity specified in Section 7.0. See Annex B for the Gantt chart and Annex C for the budget.

Activity	Promoting Global Knowledge Sharing of M-Money
Manager	Rommel Dela Rosa.
Pilot Projects	TBD.
Potential Partners	MRPIs, MFIs, government agencies, USAID, DAI, private umbrella organizations, and other donor agencies.
Expected Results	<ul style="list-style-type: none"> • Supported conferences and roundtable discussions on promotion and knowledge management of m-money. • Developed and shared research on household financial arrangements and needs of unbanked. • Launched SIMM website and social media initiative.
Year One Indicator Targets	<ul style="list-style-type: none"> • At least one roundtable discussion organized. • At least one research paper developed and shared with partners.

Component/Task	Intermediate Results (*)			SO Number (**)	Indicator Number (***)	POC
	1.1	2.1	3.1			
7.1 Support research agenda into the needs of the unbank			☑	1.0, 2.0	3.1.2	Rommel Dela Rosa, M&E Specialist
7.2 Promote global enabling regulatory environment	☑	☑	☑	1.0, 2.0	3.1.1	Rommel Dela Rosa, M&E Specialist
7.3 Integrate knowledge sharing component	☑	☑	☑	1.0, 2.0	3.1.2	Rommel Dela Rosa, M&E Specialist

(*) IR 1.1 – Create Business Models that Scale

IR 1.2 – Achieve Inclusive User Uptake

C IR3.1 – Promote Global Knowledge Sharing

(**) SO1 – Create Enabling Environment

SO2 – Boost Expansion and Rapid Adoption of M-money Services

(***) Refer to Annex A. Performance Indicator Matrix

Task	LTTA	STTA	Start Date	End Date	LOE
	Total	Total			Total
7.1 Support A Research Agenda into the Needs of the Unbanked					
Perform literature review on household financial arrangements, needs of unbanked, and m-money behavior of the poor.	5	3	7/1/12	7/30/12	8
Complete round table discussions with experts on household financial arrangements and needs of unbanked and experts on m-money behavior of the poor.	10	5	8/1/12	9/30/12	15
Support or perform assessment of household financial arrangements and needs of unbanked and m-money usage of the poor.	10	5	10/1/12	10/30/12	15
Write research paper on household financial arrangements and needs of unbanked and usage behavior of the poor.	10	15	11/1/12	12/31/12	25
Hold seminar or workshop to distribute research and recommendations to partners.	5	3	1/1/13	2/28/13	8
	40	31			71
7.2 Promote Global Enabling Regulatory Environment					
Share SIMM updates and relevant materials with USAID Mobile Solutions team via SIMM's COR. Highlight activities that may be relevant to the "Better than Cash" campaign.	12	5	7/1/12	6/30/13	17
Share "Better than Cash" materials and findings with partners when relevant.	12	0	7/1/12	6/30/13	12
Participate in webinars with DAI on m-money and improving the global regulatory environment.	6	5	9/1/12	6/30/13	11
	30	10			40
7.3 Integrate the Knowledge Sharing Component					
Conduct at least one webinar with DAI.	5	0	7/1/12	12/30/12	5
Launch Facebook page and group and manage the pages.	15	1	8/1/12	6/30/13	16
Create and manage the Twitter account.	15	1	6/1/12	6/30/13	16
Launch SIMM Website.	20	10	6/1/12	8/30/12	30
Host or co-host two roundtable discussions or seminars with partners.	10	10	10/1/12	2/28/13	20
	65	22			87
7.0 Promoting Global Knowledge Sharing of M-Money	135	63			198

Milestones/Outputs	Date
Conduct seminar or workshop to distribute research and recommendations to partners on m-money initiatives.	January 2013
Complete the first webinar.	July 2012
Launch Twitter account and Facebook group page.	July 2012
Launch SIMM website.	August 2012

Key Events (PR/Media)	Date
Conduct seminar or workshop in the Philippines on m-money initiatives.	January 2013
Disseminate any major initiatives on “Better than Cash” or program successes.	Ongoing

SECTION 8.0 GENDER ISSUES

GENDER SITUATION IN THE PHILIPPINES

The Philippine Government recognizes the importance of having a robust national program that promotes gender equality. A signatory to the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) as well as the Millennium Declaration, the government, through its gender and development (GAD) strategy, has been working to integrate gender as a key component in all of its programs. In fact, it is one of the few countries in the world that has a policy requiring all government agencies to allocate at least five percent of its budget to gender mainstreaming programs and activities²⁰.

According to global reports, the state of women in the Philippines has improved markedly over the years compared to other developing countries. The World Economic Forum's Global Gender Gap Report 2011 has ranked the Philippines 8th out of 135 countries that are making strides in closing the gender gap on education, health, economic participation, and political empowerment²¹. The Philippines is the only Asian country to make it in the top 10 since 2006. However, a look at country-level data points to some disparities, particularly on economic participation. Data from the National Statistical Coordination Board (NSCB) indicate a labor participation rate of only 39 percent for women, more than a third (61 percent) of the participation rate for men.

Indicators for Millennium Development Goal (MDG) 3, which promote gender equality and women empowerment, are also trailing behind its targets, particularly on the share of women in wage employment in the nonagricultural sector, increasing only by 1.3 percent in the last two decades. NSCB (2009) data estimates that 25 percent of the population is poor women. These gaps, as well as other gender-specific issues that limit women's full participation in their own social and economic development, have provided the impetus for international agencies to include strong gender components in most, if not all, of their projects.

GENDER IN MOBILE USE

Currently, there is no gender-specific data on mobile usage in the Philippines. But findings from the Yahoo! Net Index revealed that the majority (57 percent) of mobile Internet users are women²². This suggests that more women than men are now using their mobile phones. With a mobile penetration rate of 100.3 percent, this could translate to millions of female mobile users from various income segments that can be targeted as users of m-money services.

8.1 GENDER INTEGRATION APPROACH

In the implementation of SIMM, project management will incorporate gender strategies in pushing for the wide adoption of m-money to support the Government of the Philippines and USAID's commitment to

²⁰ R. A. 9710, *Magna carta for women*, Philippines.

²¹ Remo, S. (November 2011). Philippines ranks 8th among 135 world gender equality. *Philippine Daily Inquirer*. Retrieved June 21, 2012 from, <http://globalnation.inquirer.net/16879/philippines-ranks-8th-among-135-on-world-gender-equality>.

²² Retrieved June 21, 2012, from <http://www.abs-cbnnews.com/lifestyle/12/20/11/ph-women-trump-men-mobile-internet-use>.

gender as a key development issue. Gender will be mainstreamed in all aspects of project lifecycle, including design, planning, implementation, and monitoring and reporting of results on participation of women and men in m-money financial inclusion.

SIMM advances three interconnected goals of increasing financial inclusion for broad-based economic growth, boosting expansion and rapid adoption of m-money services, and creating an enabling environment for m-money. Addressing existing gender constraints to financial inclusion and m-money usage is essential to achieving these goals. SIMM's approach to gender is to ensure inclusiveness of women throughout its activities, particularly in developing training and marketing materials. Throughout the project lifecycle, SIMM will leverage the experience and expertise of MFIs in improving the financial status of women in the Philippines. Assessments on m-money usage behaviors and financial tendencies of the poor will address similarities and differences in male and female spending and savings habits and m-money usage characteristics. In addition, M&E indicators will be disaggregated by sex whenever possible.

To achieve gender mainstreaming, the following initiatives will be undertaken:

- **Targeting and participation of women:**
 - **CCT.** As described in Section 2.0, CCT covers 2.3 million beneficiaries targeting pregnant women who avail of pre- and post-natal care services. SIMM will work with DSWD to ensure that women will be given priority in the targeting of CCT beneficiaries for piloting of m-money and its eventual rollout. SIMM will harmonize its targeting plan with DSWD for coherence.
 - **MFIs.** As part of the overall approach, SIMM will engage women-led MFIs as partners in financial literacy for m-money. In addition, SIMM will support its MFI partners in their capacity building programs, especially in targeting marginalized women for financial literacy programs.
 - **Public and private sectors.** SIMM activities in Section 3 to 7 will likewise encourage equitable participation of men and women, taking into account their differences during planning, implementing, and monitoring of activities. During the piloting stage, activities will include gender as criteria in identifying target beneficiaries and will be mainstreamed to promote women's empowerment and gender equity.
- **Training and development.** SIMM will collaborate with partners such as MRPIs, MFIs, SMEs, DSWD, DTI, DBM, other government agencies, and private umbrella organizations in development of training modules. In consultation with partners, training materials will be customized in the context of m-money adoption. In addition, we will ensure that culturally appropriate language and gender-sensitive content will be integrated into the materials, especially for training to be conducted in Muslim-dominated areas in Mindanao. Social norms and commonly held practices will likewise be considered in the design of the training. Data of participants will be disaggregated by gender for trainings to be conducted.
- **Awareness campaign.** SIMM will partner with MRPIs to develop marketing programs that target both men and women. SIMM will also assist MRPIs in identifying innovative ideas, products, and services that are of particular use and interest to women in rural areas. SIMM will collaborate with the Philippine Commission on Women (PCW) in planning and conduct of social marketing campaigns on the role of women in m-money financial inclusion during National Women's Month in March.

- **Gender-specific behaviors on m-money.** SIMM will deliver one research paper that will capture the behaviors of the unbanked men and women in the use of m-money. Results of the research paper will be shared during information dissemination forums and webinars.

SECTION 9.0 PROGRAM MONITORING AND EVALUATION

The SIMM M&E system will emphasize impact of project interventions ensuring that indicators measured are validated by collecting accurate baseline data that has already been started. The graphical representation of SIMM's Results Framework is presented in Figures 3 and 4. Corresponding indicators are shown in the succeeding table which provides an overall picture of the project and how SIMM results will be monitored. The proposed indicators will be used as key project measurements until SIMM submits the project Performance Management Plan to USAID on or before July 25, 2012, per the contract. SIMM targets broken down for Year 1 and Year 2 are included in Annex A. Baseline data is currently being gathered and will be submitted to USAID by August 30, 2012. Baseline data will include tracking of the different mobile money transactions. The implementation of program activities and priorities is closely monitored by the M&E Specialist Rommel Dela Rosa, who will transmit data to the centralized database, and the summarized data will be used by SIMM for project management purposes to pose questions to other staff and stakeholders about strategies and activities related to the implementation of the workplan.

9.1 METHODOLOGY AND TOOLS

DAI's methodology will help the major institutions identify needs, understand the range of solutions, and stimulate creation and application of successful innovative approaches. SIMM will utilize an array of tools developed by DAI and applied successfully to similar projects around the world. These include marketing tools for understanding the needs of end-users and designing services and marketing messages and channels around those needs; analytic tools for identifying challenges and opportunities within business models; inclusive processes for engaging a range of stakeholders; and analytic tools for understanding and improving the enabling environment for m-money, such as DAI's Mobile Money Landscape Analysis Framework. In addition to the toolkit we have developed to help financial institutions and MFIs succeed and grow, DAI will leverage the existing channels and assets of mobile money service providers and work with them, as well as with a range of other partners, to refine understanding of client use and demand, and to extend, adapt, and expand services to geographic areas and market segments that the mobile money service providers themselves may not have otherwise prioritized. Finally, we will take every opportunity to leverage USAID funding for SIMM activities—for example, taking advantage of knowledge-sharing opportunities with the GSM Association, as we have done through the Technologies for Financial Inclusion regional project for which DAI is the technical advisor.

Given the timeframe of SIMM, considerations had to be made on the level of simplicity and practicality in data collection efforts with the caveat that this might limit the project's ability to assess more complex M&E issues. Although most of the indicators in the PMP require quantitative measurements, considerations will be made in capturing qualitative or process data through any of the following methods, direct observation; key informants interviews; and informal group interviews. These methods usually result in documentation of qualitative information that can be an important source of project performance.

While performance indicators can show achievement of project's intended results, some of these findings may need to be complemented with selective data to explain why a certain result or phenomenon is occurring. It is anticipated that the M&E Specialist will work with technical team and implementing partners to conduct additional data collection activities to tease out some of the underlying dimensions of performance outcomes. Below are some of the methodologies that SIMM will utilize for monitoring performance.

- **Baseline Survey.** SIMM will collect all of the information required to obtain accurate and reliable baseline data that will serve as the benchmark for measuring changes in outputs and outcomes within the project's two-year implementation.
- **Direct observation.** SIMM is able to count, measure, and document figures such as number of m-money establishments using e-payroll, transaction values from system-generated reports, and a host of other information that can be verified based on regular reporting validation and crosschecks.
- **Key informant interviews.** In-depth discussions with beneficiaries and m-money experts will be conducted to verify changes in outcomes over time. Self-reporting from partners, BanKO, Globe, SMART as indicated in the signed memoranda of understanding is vital for SIMM to track the number of new and active users, accounts, and transaction volumes.
- **File and document review.** Reviewing data that has previously been collected and is available from government agencies, USAID and other multilateral agencies, beneficiaries, and other secondary sources will be a valuable source of information. This type of review offers a relatively quick method to discover what data have already been collected with an eye toward minimizing the need for additional data collection and the costs associated with this effort. File and document reviews will likely be used for documenting a variety of indicators such as: number of agents trained; number of trainings conducted on financial literacy; and papers published, among others. This review would also focus on the number of government programs using m-money, for example, government-to-person (G2P) and person-to-government (P2G).
- **Customer satisfaction survey.** Depending on the specific indicator, it may be important to gauge consumer attitudes and satisfaction about m-money operations and services. SIMM is considering using surveys for different consumers and/or partners as a means to gather data, depending on the cost and USAID's feedback.
- **Case studies.** These will capture success stories of what worked and what did not, innovative ideas, lessons learned, and challenge during project implementation.
- **System-generated reports.** SIMM will enter into MOUs with m-money service providers to receive data generated from their existing databases.

Figure 3: SIMM Results Framework

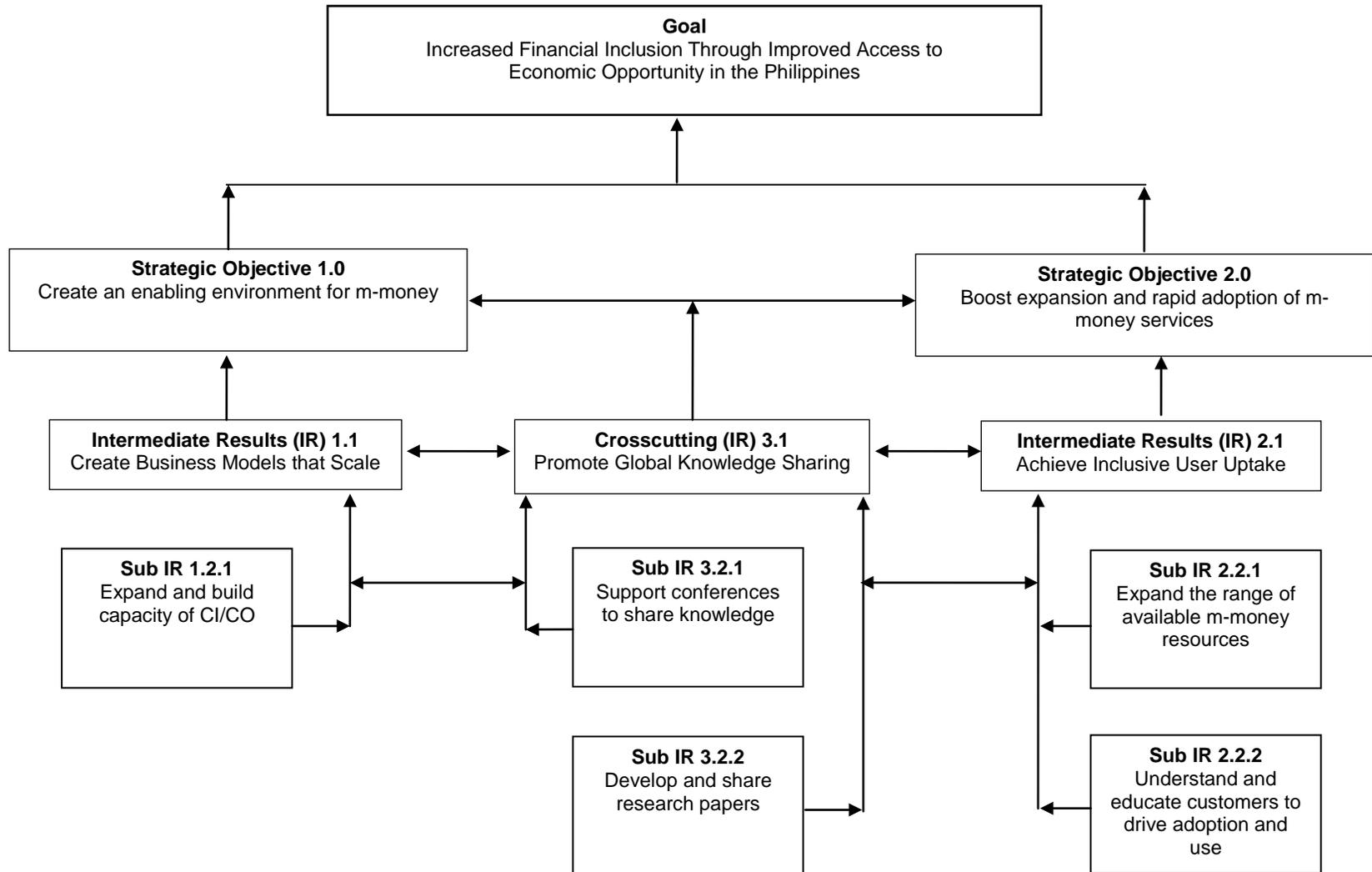
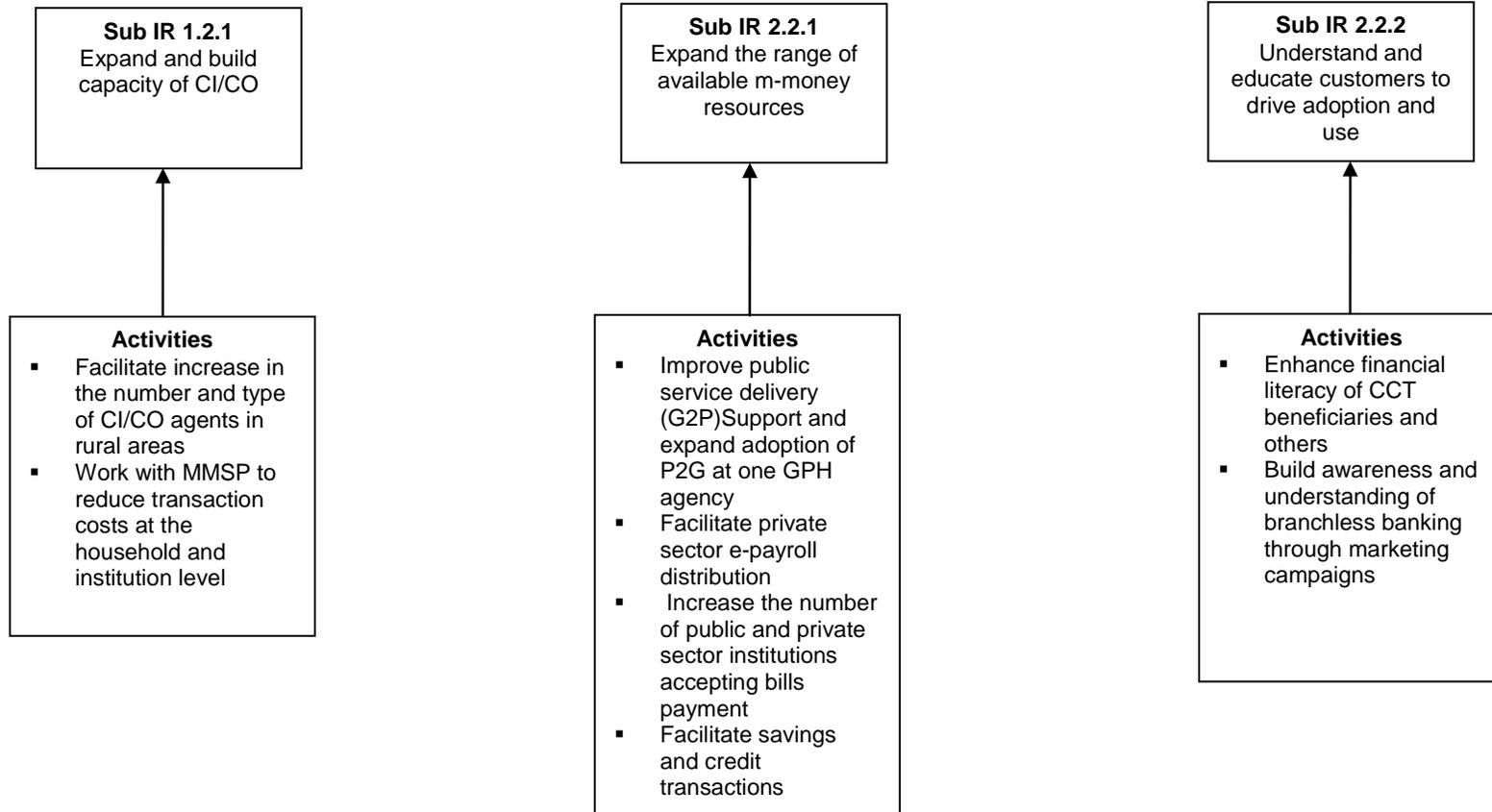


Figure 4: Sub IR-Level Results Framework



SIMM Performance Indicators and Task Matrices (2012 - 2014)

Performance Indicator	Unit of Measurement	Definition of Indicator	Data Source	Schedule of Collection	Reporting Responsibility
Strategic Objective 1: Create an Enabling Environment for Mobile Money					
1. Percent (%) of activities that improved financial inclusion of women	Percent of activities	Measures the ability of SIMM to effectively incorporate women into program activities.	Project records	Quarterly	M&E Specialist
2. Percent (%) of activities that improved financial inclusion for individuals and households in rural areas	Percent of activities	Measures the ability of SIMM to effectively incorporate rural individuals and households into the program activities. (Conversion rate). The number of people who opened an account who received financial inclusion training	Project records	Quarterly	M&E Specialist
3. Value of activities funded by cost-sharing/contribution arrangements with SIMM	Dollar value of activities	Measures the success of SIMM to obtain buy-in and achieve recognition of value from private sector, other donors, or other partners.	Project records	Quarterly	M&E Specialist
IR1.1: Create Business Models that Scale					
1.1.1 Number of cash-in/cash-out merchant partners operating mostly in rural areas	Number of new CI/COs	Measures the ability of SIMM to increase the presence of CI/CO partners that can serve rural communities. Indicator will be disaggregated by agents operating in urban and rural areas.	Project and mobile remote payment issuer (MRPI)/microfinance institutions (MFI) records	Quarterly	Technical Specialist
1.1.2 Number of new agents trained	Number of agents trained	Measures the ability of SIMM to ensure new agents are trained on m-money products	Project records	Quarterly	Activity Manager
Strategic Objective 2: Boost Expansion and Rapid Adoption of Mobile Money Services					
1. Number of active users	Number of people	Measures the ability of SIMM to expand the reach, relevance, and rapid adoption of m-money services. Active user refers to a person who has used m-money-related services during the past 90 days. Indicator will be disaggregated by users in urban and rural areas.	Project and MRPI records	Quarterly	Activity Managers

Performance Indicator	Unit of Measurement	Definition of Indicator	Data Source	Schedule of Collection	Reporting Responsibility
2. Number of new m-money users	Number of people	Measures the degree to which previously unserved individuals are using m-money at least once in 90 days to receive funds (such as payroll), pay money (such as paying bills), and save money. Indicator will be disaggregated by users in urban and rural areas.	Project and MRPI records	Quarterly	Activity Manager
3. Percent (%) increase in volume (monetary value) of m-money transactions	Percent increase	Measures the monetary value of transactions completed using m-money.	Project and MRPI records	Quarterly	M&E Specialist
IR 2.1: Achieve Inclusive User Uptake					
2.1.1 Number of SMEs and/or large businesses using e-payroll and e-bills payment	Number of new businesses	Measures the project's ability to increase the number of businesses using e-payroll to pay staff and accepting e-bills payment.	Project and company records	Quarterly	Technical Specialist
2.1.2 Number of people opening savings accounts via branchless banking	Number of persons	Measures SIMM's ability to increase the number of people opening savings accounts via branchless banking.	Project and financial institution records	Quarterly	Technical Specialist
2.1.3 Number of government agencies using e-payroll and e-bills payment	Number of agencies	Measures the ability of SIMM to increase government e-payroll stream and electronic bill payments to targeted agencies.	Project, MRPI, and government records	Quarterly	Technical Specialist
2.1.4 Percentage (%) by which transaction costs are reduced	Percent decrease in transactions costs	Measures the success of SIMM to reduce the costs for businesses and customers of paying bills and paying employees.	Project, company records, and selected sample of individual subscribers	Annually	M&E Specialist
2.1.5. Number of people trained in financial education and literacy	Number of CCT beneficiaries; Number of non-CCT beneficiaries trained	Measures the success of SIMM in providing financial literacy training to CCT beneficiaries.	Project records	Quarterly	Activity Manager

Performance Indicator	Unit of Measurement	Definition of Indicator	Data Source	Schedule of Collection	Reporting Responsibility
Cross Cutting IR 3.1 Promote Global Knowledge Sharing					
3.1.1 Number of conferences supported to share knowledge	Number of conferences	Measures the ability of SIMM to share project insights and lessons with the broader m-money community	Project records	Annually	M&E Specialist
3.1.2 Number of research papers shared and developed	Number of research papers	Measures the ability of SIMM to apply project activities to a broader m-money context in order to formulate research topics and write research papers	Project records	Annually	M&E Specialist

ANNEX A

SIMM Targets Broken Down by Year 1 and Year 2

Performance Indicator	Unit of Measurement	FY1	FY2	LOP Target
Strategic Objective 1.0: Create an Enabling Environment for Mobile Money				
1. Percent (%) of activities that improved financial inclusion of women ²³	Percent of activities	15%	50%	50% ²⁴
2. Percent (%) of activities that improved financial inclusion for individuals and households in rural areas ²⁵	Percent of activities	30%	90%	90% ²⁶
3. Value of activities funded by cost-sharing/contribution arrangements with SIMM	Dollar value of activities	\$0.03 million	\$0.07 million	\$0.1 million ²⁷
IR1.1: Create Business Models that Scale				
1.1.1 Number of cash-in/cash-out merchant partners operating mostly in rural areas	Number of new CI/Cos	750	1,750	2,500
1.1.2. Number of new agents trained	Number of agents trained	600	1,400	2,000
Strategic Objective 2.0: Boost Expansion and Rapid Adoption of Mobile Money Services				
1. Number of active users ²⁸	Number of people	0.39 million	1.3 million	1.3 million ²⁹
2. Number of new m-money users ³⁰	Number of people	75,000	250,000	250,000
3. Percent (%) increase in volume (monetary value) of m-money transactions	Percent increase	60%	200%	200% ³¹ from baseline
IR 2.1: Achieve Inclusive User Uptake				
2.1.1 Number of SMEs and/or large businesses using e-payroll and e-bills payment	Number of new businesses	30	70	100
2.1.2 Number of people opening savings accounts via branchless banking	Number of persons	3,000	7,000	10,000
2.1.3 Number of government agencies using e-payroll	Number of agencies	2	3	5
2.1.4 Percentage (%) by which transaction costs are reduced ³²	Percent decrease in transactions costs	20%	20%	20%

²³ Refers to the ratio of activities wherein participation of women is greater than men versus total activities conducted.

²⁴ Cumulative percentage of Y1 and Y2.

²⁵ Refers to individuals who opened savings account through branchless banking and receive financial literacy training.

²⁶ Cumulative percentage of Y1 and Y2.

²⁷ Total contribution of partners through cost-sharing scheme in the implementation of different SIMM activities.

²⁸ Refers to a subscriber who has used m-money related services during the past 90 days (Definition from AFI standards).

²⁹ Cumulative result of Y1 and Y2.

³⁰ Measured based on the number of mobile subscribers who activated m-money services during the reporting period.

³¹ Cumulative result of Y1 and Y2.

Performance Indicator	Unit of Measurement	FY1	FY2	LOP Target
2.1.5 Number of people trained in financial education and literacy	Number of CCT beneficiaries; Number of non-CCT beneficiaries trained	3,600	8,400	12,000
Cross Cutting IR 3.1 Promote Global Knowledge Sharing				
3.1.1 Number of conferences supported to share knowledge	Number of conferences	1	2	3
3.1.2 Number of research papers shared and developed	Number of research papers	1	2	3

³² At individual/household and institution level.

