COVID-19 G2P Cash-Transfer Payments

Case Study: PHILIPPINES

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EXECUTIVE SUMMARY

- **The COVID-19 pandemic is having devastating impacts on the economy and people of the Philippines, and since the onset of pandemic, the Government of the Philippines (GoP) has responded with strong social protection measures.** The Social Amelioration Program (SAP) enacted under the Bayanihan To Heal as One Act in March 2020 and managed by the Department of Social Welfare and Development (DSWD), aims to provide cash assistance to 18 million households (over 75 percent of total households) in the country. The first tranche of SAP (SAP 1), however, experienced significant delivery challenges. This experience led to several changes in the operation of the second tranche of SAP (SAP 2).
- **This case study aims to document the lessons learned from the implementation of the SAP 2, specifically focusing on the digital G2P (government to persons) payment delivery.** Digital delivery in SAP 2 was a significant departure from SAP 1 which almost entirely relied on manual processing and physical cash delivery except for the beneficiaries of the Pantawid Pamilyang Pilipino Program (4Ps), the country's flagship safety net program. It is also an important milestone where GoP introduced large-scale G2P payments through multiple Financial Service Providers (FSPs) beyond the state-owned Land Bank of the Philippines (LBP).
- **SAP 2 introduced several important changes that are worth noting:**
  - Expanded pool of beneficiaries: SAP 2 added over 5 million waitlisted households while continuing to support SAP 1 beneficiaries residing in the enhanced community quarantine (ECQ) areas in early May 2020;
  - Introduction of an online application platform: in an attempt to expedite the digitization of beneficiary records, SAP 2 tried to use an online platform;
  - Digital payments through FSPs: the DSWD signed a memorandum of agreement with 6 FSPs, facilitated by the Bangko Sentral ng Pilipinas (BSP), to deliver payments; and
  - Increased potential for financial inclusion and G2P payments with customer choice: FSPs helped beneficiaries open bank/e-money accounts, which could potentially be converted to full transaction accounts for multiple purposes including G2P payments.

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- **Implementation of SAP 2 highlighted several prerequisite areas that should be enhanced for digital G2P payments.** The foremost area for improvement is the quality of beneficiary data. Outdated social registry was not reliable for identification and verification of beneficiaries. As a result, DSWD relied on paper-based manual data collection during the pandemic for SAP1. It did not only increase the risk of infection, but also made a large scope of invalid or duplicative data, which was inherited in SAP 2 and greatly hindered digital delivery of payments. Other important areas include institutional arrangements, grievance redressal mechanisms (GRM), and communications with beneficiaries.
- **As the national ID system (PhilSys) is rapidly progressing, and there is increasing acceptance and reliability of digital payments for goods and services, there are excellent opportunities for GoP to leapfrog into G2P 4.0.** Some recommendations are as follows:
  - In the short term, DSWD can facilitate the conversion of restricted accounts opened for SAP 2 into regular ones; continue with distilling the lessons learned from various G2P initiatives; and attend to audit and reporting requirements for digital payments delivery for continued partnership with FSPs.
  - In the medium term, G2P 4.0 can be pursued with multiple programs utilizing shared infrastructure enabled by the PhilSys, where multiple FSP can provide services based on customers' choice. Modified business processes, supported by interoperable information systems, would be needed along with strong financial literacy and education and GRM for beneficiaries.

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1. Introduction

The COVID-19 pandemic is having a devastating impact on the economy of the Philippines and its people. Before the outbreak of the COVID-19 pandemic, the Philippines had consistently maintained solid economic growth averaging 6.3 percent between 2017 and 2019. However, the Philippine economy contracted by 9.5 percent in 2020, one of the largest losses in the region. While critical from a health perspective, social distancing and lockdown measures have resulted in massive disruptions in mobility, tourism, business operations, and local supply chains, resulting in major losses in household income and workers' employment. The economy was slowly rebounding and livelihoods were returning as the quarantine measures were relaxed in the second half of 2020. However, with the surge of COVID-19 cases in early 2021, community quarantines were brought back in some parts of the country.

Since the onset of COVID-19, the Government of the Philippines (GoP) has responded with strong social protection measures. On March 24, 2020, the Bayanihan To Heal as One Act (Bayanihan 1; Republic Act No. 11469) was enacted into law, granting the President expanded powers to adopt measures to prevent and suppress the spread of COVID-19 in the context of the state of emergency due to the pandemic.[2] To protect households from the disease and the short-term costs of the containment measures, the GoP laid out an extensive package of social protection measures worth over US$4 billion (equivalent to 1.1 percent of the country's gross domestic product) focused on social assistance for poor and vulnerable groups. The measures include emergency subsidies for about 18 million households, over 75 percent of the total number of households in the country, under a Social Amelioration Program (SAP). SAP intended to provide Php 5,000 to Php 8,000 (about US$ 100 to US$ 160) cash assistance twice, depending on the minimum wage of workers and households' subsistence expenditure in the region. The Department of Social Welfare and Development (DSWD) was tasked to deliver this assistance in collaboration with Local Government Units (LGUs).

SAP included the beneficiaries of Pantawid Pamilyang Pilipino Program (4Ps), the country's flagship safety net program.[3] The program, a conditional cash transfer (CCT) implemented by DSWD, provides cash grants to poor families to ensure that children stay healthy and in school, reducing dropout rates and discouraging child labor, among other benefits. It currently supports over 4.3 million households (close to 20 percent of the country's total number of households), including 8.7 million children, and is implemented in 145 cities and 1,483 municipalities.[4] The program's payment mechanism has improved over time, in that over 90 percent of beneficiaries receive regular benefits digitally through a cash card of the Land Bank of the Philippines (LBP). This is important progress from delayed, irregular, and physical cash distribution issues during earlier periods of the program, which required voluminous paper-based documentation and a long processing time for liquidation.

The delivery of the first tranche of SAP (SAP 1) experienced huge implementation challenges, except for 4Ps beneficiaries. Identifying new beneficiaries for SAP beyond 4Ps and transferring funds to them in a quick, safe, and accountable manner was a difficult undertaking. Given that there was no accurate and recent list or registry of poor and vulnerable persons or families readily available,[5] beneficiaries had to be identified through a new application process. The DSWD adopted a paper application (i.e., Social Amelioration Card [SAC] form) and manual registration as commonly

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2 The law also authorizes the executive branch to reallocate and realign savings from the budgets of national government agencies as well as government- owned and controlled corporations.

3 See Cho et al. (2020) for a program overview.

4 4Ps was responsible for a quarter of the total poverty reduction between 2006 and 2015 in the country (World Bank 2018 Poverty Assessment). A series of rigorous impact evaluations of the program have shown consistent and lasting impacts on health and educational outcomes of children from poor households. The program has also contributed to overall social inclusion, gender equality and women's empowerment, and crisis resilience. Continuous efforts to include indigenous peoples (IPs) and other vulnerable groups, provide gender-sensitive support, and implement additional cash transfers during shocks, have also been noteworthy.

5 The National household targeting system (Listahanan) covers around 70 percent of population with socio-economic status at the household level, but the information was outdated as the latest data (2nd Listahanan) were collected in 2015. Enumeration for a new Listahanan (3rd Listahanan) was ongoing until the activity was suspended due to the pandemic in March 2020. The enumeration for the 3rd Listhanan resumed in September 2020, but due to large-scale grievances and validity challenges, the targeting system is not yet completed as of April 2021.

used during disaster relief efforts,[6] and LGUs prioritized poor and vulnerable populations based on their local knowledge. However, the sheer volume of the target population was too large and operations based on physical interactions amidst the pandemic were burdensome and unsafe, with inconsistent implementation across LGUs. The original idea was for LGUs to pass SAC information to DSWD, who would validate eligibility of each household, determine beneficiaries by region, enter Memorandums of Understanding with local governments, and accord the list of beneficiaries, and then grants were to be distributed by LGUs to beneficiaries.[7] However, considering the importance of responding to the needs of vulnerable families in a more timely manner, DSWD decided to allow LGUs to pay beneficiaries during SAC collection and conduct post-audit later.[8] Nonetheless, there were significant delays and confusion among non-4Ps beneficiaries receiving SAP, as well as among LGUs. DSWD's record shows that the transfer of SAP 1 (top-up benefits) for 4Ps beneficiaries was completed by April 5, but that the distribution of SAP 1 for non-4Ps households stretched beyond June 2020.[9]

Learning from the initial challenges, the second tranche of SAP (SAP 2) introduced several changes, and this case study aims to document the lessons learned from the implementation of SAP 2 specifically focusing on digital G2P delivery. This is an important milestone where the GoP introduced a large-scale G2P digital payment mechanism through collaboration with multiple Financial Service Providers (FSPs), beyond the LBP. The experience is expected to provide great lessons for the country's digital G2P, toward greater financial inclusion and customer choice.[10] The rest of the note is organized as follows. Section 2 discusses several changes that SAP 2 introduced, and Section 3 reflects the lessons learned from this operation. Finally, Section 4 concludes the case study and discusses a way forward in digital G2P payments.

2. Changes introduced in SAP 2 implementation

2.1 Expanding the pool of beneficiaries

The target beneficiaries for SAP were adjusted, given the many families that were waitlisted. The Government's planning was done based on "households," but confusion between "families" and "households" during the time of implementation arose. Anecdotal evidence suggests that multiple members under the same household likely received the benefits, which appears to have resulted in a greater number of households in need and waitlisted than initially anticipated. Also, regional allocation of the budget was based on the social registry (Listahanan) 2015 data, and this may have contributed to over- or under- estimation of the number of beneficiaries. In light of this situation, SAP 2 added 5.3 million waitlisted households nationwide who could not receive the first tranche.[11] SAP 1 beneficiaries residing in enhanced community quarantine (ECQ) areas as of May 1-15, 2020 were able to continue to receive SAP 2 payments, which included 8.5 million vulnerable households -- 1.4 million 4Ps beneficiaries and 7.1 million other vulnerable households (see Table 1 for composition of SAP beneficiaries).

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6 The Joint Memorandum Circular (JMC) No 1 series of 2020 identified the Social Amelioration Card (SAC) as the primary means of identifying the SAP beneficiaries. The SAC form is distributed at the barangay that captures the family profile that will be used by families to access the social amelioration programs of government, similar to the Disaster Assistance Family Access Card (DAFAC). However, given the situation related to COVID-19 with restrictions in mobility, implementation challenges were anticipated: SACs were physical forms that needed considerable effort and coordination to distribute to LGUs; geographically isolated areas had difficulties receiving SAC in a timely manner raising the concern for delay and exclusion; LGU staff were identified to consolidate and encode the SAC, imposing additional workload to already stretched workers engaging in other important Covid-19 activities; SAC required phyical submission of forms which was challenging during community quarantines.

7 DSWD Memorandum Circular 04 Series of 2020 – issued on March 30, 2020.

8 DSWD Memorandum Circular 09 Series of 2020 – issued on April 9, 2020.

9 See Cho et al. 2021a for discussions of the implications of delay in SAP on the well-being of low-income households.

10 Despite successful delivery of SAP 1 to 4Ps beneficiaries, the 4Ps payment mechanism still has some limitations. In the Philippines, the LBP, the specialized government bank that mobilizes public funds, was the only service provider tasked with processing payout to 4Ps beneficiaries. However, the beneficiaries often reside in far-flung areas where it is difficult to be serviced by the LBP because of the limited service coverage areas. The full infrastructure of the financial sector in the Philippines is far from being used for the 4Ps payment – for example, the LBP has 395 branches, compared to more than 12,000 for the banking sector as a whole. As a result, the survey found that beneficiaries had to travel an average of 30 minutes and wait for another approximately 100 minutes to withdraw cash at the relatively small number of ATMs compared to the number of beneficiaries.

11 LGUs initially submitted a nationwide list of 3.2 million waitlisted households; and added 2.1 million waitlisted households from ECQ areas.

With SAP 2 expansion and eligibility criteria, SAP achieved a wide coverage and placed greater weights on hard hit areas by the pandemic over traditionally poor regions. With added waitlisted households, the total number of beneficiaries through SAP 1 and SAP 2 amounted to 23 million, nearly the total number of households in the country estimated by the Philippine Statistical Authority (PSA). A series of nationwide surveys, however, showed that the coverage of SAP was estimated to be about 75 percent.[12] There were 21 provinces mostly in the National Capital Region (NCR) and surrounding regions, especially in urban areas,[13] that were still under ECQ in May 2020. The intention was to support those who were disproportionately affected by the pandemic, even if these areas were not traditionally poor regions. For instance, none of these ECQ regions had the poverty rates above the national average in 2018, whereas over 11 million out of 14 million SAP 2 beneficiaries came from these regions.

Table 1. Composition of Social Amelioration Program Beneficiaries

Location	**Those living in ECQ areas**			**Those outside ECQ areas**		**(6) Nationwide waitlisted (who did not receive the SAP 1)**
Type of Households	(1) Additional Waitlisted in ECQ (who did not receive the SAP1)	(2) Non-4Ps beneficiaries from SAP 1	(3) 4Ps beneficiaries	(4) 4Ps beneficiaries	(5) Non-4Ps beneficiaries from SAP 1	
Total target [actual*] beneficiaries	2.1m [2.0m]	7.1m [6.2m]	1.4m [1.4m]	2.9m [2.9m]	6.2m [6.2m]	3.2m [3.0m]
			4Ps = 4.3m [4.3m]			
		SAP 1 = 17.6m [16.7m]				
	SAP2 in ECQ 10.6m [9.6m]					SAP 2 nationwide 3.2m [3.0m]
Total number of tranches received	1 (two counts of subsidy in one tranche)	2	2	1	1	1

** Number of actual beneficiaries for those who received both tranches based on SAP 2 as of February19, 2021; m stands for million.*
Source: DSWD Social Amelioration Program M&E Dashboard[14]

2.2 Introducing an online application platform

After initial implementation challenges of SAP 1 involving the paper-based registration process, the need for digital registration to capture (and ideally verify) beneficiary information was greatly recognized. A group of volunteer software developers, facilitated by the United States Agency for International Development (USAID), developed an online application website to help DSWD streamline the beneficiary registration process. The web platform was called ReliefAgad (translated as an "immediate relief," Figure 1), and was intended to be used by both potential beneficiaries and LGU staff. Potential beneficiaries could use their mobile phone, tablet, or computer with internet connection to register themselves, while LGU staff would use the platform to encode paper-based SAC. It had the potential to improve accuracy and speed of data entry by replacing Microsoft Excel based data entry/encoding SAC information, thus reducing the workload of DSWD regional and LGU staff and the possibility of introducing errors. One of the features of this platform was to allow potential beneficiaries to select the channel of receiving grants (e.g., direct cash payment, digital payment to their account).

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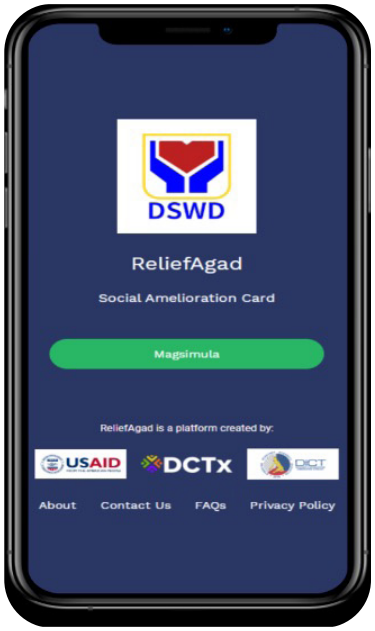
12 World Bank High Frequency Monitoring Household Survey Round 1 in July 2020 and Round 2 in December 2020. https://www.worldbank.org/en/country/philippines/brief/monitoring-covid-19-impacts-on-firms-and-families-in-the-philippines

13 These include: (i) National Capital Region; (ii) Region III except Aurora; (iii) Region IV-A; (iv) BEnguet; (v) Pangasinan; (vi) Iloilo; (vii) Cebu Province; (viii) Bacolod; (ix) Davao City; (x) Albay Province; and (xi) Zamboanga City. See: Joint Memorandum Circular No. 02, s. 2020 - Official Gazette: https://www.officialgazette.gov.ph/downloads/2020/06jun/20200609-JOINT-MEMORANDUM-CIRCULAR-NO-2-S-2020.pdf;

14 https://app.powerbi.com/view?r=eyJrIjoiYWM3MTM4OWYtYjcyMy00NGFmLWEyZjktZWI3ZDNkMzU1OGUyIiwidCI6ImJkMDNhNzM-1LTJhYTMtNGNjYS05NzIyLTJhZTQ5MjlhYjNlYyIsImMiOjEwfQ%3D%3D&pageName=ReportSection5de5df1d97a4c68a8cbc

Despite good intentions, many challenges were already foreseen at the time of introducing ReliefAgad. Because the software sought only to digitize the paper-based SAC business process without addressing the business process itself, it inherited the existing problems with the paper form. Applicants were still required to have an official paper SAC form with a barcode to start the process, and thus those with photocopied forms or damaged or missing barcodes could not use the platform. Also, conversion of SAC information using the platform did not overcome challenges such as illegible input, typos and inconsistencies, and so on, and substantial rates of errors and inconsistencies in the data remained. Moreover, as the platform was not built on information systems, a key opportunity was missed to automatically verify the identity of at least some applicants by interfacing with functional IDs,[15] and to cross-reference with other COVID-19 programs that were concurrently implemented (e.g., farmers subsidies by the Department of the Agrarian Reform; DSWD's other social assistance programs). Many of these issues were apparent, but due to the time pressure to disburse payments quickly and in an attempt to expedite the process, the website was launched in May 2020, and ended up receiving the total two million raw applications to be further verified and processed later.

Figure 1. User Interface of ReliefAgad Application



2.3 Making payments digitally through Financial Service Providers

Recognizing challenges of physical cash delivery in the context of the COVID-19 pandemic, DSWD in collaboration with the Bangko Sentral ng Pilipinas (BSP), moved quickly to work with major FSPs to distribute the SAP 2 digitally. DSWD's records indicate that as many as 11 million SAP 2 beneficiaries (inclusive of 1.4 million 4Ps beneficiaries) were to receive benefits through digital channels. Significant pressure from the Congress and other stakeholders urging DSWD to expedite SAP 2 distribution and avoid delays experienced during the delivery of SAP 1 was a catalyst to introduce innovations. Importantly, the Bayanihan Act already included an explicit provision to "partner with the private sector and other stakeholders to deliver these measures and programs quickly and efficiently," referring to SAP. At the same time, DSWD's own small-scale projects with e-money issuers (EMIs), such as collaboration with PayMaya for benefit distribution to beneficiaries of the Assistance for Individuals in Crisis Situation (AICS) and with GCash for benefit distribution for Land Transportation Franchising and Regulatory Board (LTFRB) drivers, conducted in April and May 2020 respectively, also helped. The strong advantage of employing e-money in the current pandemic situation is reduced physical interactions for onboarding and more access points and less travel than banks. People can open their accounts using their smartphones, access cash directly via ATMs[16] and a variety of cash-out partners such as pawnshops and supermarkets that have stayed open during the pandemic, and make purchases at registered merchants with the opportunity for withdrawing cash at the point of sales terminals.

The payment systems infrastructure of the Philippines, which continues to develop and evolve, provided a conducive environment for this partnership. Inter-bank payment systems, such as PhilPaSS, and, most recently, national retail payment systems (e.g. InstaPay and PESONet), are particularly noteworthy.[17] These enable account holders to receive, pay, and transfer funds securely and promptly[18] across different financial institutions and affiliated agents.[19] The digital G2P initiative is also in line with ongoing efforts by GoP and the private sector to improve access to transaction accounts[20] (through bank accounts or e-money accounts) to not only help disburse G2P payments but also to promote financial inclusion, as dis-

15 Although the foundational ID (PhilSys) is not in place yet, there are other functional IDs such as PhilHealth's member card, voter registry card and/or driving license registry.
16 Users need to request (and pay for) a card which they can then use on any Bancnet ATM.
17 See Acosta et al. 2019.
18 InstaPay's transactions are instant and real time, and PesoNet enables batched transactions throughout the day, so the transfers are done multiple times a day.
19 Indeed, PESONet and InstaPay were used for DSWD to transfer grants to beneficiaries who registered their account at online portal, while PhilPass were used when transferring batch grants from LBP to partner FSPs that did not have accounts at LBP.
20 There are two main types of G2P payment delivery mechanisms: (i) account; and (ii) non-account-based solutions. While non-account-based payments (e.g., vouchers) can be quickly deployed and scalable to a non-targeted and anonymous population (and may or may not be digital), account-based payments are encouraged because of the broader financial inclusion impacts (and can only be digital). Account-based digital G2P payment instruments consist of two broad categories: (i) e-money and (ii) bank accounts.

cussed in the National Strategy for Financial Inclusion and Digital Payments Transformation Roadmap laid out by the BSP.[21]

Clear eligibility criteria for participating FSPs were established. BSP recommended and helped DSWD select and engage various FSP industry associations to inform their members of the government's planned partnership in the digital delivery of SAP 2. Interested FSPs could then approach DSWD for details. For an objective and transparent FSP selection process, BSP developed the following eligibility criteria that FSPs should:

- Hold an EMI license (bank/non-bank);
- Be able to create transaction accounts;
- Have a capability to onboard clients remotely;
- Have strong cash in/cash out (CICO) presence through partners;
- Be a member of InstaPay/PesoNet, the retail Automated Clearing Houses (ACH); and
- Have preferably on-the-ground experience of disbursing similar programs.

With these criteria, BSP and DSWD selected three banks (Rizal Commercial Banking Corporation [RCBC], Robinsons Bank, and Union Bank) and three EMIs (GCash, PayMaya, and StarPay) for digital delivery of SAP 2. All six FSPs were considered by BSP to have met the eligibility criteria, unlike, for example, remittance companies that were interested in participating but did not meet the criteria of offering transaction accounts. On June 30, 2020, the DSWD signed a multilateral Memorandum of Agreement (MOA) with LBP and the six FSPs to digitally distribute SAP 2. The MOA specifies each party's responsibility, funds flows, service standards, reporting requirements, as well as key performance indicators. The MOA allowed DSWD to register beneficiaries in bulk through "restricted" transaction accounts that could be later regularized to transaction accounts upon full Know-Your-Customer (KYC) verification; provided customer service channels to beneficiaries both through DSWD and FSPs; limited cash-out fees to Php 50 (US$ 1) to be paid by beneficiaries; made data privacy provisions; and required FSPs to ensure their cash-out partners could manage liquidity requirements for payments.

FSPs were assigned to various geographic locations around the country. The decision to designate FSPs to serve specific localities around the country, rather than allowing customers to choose their own FSP to receive SAP 2 funds, was mainly to expedite the process and avoid different user experiences within the same municipality. FSPs were required to submit a breakdown of their locations (including cash-out partners) per municipality. BSP then made recommendations regarding FSP allocation based on several considerations:[22]

- If only one type of bank is present in the area, that bank was selected;
- In areas with only EMIs, selection was made based on historical experience in commercial roll-out or significant dominance of pay-out presence. Business model limitations such as "smart phone only" deployments were also considered; and
- In areas with both banks/EMIs: the bank with the greatest pay-out presence was paired with the top EMI to serve the beneficiaries together.

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21 BSP (2015). Financial inclusion means that individuals (and businesses) have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way (as per the World Bank's Universal Financial Access Initiative). It is typically measured with access to and use of an account. The account can be at a financial institution or through mobile money providers. Financial inclusion is widely recognized as a prerequisite for an inclusive digital economy as it enables people able to make and receive digital payments (i.e. cashless transactions), whether it is G2P, person-to-person (P2P), or person-to-business (P2B). Financial inclusion supported by G2P payments therefore has a variety of benefits for beneficiaries, apart from improving the efficiency and accountability of public funds. BSP (2020a) aims to have 70 percent of the population financially included (up from 34 percent in the latest Findex in 2017) and BSP (2020b) shows steady progress in this area.

22 DSWD explains selection of FSPs to conduct SAP digital payout: https://www.dswd.gov.ph/dswd-explains-selection-of-fsps-to-conduct-sap-digital-payout/

Networks of partners that affect points and types of transactions, and CICO points, varied widely by FSP (Appendix Table 1). The participating EMIs and banks boast their wide agents networks and access points through sari-sari stores, pawnshops, mobile ATMs, remittances centers, and branches.[23] However, beneficiary experience for access, convenience, and costs and quality of services turned out to be significantly different across FSPs.

2.4 Opening a door for financial inclusion and G2P payments with customer choice

Use of transaction accounts, albeit restricted, is expected to promote financial inclusion if follow-up actions are taken. Transaction accounts may be used for "saving, making retail and bills payments, and transferring funds for other purposes," as described by BSP in its Digital Payments Transformation Roadmap Report,[24] and access to transaction accounts is critical for financial inclusion. A decision was taken to make the digital payments of SAP 2 through "restricted" transaction accounts (whether e-money accounts[25] or basic deposit accounts[26]). Restricted accounts under BSP circular 950 (2017) can be opened for individuals even without a valid ID, although they have certain limitations.[27] Such accounts could be closed by the FSP within a year if beneficiaries do not meet KYC requirements and the account remains dormant for a long period.[28] The MOA signed between DSWD and FSPs for SAP 2 delivery made a provision to "regularize" the restricted transaction accounts to regular transaction accounts through KYC, in order to avoid account closure. Interviews with FSPs indicate that the vast majority of the restricted accounts have not yet been regularized, although some are planning information campaigns now to promote these conversions. As will be further discussed below, nationwide registration of the PhilSys (Foundational national ID) will be able to facilitate KYC for regularizing the account, providing opportunities for large-scale financial inclusion.

Partnership with multiple FSPs can also provide opportunities for customer choices for G2P where beneficiaries should be able to receive cash assistance through the account of convenience. FSPs were geographically assigned for the emergency operation of SAP. However, customer choices among partnering FSPs should be enabled. In such case, issues such as the form of partnership (i.e., procurement, service agreement), fee structure and amount, and funds flows and reconciliation process, should be sorted out.

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23 GCash's partnership with TrueMoney, a financial technology brand that enables e-payment transactions, increased its already large network to an estimated 15,000 sari-sari stores. PayMaya's reach includes over 33,000 SMART Padala (domestic remittance services) agents, in addition to its partnerships with Palawan Express (pawnshops with over 3,000 of branches nationwide), Robinsons (retail stores), or SM (shopping malls). Starpay partners with M.Lhuilier branches. UnionBank's partner rural banks via i2i and its partnership with DragonPay includes pawnshops and remittance centers such as Cebuana, RD pawnshop, Perahub, and M.Lhuilier, with over 8,000 retail branches. Robinsons Bank distribution centered on its 140 branches and over 270 ATMs, and setting up ATM kiosks. RCBC's Diskartech service had recently partnered with the Department of Trade and Industry (DTI) through its NegosyanTech program, reaching over 1.3 million sari-sari stores, while its ATM Go (handheld ATM facility that allows basic and ATM services such as cash withdrawal, funds transfer, and balance inquiry for BancNet cardholders) has partnered with a wide network of Bayad centers (collection firms), rural banks, Micro Finance Institutions (MFIs), and cooperatives.

24 BSP. Digital Payments Transformation Roadmap Report 2020-2023. https://www.bsp.gov.ph/Media_And_Research/Primers%20Faqs/Digital%20Payments%20Transformation%20Roadmap%20Report.pdf

25 E-money, BSP circular 649 (2009): defines e-money as electronically stored monetary value (including cash-cards, e-wallets on mobile phones, and similar products), withdrawable in cash, and accepted as payment for goods and services by participating merchants. E-money accounts have a maximum transaction limit of Php 100,000 per e-money account per month. E-money is explicitly not considered a deposit – it does not accrue interest, nor is it covered by deposit insurance.

26 Basic deposit accounts, BSP circular 992 (2018): establishes a no-frills account designed specifically for financial inclusion, with simplified know your customer (KYC) requirements, an allowable opening amount of less than Php100 (US$2), no minimum maintaining balance, no dormancy charges, and a maximum balance of Php50,000 (US$1,000). This account is granted a preferential zero-percent reserve requirement that lowers the account maintenance cost for banks.

27 Restricted accounts may not have aggregate credits of more than Php100,000 (US$2,000 USD) in a year and may not be used for cross-border remittances.

28 For example, PayMaya considers accounts dormant if there are 12 months of no balance movement, then in the next 4 years if the account does not move, they close it and follow standard banking guidelines for abandoned accounts.

3. Implementation lessons learned

3.1. BSP

BSP's role as a facilitator in engaging FSPs to deliver payments for DSWD was essential to SAP 2 implementation. BSP provided crucial support by helping DSWD to identify partner FSPs and providing technical assistance, as DSWD needed to become familiar with the regulatory aspects and processes for digital delivery of SAP 2. Private banks that have not been involved in G2P payments are not typically allowed to accept government deposits in regular circumstances. However, one of the banks participating in the MOA was able to receive an exemption from the BSP's Monetary Board within a week in order to receive government funds in its demand deposit account with the BSP.[29]

Participating FSPs also greatly acknowledged support from BSP, expressing their appreciation for the regulator's close collaboration throughout the implementation period and at times, serving as an arbitrator among the various stakeholders. BSP and DSWD's joint leadership for regular communications and transparency across FSPs was also greatly appreciated.

3.2. DSWD

The SAP 2 digital payment experiences gave DSWD strong confidence that their G2P delivery can transition from a traditional, manual way to digital channels potentially with beneficiary choice. Among 14 million SAP 2 beneficiaries, a large number of beneficiary households[30] newly opened transaction accounts with FSPs. This is a huge contrast to SAP 1 which relied on the manual process and physical cash delivery for non-4Ps beneficiaries. Interviews with several DSWD officials confirmed that digital payment was very different from the way they usually do business. With an implementation of digital payment through SAP 2, strong coordination with BSP, and collaboration with FSPs, the DSWD is now more confident in promoting digital delivery of cash assistance for both regular and emergency social assistance through multiple channels. This is reflected in the establishment of digital G2P as key performance indicators in DSWD's major operations (See World Bank 2020a).

The DSWD also identified several areas for further improvement, and specifically, three points were clearly recognized:

1. Quality of registration and payroll data and weak information management.
2. Institutional arrangements between DSWD central and regional offices.
3. Needs for an enhanced Grievance Redressal Mechanism.

Data quality and information systems

The beneficiary information collected manually through SAC included errors and discrepancies, which increased the workload of FSPs and delayed payments. SAP 2 still relied on the paper applications through SACs already submitted for SAP 1 to LGUs. Basic demographic information was checked by LGU staff against ID documents during the application process. Handwriting on paper forms and manual processes of encoding largely on Microsoft Excel and without a uniform data entry format or platform[31] posed significant risks of data inconsistency. For instance, some beneficiaries reported the phone number of someone else (e.g., barangay[32] captain and LGU staff) which resulted in duplicated beneficiaries in the system, while others submitted a wrong number or the handwriting was illegible. As a result, the FSPs needed to validate data shared by DSWD instead of just processing data and making payments immediately.

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29 The other participating FSPs did not need a similar exemption since they already had corporate accounts with LBP, where the allocated SAP funds could be transferred directly.

30 Initially, about 10-11 million households were assigned for digital G2P payments and account opening. Estimates suggest that about 7-8 million new accounts were opened, but far less were used for actual transactions due to limited quality of beneficiary data. For failed transactions, DSWD had to physically distribute cash benefits.

31 In most cases, LGUs encoded the paper-based SAC form using Microsoft Excel, saved in CSV (Comma Separated Value) format, and used SAC Encoding Application (SACUP) to transfer the encoded data to the DSWD.

32 Barangay is the lowest administrative unit in the country.

Close to two million beneficiaries, mostly from the NCR with good internet connection, were reported to register for SAP 2 through ReliefAgad. Overlapping beneficiary data between SAC and ReliefAgad were entered as some people applied via both channels, but it was not straightforward for DSWD to validate information (e.g., to decide whether they are actual duplications or different applicants, and which data source is correct if the information is similar but inconsistent). This required another manual validation process at the LGU level.[33] It was also challenging for some applicants to use the tool and provide correct information (e.g., some beneficiaries put a debit card number for the field asking for bank/e-money issuer account information). This also raised some data quality issues. In the end, the DSWD and FSPs could use only a portion of data from ReliefAgad, based on additional verification and validation results.

Weak information systems made data management and transfers between DSWD and FSPs difficult and raised a concern on data privacy. DSWD's Information and Communications Technology Management Service (ICTMS) led the data deduplication and verification process at LGU, DSWD regional, and DSWD central offices, and then the financial management service (FMS) unit of DSWD compiled payroll data and transferred the data to FSPs using a Secure File Transfer Protocol (SFTP). These two processes of data management were not supported by a robust, single information system. The SFTP was a tool to upload and share payroll files between the DSWD and FSPs in a secure manner, originally used for 4Ps and modified for SAP 2. Although FSPs found it helpful to ensure security of sensitive data, some issues such as limited access to the system added challenges. For instance, LGUs did not have access to SFTP, and often exchanged sensitive information via email in Excel/PDF format for additional verification. Moreover, inconsistencies of data between overall database put together by ICTMS, FMS's payroll, and FSP's actual disbursement information were raised. In the end, the exact number of accounts opened and beneficiaries served successfully through digital G2P mechanisms is difficult to know, and the relevant information still has to be compiled.

Institutional arrangements

Strengthened coordination and clear rules and responsibilities between DSWD central and regional offices would be important. Initially, all six FSPs coordinated with the central office regarding the MOA and respective responsibilities between DSWD and FSPs. However, in the end, the FSPs had to mainly coordinate with the field offices on the actual implementation and disbursements. Some requests from DSWD's regional offices to FSPs may have exceeded initial expectations and agreements while guidance from central offices did not always arrive on time. The DSWD confirmed such coordination challenges partially due to constraints in manpower and capacity at the central level, as only a minimum number of staff were allowed to work at the office during the community quarantine.

Grievances Redressal Mechanisms (GRM)

SAP implementation resulted in a significant number of grievances, where eligibility criteria and payments were two major complaints. As of November 8, 2020, the DSWD received over 420,000 grievances, of which 53 percent were about concerns on exclusion errors and 19 percent on the slow progress of payment distribution. The most commonly used channels were SMS (65 percent) and e-mail (30 percent). In addition, the DSWD also received grievances from other existing channels such as 4Ps GRM, e-Reklamo[34] or uSAP Tayo[35] platforms. The grievances submitted through hotlines and these multiple channels were manually shared with the Agency Operation Center (AOC), which was in charge of SAP grievance redressal management and engaged in active communications (Figure 2).

Figure 2. uSAP Tayo GRM information dissemination

33 Deduplication processes were updated several times, summarized in DSWD Memorandum Circular No. 17, 18, 20, 27 Series of 2020.

34 Disaster Response Operations Monitoring and Information Center (DROMIC)'s GRM.

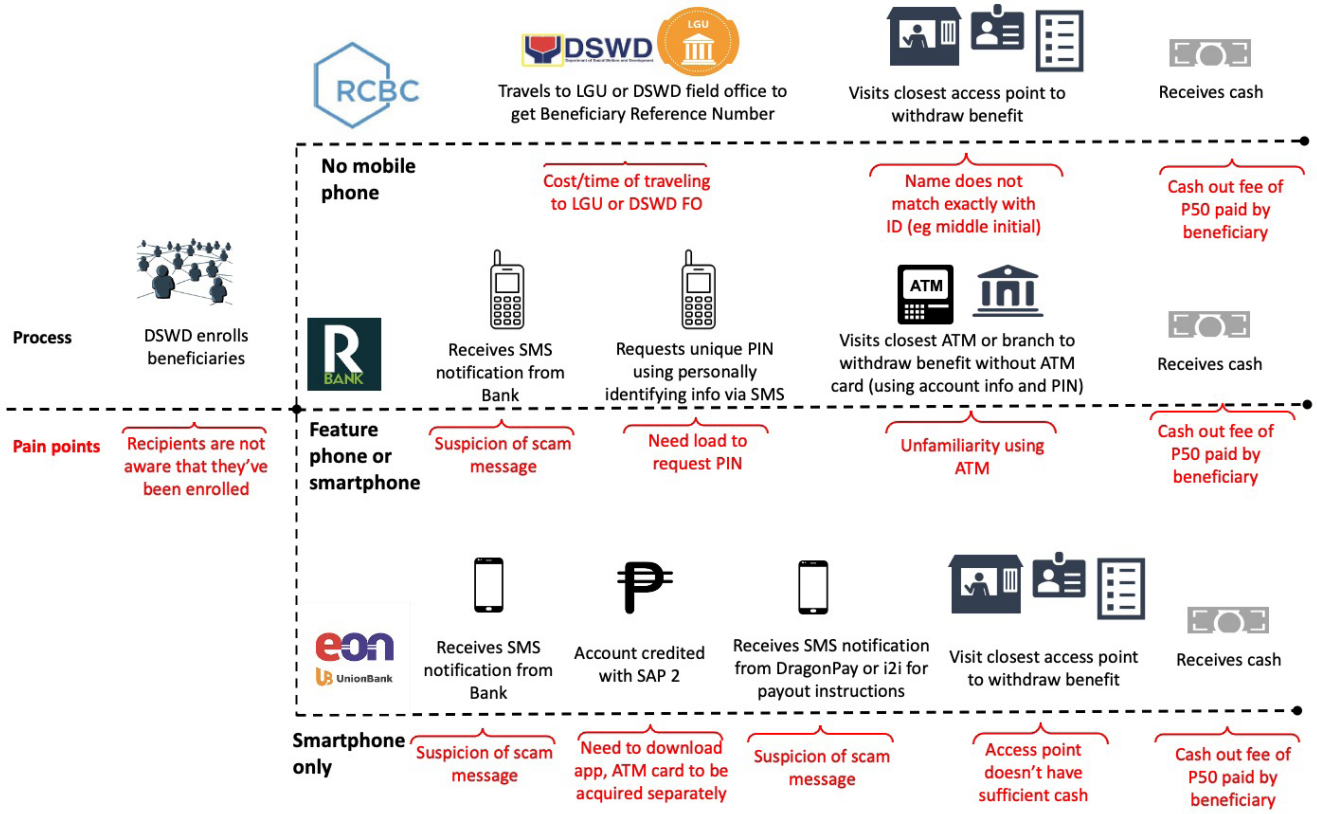
35 A temporary web based GRM, using a customer services software, set up to support SAP operation, with the support from the World Bank and Australian Government. "Usap tayo" means in Tagalog "Let's talk."

The DSWD responded to the increased number of grievances in three phases. Firstly, the AOC asked support from other offices and bureaus within the DSWD to act as responders. This arrangement, however, only lasted two months as they were quickly recalled by their respective units. The AOC then initiated the designation of all hotlines (calls, emails, and SMS) as national hotlines. The intention was to utilize more staff and facilitate grievance resolution in a coherent and timely manner at the regional level. However, this was still insufficient to address the daunting challenges. By the end of November 2020, the AOC was given 14 newly hired personnel dedicated as grievance responders. As a result, the AOC was able to start making outbound calls and responding to pending emails. All these efforts highlighted the need for more systematic and efficient GRMs.

3.3. FSPs

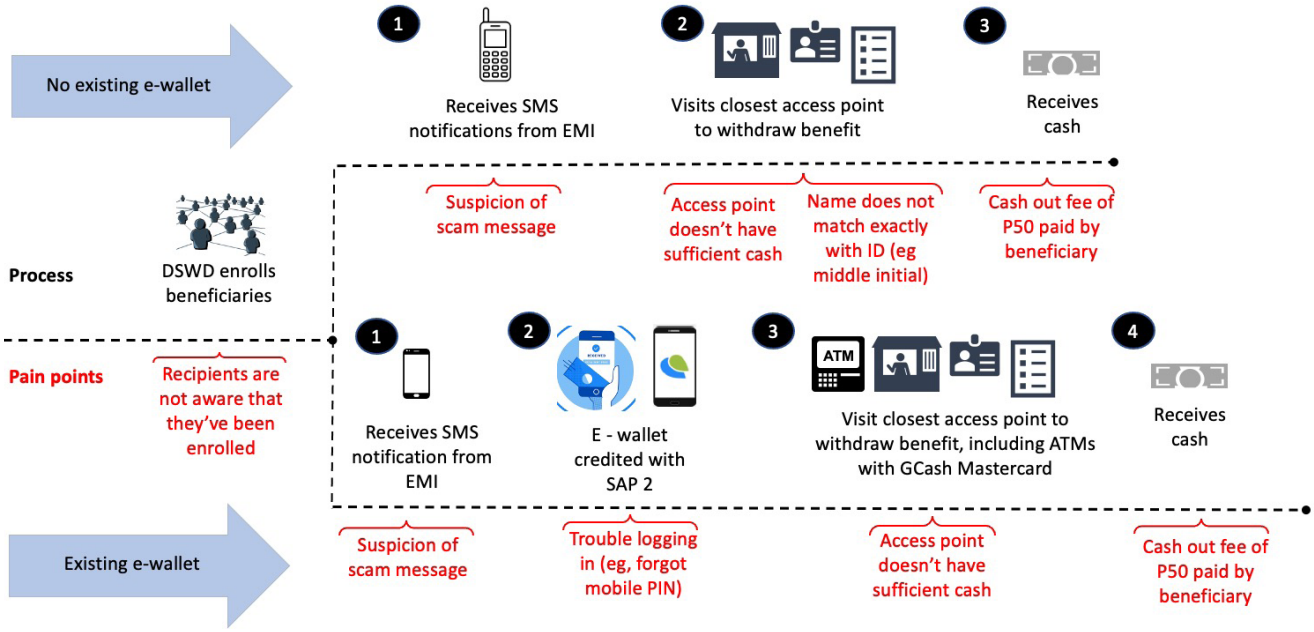
The SAP 2 digital payments through FSPs – both banks and EMIs – identified important challenges to consider and overcome for future digital G2P payments. Beneficiaries' journey to receive the benefits, and process to disburse payments, vary by FSPs (Figure 3 for banks and Figure 4 for EMIs). The extent to which beneficiaries need to use phones (e.g., feature, smart phones), visit agent networks or ATMs, interact with LGU/DSWD staffs, and pay fees, all slightly varies. For instance, those who did not own mobile phones were assigned to RCBC, which could accommodate their transactions whereas other FSPs required mobile phones. Accordingly, the bottlenecks (or pain points for implementation) may be felt differently. Nonetheless, key issues are summarized as below.

Figure 3. Beneficiary's journey mapping for banks



Source: Authors' elaboration

Figure 4. Beneficiary's journey mapping for EMIs



Source: Authors' elaboration

Effective communication channels with beneficiaries were lacking. Since many beneficiaries were not aware whether they became enrolled in SAP 2 or approved for payments, messages through SMS were often met with suspicion of scams. Since there was no standardized notification template established by DSWD, each FSP was given latitude to design their initial SMS to beneficiaries and request clearance for the message from DSWD's central office. When some beneficiaries received SMS notifications from an FSP or financial product that they were unaware of, they were unsure of the legitimacy of the SMS notifications from FSPs notifying them about SAP 2 payments. For those who did not own mobile phones and assigned to RCBC, RCBC depended on LGUs and local DSWD offices to cascade all communications to them.

Lack of unique mobile numbers posed a significant barrier to digital delivery. When FSPs processed the payroll data from DSWD, they found many duplicate phone numbers, with numerous instances of beneficiaries using the same phone number (e.g. that of their local barangay captain). Many of these beneficiaries likely did not own mobile phones nor were properly informed about information requirements. Most FSPs, with the exception of RCBC, were unable to deliver SAP 2 payments to beneficiaries without their own unique mobile phones due to business model limitations. Interviews with multiple FSPs indicated that around 30-35 percent of payroll data was categorized as "unsuccessful disbursements" due to incorrect or duplicated information especially related to mobile phone numbers. DSWD validated the information in the field, and either re-assigned some of these beneficiaries to RCBC or processed the payments manually through physical cash delivery.

Lack of a government-issued ID posed cash-out challenges for some beneficiaries. FSPs and their cash-out partners accepted a range of government-issued IDs[36] in delivering SAP 2 funds via restricted transaction accounts. Beneficiaries without a government ID were able to cash out using a completed SAC form complemented by a barangay certificate, although barangay certificates without photos or seals were not accepted. In addition, if a beneficiary's name did not match exactly between their ID and the payroll list from DSWD, the beneficiary could not cash out and the FSP had to confirm eligibility with the relevant DSWD field office, delaying release of funds. In response, field offices began issuing a "certificate of oneness" indicating that the beneficiaries are one and the same, in order to process payouts. Such certificates and IDs were used to facilitate cash-outs, but did not mean that these enabled an automatic upgrade of the restricted account to a regular transaction account (even if the ID met KYC requirements from the FSP), due to expediency reasons at the cash-out points.

36 These include, for example: passport, driver's license, Social Security System (SSS) Card, Philippine Health Insurance Corporation's (PhilHealth) Health Insurance Card ng Bayan, Voter's ID, Unified Multi-Purpose ID (UMID).

Unexpected responsibilities placed on FSPs included on-the-ground coordination with LGUs and burdensome reporting requirements. Based on the MOA between DSWD and FSPs, the latter may have expected their role to be fairly limited to the technicalities of SAP 2 digital delivery focusing on disbursements. Instead, FSPs had to bear larger responsibilities: they had to manage COVID-19 related health protocols, waiting lines of beneficiaries for payouts, and security concerns with authorities in coordination with DSWD field offices and LGUs. In addition, FSPs found reporting to be a challenge. Reporting requests across DSWD were not standardized, with FSPs being asked to submit tailored reports in different formats to various DSWD offices (including field offices) that were not part of the original MOA.

Managing FSP's partners and agents including their services and cash liquidity were left to each FSP without standard guidelines. Initially, some FSPs had not properly planned for the surge of demand in cashing out of SAP 2 funds, resulting in some beneficiaries being turned away when FSP partners and agents ran out of cash. It should be noted that cash-out partners such as sari-sari stores had limited liquidity and pawnshops preferred to serve only a limited number of SAP 2 recipients on any given day, in order to accommodate customers of their other services. A fee of up to Php 50 was established for cash-out, which went to the cash-out agent or partner. Some cash-out agents indicated the fee to be lower than commercial offers, but agreed to participate due to the volume and prefunding arrangement. But services varied and there were some instances reported in the media of agents charging much higher amounts for cashing-out of SAP 2 to beneficiaries, and such concerns were immediately reported to BSP, requiring the FSP to refund the difference to the beneficiary. During the later stage of SAP 2, FSPs learned to align with their cash-out networks prior to disbursements so the agents would be better prepared to serve all beneficiaries. FSPs also coordinated with DSWD in terms of batching beneficiaries into smaller payout groups and communicated accordingly with the beneficiaries to manage the process and ensure everyone was served.

4. Going forward

Based on the findings, the study proposes several short-term (1-6 months) and medium-term (6-12 months) policy recommendations for digital G2P payments delivery. While the role of partners such as BSP, FSPs, and Commission on Audit (COA) for audits may be important, most of recommendations would be applicable to DSWD as a main provider of social assistance.

4.1 Short-term recommendations

Building up on these important lessons learned from SAP 2 implementation, DSWD can take a few immediate actions to be better prepared for any upcoming G2P initiatives.

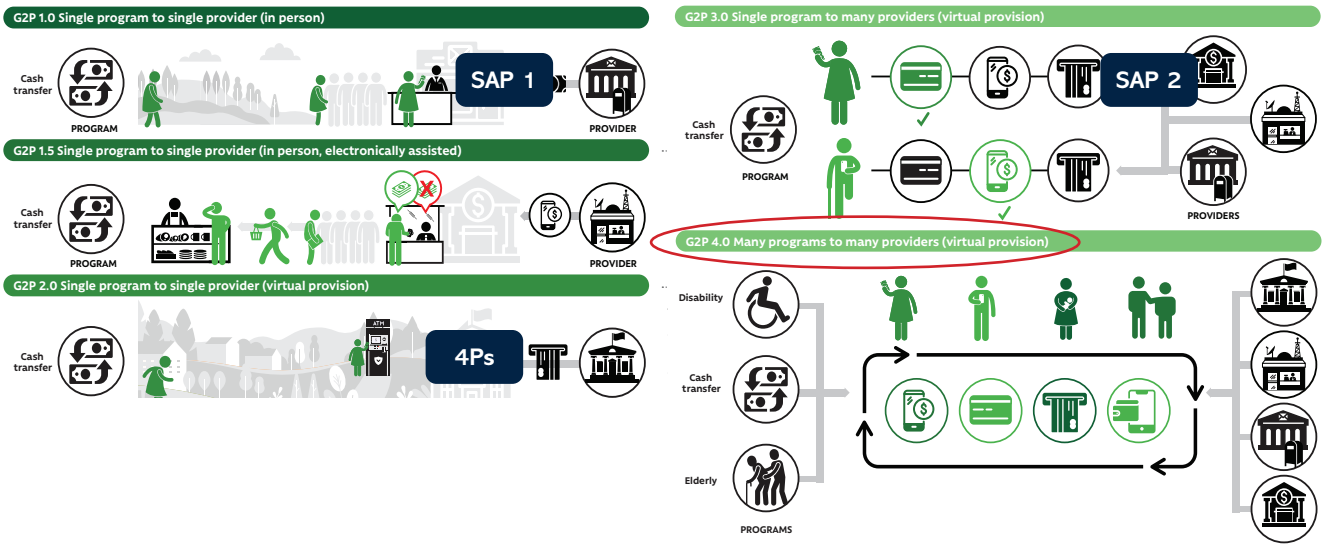
- Facilitate the conversion of "restricted" accounts to regular transaction accounts. For the restricted accounts created for SAP 2 delivery, it would be important to encourage beneficiaries to undergo the full KYC process and convert their accounts into regular transaction accounts before dormancy and account closure rules apply. DSWD with PSA and BSP could leverage PhilSys step 1 registration, where beneficiaries would need breeder documents for proof of ID, as well as PhilSys enabled e-KYC services, to facilitate the conversion process. FSPs can further encourage their customers to take actions with strong communications. Allowing these accounts to lapse would be a missed opportunity to national financial inclusion efforts.
- Continue to distill the lessons learned from experience and evaluations. DSWD has been accumulating its digital G2P payment experiences through multiple initiatives. Prior to SAP 2, the department worked with Gcash and PayMaya for smaller scale transfers. Currently, a pilot project with the LBP for the geographically isolated and disadvantaged areas (GIDAs) is ongoing. Issues such as internet connectivity and beneficiary awareness remain challenging. However, all these cumulative experience and information could help DSWD be prepared for scaled up digital G2P delivery.
- Develop appropriate audit guidelines and standardized reporting systems to allow digital G2P payments by multiple FSPs. In preparation for the full adoption and roll out of digital G2P payments through FSPs, policy dialogues between the DSWD and COA on the use of electronic transactions for beneficiaries may be necessary to relax the application of certain auditing rules and reporting procedures. An electronic tracking platform, with standardized formats and reasonable level of data confidentiality controls, can facilitate the recording and monitoring of digital data on receipts and disbursements as well as the automatic generation of reports.

4.2 Medium term recommendations

With the conducive environment including the rapid development of the PhilSys[37] and increasing awareness and acceptance for digital payments especially since the pandemic, the Philippines is seeing an important opportunity to modernize its G2P payments toward the vision of G2P 4.0 (See Box 1). As a first step to establish the operational framework toward G2P 4.0, Inter-Agency Social Protection Assessments (ISPA) payment tools can be helpful to assess current mechanisms from three perspectives: accessibility, robustness, and integration.[38] Accessibility reflects the easiness (or lack thereof) to receive payments from beneficiaries' perspective, for which indicators of various costs (e.g., travel, financial fees, waiting time and opportunity costs, stigma, and inconvenience) are used to measure. Robustness reflects the ability to deliver payments in a timely, secure, and transparent manner. Integration reflects close coordination among involved stakeholders with the shared infrastructure. To achieve the G2P 4.0 vision with better accessibility, robustness, and integration, the following areas can be explored.

BOX 1. PHILIPPINES' JOURNEY TOWARD G2P 4.0

Typically, G2P 1.0 refers to physical cash delivery by a single FSP for a single program. SAP 1 and most social assistance programs apart from 4Ps take this form of benefits payments. As a system transitions from G2P 1.0 to 2.0, the payment modality shifts from physical cash delivery to digital payments. Currently, 4Ps is close to G2P 2.0 with the share of beneficiaries receiving physical cash delivery less than 10 percent. SAP 2 enhanced the potential for the country to move to G2P 3.0 by involving multiple FSPs albeit limited. Eventually, G2P 4.0 can be pursued where multiple programs utilize shared infrastructure, multiple FSPs provide diverse and flexible services, and clients have a choice for FSPs and financial products.



Source: Authors' articulation based on Sourcebook on the Foundations of Social Protection Delivery Systems.

37 As of May 26, 2021, PSA registered more than 35 million Filipinos for the step 1 (pre-registration) process, step 2 (biometric capture and demographic validation) served over 10 million Filipinos, and PhilSys Number [PSN] and PhilID card issuance was done for 0.2 million individuals since step 3 began on May 15, 2021. The PhilSys authentication services enabling e-KYC is expected to commence by September 2021. The issues related to data quality – invalid and duplicative entries, lack of ID for verification and authentication, and lack of bank or e-money account, are expected to be mostly addressed by the PhilSys. Going forward, there are excellent opportunities for GoP to leapfrog in digital G2P payments. The note presents several policy recommendations to make progress in digital G2P payments delivery.

38 ISPA 2016. https://ispatools.org/tools/payments-tool.pdf

- **Expand the digital G2P payments to various programs beyond 4Ps.** There are close to 10 million beneficiary households under existing social assistance programs of DSWD, including 4Ps, Social Pension Program for Indigent Senior Citizens,[39] and Unconditional Cash Transfer to mitigate the impact of The Tax Reform for Acceleration and Inclusion (TRAIN) Act (referred to as TRAIN-UCT). The Emergency Cash Transfer (ECT)[40] is a cash transfer program of the DSWD to provide cash grants to disaster-affected families, which would provide monthly payments for a maximum of three months, for which the Guidelines were enhanced by the National Disaster Risk Reduction and Management Council (NDRRMC) in February 2020. Also, AICS has been supporting families in a crisis situation. These programs, except for 4Ps, have been mostly relying on direct cash delivery. These regular programs in DSWD can benefit from digital G2P payments.
- **Ensure beneficiary choice of FSPs.** The traditional business model of DSWD has been to open LBP accounts on behalf of beneficiaries and pay to the account (e.g., 4Ps). However, a lack of beneficiary choice of financial service provider is associated with significant TCV (travel, costs, visit) and, as a result, opportunity costs. The number of LBP branches and ATMs per 10,000 Pantawid beneficiaries is less than five, and the average travel time to withdraw cash benefits is over 40 minutes (Cho et al. 2021a). Less than 60 percent of the population finds LBP branches/ATMs within 5 km from their home, and beneficiaries often spend significant time traveling to an LBP ATM only to find that it has run out of cash (especially on a payment day). The TCV for SAP 2 beneficiaries who received benefits through bank/EMI accounts should still be investigated.[41] To ensure beneficiary choice and convenience, exploring options to bring a variety of FSPs on board for payments delivery is important. In doing so, institutional arrangements, fees, reporting requirements, and roles and responsibilities should be clearly defined.
- **Incentivize better delivery in GIDAs.** Although the coverage of payment networks in the country has been expanding especially with an increasing number of mobile money agents, some rural remote areas still lack access to transaction points. For those areas, adequate incentives (e.g., slightly higher service fees) for FSPs to expand their access points may be needed. For example, in Kenya, the government categorizes areas by geography (e.g., urban, semi-urban, and rural), and assigns different fees to providers. In identifying lagging areas, geospatial analyses can be useful, overlaying all the location of existing (i.e., bank branches, ATMs, e-money agents) as well as potential payment points (e.g., sari-sari shops), and locations of DSWD beneficiaries. Then, the government could set appropriate fees (e.g., by volume and frequency of transactions; risks/distance premium for remote areas), and determine the cost-sharing arrangements (e.g., between DSWD-FSPs-beneficiaries).
- **Adopt and utilize the foundational national ID, PhilSys, for shared infrastructure in beneficiary data governance and G2P payments (Figure 5).** Currently, each program in DSWD maintains its own beneficiary and payments data without an interoperable system or a unified database. To ensure quality beneficiary data, it is essential for DSWD to develop a Unified Beneficiary Database (UBD), which is a repository of demographic and payment account information of all beneficiaries. The PhilSys number (PSN), unique for each individual, will ensure the uniqueness of beneficiaries with automatic deduplication when seeded in UBD. Thus, the UBD can not only reduce unintended duplication of supports, but also streamline the process of generating the payroll data with beneficiary information to facilitate the payments process. Eventually, UBD can be linked with registries and databases from other government agencies beyond DSWD to expand the scope of shared infrastructure.[42] Interoperable information systems can support various programs and actors in the process of feeding and updating information for UBD.

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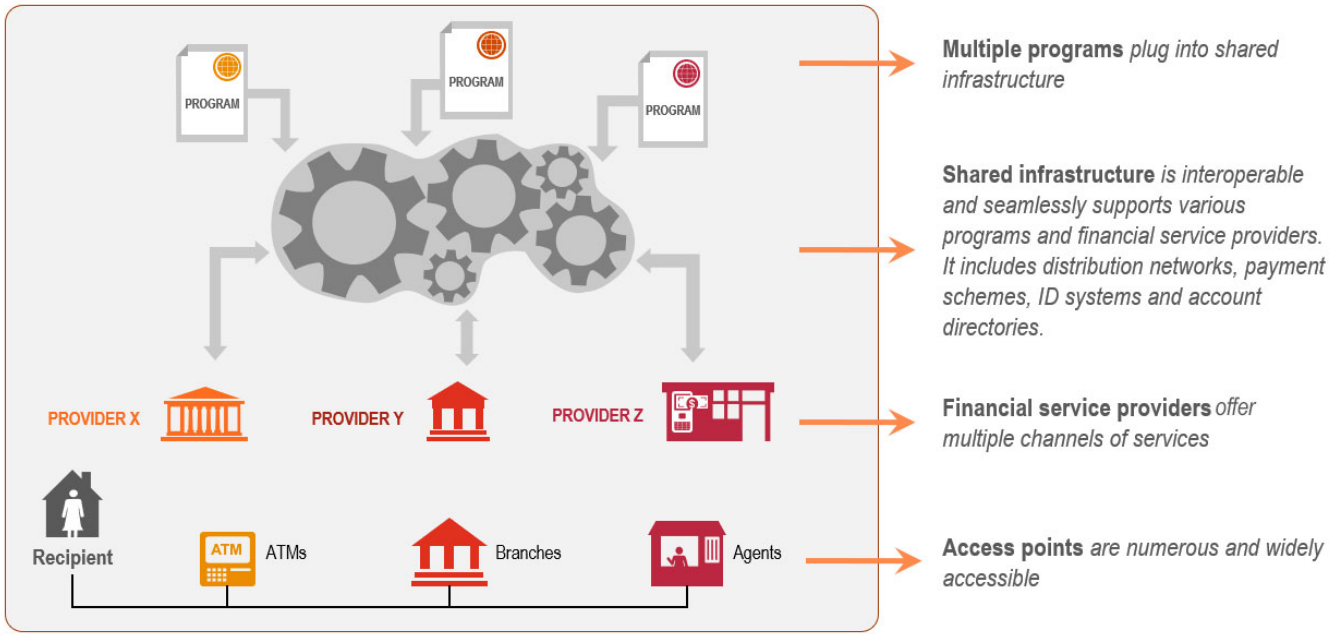
39 The Social Pension Program for Indigent Senior Citizens (SocPen) is an individual based (not a household based) program. There are about three million elderly individuals who receive the program benefits. Here, we roughly state that there are three million SocPen households.

40 The ECT was implemented during the Typhoon Yolanda Disaster Response Operations.

41 For this, the World Bank and Innovation for Poverty Actions (IPA) are working on a beneficiary survey focusing on SAP 2 beneficiaries.

42 These are part of important activities and results outcomes of the World Bank's Beneficiary FIRST Social Protection project with DSWD. See project details: https://www.worldbank.org/en/news/press-release/2020/09/28/world-bank-approves-a-usd600-million-new-project-to-help-cushion-the-pandemics-impact-on-poor-households-in-the-philippines

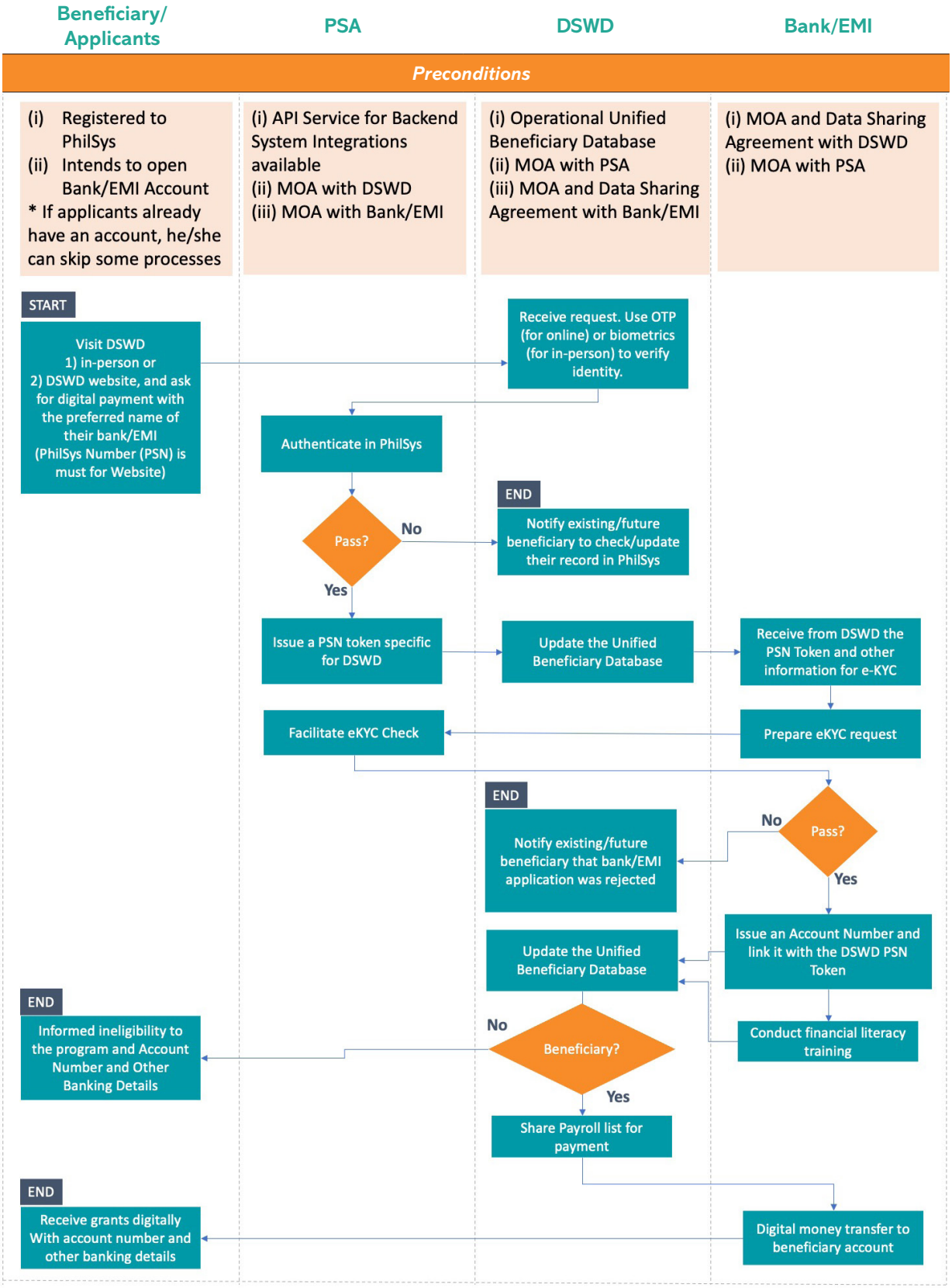
Figure 5. Shared, Inclusive Payments Infrastructure Underlying New G2P Systems



Source: adopted from https://www.cgap.org/blog/new-generation-government-person-payments-emerging

- **Adjust business processes.** In order to accommodate the elements of G2P 4.0, such as multiple programs, multiple FSPs with customer choice, and shared infrastructure enabled by PhilSys, the business process of onboarding beneficiaries, obtaining and updating their information, and processing payments and managing the records, should also be adjusted. Steps for each actor including the beneficiaries, PSA (for PhilSys), DSWD (for social assistance programs), and FSPs (for payments) are illustrated in Figure 6. These can be pilot tested, evaluated and updated, to inform scaled up operations. A robust GRM should be incorporated to better understand the pain points of beneficiaries in the business process.
- **Enhance financial literacy and education.** Last but not least, financial literacy and education is the key for beneficiaries to choose the most appropriate and efficient payment option and link them with other financial services such as saving and bank transfers. As discussed in Figures 3 and 4, beneficiaries faced multiple challenges during receiving the SAP 2 payment. It is often the case that beneficiaries open the account for their first time for receiving social assistance benefits but end up not fully utilizing it for other financial transactions. In case of 4Ps, beneficiaries are required to attend monthly family development sessions which include financial literacy as an important part of training. Building on the 4Ps experience, DSWD together with BSP and FSPs could explore options for strengthening financial literacy and education for its beneficiaries.

Figure 6. Example: process flow of account opening and registration to DSWD's program with PhilSys



Note: Account opening steps could be skipped for those with existing Bank/EMI account(s), and they may only need to register PhilSys ID and account information to DSWD's Unified Beneficiary Database.

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Appendix Table 1. Networks of Major FSPs[43]

	EMIs			Private banks		
	GCash	*PayMaya*	*StarPay*	*RCBC*	*Robinsons Bank*	*UnionBank*
Assigned beneficiaries	2.5 million	660,000	1.61 million	928,000	188,000	1.36 million
Served beneficiaries	1.6 million	409,000	N/A	863,000	128,000	700,000
Localities served	NCR CAR Region I Region III Region IV-A Region VI Region VII [44]	NCR CAR Region III Region IV-A Region VII[45]	CAR Region I Region III Region IV-A Region VI Region VII Region IX Region XI	Region I Region III Region IV-A Region V CARAGA Region VI Region VII Region X[46]	NCR Region IV-A Region V[47]	NCR Region I Region III Region IV-A Region VI Region VII[48]
Extent of cash-out network	Over 15K sari-sari stores	33K padala agents; partnerships with Palawan Express, Robinsons, or SM	10K partners across the country consisting of banks, remittance centers and pawnshops (MLhuilier)	MFIs, coops, drugstores, RBs, money business offices like Bayad Centers and sari-sari stores.	Bank branches and ATMs: 277 ATMs, 140 branches.	Partner rural banks via i2i enlisted by SAP: 50 branches. DragonPay's remittance centers: Cebuana, RD pawnshop, Perahub, MLhuilier – 8-10K branches.

43 The information is based on the interviews to FSPs and DSWD SAP Dashboard as of February 2021. The number of served beneficiaries may not fully capture some of attempted but failed transactions.

44 NCR: QC, Caloocan, Pateros. "Waitlisted" segment from Makati, Taguig, Manila, Paranaque. CAR: Benguet; Region I: Panganisan; Region III: all provinces except Aurora; Region IV-A; Region VI: Iloilo (500 only) – LFPRB drivers; Region VII – LFPRB drivers. 15,000 sari sari stores (via TrueMoney network).

45 NCR: Navotas, Malabon, Valenzuela, Taguig, Makati, Las Pinas); CAR; Region III; Region IV-A; Region VII: Cebu City.

46 Region I: Aguilar, Manaoag, Santa Barabara, Region IV-A: Alaminos, Balete, Mattas na Kahoy, Nagcarlan, Region III: Apalit, Balagtas, Baliuag, Bongabon, Bustos, Calumpit, Camiling, City of Balanga, City of Maycauayan, Dinalupihan, Floridablanca, General Tinio, Guagua, Guiguinto, Iba, Jaen, La Paz, Lupao, Magalang, Mariveles, Mexico, Moncada, Nampicuan, Obando, Pantabangan, Penaranda, Porac, Pura, Rizal, San Antonio, San Isidro, San Leonardo, San Simon, Santa Ignacia, Santa Rita, Victoria, Zaragoza, Angat, Cabiao, Candaba, Orion, Santa Ana, Santa Domingo, Science city of Munoz, Talavera, Orani, Capas; Region V: Bacacay, City of Tabaco, Daraga, Legazpi city, Ligao City, Malilipot, Malinao, Manito, Oas, Sto.Domingo, Tiwi; CARAGA: Cantilan, Carmen, Carrascal, Dapa, Del Carmen, General Luna, Lanuza, Lianga, Madrid, San Isidro, Socorro, Tago; Region VII: Carmen, Madridejos, San Fernando, Region VI: Cauyan, Hinoba-an, Ilog; Region X: Gingong City, Malaybalay City.

47 NCR: Pasay, San Juan, Mandaluyong; Region IV-A: Laurel, Batangas; Region V: Albay, Batangas, Laurel, Bacacay, Camalig, Guinobatan, Jovellar, Libon, Malilipot, Malinao, Manito, Pioduran, Polangui, Sto Domingo.

48 NCR: Muntinlupa, Manila, Paranaque; Region I: San Carlos, Urdaneta; Region III: Bustos, Lubao, Norzagaray, San Jose, Cabanatuan, City of San Fernando, Dinalupihan, Gapan, Limay, Obando, Palayan, San Rafael, Tarlac City; Region IV-A: Baras, Indang, Los Banos, Malvar, Naic, Noveleta, Pagbilao, Rosalio, San Juan, San Pascual, Santo Tomas, Tagaytay, Tanay, Tayabas, Teresa, Trece Martires, Rizal, Laguna, Cavite; Region VI: Bacold; Region VII: Consolacion, Lilian, Mandaue, Minglanilla, Lapu Lapu.