How G2P Transfers Can Accelerate Financial Inclusion
Overview of the Philippines’ 4Ps CCT Program

- Patterned after the CCT programs in Latin American countries
- Started in Feb 2008, the 4Ps (English: Bridging Program for the Filipino Family) provides cash grants to recipients based on conditionality

**Dual Objectives of the 4Ps:**

- **Social Assistance.** Short-term poverty alleviation through cash assistance; and
- **Social Development.** Investments in human capital to break the intergenerational poverty cycle

Supports the country’s commitment to meet the following Millennium Development Goals of the UN:
### Overview of the Philippines’ 4Ps CCT Program

#### Conditionality
- Pregnant women must avail of pre- and post-natal care and be attended during childbirth by a trained health professional
- Parents must attend Family Development Sessions
- 0-5 year old children must receive regular preventive health check-ups and vaccines
- 6-14 years old children must receive deworming pills twice a year
- All child beneficiaries must enroll in school and maintain a class attendance of at least 85% per month

#### Payment Frequency
Bimonthly

#### Length of Recipient Participation in Scheme
5 years

#### Total Active Beneficiary Households*
4,391,768

#### Coverage*
144 cities and 1,483 municipalities in 80 provinces

#### Lead Agency
Department of Social Welfare and Development (DSWD)

#### Primary Payment Service Provider (PSP)
Land Bank of the Philippines

* As of 24 June 2015, DSWD Program Implementation Status Report Q2 2015
Overview of the Philippines’ 4Ps CCT Program

Success Stories

Skills development and livelihood opportunities. Aside from capital assistance, eligible recipients are trained on financial literacy, entrepreneurship, micro-enterprise management.

Empowered women. Women are taught how to help themselves, trained how to save and start their own businesses, and equipped to become leaders and mentors of fellow recipients.

From dumpsite to decent subdivision. A family starts its own bag and accessory-making business, enabling them to acquire a decent house.

Improved quality of life. One of the poorest recipients is now one of the largest suppliers of bell peppers, earning more than Php 100K.

http://pantawid.dswd.gov.ph/index.php/home
Case for Migrating from Cash to e-G2P Transfers

Current Payment Scheme

- As the primary PSP, LANDBANK supplies the most payment instrument, the cash card, which can be used in over 17,000 BancNet ATMs, including more than 1,400 LBP ATMs.
- For areas with no available ATM, LBP contracts additional PSPs, also called “conduits.”

Of the total PhP 17.752 B education and health grants distributed from Jan - June 2015,

- 44.83% of the amount was made via Cash Cards while
- 55.17% was through cash disbursements.

As of 24 June 2015, DSWD Program Implementation Status Report Q2 2015
# Case for Migrating from Cash to eG2P Transfers

## Issues with the Current Payment Scheme

<table>
<thead>
<tr>
<th>Cash Cards</th>
<th>Long Queues. With the limited number of ATMs, recipients have to endure long lines before they could withdraw their money.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Distance. Some groups reported traveling up to two hours and, in some cases, paying as much as PhP 200 (USD 4.35) to reach the nearest ATM.</td>
</tr>
<tr>
<td>Cash Disbursements</td>
<td>Security. Conduits go to great lengths to transport cash payments to extremely remote areas.</td>
</tr>
<tr>
<td></td>
<td>More Costly. Getting the cash payments to the remote areas in a timely and cost-efficient manner is becoming increasingly difficult.</td>
</tr>
<tr>
<td></td>
<td>Liquidity. Challenge in maintaining the proper levels of liquidity.</td>
</tr>
<tr>
<td></td>
<td>Tediouus. Since the recipients have to present Acknowledgment Receipts to get their money over-the-counter (OTC), more than 2 million sheets of paper need to be created, printed, distributed, and verified each pay period.</td>
</tr>
</tbody>
</table>
Case for Migrating from Cash to eG2P Transfers

Strategic Alliance with OMNIPAY

Launched the branded LANDBANK Prepaid Card

- Serves as an ID card
- Can be used as an instrument to save
- Withdraw from 17,000+ BancNet ATMs nationwide
- Additional funds may be “cashed into” the account
- Payment instrument that can be used in 100,000+ POS terminals, and for ecommerce

5,000+ CICOs
- DA5
- Soon: 7-11, MLhuiller, USSC

“Sari-sari” stores
- Thousands of additional CICOs
- Purchase basic necessities

Supermarkets, retail chains
- Special discounts on purchases
- Business opportunities
- Bill payments
Case for Migrating from Cash to eG2P Transfers

**Success Factors**

- Make financial inclusion as a program objective
- Secure transactional account to receive and store funds
- Grow the agent network while maintaining agent quality
- Instrument that can be used for everyday needs like bill payments
- Consumer protection
- Financial education
Other LBP eG2P and Financial Inclusion Initiatives

Other eG2P, eD2P Payment Solutions

Government-to-Person Payments

- Government Payroll
- Retirees’ Pension
- Scholars’ Stipend
- Multi-purpose Loans

Donor-to-Person Payments

- UNDP’s CFW Program
  - Quickest disaster response leveraging on mobile technology
  - Acknowledged by UN Sec Gen Ban Ki-Moon as an initiative that must be replicated worldwide
Other LBP eG2P and Financial Inclusion Initiatives

**LANDBANK Vision**

**VISION**

By 2018, LANDBANK will be the top universal bank that promotes inclusive growth and improves the quality of life especially in the countryside through the delivery of innovative financial and other services in all provinces, cities and municipalities.
Other LBP eG2P and Financial Inclusion Initiatives

2014 Performance Highlights

**LANDBANK** is the depository of 97% of the country’s local government units (LGUs)

**THE BIGGEST CREDIT PROVIDER**

**P42.9 B**

TOTAL OUTSTANDING LOANS FROM JAN-DEC 2014

**LANDBANK LOANS TO PRIORITY SECTORS**

As of December 2014

P331.3 BILLION

P331.3B 2014

P244.6B 2013

P205.3B 2012

P172.1B 2011

P155.1B 2010

PRIORITY SECTOR COVERAGE

LEADING LOAN PROVIDER

of assistance for micro, small and medium enterprises among government-owned and controlled corporations and government financial institutions with outstanding loans to the sector reaching P51.4 billion from January to December 2014.

LOAN RELEASES TO SMALL FARMERS AND FISHERS

January to December 2014

793 Farmer & fisherfolk cooperatives

206 Countryside financial institutions

226 Irrigators' associations

5,889 SMEs/NGOs

LENDING OPERATIONS FACILITATED

Construction of 2,948 school buildings with 10,057 classrooms

Provision of 7,145 hospital beds

Generation of 310,486 kWh electricity

Connection of 2,453,618 households with potable water

Construction of 1,438 km. of farm-to-market roads

Planting of:
- 818 ha. with cacao
- 20,204 ha. with oil palm