



CASH-IN-HAND

Electronic cash transfer and digital financial inclusion during crises and conflicts in the Philippines

This learning brief presents Oxfam's experience on cash transfer in the Philippines: how it evolved from an approach to humanitarian aid delivery to one which is at the cutting edge of its development strategies. It demonstrates the effectiveness of cash as an approach to meeting the diverse needs of people affected by crisis, especially of women, who often find themselves disadvantaged by gender-blind development and humanitarian aid. The paper illustrates the ways in which innovation can happen when development agencies, the government, and private sector share a common purpose, resources, and capacities. Oxfam's learning should be particularly useful to humanitarian and development organizations, the private sector and government agencies.

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This paper was written by Dante Dalabajan. Oxfam acknowledges further the valuable support of Maria Theresa Espinola-Abogado, Joshua Leighton, Jermaine Baltazar Bayas, Rhoda Avila, Arnel Limpiada, Randee Cabaces, Patricia Miranda, Rosalyn Mesina, and Judy Gulane in its production. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

For further information on the issues raised in this paper please email Sheena Kristine Cases skcases@oxfam.org.uk, managing editor.

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The information in this publication is correct at the time of going to press.

Published by Oxfam GB for Oxfam International under ISBN 978-1-78748-539-6 in November 2019. DOI: 10.21201/2019.5396

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Produced by Oxfam Pilipinas, 150 Corporate Building, 150 Panay Avenue, Brgy. South Triangle, 1104 Quezon City, Metro Manila, Philippines.

Front cover photo: Marissa, 54, and other farmers from the province of Cagayan affected by Typhoon Mangkhut receive their iAFFORD prepaid cards. They went through training on disaster risk reduction management (DRRM), family preparedness, weather-based insurance and financial literacy as part of the Cash for Training component under the 'Financial Inclusion to Climate-Vulnerable Rice Farmers' project in partnership with Oxfam sa Pilipinas with support from Facebook and UNDP. Photo: Denvie Balidoy/Oxfam Pilipinas

Back cover photo: Cota Jamaliah Ali lines up with her two children during the distribution of iAFFORD Cards in Bubong, Lanao Del Sur. Photo: Luisa Carla Galicia/Oxfam

SUMMARY

Development and humanitarian interventions are largely aimed at building the capacity of people to lift themselves out of poverty, to deal with shocks, or recover quickly from crises. In recent years, there has been a strong call to strengthen the links between development and humanitarian emergencies (the 'nexus'), suggesting that the choices aid organizations make should address the pre-existing vulnerabilities of people living in poverty, ensure that life-saving aid is readily available when disaster hits, and that the conditions exist for rapid recovery.

In the Philippines, as elsewhere, cash transfer has been Oxfam's preferred strategy for delivering aid during emergencies because it gives people living in poverty power and flexibility; it helps the local economy recover and is more efficient as a means for delivering aid.

During the recovery phase of the Typhoon Haiyan response, Oxfam pioneered the use of an electronic solution to cash transfers. However, a large proportion of its livelihood intervention was still in the form of grants to local organizations that provide in-kind support to affected communities in Eastern Visayas and Northern Cebu. Support by Oxfam-assisted NGOs to affected communities came largely in the form of water, sanitation, and hygiene (WASH) products and services, seedlings, fisheries and agriculture implements, access to knowledge on improved livelihood practices, and technical assistance. Oxfam has applied the same strategies in conflict-affected communities in Mindanao, where it has been supporting farmers, fishers, and indigenous people for more than a decade.

Oxfam's experience shows that in many cases, people in poverty can live in dignity if they have better control over their lives by having access to financial products and services that provide a way out of poverty. More effective aid delivery could hasten efforts on poverty reduction and building resilience. Timely cash-based assistance can enable vulnerable households and communities to protect their productive assets (such as agriculture and fishing inputs, for example) and avoid negative coping strategies during a crisis. Cash transfer during emergencies prevents low-income families from slipping back into poverty and mitigates the erosive impact of crises on livelihoods. Rethinking its strategies on development required Oxfam to acquire new knowledge and tools such as banking and finance, and information and communications technology; to work with new and non-traditional partners like the private sector; and to change the way it works with government from an approach of a supporting, and sometimes critical role, to one that is built on collaborative partnership.

In 2016, Oxfam worked with Visa Inc., a global leader in financial services, and PayMaya, an industry pioneer in the Philippines on mobile money and payments, to develop a product that combines savings, credit, micro-insurance, and financial literacy in one single electronic platform. The thinking behind this initiative was that when people have access to such services, their livelihood opportunities will expand, and the chances of slipping back to poverty when an emergency happens will be decreased.

The collaborative partnership of Oxfam–PayMaya was sanctioned by the Bangko Sentral ng Pilipinas in its effort to deliver financial inclusion at scale. The result of months of collaborative work of trying and failing and trying again resulted in the Inclusive and Affordable Financial Facilities for Developed and Resilient Filipinos (iAFFORD). In May 2017, the Australian government through the Department of Foreign Affairs and Trade (DFAT) awarded the iAFFORD project the Google Impact Challenge-Technology Against Poverty Prize – a worldwide search for innovators who use technology to solve key social and development problems. Since then, Oxfam has deployed iAFFORD in several emergencies, including in its response to Marawi crisis. Similarly, it has reconfigured Oxfam’s approach to development programming through financial inclusion of people living in poverty, disaster recovery financing, ex-ante cash transfer, and in delivering Sharia-complaint financial products to Muslim communities affected by conflict.

In this paper, Oxfam outlines its three years of working on electronic cash transfer and digital financial inclusion – the challenges it faced, its effort to overcome the challenges, how it reached impact at scale – and how its efforts brought about unintended consequences that opened up new opportunities to do development differently and better. It shows how by empowering poor families, development organizations working with the private sector and government can build products and services that offer lasting solutions to poverty. It illustrates the ways in which digital technology could be used to solve some of the most intractable problems affecting people living in poverty, which the government can replicate in its various social protection and cash transfer schemes.

1 INTRODUCTION

Cash transfer is one of the most examined development and humanitarian approaches in the Philippines. A growing number of studies show that putting cash in the hands of people in need makes for more transparent and efficient development intervention with cascading effects to the wider economy.¹ It gives poor people better control of their choices based on their complex needs which generic in-kind aid that is pre-determined by development and aid institutions may always not be able to capture.

Cash transfer becomes even more compelling during crises, such as in conflict-induced displacement, the onset of a prolonged dry spell, or in the aftermath of a devastating typhoon. Oxfam's experience in various emergencies in the Philippines shows that, without access to cash, people resort to negative coping strategies such as mortgaging their remaining assets like farm land, fishing boats and farming implements. Lack of cash also forces affected families to make difficult choices such as having to forego spending on education and health, which could undermine their long-term coping capacities.

Due to their socially circumscribed role as primary care-givers in the family, women tend to bear a heavier burden in terms of lack of cash. They cut their food intake or miss meals entirely because other members of the family, for example, the husband and mature sons, may need a bigger share of scarce calories in order to do paid manual labor. Women are the ones responsible for ensuring that both ends meet, often through loans, because borrowing is considered as unmanly.

There are some concerns that cash transfer results in misuse by cash recipients, through vices (such as alcohol, cigarettes or illegal drugs) or other non-essentials.² Similarly, there are also claims that recipients have lower motivation to work, and that women recipients have higher fertility rates. These claims are not based on evidence.³ Indeed, studies show that cash transfer leads to improved dietary diversity and has the potential to preventing micro-nutrient deficiencies.⁴ Research also shows the significant impact of cash transfer on education⁵ and clothing.⁶ There is no sufficient evidence of its link to health spending, but it could be that there is very little capacity to improve all basic needs.⁷ In conflict-affected areas, cash transfer lessens the pull to join armed rebellion by providing means for people to participate in economic activities.⁸ Oxfam's own experience shows that most vulnerable families who receive cash aid generally invest in food and other family needs.

Despite some progress in the Philippines on gender equality, gaps persist in terms of labor-force participation, human capital, unpaid domestic and care work, vulnerable employment, wage employment, decent work, and social protection.⁹ Women are more likely to be more financially excluded than men, which is at odds with the overwhelming consensus about the link between women's financial inclusion and their economic empowerment. When they have access to the financial system, women are able to save, to access health services for themselves and for their children, and to access education which can expand their long-term opportunities.¹⁰ Evidence points to improvements in women's empowerment

'Emergencies do not have a pre-announced day when they will strike. Fortunately, the iAFFORD project taught us how to save and grow our money. When I first heard about it, it seemed like a door was opened widely for us to become keener on saving.'

Marianita Matarayo, a mother of 3, from Western Samar.

indicators such as on women's choices regarding marriage, fertility, and risky sexual activity; suggesting that cash transfers help women overcome the constraints on making decisions.¹¹ All these make for a very strong case for putting women at the center of cash transfer interventions.¹²

Indeed, the Philippine government has provided cash in various ways – both directly and indirectly – through a range of cash transfer, social insurance, social welfare and social safety net schemes.¹³ The conditional cash transfer program called *Pantawid Pamilyang Pilipino Program* (4Ps) is by far the biggest social protection scheme administered by the national government, and it is often assumed that the compliance to the conditions set by the program rests with women, particularly mothers.¹⁴ There are also a number of social protection schemes which are delivered through cash support, such as the Social Pension for Indigent Senior Citizens (SocPen), Special Employment Program for Students (SPES) and the Education Assistance Program (EAP). Moreover, there are various programs that are better carried out through cash transfer schemes. Examples of these are the various seed and fertilizer subsidy programs that are delivered by the Department of Agriculture, the livelihood programs of the Department of Labor and Employment (DOLE) and many other similar pro-poor social protection programs.

Cash transfer is a preferred mode of intervention for many aid agencies, even for the provision of shelter, water, sanitation and hygiene (WASH), and health where market-oriented solutions are deemed feasible.¹⁵ Not all cash transfer schemes, however, take a gendered approach to targeting. Even during emergencies, cash-for-work tends to be exclusive in terms of what it covers because work paid in cash is often limited to manual labor and it is rarely considered that women's unpaid care work increases during emergencies, sometimes rendering them excluded from cash-for-work schemes.

There are situations where in-kind aid is most appropriate, for example, when the local market is so severely affected that it is unable to provide immediate access to food, water, medicines, and shelter materials. Similarly, the effectiveness of cash transfer should be carefully assessed in situations where the costs of dealing with the security, administrative and logistic requirements are too high – in monetary terms or otherwise. In certain cases, a mix of cash and in-kind support is beneficial at different phases of the emergency response until the markets have fully recovered, or when certain key items – such as shelter materials – are not available in the right quantity or quality.

However, shipment of in-kind aid in bulk, if done without the benefit of a thorough needs assessment and market analysis could have the unintended consequences of overwhelming the local economy, which may already be reeling from the impact of a disaster. In-kind aid could potentially lower the demand for goods, negatively affect local businesses, and prolong the recovery period.

This paper presents Oxfam's experience in cash transfer: how it evolved from an approach to aid delivery to one which is at the cutting edge of its development strategies. It shows its effectiveness as an approach to targeting the different needs of people in need, especially of women who often find themselves disadvantaged by gender-blind humanitarian aid and development interventions. It highlights the ways in which innovation can happen when development agencies, the government, and the private sector work to a common purpose and share expertise and resources.

2 CASH TRANSFER IN HAIYAN

In November 2013, Typhoon Yolanda (international name: Haiyan) devastated 591 towns and 57 cities in 44 of the Philippines 81 provinces.¹⁶ It left at least 6,300 people dead, 28,600 injured, and more than 1,000 missing. More than one million houses were either destroyed or badly damaged. The total estimated damage of the typhoon was somewhere between \$12bn and \$15bn.¹⁷ In the wake of the disaster, Oxfam's market assessment revealed that in some affected areas like Northern Cebu, an injection of cash could facilitate the efforts to revive the local economy. In the succeeding months, Oxfam's various types of cash transfer scheme, like conditional and unconditional cash, cash-for-work, cash for assets and vouchers, were rolled out in the provinces of Northern Cebu, Eastern Samar, and Leyte. Until March 2014 cash transfer formed part of the strategy to help the recovery efforts of affected communities, but the proportion of cash transfer was still low relative to the overall funding.

Oxfam's real-time evaluation (RTE) of the Typhoon Haiyan response in December 2013 pointed out that the delay in the distribution of the first tranche of cash grants was due to a number of operational issues, but the manner of 'counting the money and putting it in envelopes' certainly played a part. '*Oxfam have missed scale and ambition here, we could have been earlier and quicker – however, we are trying to catch up now*', the RTE pointed out.¹⁸

Across the world, cash transfer remains a small fraction (about 6% according to 2015 estimates) of the overall response budgets of international organizations, despite the overwhelming evidence of its effectiveness.¹⁹ In the Philippines, the desire to scale up cash interventions was hampered not by Oxfam's assessment of its efficiency and relevance as a thematic approach, but more by a range of factors that limits administrative speed and compliance to risk and financial controls. Indeed, the top feedback of affected families was their need for immediate income and cash; and a number of them expressed the need for money and not in-kind support for shelter and livelihoods recovery.²⁰

Cash transfer during Oxfam's Haiyan recovery phase

Towards the latter part of the rapid onset phase of Oxfam's response in Haiyan-affected areas, cash interventions were quicker, bigger, and better due to the presence of remittance companies and the re-opening of banks. At this juncture, Oxfam was collaborating with Visa Inc. to develop an electronic payment solution (EPS) with the use of a prepaid card which could be transacted in remittance centers, Philippine Post Offices, and automated teller machines (ATM) machines. Field tests of prepaid cards show marked improvement in speed and scale. The biggest improvement with the prepaid card was the way in which Oxfam was able to capture the spending behavior of recipients. It turned out that most recipients do not max-out their account in one-single withdrawal. When Oxfam triangulated the data through surveys of cash recipients, at least 32% of respondents, a big majority of whom are women, preferred to maintain a small amount for a) the needs of children in school; b) livelihoods and c) preparedness for another crisis.²¹

Following the success of field trials, Oxfam worked with UnionBank, i2c, Metrobank, Philippine Postal Corporation, M Lhuillier, Gaisano, and a number of local grocery stores and VISA-accepting establishments to set the system to full operation. In 2014, Oxfam deployed EPS in response to Typhoon Glenda (international name: Rammasun) in Tacloban City, Typhoon Hagupit (international name: Ruby) in Catbalogan City, San Jorge, and San Sebastian in Western Samar.

In all, EPS cards were distributed to 2,700 individuals in Tacloban and Western Samar. About 97% of cardholders in Tacloban used point-of-sales (POS) in purchasing basic commodities like food items, WASH products and medicines.²² Furthermore, 63% of project participants used ATM machines to withdraw cash. Those who used prepaid cards for the first time did not have failed transactions. Two months after distribution, data also show that 45% of the cards still had stored money amounting to \$15–20 and above. In Tacloban City, there was a 95% increase in card use for purchasing in partner merchant stores from December 2014 to January 2015.²³

With some improvements on its original features, Oxfam again deployed the EPS in drought-affected communities in Lanao Del Sur and Lanao Del Norte in 2016, which was made possible with the support of the World Food Programme (WFP); Typhoons Lawin (international name: Haima) in 2016, and Typhoon Urduja (international name: Kai-tak) in Biliran province in 2017.

Distributing prepaid cards rather than physical cash produced multiple benefits for Oxfam. First, its quick, secure, and transparent system reduced the risk of losing physical cash and avoided the exposure to risk of staff and recipients of cash or of fraud, because it ensures that cash is directly delivered to the right individual from a secure financial institution. In effect, administrative costs were also reduced because fewer in-person manual transactions were needed to facilitate cash distribution. Second, the method was flexible and scalable because it could work in both urban and rural settings with a basic communication system in place. It also works in scenarios where markets have started to function and recover and can be reached or accessed by the affected population.

But while the evidence of the efficiency of EPS is unequivocal, it produced the unintended effect of transferring the transaction cost to cash recipients, as they would have to go to the nearest town centers to disburse cash rather receive the cash directly in their villages.

OXFAM'S DEVELOPMENT WORK IN MINDANAO

Oxfam has been operating in Mindanao since 2008, and its interventions combine approaches on peace-building and sustainable livelihoods. Most of its intervention was through local NGOs, who are supporting local communities and local governments in development planning and building the ability of local communities to gain knowledge and improved practices for increasing income and the expansion of economic opportunities. The lessons from Oxfam's 10 years of development programming in Mindanao are that the success of livelihood interventions is contingent on many things other than economic feasibility. For sure, there is a well-entrenched political and economic structure that prevents people in poverty from achieving their goals, which is why Oxfam has supported a number of social legislations that will enable the poor to overcome constraints.

In highly conflict-sensitive areas like Maguinandao and Lanao del Sur, many people are averse to investing resources, time and effort on long-term livelihood strategies like farming and fishing which they will be forced to abandon when fighting breaks out. It is always challenging to pursue livelihood interventions without addressing the potential causes of conflict which could disrupt, if not cancel out, livelihood gains. Indeed, in many instances people are better off with having cash to get through the difficult periods of displacement as it gives them the option to flee and to provide for their immediate needs such as food and water while in temporary evacuation areas.

Extreme weather events such as typhoons, the resulting flash flood, and drought are factors that impinge on the outcomes of livelihood interventions. In the provinces of Surigao del Sur and Agusan del Norte, Oxfam supported local NGOs which implemented sustainable livelihood enterprises with cash crops and seaweed that benefit poor farmers and fishers. When Typhoon Pablo (international name: Bopha) struck in 2012, it left a devastating shock to seaweed farmers of Hinatuan town, Surigao del Sur province, who at the time were still reeling from Typhoon Sendong (international name: Washi) which had hit in the previous year.

In Hinatuan, as well as in the drought-prone town of Upi in Maguindanao and the flash flood-prone town of Jabonga, Agusan del Norte, Oxfam with the help of MicroEnsure pioneered the use of weather index-based microinsurance in the communities where it had been supporting local NGOs implementing livelihoods interventions. When Tropical Depression Agaton (international name: Lingling)²⁴ struck Caraga Region in 2014, about 533 families supported by Oxfam received about \$100 each from MicroEnsure – which was not a large sum but certainly helped them recover. The premium for insurance coverage, which was raised jointly by Oxfam, the Local Government Unit of Jabonga and the local office of the Department of Social Welfare and Development (DSWD) was roughly equivalent to three kilos of rice, three cans of sardines, and two packs of instant noodles – essentially the one-day emergency food kit that families receive in an evacuation camp. With about \$5 premium, microinsurance is cost-effective and helps people to be less dependent on emergency relief during crisis situations.

Oxfam's insight from its work in Mindanao was what informed its Haiyan recovery phase in incorporating risk-transfer in its emergency response to ensure the quick recovery of communities from catastrophic losses. Oxfam worked with Philippine Crop Insurance Corporation (PCIC) and Metro Ormoc Community Multi-Purpose Cooperative (OCCCI) to insure farms and fishing gear for about 7,500 residents, so that they would be less dependent on aid when another disaster struck.

FROM CASH TRANSFER TO FINANCIAL INCLUSION

With years of development experience in Mindanao and response to typhoons in many parts of the Philippines, the importance of cash to people in need became clear. It widens their choices to improve their livelihood outcomes; supports their preparedness during emergencies; and enables them to quickly recover from episodic shocks. Cash programming certainly offers opportunities to do development programming differently and better, but there are significant barriers that need to be overcome to bring financial services to people living in poverty.

Bangko Sentral ng Pilipinas (BSP) defines financial inclusion as a state where there is *'effective access to a wide range of financial services for all Filipinos'*. Effective access is often impeded by the lack of appropriately designed financial products for the unbanked, who are hindered by a range of factors and not just financial means.²⁵ These factors include poor people's physical distance from banks, their literacy and numeracy levels, and having proper identification and other documentation to meet the 'know your customer' (KYC) requirements of the bank.

Various studies show that inclusive and efficient financial markets improve welfare, reduce transaction costs, spur economic activity, improve the delivery of social benefits, and, incentivize private sector innovations. Financial inclusion is similarly correlated with the reduction of economic inequality by providing means for poor people to overcome barriers to access due to their lack of collateral, credit history, and connections.²⁶

A key indicator of financial inclusion is the degree to which adults own individual or joint accounts at a formal financial institution, such as a bank, credit union, cooperative, post office, or microfinance institution (MFI), or with e-money providers.²⁷ By 2015, almost 8 out of 10 Filipinos were still considered financially excluded, with no formal access to financial services like savings, micro-insurance, micro-credit, payments and remittance.²⁸ Surprisingly, women are twice as likely than men to own an account, usually with non-government microfinance organizations and cooperatives.²⁹

Almost one-third of the total number of municipalities and cities in the Philippines have no bank or ATM. Only 44 of the 143 municipalities in Eastern Visayas have banks. It is even worse in the formerly ARMM region where only 10 municipalities out of 118 have at least 1 bank.³⁰ Eastern Samar and ARMM are Oxfam's priority areas. Delivery of financial services to the un-banked through traditional bricks-and-mortar branch banking therefore poses a considerable challenge.³¹

Roughly 5 in 10 Filipino adults borrow money, but mostly from informal sources like family members, relatives or friends (61.9%) and informal lenders (10.1%). In stark contrast, those who borrow from banks represent a tiny fraction (4.4%), even lower than those who borrow from formal lending institutions (12%), cooperatives (10.5%), microfinance NGOs (9.9%) and government entities (6.1%).³²

Compensating for lack of access to formal financing institutions is the fast-growing mobile market, which grew at an average of 11% from 2011 to 2014. By 2014, half of the population subscribed to mobile services, and the growth of internet penetration is the fastest in Asia. With the launch of 4G services of the two major mobile companies, the prospects of expanding the data capacity was high.³³ The increasing electronic connectivity of Filipinos opens up wide opportunities for e-cash transfer.

The exponential growth of mobile relative to banks was what spurred the Bangko Sentral ng Pilipinas (BSP) to pursue financial inclusion through innovative delivery channels and the use of technology to reach the financially excluded.³⁴ Since 2009, BSP has issued e-money regulations to protect consumers and to spur innovation in fund transfers to make financial services available to poor Filipinos who lack access to bricks-and-mortar banks and other financial institutions.³⁵

NEW APPROACHES, NEW PARTNERSHIPS






With the confluence of a viable regulatory environment, increased mobile and internet penetration, and the emerging market for products that cater to the unbanked poor, the ground had been set for Oxfam to level up its cash transfer programming. For Oxfam, the vision was clear: the poor should have access to affordable and integrated digital financial services that respond to their needs. It had the trust and confidence of Visa Inc. which was willing to support Oxfam in exploring this new frontier. But to be able to achieve this required new knowledge, skill sets, and field experience which Oxfam did not have at that time.

Around 2016, Smart Communications, the leading telco in the Philippines, rolled out PayMaya card, which allowed card-holders to facilitate cashless transactions for products and services. While its consumer base grew quickly in urban centers, it has set its sight on lower income brackets, including in rural areas. Around the latter part of 2016, Oxfam and PayMaya worked together to understand the potential of bringing poor communities to the financial ecosystem (see Figure 1). Within the following few months, Oxfam and PayMaya with the support of Visa Inc. built the strawman model of *iAFFORD* (Inclusive and Financial Facilities for Resilient and Developed Filipinos) that could potentially change the access of people living in poverty to financial services.

‘Visa’s mission is to provide financial access to everyone – everywhere – and this will become a reality only when we are serving people at the bottom of the economic pyramid, as well as the top. But it will take new kinds of partnerships to enable that network to reach those who have been excluded due to the challenges of remoteness and infrastructure connectivity.’

Stuart Tomlinson, Visa Inc. Country Manager

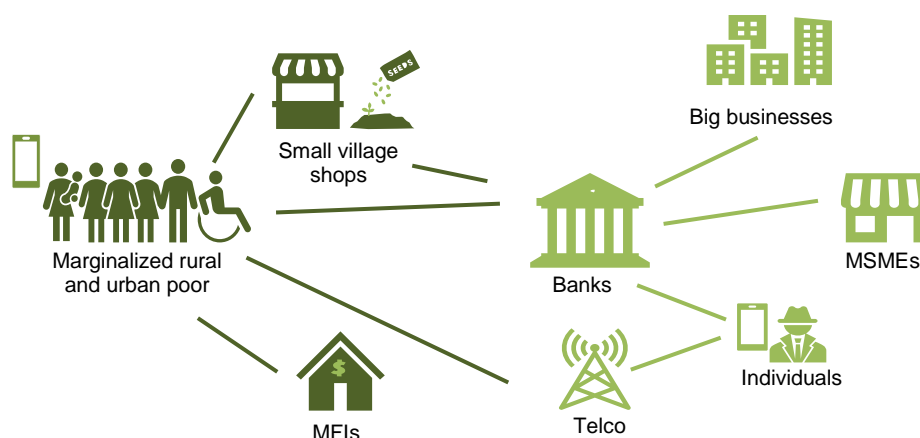
Figure 1: The iAFFORD card has a number of built-in features.

	2-in-1 card	Personalized ID and ATM card with EMV chip
	Savings (non-interest-bearing) and withdrawal	Withdrawal and deposit without minimum maintaining balance
	Purchases and bill payment	Debit card for electronic purchases through mobile point of sales (MPOS) and person to person transfer using PayMaya mobile app
	Social security	Micro-insurance and micro-credit for asset growth, protection and recovery
	Track transactions	Monitor money transfer, savings and spending via app or SMS

With the use of an algorithm, the system tracks the financial behavior of the cardholder and matches the value and volume of transaction to a credit score that matches to a loanable amount. The micro-insurance covers livelihoods and assets. The Australian government and Google awarded the iAFFORD project the Google Impact Challenge-Technology Against Poverty Prize, a worldwide search for innovators who use technology to solve key social and development problems. This enabled Oxfam and PayMaya to translate the strawman model into a business product.

The financial ecosystem before and after *iAFFORD*

As it has always been, the bulk of banking transactions occur in big cities, and mostly involve well-off individuals and enterprises (see icons in light green). The poor (in dark green) are excluded from this niche, because they have limited access to bank and finance institutions, have no credit history, and lack financial means.



Oxfam and PayMaya sought to expand the ecosystem by increasing the access of low-income households to affordable and integrated digital financial services which would result to improved savings behavior, spending for social welfare needs, and the means to expand their livelihood options through access to credit and micro-insurance. More than 1,000 micro/small merchants, called money-in money-out agents (MIMO), were trained in handling cash transactions.

Marawi and *halal* financial products

On 23 May 2017, extremist insurgents stormed Marawi City triggering a robust military response from the government. President Rodrigo Duterte declared martial law the following day, which resulted in intensified control of movement, involuntary searches, seizures, arrests and detention of people, and suspension of the writ of habeas corpus. The ensuing military confrontation resulted in massive displacement as over 200,000 residents of the city fled their homes.

Oxfam and its humanitarian partners responded with WASH, mental health and psycho-social support, (MHPSS) and protection. During the rapid onset phase, in-kind aid was so ubiquitous that there are some IDPs in evacuation camps that put up *sari-sari* (convenience) stores from the food aid given to them. They used their sales to buy the food they wanted. However, food aid started to dwindle after December 2018.

By March 2018, Oxfam and its partners were still delivering aid to camp-based and home-based evacuees in Saguiaran, Lanao del Sur and Balo-i, Lanao del Norte and those who had returned to Marawi.

The livelihood survey conducted by Oxfam and partners in March 2018 revealed that prior to the siege, 6 in 10 adults in Marawi were entrepreneurs engaged in various enterprises, and roughly the same number of respondents said that they

had enough or more than enough income. In the aftermath of the siege, about 9 in 10 had to depend on emergency relief and an equal number wanted to engage in enterprises and employment if there were opportunities.³⁶ Financing for livelihood recovery was hard to come by in most emergencies, more so in Marawi where loan-with-interest is considered as *haram* (forbidden).

With the support of Australian government, United Nations Development Programme (UNDP), and Facebook, Oxfam and partners distributed cards and transferred cash to about 15,000 people, more than 9,000 of whom were women. To respond to the livelihood recovery needs of the residents, Oxfam and PayMaya worked with an Islamic financing specialist to develop a *halal* (permissible) and *Sharia*-compliant credit module which was incorporated into *iAFFORD*. The personalized *iAFFORD* cards were particularly useful in Marawi as they served as an identification card that protected them from involuntary searches during martial law.³⁷ Oxfam and partners also supported 10,000 internally displaced families with *halal* micro-insurance to cover their needs for medical emergencies and to rebuild their houses if they were destroyed during the conflict.

'Kaming mga Maranao, hindi kami sanay binibigyan ng limos, bigyan lang kami ng kaunting puhunan at kaya namin itong palaguin para makatayong mag-isa'

[We Maranaos, we are not used to receiving alms. If you give us capital, we can use that investment and make it grow until we can fend for ourselves].

Rosnia Bagonti Gondarangin, a 43-year old *sari-sari* store owner from Marawi.

THE FUTURE OF ELECTRONIC CASH TRANSFER

By the time the *iAFFORD* project ended in 2018, Oxfam and partners reached about 42,000 individuals living in poverty, of which 75% were women, in National Capital Region and Rizal in Luzon; Leyte, Western and Eastern Samar in the Visayas; and Marawi City in Mindanao. About 11,583 of them (97% of them women) have accessed digital and conventional financial products for life and livelihood assets protection. The project achieved its goal of making savings, credit, and micro-insurance accessible to poor people, which will hopefully increase their chances of getting out of poverty and soften the blow of catastrophic events.

The project trained 1,243 MIMOs in handling electronic financial transactions. MIMOs are micro/small merchants or agents in the villages. They are mostly entrepreneurs who own *sari-sari* stores in their villages. With more money circulating in the villages, Oxfam hopes to prop up the village economy, which could potentially create a virtuous cycle of economic improvement and disaster resilience. In another study conducted by Oxfam in 2017, MIMOs recruited by the project gained an additional 50–60% income from remittances.

'When we left Marawi, our only means of survival was the financial help from our relatives and the relief goods from organizations. But when my child got sick, that's when we really felt the difficulty of not having our own personal money.'

Norkie Amerol from Marawi

iAFFORD is a clear manifestation of the willingness of the private sector to work with others in developing innovative products that respond to the different needs of people living in poverty. Oxfam's collaborative work with Visa Inc. and PayMaya shows that a product development process with a robust gender analysis leads to an improved strategy for reducing inequalities. A study shows that focusing on women in the informal sector in the urban economy or in the rural agricultural sector can improve the chances of women accessing social protection.³⁸

iAFFORD contributed to the government's strategic vision, which was articulated in the National Strategy for Financial Inclusion of the BSP, of a financial system that is accessible and responsive to the needs of the entire population and that reaches the unserved and marginalized sectors of society.³⁹ Likewise, the project delivered on the government's E-Government Master Plan, which calls for the optimization of ICT in the delivery of government services through improved transparency and accountability⁴⁰

iAFFORD was successful at engaging with local organizations which know a great deal about the particularities of local needs and the local resources that could be tapped to support project goals. Chances of successfully solving some of the most intractable problems affecting poor people are greatly increased when local and international NGOs (e.g. WFP and UNDP), government and the private sector work together with clear goals and share their resources and knowledge.

'Without the money I used for capital, we won't have anything to sell and we won't have anything to sustain us.'

Monera Candidato, mother of 13 children, who live in Al Markazie evacuation center in Balo-i, Lanao del Norte.

WHAT DO THESE INSIGHTS MEAN?

Oxfam's initiatives on electronic cash transfer and financial inclusion have been far-reaching, but they have a long way still to go. There are many opportunities to use the same system to inspire innovation within the current development and humanitarian programming of development institutions and the public sector.

First, iAFFORD could provide a last-mile solution to the government's 4P's program. Its delivery system could help access difficult to reach areas, a challenge which the DSWD has been trying hard to overcome. The transfer of delivery from the nearest town centers to the MIMOs in the village could lower the transaction cost for program participants, which would enable them to save for other basic needs. Its data analytics could augment the National Household Targeting System for Poverty Reduction (NHTS-PR) in terms of tracking the spending of program participants and the overall impact of the program for individual households.

Second, there are a number of social protection schemes of the government which could be converted to cash. Experts argue that until 4Ps, many social assistance programs were generally provided in-kind, which made them vulnerable to the misuse of public funds and corruption.⁴¹ The government could use the iAFFORD platform to develop a 'shock responsive' social protection scheme which combines development with disaster resilience, integrating it with existing systems where appropriate or working to scale-up (by increasing amounts) or scale-out (by widening the beneficiary base) as appropriate.

The back-end data analytics of iAFFORD could help demonstrate the effectiveness, transparency and accountability of sectoral interventions that target youth, senior citizens, farmers, and fishers.⁴² Even the delivery of crop insurance, which has been hampered by a low penetration rate,⁴³ could be improved by combining it with different products that serve farmers, avoid the moral hazards in doing damage assessments, and speed up the pay-out using electronic cash transfer.⁴⁴

Third, electronic cash transfer lends itself well with the new wave of innovative disaster-risk reduction approaches like *ex-ante* cash transfer or forecast-based financing (FBF). FBF is anticipatory, early financing that triggers humanitarian action before the onset of a prolonged dry spell, a devastating typhoon and/or flash flooding by matching weather forecasts with probability thresholds, and disburses funding when the data show that the threshold will be reached. Oxfam and partners are currently testing an FBF model in Eastern Samar with the use of the *iAFFORD* card.

Conclusion

This paper has showed the evolution of Oxfam's electronic cash transfer and digital financial project. It contributes to the understanding of how the development and humanitarian nexus could be strengthened through collaborative efforts between development agencies, the government, and the private sector. It has shown that innovation contributes to the efforts to reduce poverty and vulnerability.

ACKNOWLEDGMENTS

Oxfam would like to express its gratitude to the following organizations who have contributed to the implementation of its work on electronic cash transfer, digital financial inclusion, micro-insurance and forecast-based financing:

- Al-Mujadilah Development Foundation (AMDF)
- Bangko Sentral ng Pilipinas
- Catholic Relief Services
- Department of Social Welfare and Development (DSWD)
- Facebook
- Global Parametrics
- Initiatives for Dialogue and Empowerment through Alternative Legal Services (IDEALS)
- Metro-Ormoc Community Multi-purpose Cooperative (OCCCI)
- MicroEnsure
- Mindanao State University (MSU)
- PayMaya
- People's Disaster Risk Reduction Network (PDRRN)
- Plan International Philippines
- Smart Padala
- Social Action Center-Caritas Manila
- United Nations Development Programme (UNDP)
- Visa Inc.

ACRONYMS AND ABBREVIATIONS

4Ps	Pantawid Pamilyang Pilipino Program
AMDF	Al-Mujadilah Development Foundation
ATM	Automated teller machines
BSP	Bangko Sentral ng Pilipinas
DFAT	Department of Foreign Affairs and Trade
DOLE	Department of Labor and Employment
DSWD	Department of Social Welfare and Development
EAP	Education Assistance Program
EMV	Europay, MasterCard, and Visa
EPS	Electronic payment solution
FBF	Forecast-based financing
iAFFORD	Inclusive and Affordable Financial Facilities for Developed and Resilient Filipinos
ICT	Information and communication technologies
IDEALS	Initiatives for Dialogue and Empowerment through Alternative Legal Services
KYC	Know your customer
MHPSS	Mental health and psycho-social support
MIMO	Money-in, money-out
MSU	Mindanao State University
NHTS-PR	National Household Targeting System for Poverty Reduction
OCCCI	Metro Ormoc Community Multi-Purpose Cooperative
PCIC	Philippine Crop Insurance Corporation
PDRRN	People's Disaster Risk Reduction Network
POS	Point-of-sales
RTE	Real-time evaluation
SocPen	Social Pension for Indigent Senior Citizens
SPES	Special Employment Program for Students
UNDP	United Nations Development Programme
WASH	Water, sanitation, and hygiene
WFP	World Food Programme

NOTES

- 1 For a meta-analysis of various cash transfer programs across the globe, see: R. Cull, E. Tilman and N. Holle (2014). Financial inclusion and development: recent impact evidence. CGAP focus note No. 92. World Bank Group: Washington DC. Accessed from: <http://documents.worldbank.org/curated/en/269601468153288448/Financial-inclusion-and-development-recent-impact-evidence>.
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- 11 Hagen-Zanker et al. (2016). Op. cit.
- 12 While targeting women for cash interventions works well in the Philippines, it may not necessarily be so in all contexts. There may be situations where it could trigger or worsen gender-based violence. Oxfam recommends a robust gender analysis and to institute safeguards when necessary, before conducting a women-focused cash transfer program.
- 13 In the Philippines' legal policy framework, labor market intervention, cash transfer, social insurance, social welfare and social safety are all subsumed under social protection. See: R. G. Valencia (2017). Social protection in the Philippines. Philippine Institute for Development Studies. Economic Issue of the Day Vol. XVII No. 4
- 14 The receipt of subsidies under the Pantawid Pamilyang Pilipino Program (4Ps) is contingent on household beneficiaries meeting the following conditions: 1) Pregnant women access pre- and post-natal care and are attended during childbirth by a trained professional; 2) Parents or guardians attend family development sessions, which include topics on responsible parenting, health, and nutrition; 3) Children aged 0–5 receive regular preventive health check-ups and vaccines; 4) Children aged 6–14 receive deworming pills twice a year; and 5) Child beneficiaries aged 3–18 enroll in school and maintain an attendance of at least 85% of class days every month. Accessed from: <https://www.officialgazette.gov.ph/programs/conditional-cash-transfer/>
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