



INNOVATIVE ELECTRONIC CASH TRANSFER PROGRAMME FOR EMERGENCIES

AN OXFAM-VISA CASE STUDY IN THE PHILIPPINES

Delivering aid to a large, displaced population provides challenges for governments, the private sector and aid organizations in the aftermath of any humanitarian crisis. The increasing scale and impact of disaster events calls for solutions for a more efficient and effective delivery of cash to affected populations.



OXFAM





1 HUMANITARIAN CONTEXT AND BACKGROUND

The Philippines is the second most disaster-prone country in the world, where the majority of the people reside in disaster-prone areas (World Bank, 2005). Since 2006, around 8.61 million Filipinos or 10.4% of the total population have been affected by disasters annually, and this number is estimated to grow as the scale and magnitude of disasters increase. Such increase in scale and magnitude placed the Philippines on top of the list of countries most affected by weather-related disasters like storms, floods and heat waves. In 2013 and in the following year, the country ranked second for weather-related loss, next only to Haiti.

In the days following a humanitarian emergency, whether natural or human-induced, aid delivery to a large displaced population poses an enormous challenge for governments and aid organizations. Basic transport and communication facilities, and the operations of financial institutions and markets, are affected, as local physical infrastructure sustain damages. This causes disruption in a wide array of local economic activities, services and functions, thus rendering the distribution of aid a most complex task.

On November 8, 2013, super Typhoon Haiyan (local name Yolanda) struck the Philippines, killing more than 6,000 people, and displacing an estimated 4.4 million individuals. Through its cash transfer programme, Oxfam conducted cash for work activities, and provided cash asset recovery to more than 770,000 individuals or 154,000 families. Oxfam disbursed a total of PHP 22M (USD 500,000) for its direct cash transfer programme alone.

Given the scale of the disaster, the infusion of cash to the local economy through direct cash transfer to affected households becomes a significant intervention to facilitate immediate recovery of affected communities and stimulate local markets. Oxfam is also very much aware, however, that direct and manual cash disbursement involves efficiency and security risks to programme implementers and beneficiaries alike. It was a challenge that Oxfam has always tried its best to deal with when responding to emergencies.

There is increasing recognition among humanitarian donors and actors that cash transfer programming offers a lot of potential in transforming humanitarian action. As evidenced by innovations like the electronic prepaid system, it has proven to be more effective, efficient and more empowering to affected individuals, than giving out goods and commodities. It allows beneficiaries the freedom of choice, and can better facilitate long term recovery by supporting local markets.

For Oxfam, cash programming remains a primary modality for supporting food security and livelihoods in an emergency context, where appropriate and backed up by sufficient analysis of the market and wider context. Recognizing that the cash environment is changing, Oxfam's goal is to be at the forefront of cash programming, and invest in areas that will build its readiness to deliver cash at scale, as well as innovate and prepare itself for a likely expansion of multi-sector cash mechanisms.

Over the past years, Oxfam's cash transfer programming has grown considerably in size, scale and significance. In 2014 alone, the cash

transfer programme accounted for about a quarter of Oxfam’s total humanitarian budget for that year, amounting to GBP 27.6M (USD 40.2M) compared to GBP 0.2M (USD 300,000) in 2004.

In his report to the World Humanitarian Summit 2016, UN Secretary General Ban Ki Moon, advocated for cash-based programming to be the default method of support for affected populations where markets and operational contexts permit. This offers an opportunity for various stakeholders to engage national governments who committed to this challenge of transforming humanitarian action, especially in vulnerable countries like the Philippines.

2 PROGRAMME OVERVIEW AND RATIONALE

Oxfam has always been at the forefront of emergency response, in each of the major disasters that hit the country. Emergency assistance is usually delivered along four major areas of work: emergency food security and vulnerable livelihoods (EFSVL); water, sanitation and hygiene (WaSH), emergency shelter, and gender and protection. Cash transfer programming, and distributions of materials in kind are the usual modalities by which emergency assistance is delivered. The interventions change, as the response moves towards recovery and reconstruction. The aim is

to help people, first, to immediately cope with the impacts of the disaster, and second, to eventually build resilience, by helping them address more strategically, key drivers of poverty and vulnerability.

Still, significant challenges remain, in building the country’s capacity to respond to large-scale emergencies, such as Haiyan. One would be in the area of cash transfer programming. The overwhelming influx of financial aid pouring into the country during Haiyan, posed challenges in aid disbursement, requiring a more complex architecture that would include a wide range of stakeholders and service providers, and a more efficient cash distribution and processing system, that ensures a more transparent and accountable way of using funds. Humanitarian actors and institutions have to explore innovative solutions to deal with high administration and management costs, as well as the high level of risk involved in delivering cash to affected communities.

Oxfam and Visa teamed-up to develop a safe, simple and efficient solution that allows individuals from the most vulnerable communities to benefit from the power of electronic payments. The goal was to increase efficiency in financial aid disbursement, speed up processing and distribution, and reduce security risks.

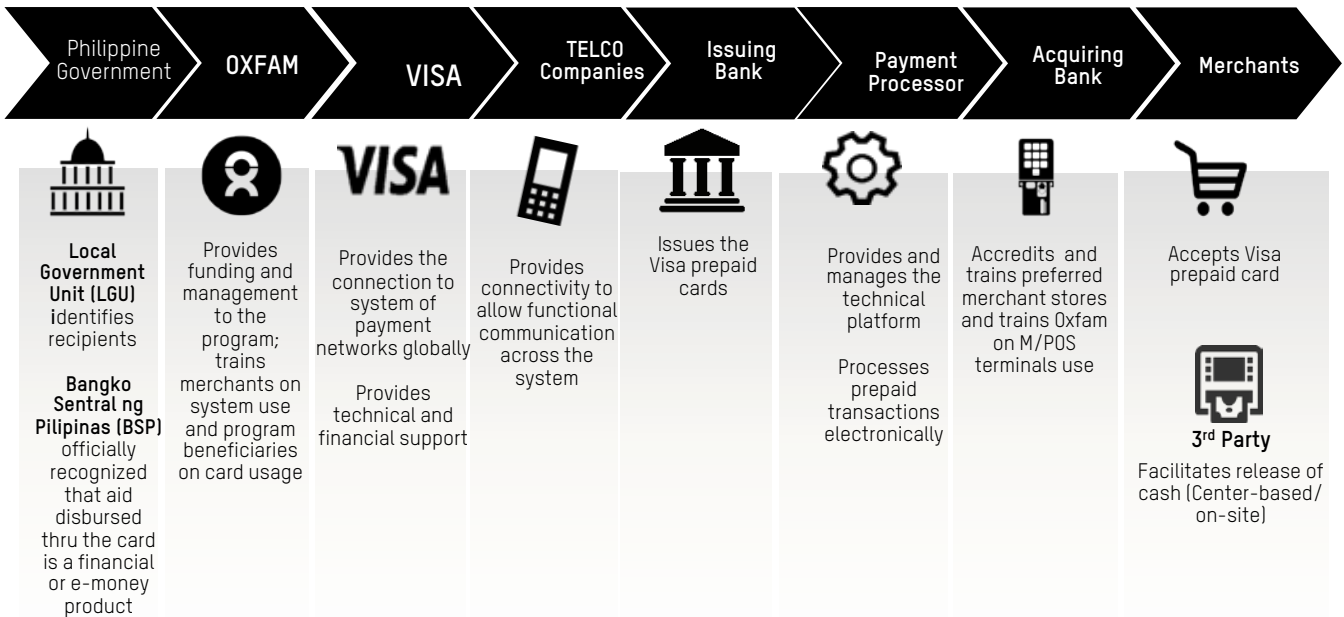
This was strategically aligned with the Philippine government’s National Strategy for Financial Inclusion, led by the Bangko Sentral ng Pilipinas and other relevant government agencies, which envisions a financial system that is accessible and “responsive to the needs of the entire population, and serves the traditionally unserved and marginalized sectors of Philippine society”.¹ The project likewise aligned itself with the Philippines E-Government Master Plan, that sets out to optimize the use of information and communications technology (ICT) to ensure efficiency, as well as foster transparency and accountability, in the delivery of government services.²

Oxfam’s expertise and leadership in cash transfer programming in emergencies, and Visa’s longstanding presence and track record in financial services, set the stage for a powerful partnership positioned to fast track and revolutionize cash disbursement in the country, at the onset of emergencies, and through to recovery and rehabilitation post-disaster.



Map: Oxfam’s area of operation in Central Visayas for Typhoons Yolanda (2013), Rammassun (2014) and Hagupit (2014)

THE PARTNERS AND THEIR ROLES



The diagram above illustrates how resources and competencies from different programme partners complement, forming a unique yet strategic collaboration to achieve the goals of an effective aid disbursement system.

Building the Partnership: Developing the Electronic Aid Disbursement Platform

The collaboration between and among the private and the public sector has transformed cash transfer programming in the country. Oxfam embarked on building a partnership infrastructure to deliver particular functions to fully operationalise the system. The initial set of national and local partners included the following: UnionBank, i2c, Metrobank, Philippine Postal Corporation, MLhullier, Gaisano, and a number of local grocery stores and Visa-accepting establishments. It took four months to formalize the partnerships through MOUs and the solution design which covered both relevant electronic prepaid solution issuance and local payment acceptance. With seed funding from Visa, The project was formally launched in September 2014.

Quick, secure, transparent, and scalable were the four guiding pillars used to develop the digital aid disbursement platform. Oxfam harnessed the strength of each partner in payment solutions, and integrated these into the model. The expertise and capacities of each partner complemented each other, and reflected a truly relevant and meaningful cooperation between humanitarian organizations, private sector and government institutions, in responding together in an emergency.



“The prepaid card is more than just keeping up with times. Aside from being “sosyal” (fashionable) it means no more delays in receiving our salaries.”

Gregorio Dejarlo, 36

Gregorio “Eugene” Dejarlo Jr., hails from Brgy. 89 San Jose, Tacloban City, Leyte.

Gregorio is a technician for the Fiberglass Boat Making Project, and a recipient of Oxfam’s cash-for-work programme. He supervises and provides technical inputs to 26 individuals in the working station. As a skilled worker, he receives PHP 500 per day.

He says, there are a number of reasons why he thinks the project is succesful. First, this system does not put the lives of the staff in danger for carrying large amounts of money. Second, payments are directly loaded into the beneficiary accounts, and it is the beneficiary who decides how much money he wants to withdraw. Finally, he describes the experience as morally uplifting.

As a leader in the Fiberglass Boat Making Project, workers rely on him for updates on their salaries. For them a day of delay in receiving their salaries means a lot. His hopes are high for the Oxfam-Visa Prepaid Card. “With this card, it will be different,” he said. He observes that workers appreciate that they are now keeping track of their own account and salaries. But what he likes most is that a great load of pressure has been lifted from his shoulders.

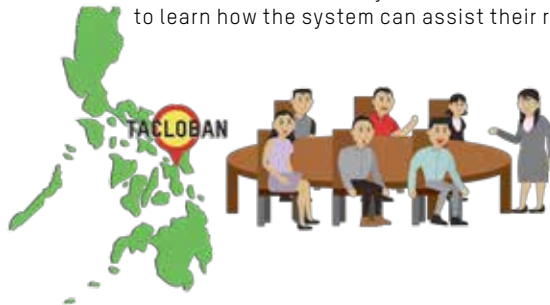
THE ELECTRONIC PREPAID SOLUTION PROJECT CYCLE

I. PREPARATION PHASE

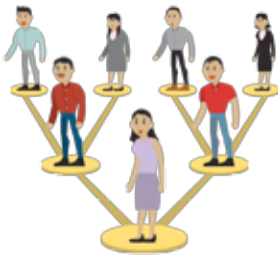
- 1 Mapping and Stakeholder Analysis**
Visa and Oxfam identified stakeholders and potential partners to build and set-up the operating platform. A series of meetings and brainstorming sessions were initiated to identify key roles



- 2 Platform Development, Planning and Training**
Oxfam staff were trained on card functions, platform management and beneficiary verification among others, while beneficiary consultation were also held to learn how the system can assist their recovery



- 3 Programme Partners Identification and Selection**
Oxfam and Visa sought out potential partners who can carry out roles identified such as merchants, financial institutions, and ICT service providers to further develop the technical platform



- 4 Advocacy with Policy Regulators and Application to Operate**
Understanding the Bangko Sentral ng Pilipinas regulations and procedures under the Know Your Customer (KYC) policy has been instrumental to lobby for approval laxing the KYC requirements



- 5 Collateral design**
A 3-in-1 prepaid card info pack was designed and produced. This included a user's guide, a card placeholder and a money wallet



- 6 Card storage and Distribution**
A logistics plan was devised to securely store and transport live and active prepaid cards to identified distribution sites



- 7 Merchants' Card Acceptance and Training/ User's Acceptance Test**



Partner Metrobank accredited a number of local merchants and trained them using Point of Sales (POS) and Mobile POS to provide support to beneficiaries using the prepaid cards, especially the first-time holders.

For the users, different case scenarios were performed to check system functionality and flexibility. All programme partners underwent a series of tests until adequate working knowledge and familiarity with the system were achieved

THE ELECTRONIC PREPAID SOLUTION PROJECT CYCLE

II. DISTRIBUTION PHASE

1 Market Mapping Assessment (MMA) The team conducted MMA to map out participating establishments and identify their logistical capacities



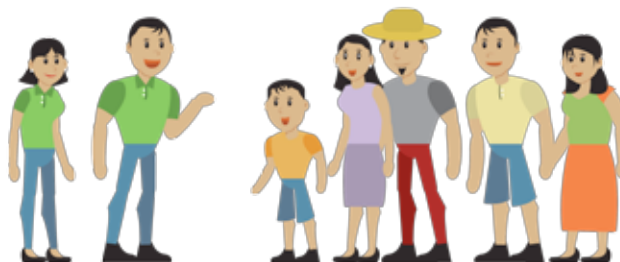
2 Coordination with Local Government Units (LGUs) Courtesy calls were initiated with LGU for orientation on the project, as well as solicit specific support



3 Training and Preparing Merchants Accredited merchants were trained in using POS and MPOS, and provided briefing on logistics and possible scenarios during distribution activities



4 Final Beneficiary Selection, On-site Education and Registration Final beneficiary list was released and 'cardholders' participated in community education to build their confidence in using the prepaid card. A digital profile of cardholders were collected for monitoring and cardholder verification and authorization



5 Prepaid Card Distribution and Beneficiary Verification Prepaid cards are distributed to beneficiaries which takes around 15 minutes, from verification to exit interview



6 Cash Transfer After the quick 5-step aid processing system*, cardholders are able to use the cards in different POS and MPOS



*The quick 5-step aid process includes (1) Beneficiary verification, (2) prepaid card issuance, (3) card user's reorientation, (4) exit interview and (5) cash claiming

III. POST-DISTRIBUTION

1 Post-Distribution Monitoring Card activity was monitored via the C-Manager, while user surveys were run through a digital monitoring system called Mobenzi. Hotlines were also activated to get feedback and concerns



2 Fund Disbursement Reconciliation and Settlement Oxfam settles fund disbursement with UnionBank. Under the EPS project, UnionBank ensures that funds are settled and reconciled with programme service providers



Overall Solution Features and Functionalities

Through the project, the team built an ecosystem of partners and infrastructure to facilitate quick and efficient disbursement and use of monetary aid to individuals affected by a disaster or a humanitarian crisis through an electronic payments system. This ecosystem was grounded on the following critical elements:

- **Prepaid card acceptance:** Oxfam and Visa facilitated a process of partnering with merchants/vendors who are willing to participate and accept the prepaid card through their establishments.
- **Training and awareness-building of key stakeholders:** The project likewise ensured that beneficiaries, merchants and 3rd party service providers know how to utilize the prepaid card, through a step-by-step education and orientation process. This was facilitated by Oxfam and Metrobank.
- **Development of programme and execution roadmap:** Anchored on government financial policies and regulations, all programme partners jointly conducted a programme designing and planning process to establish an efficient aid disbursement system. The Electronic Prepaid Solution or EPS plan and design ensured that the need of end users and beneficiaries are addressed, and that measures to address these were integrated and incorporated into the solution. This was done through direct consultation with programme beneficiaries.

The programme implementation lifecycle provides an overview of key steps taken to build a functional and efficient financial ecosystem.

The card is designed for domestic use and has the following features:

(1) Functionality

The card enables beneficiaries to withdraw cash at any Megalink ATM, over the counter and on-site with the partner payout centres such as MLhuillier and PhilPost. It also allows them to purchase goods at any Visa accepting stores using POS and MPOS terminals, for both national and municipal level merchants.

(2) Transaction Limits

Card holders can withdraw cash of up to a maximum of PHP 5,000 (USD 113), and purchase goods of up to a maximum amount of PHP 30,000 (USD 666) per day. The ATM charges are waived on the first four transactions, and the first two transactions with payout centres.

(3) Card Protection and Security

The prepaid card is secured with a six-digit Personal Identification Number (PIN), and issued with bar-coded project ID. It expires three years after issuance.

(4) Customer Service

Services include (1) card replacement with replacement fee of PHP 240 (USD 5), (2) an Interactive Voice Response System (IVRS) and live agent thru landline for balance inquiry, transaction and account details, reporting of lost and stolen cards and settling disputes; Changing PIN can be done via the IVRS and (3) balance inquiry via SMS, as well as on transaction and account details.



3 PROJECT IMPLEMENTATION AND RESULTS

The electronic prepaid solution was first introduced during the early recovery phase of the Typhoon Rammasun response in December 2014, and during the emergency relief phase of Typhoon Hagupit in February 2015. The project was pioneering, in the sense that it was the first time that an electronic payments platform was put together in the country, via a broad partnership of private sector groups working with (local) government and a humanitarian organization like Oxfam, in delivering immediate financial support to disaster affected communities. It was also the first electronic money programme approved by the Central Bank of the Philippines for disaster response and recovery.

The project was piloted in two phases under two different scenarios and contexts to test the system's functionality and integrity. The table below describes the general features of the project as implemented in urban and rural areas.

	Urban Simulation	Rural Simulation
Programme Phase	Typhoon Rammasun Early Recovery Phase	Typhoon Hagupit Emergency Phase
Location	Tacloban City, Leyte	Catbalogan City, Western Samar San Jorge, Western Samar San Sebastian, Western Samar
Period covered	December 17, 2014 – January 31, 2015	February 1, 2015 – April 30, 2015
Total beneficiaries	500	2,200
Type of Cash transfer programme and Average amount given to each beneficiary per programme	Cash for Work Minimum wage of PHP260 (USD 6) per day for 15 working days	Cash for Work Minimum wage of PHP260 (USD 6) per day for 15 working days Unconditional Cash Grants PHP2,000 (USD 43) per beneficiary Cash for Asset Recovery Amount varies depending on asset to recover Ranges from PHP5,000 to PHP15,000 (USD 106 to USD 319)
Frequency of Cash transfer	Multiple	Single
Beneficiary Targeting system	Blanket distribution for displaced survivors living in coastal and relocation areas	Targeted vulnerable groups (single mothers, elderly, PWDs) and household heads
Users' Case Scenarios	<ul style="list-style-type: none"> • Urban and semi-urban • Near cash withdrawal access points and with multiple card accepting merchants • POS and MPOS tested • Mobile store and on-site cash distribution tested for communities 20 kms away from city • All functionalities tested 	<ul style="list-style-type: none"> • Rural and remote areas • Moderate to fair distance from withdrawal access points and with multiple card accepting merchants • POS and MPOS tested • Mobile store and on-site cash distribution tested for communities 20 kms away from city • All functionalities tested
Technical Requirements	<ul style="list-style-type: none"> • POS terminal (desktop and wireless) • Laptop terminals for payout agents • MPOS internet gadget (dongle) paired with tablet and smart phones • Wifi signal minimum of one bar, mobile connection signal 	<ul style="list-style-type: none"> • POS terminal (desktop and wireless) • Laptop terminals for payout agents • MPOS internet gadget (dongle) paired with tablet and smart phones • Wifi signal minimum of one bar, mobile connection signal
Participating Banks and Merchants	<ul style="list-style-type: none"> • All Megalink bank members • Four merchants (2 big companies- Robinson and Gaisano and 2 City Convenience stores Wilmar and Mikyu) • 5 Branches of MLhuillier • Tacloban Philippine Postal Office 	<ul style="list-style-type: none"> • All Megalink bank members • 1 convenience store (Sweet Sell) • 3 Branches of MLhuillier • Catbalogan Philippine Postal Office
Challenges	<ul style="list-style-type: none"> • Limited electronic channels and Wifi connection 	<ul style="list-style-type: none"> • Limited electronic channels and Wifi connection • Higher transportation cost to access electronic channels

Overall Card Usage

Results of the pilot implementation reported 100% utilization of the prepaid card by the beneficiaries. This was further validated by the post distribution monitoring conducted by Oxfam. This can be attributed to the series of social preparation and users' education activities conducted by Oxfam, which increased beneficiary confidence in using the prepaid card. Developing relevant electronic acceptance points in remote locations is key to changing attitudes and behavior, such as reducing reliance on handheld cash, and using more of the card, at the point of sale. Frequent use and confidence in the system are critical elements in ensuring that the value of financial inclusion is translated into practice, and key to the success of the programme.

Card Usage at Point of Sale (POS)

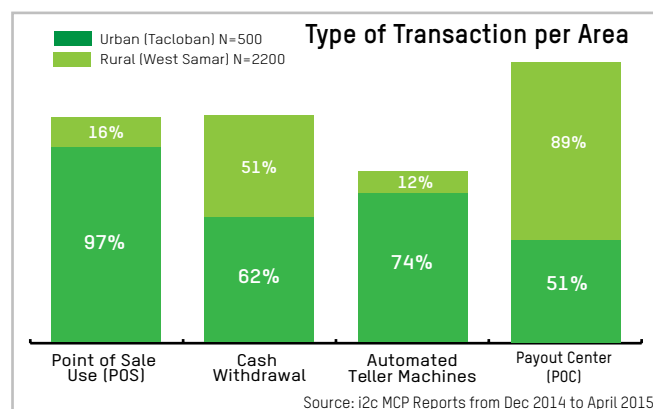
Out of 2,700 Oxfam-Visa prepaid cardholders, 97% and 16% used POS in purchasing basic commodities in Tacloban and West Samar, respectively. Merchants reported food items, sanitation and hygiene products, as well as medicine, were among the items most commonly purchased by the beneficiaries. The transaction reports also showed interesting data on POS use under two different phases of the emergency. During the emergency phase of Typhoon Hagupit in West Samar, 90% of purchases were mostly food items and medicines, while 10% were on sanitation and hygiene products such as soap, shampoo, sanitary napkins and diapers. Meanwhile, during the early recovery phase of Typhoon Rammasun in Tacloban, 90% of items bought by beneficiaries were sanitation and hygiene products, while only 10% were spent on food items and medicines.

Cash withdrawals

Designated cash withdrawal access points were also utilized by the programme beneficiaries. In Tacloban City, 74% of cash withdrawal transactions were done using designated ATMs, while 89% of beneficiaries in Catbalogan City, Western Samar withdrew from accredited payout centres. Despite it being a relatively rural area, more than half of beneficiaries from West Samar, or 51% used ATMs for getting cash. Since most of the beneficiaries are first time electronic card users, it is remarkable to witness how beneficiaries used the card with ease and confidence.

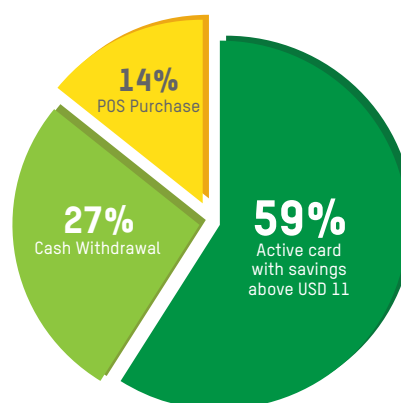
Savings

The project became a platform for financial education for many beneficiaries who demonstrated an interest in using the card as a savings 'vehicle'. As of end of April 30 2015, months after the Emergency Response and simulation period ended, 59% (1,603) of total number of beneficiaries continued to store money in their cards amounting to USD 11 and above. The amount of money kept by beneficiaries in urban areas was much higher at 68%, compared to 40.7% in the rural areas. The diagram below shows the type of transactions and preferred modalities for cash withdrawal by the beneficiaries during the simulation period.



Card Usage: Similarities and Differences

Similarities in card usage for both urban and rural contexts include the following:



Card Usage

- Card was used primarily for withdrawals.
- On-site POC transactions were accessed on the same day the cards were distributed. Use of cards at POS are high in rural areas when done using mobile stores and mobile POS.
- Cardholders saved and stored money in their accounts. By the time the programme closed on April 30, 2015 in the two project sites, 59% of active cards still had fund balances of USD 11 and above.



Differences, on the other hand, were primarily around proximity to markets and commercial centres. Cardholders in urban areas are more likely to live near markets and commercial areas where most ATM machines and merchants can be found, while cardholders in rural and remote areas have more challenges in accessing the same. Geographic location, therefore, has an impact on the purchasing and saving behaviour of cardholders or beneficiaries. This must be taken into account when selecting areas where the project will be implemented.

4 PROGRAMME IMPACT

The solution partners have achieved the objective of having a quick, secure, and transparent aid disbursement system. The electronic prepaid solution is a testament to the possibility of using the platform for future cash transfer programming in emergency situations. Instead of delivering hard cash to communities, the project allows for a more convenient and safer way of delivering cash assistance without the usual risks.

Value for Programme Beneficiaries

Beneficiaries were one in saying that the prepaid card was useful to them because they had direct access to the cash assistance, in a secure, safe and convenient environment. Through the Oxfam-Visa prepaid cards, beneficiaries were able to purchase essential products they needed to survive. They feel empowered, having full control of their budget. Most beneficiaries kept their

money in their accounts until the next need arises. Beneficiaries cited that they were saving in order to be better prepared in times of disaster, and plan to use the money to invest in livelihoods (i.e. livestock raising, retail store, farm inputs) and back to school expenditures for their children.

However, higher transportation costs due to poor road infrastructure remains a challenge, especially for beneficiaries living in rural upland and remote areas. Additional investments on infrastructure will help ease access to town centres where the electronic channels are usually located.

Value for Government

The project allows for efficient and accurate storing of information using technology. This is particularly helpful for local governments who don't have digitized database systems, or whose documents are always at risk of being washed out by floods or destroyed.

Partnership with humanitarian organizations and the private sector also offer local governments opportunities for coordinating and consolidating interventions in a more efficient and effective manner, targeting the most vulnerable communities. Interventions such as the Electronic Prepaid Solution also allows beneficiaries to be more financially literate and feel more confident in using technology, hence allowing for a more empowering and inclusive response.



Photo: Christian Poleno/Oxfam

Value for the Private Sector

The private sector—which includes both small businesses and large multinational corporations—has played a significant role in disaster response, from raising funds to delivering aid. The project provided a platform where the private sector is able to expand and build its role in rebuilding local economies devastated by the impacts of large-scale disasters such as Haiyan. Such a platform allowed big and small merchants to be part of the recovery of the local economy by bringing their goods and services to a unique set of customers, who are largely poor, vulnerable, and with differentiated needs.

Banks, merchants and remittance agents were provided the opportunity to leverage their financial products, exercise their corporate social responsibility, and promote financial inclusion. Through the project, corporate partners were able to facilitate financial literacy in the aftermath of

a disaster while helping beneficiaries access and use their services.

Value for Oxfam and other Humanitarian Organizations

While the project was pilot-tested for only a limited time, the leveraging of technical skills and resources among various stakeholders had a positive impact on the beneficiaries. As the technological solution has demonstrated, disaster response becomes more efficient, secure and quick when the public and private sector work together towards a common aim— that of empowering individuals and building resilient communities in the face of natural and human-induced disasters. The Electronic Prepaid Solution reduced Oxfam’s cash disbursement administration cost to 65% as cards can be reloaded with funds remotely via online fund transfer.

STAKEHOLDERS	SYSTEM BENEFITS
OXFAM STAFF / HUMANITARIAN ORGANIZATION	<ul style="list-style-type: none"> • Provides easier, faster, more efficient, more secure, and real-time fund transfer to beneficiary • Promotes transparency • 60% more cost efficient compared to direct cash transfer (Haiyan case model) • Increases compliance and accountability to internal systems and donor requirements • Strengthens tracking and monitoring to mitigate leakage and fraud • Reduces threat to security and risk to staff • Increases speed of distribution while reducing logistical and administrative preparation for cash transfer activities
DISASTER AFFECTED POPULATION	<ul style="list-style-type: none"> • Increases access to financial economy • Provides easy access to market/merchant • Reduces threat to security and risk thru cashless transactions • Uplifts morale and dignity • Gives power of choice on aid use • Promotes basic finance management skills or literacy • Encourages savings and emergencies • Provides convenience and efficiency making it a preferred payment modality
GOVERNMENT	<ul style="list-style-type: none"> • Efficiently and accurately captures information using technology • Harmonizes interventions to support vulnerable population • Reduces reliance on cash • Benefits from interventions that build the financial capacity of constituents • Promotes a more financially inclusive response
PRIVATE SECTORS	<ul style="list-style-type: none"> • Allows private sector to leverage skills and expertise to assist in humanitarian emergencies, and practice their corporate social responsibility (CSR) • Enables access to expertise of various stakeholders to deliver innovative cutting-edge solutions • Supports financial literacy which drives financial inclusion • Facilitates private-public partnerships • Reduces the reliance on cash

Security risks were also reduced as both Oxfam and staff only handled and received electronic prepaid cards, compared to hard currencies. The electronic disbursement system reduces potential fraud or eliminates possible leakage as it is protected by Visa’s zero liability guarantee³. The speed of distribution has improved immensely as cards can be prepositioned where the Oxfam office is located and makes its humanitarian programme logistically ready and faster. With such robust system, other international humanitarian organizations have expressed an interest in partnership with Oxfam to benefit from the efficiency of electronic disbursement.

Following is the summary of assessment results, based on feedback from beneficiaries and key project stakeholders, as well as post-distribution monitoring reports:

SUCCESS INDICATORS	
REDUCE THE ADMINISTRATION COSTS	Administration cost reduced by 60%
INCREASE SPEED OF DISTRIBUTION	Fast card claims uplift morale and dignity
IMPROVE SECURITY	Security threats lessened; accountability improved
IMPROVE MONITORING AND TARGETTING	Real-time Tracking
IMPROVE LOGISTICS	Cash handling reduced / Efficient on-site card delivery
REDUCE INFLATION IMPACT	Commodity prices partly controlled with partner merchants

5 LESSONS LEARNED

In the course of implementing the project, Oxfam and Visa, together with their partners, stepped up to the challenge of developing a safe, simple and efficient solution that would allow the most vulnerable communities to benefit from the power of electronic payments.

Following are some of the valuable lessons and insights that the team has drawn from implementing the project:

(1) EPS is a quick, secure and transparent system.

The EPS provides the assurance that cash is delivered directly to the right individual, while

reducing risk for both the beneficiary and disaster response staff. It is convenient as it is quick, as the transfer happens electronically. Security risks are reduced as staff no longer need to carry huge amounts of money during distribution activities. Cash distribution would normally require additional investments in insurance, bonds, and/or security personnel, to manage potential risks. Simulation data shows that electronic cash transfers are 60% cheaper in terms of transaction costs, compared with the cost of manual cash transfers incurred in the Typhoon Haiyan response. Moreover, the system provides for real time monitoring of transactions and flow of funds, which enhances transparency.

(2) EPS is a flexible and scalable system.

Results of the pilot tests and simulation of the electronic prepaid solution project have shown that it is possible to put together an electronic platform simply by harnessing and consolidating technical skills and services of various stakeholders through a formal partnership and collaboration. While its replicability cannot be assumed at this early stage, it is safe to say that the EPS can work in both rural and urban areas with just the basic communication infrastructure. The electronic prepaid solution works best in scenarios where the market has started to function and recover, and can be reached or accessed by the affected population.

(3) EPS is an entry point for financial inclusion.

For the first time, poor women and men who are farmers, fishers, and/or informal workers in rural and urban communities in the provinces of Leyte and Samar, can now walk to an ATM machine and withdraw cash without fear. Now cardholders like Mang Gregorio and Aling Flocerfida can go to the grocery store to buy essential goods without bringing money, and instead transact electronically, in the same way as those who have debit accounts or credit cards. Surprisingly, the EPS has opened up opportunities for those who are “poor and unbanked” to be included in the financial economy. It has introduced beneficiaries to better financial management and use of technology that would have otherwise been alienating and/or inaccessible to them. The platform has also strengthened collaboration between the private sector, government institutions, and humanitarian actors like Oxfam to jointly address the needs of affected and vulnerable communities, as well as

³The cardholder must notify his/her financial institution immediately of any unauthorized use. For specific restrictions, limitations and other details, please consult your issuer.

contribute to rebuilding local economies. But its most significant achievement would be in engaging, including and building the confidence of the most vulnerable segment of society that institutions would normally label as “unbankable” because they are poor and lacking in formal education.

(4) EPS increases transparency, accountability and control.

The EPS system can generate reports that can be reviewed and analyzed by management online. Digitizing and capturing information using the latest in ICT has fast-tracked the process of collecting qualitative and quantitative data to inform programme implementation, management, and decision-making. The system likewise strengthens accountability and enhances transparency, as the EPS provides real-time monitoring of fund disbursement. Integral to its accountability to beneficiaries, the programme likewise ensures that the database of beneficiaries is kept secure and confidential, and must not be used for business marketing purposes. Data privacy in a way, then becomes a means to also ensure that beneficiary rights are protected.

(5) Continued investment and partnership between multi-stakeholders are crucial to achieve scale.

The electronic prepaid solution is an innovative approach to financial aid disbursement that revolutionizes traditional cash transfer programming modalities in the Philippines. The experience has demonstrated the advantages and huge benefits it can offer, not only to affected and vulnerable communities, but also to a wide range of humanitarian actors that include private sector, government institutions, and international non-government organizations like Oxfam.

A key element of success of the EPS is the leveraging of technical competencies and resources of Oxfam and Visa, as well as the wide range of partners in the undertaking. However, establishing and sustaining a creative architecture and ecosystem that would nurture and further develop the electronic transfer platform, requires long term commitment and investment from key stakeholders such as the government and the private sector.



Flocerfida Babon is a beneficiary of Oxfam’s Cash for Work (CFW) Programme and a recipient of the Oxfam – Visa Prepaid Card. The 37 year old single mother from Barangay Camanhagay, San Sebastian, Western Samar was chosen as a team leader by the cash-for-work beneficiaries in CFW. Flocerfida supports her three children by making roof material out of nipa palm fronds.

Flocerfida says that using the card is convenient and accessible. “With the card, it is easy to get what you need, when you need it.” She feels that the card provides a sense of security to beneficiaries like her.

“The difference between the Oxfam-Visa card and cash, is that money in the card is safer. The card cannot be taken or stolen easily compared to hard cash that you carry around.”

Flocerfida narrates the process of getting money and goods is now faster because the card is easy to use. The card was also accepted by merchants in Catbalogan without any problem.

“My fellow CFW recipients and I prefer the card because of its benefits”, added Flocerfida. “I thank OXFAM and Visa because it is a big help to me and my family.”

“The difference between the prepaid card and cash, is that money in the card is safer. The card cannot be taken or stolen easily, compared to hard cash that you carry around”

Flocerfida Babon, 37

CONCLUSION

The project has proven that cash can be a powerful tool in addressing inequalities in emergencies and having an electronic option like the EPS can have multiple benefits. The collaborative partnership between and among Oxfam, Visa and other public and private institutions, brought about innovation and positive synergies. Through the project, the partnership was able to facilitate equal access to markets and financial resources, of the most vulnerable and underserved sectors of society, and for them to be able to equally share the benefits of a safer and more efficient electronic payments system. Testimonials from beneficiaries affirm the sense of empowerment that poor people derive from making systems and processes more inclusive.

Transparency, accountability and inclusion are universal principles that should by now be seen more in practice rather than in theory. In replicating the solution, future adopters must ensure that the design is responsive and sensitive to specific contexts, particularly in situations of emergencies and conflict.

The challenge at hand is how the benefits of such a system can be enjoyed on a wider scale by the majority of the population. Scaling up a system that saves lives and livelihoods in times of humanitarian emergencies, now becomes a matter of political will on the part of both government and private sector, so that adequate investments are made where it matters most, and where it can make a lot of difference in the lives of poor and vulnerable communities.

REFERENCES AND FURTHER READING

- [1] National Strategy for Financial Inclusion, Bangko Sentral ng Pilipinas, <http://www.bsp.gov.ph/downloads/publications/2015/PhilippinesNSFIBooklet.pdf>
- [2] E-Government Masterplan: <http://icto.dost.gov.ph/e-gov-masterplan-to-fast-track-efficiency-and-transparency-in-government/>
- [3] The cardholder must notify his/her financial institution immediately of any unauthorized use. For specific restrictions, limitations and other details, please consult your issuer.
- [4] Oxfam EFSVL Global Strategy 2016
- [5] www.worldhumanitariansummit.org
- [6] E-Transfers in Emergencies: Implementation Support Guidelines by Kokoévi Sossouvi, Cash Learning Partnership.
- [7] Cash Transfer Programming in Emergencies: Cash Transfer Mechanisms and Disaster Preparedness in the Philippines by Gregoire Poisson, Cash Learning Partnership.
- [8] Oxfam. (2013). Typhoon Haiyan: The response so far and vital lessons for the Philippines recovery. Oxfam Briefing Note published on December 17, 2013.
- [9] Oxfam. (2015). Typhoon Glenda and Hagupit Report.
- [10] Oxfam Policy and Practice Blog. Oxfam and Visa team up for an innovative payments solution for disaster-affected communities by Amy O'Donnell ICT in Programme Lead and Maria Theresa Nina Espinola Abogado DRR Programme Manager - Electronic Prepaid Solution, 12th May 2015. <http://policy-practice.oxfam.org.uk/blog/2015/05/oxfam-and-visa-team-up-for-innovative-payment-solution-for-disaster-affected-communities>

ACKNOWLEDGEMENTS

This case study is a product of collaboration among multiple stakeholders. Oxfam and Visa would like to thank the following:

For their hard work and commitment to the project:

The EPS Project Steering and Management Committee
Stuart Tomlinson, Country Manager, Visa Worldwide Philippines & Guam
Judith Dumapay and team, Visa Worldwide Philippines and Guam office
Ihab Zaghloul, Head of Financial Inclusion, Asia Pacific, Visa Worldwide
Justin Morgan, Country Director, Oxfam in the Philippines
Danielle Lustig, Humanitarian Director, Oxfam in the Philippines
Maria Theresa Niña Espinola-Abogado, Electronic Prepaid Solution Project Manager, Oxfam in the Philippines
Arnel Limpiada, Cash Transfer Coordinator, Oxfam in the Philippines
Jim Grabow and Brent Diehl, Consultants, iPrepaid
Gill Pearl, Pearl Consulting Services

For their valuable contribution to the paper as key informants, facilitators, conveners and coordinators:

Oxfam in the Philippines
Humanitarian Response Teams of Haiyan, Glenda and Ruby
Neil Pancipanci and Mercernario San Jose, Emergency Food Security and Vulnerable Livelihood (EFSVL) Programme Team Leaders of Response Haiyan, Glenda and Ruby
Helen Grace Ortha-Conol, Programme Business and Country Finance Manager
Binod Pd Shrestha, Country Logistics Manager

Programme partners

Hon. Nestor Espenilla, Deputy Governor, Banko Sentral ng Pilipinas
Ma. Charissa Batac, Senior Product Manager and team, Unionbank of the Philippines
Scott Salmon, General Manager, International, i2c Inc.
Monica Cheung and team, i2c Inc.
Willie Javellana, Head of Sales and team, Metrobank Card Corporation
Luis Carlos, Assistant Postmaster General for Marketing, Philippine Postal Corporation
Luz Valdez and team, Philippine Postal Corporation
Cecilia Lumapas, Division Manager, M. Lhuillier Financial Services, Inc.
Mary Shane Hernandez and team, M. Lhuillier Financial Services, Inc.

Participating service providers: Megalink, PLDT, Globe,
Tacloban City merchants: Robinsons Supermarket, Gaisano Mall, Mikyu mart, Sweet Sell, Metro Ormoc Community Multi-Purpose Cooperative (OCCCI)
Local government units of Tacloban City in Leyte and Local Governments of Catbalogan City and of San Jorge and San Sebastian in Western Samar

Special thanks to the members of the Review Committee, who provided oversight to this case study:

Jermaine Bayas, EFSVL Coordinator, Oxfam in the Philippines
Amy O 'Donell, ICT Programme Lead, Oxfam
Gill Pearl, Pearl Consulting Services

Editorial Team:

Astrid Acielo, Documentor
Maria Theresa Niña Espinola-Abogado, Oxfam Electronic Prepaid Solution Project Manager, Oxfam in the Philippines
Marie Madamba-Nunez, Editor, Oxfam in the Philippines
Genevive Estacaan – Lay-out and design, Oxfam in the Philippines
Joseph Rey Velasquez – Graphic artist/consultant

Disclaimer: This document has been produced with the financial assistance of Visa Worldwide Pte. Limited. Views expressed herein should not be taken, in any way, to reflect the official opinion of the author or donor. Neither of each party is responsible for any use that may be made of the information it contains. All photos used in this paper are credited to Oxfam GB in the Philippines. These may be used with prior written consent from Oxfam GB.

Case studies, statistics, research and recommendations are provided "AS IS" and intended for informational purposes only and should not be relied upon for operational, marketing, legal, technical, tax, financial or other advice. You should consult with your legal counsel to determine what laws and regulations may apply to your circumstances. The actual costs, savings and benefits of any recommendations or programmes may vary based upon your specific business needs and programme requirements. By their nature, recommendations are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Visa is not responsible for your use of the information contained herein (including errors, omissions, inaccuracy or non-timeliness of any kind) or any assumptions or conclusions you might draw from its use. Visa makes no warranty, express or implied, and explicitly disclaims the warranties of merchantability and fitness for a particular purpose, any warranty of non-infringement of any third party's intellectual property rights. To the extent permitted by applicable law, Visa shall not be liable to a client or any third party for any damages under any theory of law, including, without limitation, any special, consequential, incidental or punitive damages, nor any damages for loss of business profits, business interruption, loss of business information, or other monetary loss, even if advised of the possibility of such damages.



This project is a great example of how the world's largest payments technology company and the world's leading humanitarian organization harness our collective resources to innovate and overcome financial challenges during disasters.

Stuart Tomlinson, Visa's Country Manager for the Philippines and Guam



OXFAM

THE POWER OF PEOPLE AGAINST POVERTY

<https://philippines.oxfam.org>

@OxfamSaPilipinas @OxfamPh



Oxfam is an international confederation of 18 organisations working in 94 countries, as part of a global movement for change, to build a future free from the injustice of poverty. In the Philippines, we work with poor people to sustain their livelihoods, and reduce their risks to natural and human-made disasters and climate change impacts.