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# E-PESO

## EX-POST PERFORMANCE EVALUATION

### FINAL REPORT

USAID/Philippines Collaborating, Learning and Adapting for Improved Development

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## ABSTRACT

E-PESO was a U.S. Agency for International Development (USAID)-supported project that aimed to support the Philippines' shift from a cash-intensive to a cash-lite economy. The activity was implemented within a six-year period from March 18, 2015 to February 17, 2021. Our ex-post evaluation informs interested parties of the gains and the sustainability of those gains resulting from the E-PESO Activity. Our evaluation also identifies the factors that contributed to the results achieved and documents lessons from activity implementation. Our evaluation provides information about the effects of the coronavirus disease 2019 (COVID-19) outbreak and issues relating to digital financial inclusion.

The primary audience for our evaluation is USAID/Philippines, the Government of the Philippines and their stakeholders interested in the development of e-payments systems. Secondary audiences include USAID worldwide and those interested in e-payments and ex-post performance evaluations.

The evaluation questions focus on three evaluation criteria: relevance, effectiveness, and sustainability. In particular, the evaluation answers the following questions:

1. In what ways does E-PESO support the country's development goals and USAID's country cooperation strategy objectives?
2. Did E-PESO achieve the four sub-purposes on the development of a lasting and inclusive economic infrastructure? What are the possible reasons for the successes and failures?
3. What evidence supports the likelihood that the benefits of the E-PESO Activity will extend past the activity's period of performance, and what considerations should future, similar activities consider?

The evaluation team used a mixed-methods approach, combining qualitative and quantitative data analysis to answer the evaluation questions. It included review of project documents and other, related secondary sources and key informant interviews (KIIs).

The evaluation concluded that E-PESO remained highly relevant given the strong alignment with country priorities at the national and local levels. The implementation of E-PESO was timely considering the COVID-19 outbreak. With support from E-PESO, Bangko Sentral ng Pilipinas (BSP) laid the groundwork to create an interoperable payment system that was crucial in helping the financial system run during the pandemic.

E-PESO has been effective, as the data show. The volume of monthly digital payments reached 20.1 percent in 2020, suggesting that the country is on track to meet the current target of 50 percent by 2023. Adoption was hastened by the COVID-19 pandemic, although increasing adoption was already observed before lockdowns. Factors contributing to the success of the project include the government counterpart's commitment to implementing reforms, the presence of institutional champions, partnership with the private sector, effective multi-stakeholder engagement, and adaptive project management.

Finally, gains E-PESO brought about are highly likely to be sustained, as evidenced by strong country ownership (i.e., the digitalization agenda is backed by policies, institutional road maps, strong leadership, and BSP's institutional capacity). Beyond project completion, results of initiatives related to E-PESO

adoption with major government counterparts are mixed, but the digitalization agenda within the government deepened. The agenda now covers development of payment streams, new initiatives with other government agencies, and active information campaigns.

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## ACRONYMS

4Ps	Pantawid Pamilyang Pilipino Program
ACH	Automated Clearing House
AFCS	Automated Fare Collection System
AOR	Agreement Officer's Representative
ARTA	Anti-Red Tape Authority
BIR	Bureau of Internal Revenue
BSFI	BSP-Supervised Financial Institution
BSP	Bangko Sentral ng Pilipinas
BTMS	Budget and Treasury Management System
CAN	Cash Agent Network
CDCS	Country Development Cooperation Strategy
CDI	Cities Development Initiative
CGAP	Consultative Group to Assist the Poor
COVID-19	Coronavirus Disease 2019
CSO	Clearing Switch Operator
CWEDE	Connecting Women to the Digital Economy
DBM	Department of Budget and Management
DICT	Department of Information and Communications Technology
DILG	Department of Labor and Local Government
DO	Development Objective
DOTr	Department of Transportation
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
eBOSS	Electronic Business One-Stop Shop
ECQ	Enhanced Community Quarantine

EIS	E-Invoicing System
EMI	Electronic Money Issuer
eTSPCert	Electronic Tax Software Provider Certification
GPH	Government of the Philippines
GRC	Governance, Risk Management, and Compliance System
ICT	Information and Communication Technology
IDMTP	Integrated Digital Marketing Training Program
JMC	Joint Memorandum Circular
KII	Key Informant Interview
LGU	Local Government Unit
MSME	Micro, Small, and Medium Enterprises
NATCCO	National Confederation of Cooperatives
NIST	National Institute of Standards and Technology
NPS	National Payment System
NPSA	National Payment Systems Act
NRPS	National Retail Payment System
PCMS	Payments and Currency Management Sector
PDP	Philippine Development Plan
PEPPOL	Pan European Public Procurement Online
PFM	Public Financial Management
PPMI	Philippine Payments Management, Inc.
PRM	Program Resource Management
PSMB	Payment System Management Body
RA	Republic Act
REBUILD PH	Revitalizing Businesses, Investments, Livelihoods, and Domestic Demand

SAP	Social Amelioration Program
SCAN	Shared Cash Agent Network
SDG	Sustainable Development Goal
SEA	Southeast Asia
SIMM	Scaling Innovations in Mobile Money
SOW	Statement of Work
UN	United Nations
USAID	U.S. Agency for International Development

## EXECUTIVE SUMMARY

The E-PESO Activity was a U.S. Agency for International Development (USAID)-supported project that aimed to support the Philippines' shift from a cash-intensive to a cash-lite economy. The activity was implemented within a six-year period from March 18, 2015 to February 17, 2021, and involved close collaboration with government agencies and the private sector.

This evaluation informs interested parties of the gains and the sustainability of those gains resulting from the E-PESO Activity. This evaluation also identifies the factors that contributed to the results achieved and documents lessons from activity implementation. This evaluation provides information about the effects of the coronavirus disease 2019 (COVID-19) outbreak and issues relating to digital financial inclusion.

The primary audience for this evaluation is USAID/Philippines and the Government of the Philippines and their stakeholders interested in the development of a e-payments systems. Secondary audiences include USAID worldwide and those interested in e-payments and ex-post performance evaluations.

The evaluation questions focus on three evaluation criteria: relevance, effectiveness, and sustainability. In particular, the evaluation answers the following questions:

1. In what ways does E-PESO support the country's development goals and USAID's country cooperation strategy objectives?
2. Did E-PESO achieve the four sub-purposes on the development of a lasting and inclusive economic infrastructure? What are the possible reasons for the successes and failures?
3. What evidence supports the likelihood that the benefits of the E-PESO Activity will extend past the activity's period of performance, and what considerations should future, similar activities consider?

The evaluation used a mixed-methods approach, combining qualitative and quantitative data analysis to answer the evaluation questions. It included review of project documents and other, related secondary sources and key informant interviews (KIIs).

The evaluation concluded that E-PESO remained highly relevant given the strong alignment with country priorities at the national and local levels. The implementation of E-PESO was timely considering the COVID-19 outbreak. With support from E-PESO, Bangko Sentral ng Pilipinas (BSP) laid the groundwork to create an interoperable payment system that was crucial in helping the financial system run during the pandemic.

E-PESO has been effective, as the data show. The volume of monthly digital payments reached 20.1 percent in 2020, suggesting that the country is on track to meet the current target of 50 percent by 2023. Adoption was hastened by the COVID-19 pandemic, although increasing adoption was already observed before lockdowns. Factors contributing to the success of the project include the government counterpart's commitment to implementing reforms, the presence of institutional champions, partnership with the private sector, effective multi-stakeholder engagement, and adaptive project management.

Finally, gains E-PESO brought about are highly likely to be sustained, as evidenced by strong country ownership (i.e., the digitalization agenda is backed by policies, institutional road maps, strong leadership, and BSP's institutional capacity). Beyond project completion, results of initiatives related to E-PESO adoption with major government agencies are mixed, but the digitalization agenda within the government deepened. The agenda now covers development of payment streams, new initiatives with other government agencies, and active information campaigns.

Regarding recommendations, the evaluation team completed this study after E-PESO had closed and on a relatively short timeline. Because E-PESO leadership and staff had moved on to other pursuits and were not able to request that their partners and stakeholders meet with the evaluation team, and many stakeholders were unable or unwilling to dedicate the time for remote key informant interviews or focus group discussions, the evaluation team was not able to triangulate all of the findings. Instead, the evaluation team relied on project documents, government and industry statistics, and outside research on the digital economy. While the evaluation team is confident in its findings and conclusions based on the available evidence, the team determined that the evidence is not strong enough to make recommendations. Instead, the evaluation report gleans lessons learned from E-PESO's implementation that may inform future project design and implementation.

# EVALUATION PURPOSE AND EVALUATION QUESTIONS

## EVALUATION PURPOSE

After completing the E-PESO activity in February 2021, USAID/Philippines commissioned this evaluation to gain information about E-PESO's results and their sustainability. Conducted from October 1, 2021, to January 30, 2022, this quick evaluation identified the factors that contributed to E PESO's results and documented the lessons arising from implementation. The lessons learned in this evaluation will be useful in the implementation phase of other, related development interventions in the future<sup>1</sup>.

As the last year of E-PESO's implementation was characterized by government-imposed lockdowns and community quarantines caused by the coronavirus disease 2019 (COVID-19) outbreak, the evaluation touched on the effects of the pandemic on E-PESO's implementation as well as on the shift to digital payment. The evaluation also explored issues related to digital financial inclusion.

The primary audience for this evaluation is USAID/Philippines and the Government of the Philippines and their stakeholders interested in the development of a e-payments systems. Secondary audiences include USAID worldwide and those interested in e-payments and ex-post performance evaluations.

## EVALUATION QUESTIONS

This evaluation focuses on the following three evaluation criteria: (1) relevance, (2) effectiveness, and (3) sustainability. The main evaluation questions were based on the Task Order. Further, specific queries and sub-questions were developed to answer particular aspects of the evaluation criteria<sup>2</sup>. These evaluation questions guided the structure of the evaluation tools and the processing and analysis of data. [Annex B](#) presents the evaluation design matrix, including the detailed evaluation questions. Following are the main evaluation questions:

1. **RELEVANCE:** In what ways does E-PESO support the country's national development goals and USAID's country cooperation strategy objectives?
2. **EFFECTIVENESS:** Did E-PESO achieve the four sub-purposes of developing a lasting and inclusive economic infrastructure? What are the possible reasons for the successes and failures?
3. **SUSTAINABILITY:** What evidence supports the likelihood that the benefits of E-PESO will extend past the activity's period of performance? What considerations should future, similar activities take into account? (See [Annex A](#) – Statement of Work)

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<sup>1</sup> Discussed during the May 20, 2021, consultation meeting as part of the preparation of the Scope of Work (SOW) on the evaluation of E PESO. The meeting was attended by the Agreement Officer's Representative (AOR) of E-PESO and Program Resource Management (PRM).

<sup>2</sup> Discussed during the May 20, 2021, consultation meeting as part of the preparation of the Scope of Work (SOW) on the evaluation of E PESO. The meeting was attended by the Agreement Officer's Representative (AOR) of E-PESO and Program Resource Management (PRM).

## BACKGROUND

**TABLE I. ACTIVITY INFORMATION**

Activity Name	E-PESO
Implementing Partner	Chemonics International
Cooperative Agreement number	AID-492-C-15-0001
Total Estimated Cost	\$20.9 million
Total Obligation:	\$12.8 million
Dates of Implementation:	March 18, 2015 – February 17, 2021
Active Geographic Regions	Philippines
Mission Development Objective (DO) CDCS 2013-2019	DO 1: Broad-based and Inclusive Growth Accelerated and Sustained
Mission Development Objective (DO) CDCS 2020-2024	DO 2: Inclusive, Market-Driven Growth Expanded

In 2015, a study by the Better Than Cash Alliance estimated that 99 percent of payment transactions in the Philippines were conducted in cash<sup>3</sup>. The shift to electronic payments has vast potential that has been shown to provide a range of benefits towards promoting economic growth including: driving financial inclusion and economic empowerment, particularly among women and youth; improving social protection and humanitarian response systems; enabling more efficient and productive health, agriculture, and energy sectors; improving governance, including increased transparency and reduced corruption; and increasing economic growth and market-level development<sup>4</sup>.

The E-PESO Activity aimed to support the Philippines’ shift from a cash-intensive to a cash-lite economy by developing an efficient, transparent, and inclusive e-payment ecosystem. This shift to electronic payments is expected to contribute to broad-based economic growth, supporting the United States–Philippines Partnership for Growth objectives. The E-PESO Activity also aligned with government priorities. The Philippine Development Plan (PDP) 2011–2016 dedicated one chapter to a resilient and inclusive financial system.

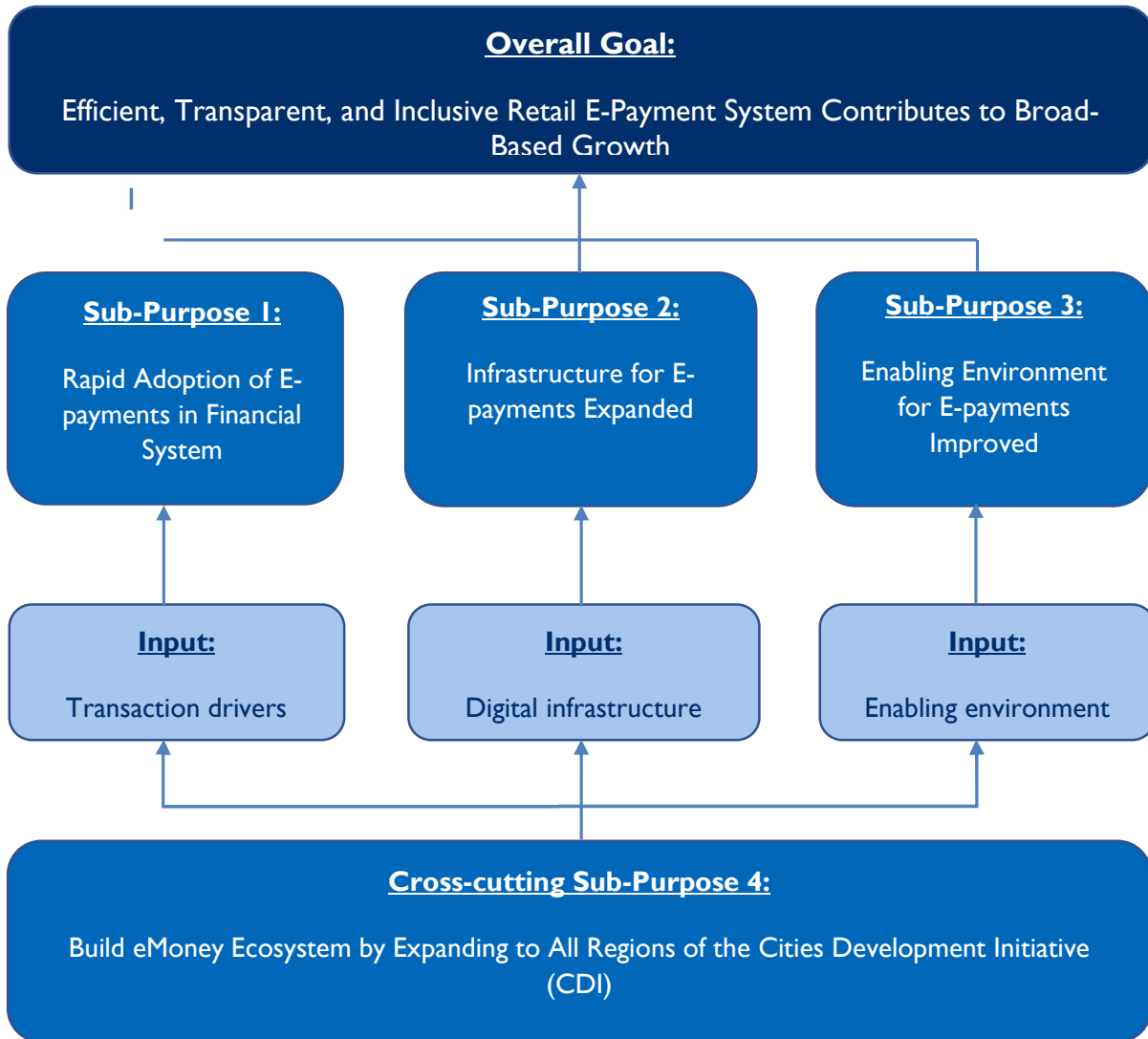
Figure I presents the E-PESO results framework. It explains the cause-and-effect relationships among inputs, sub-purposes, and the overall goal. The underlying development hypothesis was: “By promoting the rapid, widespread shift from cash to e-payments usage, E PESO will support the Philippines to reach

<sup>3</sup> Better Than Cash Alliance, Country Diagnostic: The State of Digital Payments in the Philippines, December 2019, [https://btca-production-site.s3.amazonaws.com/documents/436/english\\_attachments/The\\_State\\_of\\_Digital\\_Payments\\_in\\_the\\_Philippines.pdf?1577119102](https://btca-production-site.s3.amazonaws.com/documents/436/english_attachments/The_State_of_Digital_Payments_in_the_Philippines.pdf?1577119102).

<sup>4</sup> Jamie M. Zimmerman, Mission Critical: Enabling Digital Payments for Development . A USAID Opportunity Brief, <https://www.usaid.gov/sites/default/files/documents/15396/USAID-DFS-OpportunityBrief.pdf>.

a tipping point of e-payment adoption that will represent a critical mass to become a self-sustaining e-payment ecosystem.”

Figure I. E-PESO Results Framework



Source: E-PESO Final Report

E-PESO’s overall goal aimed to have an efficient, transparent, and inclusive retail e-payment system contributing to broad-based growth. This goal was measured by the number and share of e-payment users and the number of financial products, services, or applications designed or enhanced to meet the needs of low-income clients. E-PESO’s purpose was for the scale of e-payment usage to reach a tipping point, measured by the share of e-payments accounting for retail payment transactions and the number of active e-payment users.

E-PESO has four activity sub-purposes: (1) rapid adoption of e-payments in the financial system, (2) expanded infrastructure for e-payments, (3) an improved enabling environment for e-payments, and (4) address gaps in the broader e-payment ecosystem<sup>5</sup>.

The sub-purpose on adoption of e-payments relates to support for the digitization of government and business payment streams. Assistance to government involved improving service delivery through the use of e-payments in government transactions. Assistance to businesses involved making sure that entrepreneurs benefit from digital payments.

The second sub-purpose concerns the expansion of the e-payments infrastructure. It involved working with the government and private sectors toward the establishment of digital payment services under the National Retail Payment System (NRPS)<sup>6</sup>. These services include digital bills payment systems, cash agent networks, and merchant payments.

The sub-purpose on improving the enabling environment for e-payments relates to the support provided to the government, particularly the Bangko Sentral ng Pilipinas (BSP), in establishing and implementing an interoperable NRPS. This sub-purpose also includes support in terms of capacity building toward the promotion of security, consumer protection, and financial inclusion, among other elements.

Finally, the sub-purpose on addressing gaps in the e-payment ecosystem involved supporting several cities identified under USAID's Cities Development Initiative (CDI)<sup>7</sup> as they expand their e-payment ecosystems.

Two major events affected E-PESO's implementation. The first was a reduction of its budget from the total estimated cost of \$20.9 million to a total obligated amount of \$12.8 million. The second was the COVID-19 pandemic emergency beginning in March 2020.

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<sup>5</sup> In the absence of access to the Project Appraisal Document, descriptions of the sub-purposes are based on the E-PESO Final Report.

<sup>6</sup> The NRPS is a policy and regulatory framework whereby BSP provides regulatory oversight fundamentally in the form of policy direction to payment service providers.

<sup>7</sup> The CDI is a USAID-supported project that aims to strengthen the economic competitiveness and resilience of cities outside of metro Manila. Under CDI, USAID provides a range of technical assistance based on the city's most urgent needs.

# EVALUATION METHODS AND LIMITATIONS

## METHODS

The evaluation used a mixed-methods approach, combining qualitative and quantitative data analysis to answer the evaluation questions. It included review of project documents and other, related secondary sources and key informant interviews (KIIs). This section describes the data collection, data sources, and data analysis methods. The evaluation statement of work is in [Annex A](#). A full description of the evaluation methodology, instruments, evaluation team composition, and timeline is in [Annex G](#) – Inception Report. [Annex B](#) provides the Evaluation Design Matrix, which summarizes the methodology used to answer each evaluation question.

## REVIEW OF PROJECT DOCUMENTS AND OTHER SECONDARY SOURCES

The evaluation reviewed available E-PESO Activity documents, other secondary documents and data, and related news articles and videos.

Activity documents include USAID’s Country Development Cooperation Strategy (CDCS) documents, the E-PESO Final Report, periodic monitoring reports, and other activity technical reports. Other, related documents include national and local government plans, government road maps, and Better Than Cash Alliance reports, among others. The evaluation also gathered secondary data from official statistics in government and private sector reports and websites. The evaluation used comparative and trend analysis of descriptive statistics to analyze the quantitative data to understand the sustainability of gains from E-PESO. The team also used official government reports, official press releases, and media reports to understand recent developments in the digital payment agenda.

[Annex C](#) provides the list of project documents and secondary sources reviewed.

## KEY INFORMANT INTERVIEWS

The team conducted KIIs to obtain informed responses to the evaluation questions. The evaluation purposively selected the respondents from E-PESO’s major counterpart organizations, participating local government units (LGUs), implementing partners, and the private sector<sup>8</sup>. A total of 13 informants from 8 organizations participated, as shown in Table 2<sup>9</sup>.

Given the COVID-19 restrictions, the evaluation team conducted KIIs remotely using USAID-approved video conference tools, such as Google Meet and Microsoft Teams. With consent from the key informant, interviews were recorded and transcribed for qualitative analysis. Because of schedule conflicts, one organization participated through written responses instead of an interview.

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<sup>8</sup> Based on discussions during the in-briefing, the Department of Interior and local government were removed from the list of major counterpart organizations. The cities of Tagbilaran (from Visayas) and Zamboanga (from Mindanao) were also identified as LGUs to be interviewed.

<sup>9</sup> We invited The Bureau of Internal Revenue, a major government counterpart, but they were unable to participate.

**TABLE 2. KEY INFORMAT INTERVIEWS CONDUCTED**

Organization	Number of Respondents
Bangko Sentral ng Pilipinas	2
Philippine Payments Management, Inc.	1
Department of Budget and Management	2
Department of Social Welfare and Development	2
Department of Trade and Industry	1
City of Tagbilaran	1
City of Zamboanga	1
Chemonics International, Inc.	3
TOTAL	13

[Annex D](#) presents the list of key informants.

## LIMITATIONS

The evaluation faced some limitations and challenges, including recall bias and respondents' availability.

As the evaluation was conducted about eight months after activity completion, KII responses may be incomplete. To address this issue, the evaluation team reinforced each interviewee's responses with information derived from related documents.

Given the short duration of the evaluation study, the team encountered issues with locating previous E-PESO staff and securing meetings with key government officials. Such issues were expected, and the evaluation team commenced the KIIs early in the process to provide ample time for them. Nonetheless, some targeted KII respondents were not available, and the interviews were delegated to other respondents knowledgeable of E-PESO. One organization responded by written response to a customized interview questionnaire.

Because of the limitations and challenges posed by the ex-post nature of this evaluation and the short timeframe for conducting the evaluation research, the evaluation team does not consider the evidence sufficiently robust to make recommendations. Instead, it provides lessons from E-PESO's experience.

## FINDINGS

This section presents the findings based on collected information for each evaluation question.

### RELEVANCE

*Evaluation Question: In what ways does E-PESO support the country's national development goals and USAID's country cooperation strategy objectives?*

**The objectives of the E-PESO Activity remained aligned with national priorities, particularly in terms of financial inclusion and governance.** During the start of the E-PESO Activity, the PDP 2011–2016, which has the overall goal of inclusive growth and poverty reduction, dedicated one chapter to a resilient and inclusive financial system. The plan targeted more efficient mobilization of financial resources, strengthened the regulatory framework for the financial system, and improved financial inclusion. In all these areas, E-PESO aligned well, given the activity's goal of an “efficient, transparent and inclusive retail e-payment system contributing to broad-based growth.”

The activity is also aligned with various strategies indicated in PDP 2017-2022. Under that plan, strategies to expand access to economic opportunities include the development of the country's digital financial infrastructure to ready the financial system for a cash-lite economy and promotion of digital payments in both the government and the private sector. Strategies for sustaining a stable macroeconomic environment include fast-tracking implementation of tax reforms, such as the digital transformation agenda. Finally, strategies for good governance include technologies to strengthen anti-corruption mechanisms. Tactics for ensuring seamless delivery of services include fast-tracking digitalization of frontline services and contactless transactions with the government.

At the local level, the objectives of E-PESO support governance efforts and improving the ease of doing business. E-PESO helped partner LGUs make online platforms available for revenue collection, such as for businesses and property taxes. This support falls under Ease of Doing Business and Efficient Government Service Delivery Act of 2018<sup>10</sup> provisions, which require each LGU to transition to being an electronic business one-stop shop (eBOSS). An eBOSS is an online portal or website that can (1) accept online or electronic submission of applications; (2) electronically issue tax bills or orders of payment; (3) accept online payments; (4) issues electronic versions of permits, licenses, and clearances; and (5) provide gateways linked to courier services for applicants who prefer to receive hard copy permits.

**The objectives of the E-PESO activity remained aligned with USAID strategies for the Philippines.** Under USAID's CDCS 2013–2019, the E-PESO Activity is aligned with DO 1 or the United States–Philippines Partnership for Growth<sup>11</sup> objective of broad-based, inclusive growth. The E-

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<sup>10</sup> The Republic Act (RA) 11032—An Act Promoting Ease of Doing Business and Efficient Delivery of Government Services mandates that all government offices and agencies improve their transaction systems and procedures. Business-related transactions must be automated through development of accessible, web-based software and technology-neutral platforms.

<sup>11</sup> Signed in November 2011, the United States–Philippines Partnership for Growth is a bilateral partnership between the governments of the United States and the Philippines. The partnership was based on a shared commitment to addressing binding constraints to inclusive and sustainable growth.

PESO Activity was expected to contribute to the sub-intermediate result, “Policy and Regulatory Environment Improved” and the intermediate result, “Economic Competitiveness Enhanced.”

Under CDCS 2020–2024, USAID is prioritizing the Philippines’ journey to self-reliance—hence, the overall goal of “a well-governed and more self-reliant Indo-Pacific partner.” The E-PESO Activity is expected to contribute to DO 2, or “Inclusive, Market-Driven Growth Expanded.” Specifically, E PESO will contribute to the intermediate result, “Regulatory Quality Improved” by strengthening the enabling environment for the digital economy.

**The project objectives support international commitments, particularly of the sustainable development goals (SDGs).** The transformative power of digital financial inclusion<sup>12</sup> has been recognized by the United Nations (UN) as having the potential to support the achievement of 13 of the 17 SDGs<sup>13</sup>. Among many other pathways, digital financial inclusion allows efficient government transfers (contributing to SDG 1, “No Poverty”), empowers women to take greater control of their finances (contributing to SDG 5, “Gender Equality”), helps water utilities improve collection so that they can recover cost and supply water sustainably (contributing to SDG 6, “Clean Water and Sanitation”), and can help create more transparent and auditable records (contributing to SDG 16, “Peace, Justice, and Strong Institutions”). [Annex E](#) presents the digital financial inclusion opportunities for helping meet the 13 SDGs.

**The E-PESO Activity transferred knowledge to major government counterparts.** Before the development of NRPS, interoperability among financial institution prevented the flow of funds from one institution to another. This structural barrier hindered payment streams among businesses, individuals, and governments and caused inefficiencies, which prevented sustained use of e-payments and financial inclusion. With support from USAID, an interoperable NRPS was conceptualized that received broad support from BSP and the payment industry. Then, it was formulated and implemented (see further discussion in the section “Effectiveness”). The E-PESO team gave BSP global perspective and technical expertise on digital payments. The project provided BSP with valuable inputs that paved the way for the development of the NRPS framework.

Another example is the case of the Department of Social Welfare and Development (DSWD), whose mandate and expertise do not relate to financial endeavors. Assistance from the E-PESO Activity paved the way for DSWD staff and program beneficiaries to learn more about financial literacy and apply this information to achieving positive behavioral changes and financial independence.

**The COVID-19 pandemic proved to be a major driving force in shifting payment transactions to digital payments.** With the COVID-19 outbreak, the use of digital payments evolved from a tool of efficiency to a tool of necessity. With the imposition of community quarantines and lockdowns, people resorted to using digital payments for their transactions. Further, the pandemic led to the formation of habits among users, who were forced to adapt and experience the benefits of digital payments. BSP data show that the number of money transfers that used PESONet and InstaPay

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<sup>12</sup> The Consultative Group to Assist the Poor (CGAP) defines *digital financial inclusion* as digital access to and use of formal financial services by excluded and underserved populations.

<sup>13</sup> A UN compendium on digital financial inclusion presented pathways on how digital financial inclusion can support SDG targets for goals 1 through 11, 13, and 16.

significantly increased after community lockdowns. Data are presented in the section, “Effectiveness” (see Figure 2 to Figure 5).

Google-commissioned Kantar Southeast Asia (SEA) e-Conomy Research 2021 demonstrated observed exponential growth in digital consumers in the Philippines, with approximately 12 million new digital consumers in the country since the start of the COVID-19 pandemic. Of these, 63 percent are from non-metro areas, and 99 percent expressed their intention to continue digital consumption. For pre-pandemic users, or those who used the services before the pandemic, average consumption increased by 4.3 times since the pandemic began. On the seller side, about 97 percent of digital merchants surveyed accept digital payment. Further, approximately 39 percent expressed their belief that they would not have survived the effects of the pandemic if not for the digital platforms<sup>14</sup>.

Alongside the increased use of digital payments, the COVID-19 pandemic highlighted that the digital ecosystem should be safe, efficient, and inclusive. It also emphasized the importance of information campaigns to advise the public of the various payment streams available to them and standard safety practices for making financial transactions online. In line with this emphasis, BSP is implementing a digital literacy program that promotes the use of digital payments and a cybersecurity awareness campaign<sup>15</sup>. Further, the pandemic revealed digital divide concerns, including infrastructure gaps that prevent equitable access for Filipinos.

## EFFECTIVENESS

*Evaluation Question: Did E-PESO achieve the four sub-purposes on the development of a lasting and inclusive economic infrastructure? What are the possible reasons for the successes and failures?*

**Overall, E-PESO achieved the NRPS target for volume of digital payments.** A BSP report<sup>16</sup> released in 2021 showed that the volume of monthly digital payments reached 20.1 percent in 2020, slightly surpassing the NRPS goal of 20 percent by 2020. This achievement implies that the country is on track to meet the current national target of 50 percent by 2023, as indicated in the BSP Digital Payments Transformation Road Map (see the discussion in the section, “Sustainability”).

Table 3 shows the trend in digital payments by volume and payer classification. Comparing 2013 with 2020 values, growth in digital payment for all payer types has been significant. Payments by individuals, which are characterized as high-frequency, low-value transactions, increased from 0.3 percent in 2013 to 23.4 percent in 2020, which was a major contributor to meeting the 2020 target considering that payments by individuals make up 78.1 percent of total payment volume. In terms of digital payments by businesses, growth has been slow, with a noted decline from 6 percent in 2019 to 5.4 percent in 2020, likely because of the pandemic. Finally, the government is the most cash-lite entity among payers,

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<sup>14</sup> Google, Temasek, and Bain. e-Conomy SEA 2021 Roaring 20s: the SEA Digital Decade. 2021. [https://www.bain.com/globalassets/noindex/2021/e\\_conomy\\_sea\\_2021\\_report.pdf](https://www.bain.com/globalassets/noindex/2021/e_conomy_sea_2021_report.pdf).

<sup>15</sup> Raymond Estioko, Bridget Rose Mesina-Romero, Maria Christina Masangkay, Maureen Franco, Marco Luis de Larrazabal, Paulene Niña Bueno, Patricia Josette Lingat, and John Jerry Jaspio, Forging Pathways to a Cash-Lite Society: Status of Digital Payments in the Philippines, 2021 Edition, 2021, [https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging\\_pathways\\_to\\_a\\_cash-lite\\_society-Status\\_of\\_Digital\\_Payments\\_in\\_the\\_Philippines\\_\(2021\\_edition\).pdf](https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging_pathways_to_a_cash-lite_society-Status_of_Digital_Payments_in_the_Philippines_(2021_edition).pdf).

<sup>16</sup> Ibid

suggesting that the government is setting an example of digitalization. Although government payments are just a small portion of the total volume (0.7 percent), 93.2 percent of all government payment were made digitally<sup>17</sup>.

**TABLE 3. SHARE OF DIGITAL PAYMENTS BY VOLUME**

PAYER CLASSIFICATION	2013	2018	2019	2020
Individuals	0.3%	12.0%	15.3%	23.4%
Businesses	1.3%	5.0%	6.0%	5.4%
Government	54.0%	64.0%	80.0%	93.2%
<b>Overall</b>	1.0%	10.0%	14.0%	20.1%

Source: Better Than Cash Alliance, *Country Diagnostic: The State of Digital Payments in the Philippines*, December 2019; Raymond Estioko, et al., *Forging Pathways to a Cash-Lite Society: Status of Digital Payments in the Philippines, 2021 Edition*, 2021.

**E-PESO achieved all three “desired impact” and two “desired purpose” indicators.**<sup>18</sup> Based on the E-PESO final report and the latest available data, the achieved “desired impact” indicators include (1) 81.4 million e-payment users (as of the end of 2019) against a target of 13.5 million; (2) 25.1 percent share of the adult population who are e-payment users against a target of 20 percent; and (3) seven financial products, tools, and services that were designed to meet the needs of low-income clients. The achieved “desired purpose” indicators include (1) the share of digital payments reached 10 percent by volume in 2018 against a target of 10 percent by the end of the project, with recent data showing that the share of digital payments further increased to 20 percent, and (2) 34.7 million active e-payment users reached in 2020 against a target of 12 million<sup>19</sup>. [Annex E](#) presents the accomplishments in detail.

#### SUB-PURPOSE 1: RAPID ADOPTION OF E-PAYMENTS IN THE FINANCIAL SYSTEM

**Three of the four component indicators were achieved as of activity completion.** The final report assessed the following indicators as achieved: (1) helped five agencies enable digital collection and disbursements<sup>20</sup> (e.g., Bureau of Internal Revenue (BIR) expanding e-payment collection options, National Meat Inspection Services making online payments for permits available, the Department of Trade and Industry integrating its business name registration system with online and mobile payment services, the Social Security System implementing mandatory online transactions and checkless disbursements, and

<sup>17</sup> Ibid

<sup>18</sup> The desired impact indicator of “Transparency and efficiency of the retail payment system improved” was excluded because it was tracked under Outcome Indicator 3.1, “Financial regulation refined to manage growth of e- payments.”

<sup>19</sup> The E-PESO Final Report assessed the indicator “number of active e-payment users” as not achieved based on the available data at that time (2019). This evaluation updated the accomplishment for the indicator with 2020 data (based on BSP’s Financial Inclusion Dashboard data) and assesses the indicator to be achieved.

<sup>20</sup> Bureau of Internal Revenue (BIR) in expanding e-payment collection options, National Meat Inspection Services (NMIS) in making online payments for permits available, DTI the Department of Trade and Industry in integrating its business name registration system with online and mobile payment services, the Social Security System (SSS) in implementing mandatory online transactions and checkless disbursements, and DSWD the Department of Social Welfare and Development in the digitally disbursingement of the Social Amelioration Program

the Department of Social Welfare and Development digitally disbursing the Social Amelioration Program; (2) provided research, advisory services, partnerships facilitation, and project management assistance to 11 LGUs (Quezon, Valenzuela, Puerto Princesa, Legazpi, Tagbilaran, Zamboanga, Cagayan de Oro, Ligao, General Santos, Ubay, and Nabunturan; and (3) 1,483 businesses that used e-payments; (2) provided research, advisory services, partnerships facilitation, and project management assistance to 11 LGUs<sup>21</sup>; and (3) reached 1,483 businesses that used e-payments.

The indicator on “number of people trained on the uses of e-payments” was reported not to have been achieved in the E-PESO Final Report, but the final report noted that the declared 75 percent accomplishment (11,962 actual vs. the 16,000 target) excludes DSWD’s financial literacy program training, which was then scheduled to commence shortly after the E-PESO Final Report was drafted in February 2021. Based on DSWD’s response to the KII for this evaluation, the department confirmed that three financial literacy sessions were conducted from March to May 2021. Each of the three sessions serviced about 3.8 million beneficiaries.

**E-PESO supported tax collection via digital channels.** E-PESO assistance involved issuance of regulations enabling adoption of new electronic payment channels. These new channels cater to micro and small enterprises, which represent 90 percent of tax filers. E-PESO also worked with the Bureau of Internal Revenue (BIR) to undertake a communication drive encouraging taxpayers to use digital filing and payment channels during the government-imposed enhanced community quarantine (ECQ) because of COVID-19. The assistance resulted in significant growth in tax collection through digital channels.

**E-PESO helped enable electronic fund transfer as a payment option for national government agencies through the development of an e-learning system.** E-PESO technical assistance to the Department of Budget and Management (DBM)<sup>22</sup> involved helping to roll out the Budget and Treasury Management System (BTMS)<sup>23</sup>. Through the BTMS, more national government agencies can access PESONet, a service of government servicing banks, facilitating the shift from checks to digital payments. To roll out BTMS to all national government agencies, the DBM had to train about 2,600 users per year over six years. This requirement made traditional classroom training impractical, and an e-learning system was developed. The E-PESO Final Report cited that as of December 31, 2020, more than 4,000 learners from 100 government agencies were registered with the BTMS e-learning system.

As of writing this report, the e-learning platform, which was originally intended for rolling out BTMS ended up being used for other purposes related to public financial management because BTMS was suspended. Because of certain procurement limitations, funding constraints, and changes in strategic direction, the DBM, on behalf of the Public Financial Management (PFM) Committee, decided to suspend

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<sup>21</sup> Quezon, Valenzuela, Puerto Princesa, Legazpi, Tagbilaran, Zamboanga, Cagayan de Oro, Ligao, General Santos, Ubay, and Nabunturan

<sup>22</sup> The BTMS is the information system for the PFM operations of the Government of the Philippines. It is integrated, web based, and fully automated. It is also designed to streamline processing and monitoring of financial transactions in all government agencies through a centralized database.

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BTMS temporarily because the tool involved sizeable investment in product support and maintenance<sup>24</sup>. Because having an integrated financial management and information system is a reform that the government continues to pursue, the tool will be remodified, and the PFM Committee is already reviewing the reform road map for the integration of the financial management system. Despite the BTMS being suspended, the tool's e-learning component is being reframed for other applications and capacity-building programs.

This evaluation considers the development of the BTMS as something beyond the activity's control. The e-learning platform remains useful and is currently being used for other purposes, such as the Budget Fora and PFM courses. The DBM is also planning to use the e-learning component for internal training, such as the basic courses the Department's human resources group offers. Also, because of the efficiency and practicality e-learning offers, DBM has received inquiries from other government agencies about e-learning.

**E-PESO was instrumental in the digital disbursement of government relief grants during the COVID-19 pandemic.** E-PESO helped DSWD use digital technologies to carry out the Social Amelioration Program (SAP)<sup>25</sup>. In partnership with government (i.e., DSWD and the Department of Information and Communications Technology [DICT]) and the private sector (i.e., Developers Connect Philippines, Amazon Web Services, PLDT Group, and Smart Communications, and SM Group, and the BDO Foundation), E-PESO facilitated the development of an application called ReliefAgad<sup>26</sup>. Designed for quick deployment during an emergency, the application has the capacity to expedite beneficiary registration and subsidy distribution by using digital payment systems<sup>27</sup>. In addition to being more efficient, the application made it safer for beneficiaries to access relief because it avoided crowding during registration and distribution. Design is people centric, featuring a customer support hotline and chat functionality. Further, those who do not own smartphones can still register by using someone else's phone. For those without a bank account, DSWD can push the data to participating financial institutions to facilitate new account creation.

By the end of registration in June 2020, 4.3 million beneficiaries had registered digitally, 1.1 million of whom (or 27 percent) enrolled their transaction account to facilitate digital payment of their cash relief. The E PESO Final Report also stated that by end of September 2020, 12.9 million beneficiaries<sup>28</sup> had received cash relief amounting to US\$1.7 billion (PHP83 billion). From this, 92 percent of beneficiaries were paid digitally using their transaction account. Further, 9.3 million new transaction accounts were

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<sup>24</sup> The BTMS is covered by product support and maintenance that expired in 2020.

<sup>25</sup> The SAP is the government's COVID-19 emergency subsidy to low-income families affected by the government-imposed community quarantines in 2020.

<sup>26</sup> The Developers Connect Philippines developed the software, Amazon Web Services provided cloud services, PLDT Group and Smart Communications provided website whitelisting, and SM Group and the BDO Foundation provided one-time password short message services. The Department of Information and Communications Technology provided information technology infrastructure and cybersecurity support. Banks and e-money issuers collaborated with the app team to identify ways to process new accounts seamlessly for app users.

<sup>27</sup> Through ReliefAgad.ph, SAP beneficiaries can use their mobile phones to register their social amelioration card details and provide their transaction account details, if available.

<sup>28</sup> This figure includes 4Ps beneficiaries qualified under SAP second tranche—beneficiaries who registered through LGUs and the ReliefAgad app.

created, effectively contributing to financial inclusion in the country. Beyond E PESO, the DSWD has ownership of the application, with unrestricted use in perpetuity.

**E-PESO supported the potential integration of financial inclusion in the government’s conditional cash transfer program.** E-PESO helped DSWD integrate financial inclusion into the Pantawid Pamilyang Pilipino Program (4Ps)<sup>29</sup> by (1) shifting the disbursement of grants from limited-purpose cash cards to fully functional transaction accounts and (2) developing an enhanced financial literacy program<sup>30</sup>. In particular, E-PESO provided policy formulation support for adopting transaction accounts as a mode of payment for 4Ps cash grants and development of financial literacy modules.

Having functional transaction accounts means that beneficiaries can now access financial services such as digital payments, savings, credit, investments and insurance. As of writing this report, actual implementation is still pending<sup>31</sup>. Full implementation of this initiative means the creation of 4.4 million transaction accounts for the beneficiaries, thereby increasing financial inclusion and potentially contributing to digital payment transactions.

The evaluation team notes that the DSWD is committed to pursuing the conversion of limited-purpose cash cards to full-service transaction accounts<sup>32</sup>. Management of 4Ps is coordinated among concerned units within the DSWD and partner agencies to continue efforts toward the full adoption of transaction accounts.

**E-PESO supported payment adoption among businesses by connecting women entrepreneurs to the digital economy through training and a social media campaign.** Under the USAID Women’s Global Development and Prosperity Initiative, E-PESO launched the Connecting Women to the Digital Economy (CWEDE) program, which aimed to help women entrepreneurs become online sellers. In partnership with the Department of Trade and Industry (DTI), the National Confederation of Cooperatives (NATCCO), Facebook, Shopee, and Lazada, the CWEDE program developed an integrated digital marketing training program (IDMTP)<sup>33</sup> for women entrepreneurs. The training program was pilot tested to 436 trainees, of whom 349 women entrepreneurs actually opened online stores. The training was followed by an integrated social media campaign called “E-TAAS,” which

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<sup>29</sup> The 4Ps is a DSWDled program that provides conditional cash grants to the poorest of the poor to improve the health, nutrition, and child education.

<sup>30</sup> Per the Implementing Rules and Regulations of RA 11310, “An Act Institutionalizing the Pantawid Pamilyang Pilipino Program,” the DSWD will provide beneficiaries with direct access to cash grants that is secured through transaction accounts from any authorized government depository bank.

<sup>31</sup> For full implementation, the DSWD will have to issue the policy and roll out the financial literacy program to the 4.4 million 4Ps beneficiaries nationwide.

<sup>32</sup> Raymond Estioko, Bridget Rose Mesina-Romero, Maria Christina Masangkay, Maureen Franco, Marco Luis de Larrazabal, Paulene Niña Bueno, Patricia Josette Lingat, and John Jerry Jaspio, Forging Pathways to a Cash-Lite Society: Status of Digital Payments in the Philippines, 2021 Edition, 2021, [https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging\\_pathways\\_to\\_a\\_cash-lite\\_society-Status\\_of\\_Digital\\_Payments\\_in\\_the\\_Philippines\\_\(2021\\_edition\).pdf](https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging_pathways_to_a_cash-lite_society-Status_of_Digital_Payments_in_the_Philippines_(2021_edition).pdf).

<sup>33</sup> The IDMTP learning process and framework was developed as a 90-day mentorship program covering topics on the digital entrepreneurial mindset and principles; and concepts and trends on digital marketing; case studies on online selling and top e-commerce walkthroughs, from onboarding, learning creative content, tools and techniques, and troubleshooting.

encourages micro, small, and medium enterprises (MSMEs) to go digital and consumers to support local products.

E-PESO helped build the capacities of the DTI and NATCCO mentors by equipping them with knowledge and tools to sustain the training program beyond the E-PESO Activity. An operations manual on delivering IDMTP was developed. Further, the DTI institutionalized the training and expanded the scope to cover all MSMEs. The DTI will continue to implement the IDMTP as one activity under the Revitalizing Businesses, Investments, Livelihoods, and Domestic Demand (REBUILD PH) campaign<sup>34</sup>. REBUILD PH is the DTI's strategy to recharge the economy despite the pandemic.

In addition, E-PESO helped the DTI expand digital payment options for the new Business Name Registration System and assisted in drafting the e-Commerce Road Map 2020–2022. Finally, E PESO linked the Department to various partners with expertise in financial education as well as financial service providers. Even after the E-PESO engagement, the department are still in close collaboration with these partners.

A current initiative by the DTI is the CTRL+BIZ Reboot Now! program, which aimed to encourage and help MSMEs to go digital. The program offers webinars for MSMEs, providing entrepreneurs with information about starting their business online. Another DTI initiative, which is yet to be launched as of writing this report, is called E-Bayad Mo and aims to promote digital payment.

## **SUB-PURPOSE 2: EXPANSION OF INFRASTRUCTURE FOR E-PAYMENTS**

**Based on the E-PESO Final Report, all three component indicators were achieved.** The achieved indicators were (1) 79 institutions expanding their front-end infrastructures (against a target of 30), (2) 128 unique institutions connected to PESONet or InstaPay clearing switch operators (CSOs) and receiving electronic funds transfer credit instructions through the automated clearing houses (ACHs) (against a target of 30), and (3) six gap-analysis reports produced (against a target of 5). Annex E presents the accomplishments in detail.

**E-PESO supported the launch of eGovPay, a PESONet-enabled digital bill payment system for government collection.** The benefits of using eGovPay include curbing revenue leaks, enhancing transparency, and promoting efficiency in the country's revenue generation efforts. Government clients can use eGovPay by initiating payments through Land Bank of the Philippines' Link.Biz portal, which directs them to the PayGate platform of the Philippine Clearing House Corp. This platform enables payors to choose the payment service provider from which funds will be transferred to the government through PESONet<sup>35</sup>.

E-PESO involvement covered preliminary work, such as assistance to BSP in drafting the concept note, facilitation of workshops to formulate proposals, and implementing the pilot with the BIR as the

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<sup>34</sup> "Empowering women in digital through 'E-Taas ang Pinay MSMEs' campaign!" Republic of the Philippines Department of Trade and Industry, last modified February 10, 2021, <https://www.dti.gov.ph/archives/news-archives/e-taas-ang-pinay-msmes/>.

<sup>35</sup> Lawrence Agcaoili, "BSP wants all state agencies onboard EGove Pay this year," The Philippine Star, July 9, 2021, <https://www.philstar.com/business/2021/07/09/2111107/~:text=MANILA,%20Philippines%20—%20The%20Bangko%20Sentral,spread%20of%20COVID-19%20infections.>

merchant institution. From its launch in August 2019, eGovPay reached 387 government billers by the end of May 2021. According to BSP, this figure translates to 90 percent of total government billers scheduled to be captured in the digital platform for 2021<sup>36</sup>.

E-PESO assisted the payments industry with preparatory work for the establishment of an interoperable cash agent network. An interoperable cash agent network will increase touch points for customers of electronic money issuers (EMIs) to convert their cash to electronic value in their accounts and vice versa. In view of this opportunity, E-PESO conducted two studies: one a study on cash agent network (CAN) sharing models, with recommendations for the Philippines, and one a study on shared CAN (SCAN) payment-use cases. E-PESO also facilitated workshops to determine and agree on the principles of interoperability of agents, structure, and governance of a CAN provider, governance of SCAN, core service standards, and interchange fee setting and billing. The activity submitted to BSP and Philippine Payments Management, Inc. (PPMI) a proposal package that included the draft multilateral agreement and the two aforementioned studies.

**E-PESO supported the launch of the BIR’s Electronic Tax Software Provider Certification (eTSPCert) System, an online certification system that will authorize and verify third-party providers of electronic tax solutions.** Launched in December 2018, the eTSPCert System is BIR’s online platform, which TSPs can use for the application and certification of tax solutions. The system ensures that the software TSPs use complies with BIR requirements. The whole process is completely online and covers document submission, BIR verification, approval of applications, downloading of development tools, submission of test outputs, and BIR certification. E-PESO contributed project management support, provision of inputs to the system’s technical design, and provision of policy bases for the system’s rollout.

The availability of BIR-compliant tax software will provide taxpayers with alternative electronic tax filing options other than eBIRForms. Because the TSPs can develop e-filing and e-payment software with more user-friendly interfaces, taxpayers will benefit, as well. It is also expected to translate to improved tax collection efficiency. As of project completion, the BIR issued certifications to two TSPs covering 10 certified forms.

**E-PESO supported the BIR’s digital transformation drive to simplify forms and streamline processes for taxpayers through the Hack-A-Tax innovation challenge.** The Hack-A-Tax challenge is a nationwide competition to develop digital applications that facilitate faster and more convenient digital transactions with the BIR. From the 175 proposals received, 12 finalists were selected, and 3 solutions were declared winners. To enable the competition finalists to launch their products, E PESCO worked with the BIR to develop application program interfaces and the payment portal needed.

This partnership with the private sector, particularly information and communication technology (ICT) firms and the software development community, to create digital solutions for taxpayers addressed several challenges that the BIR faced in implementing its digital transformation drive. These challenges

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<sup>36</sup> Lee C. Chipongian, “Onboarding of EGov Pay 90% done—BSP,” Manila Bulletin, July 8, 2021, <https://mb.com.ph/2021/07/08/onboarding-of-egov-pay-90-done-bsp/#:~:text=Business%20NEWS&text=%E2%80%9CAt%20end%2DMay%20this%20year,Diokno%20announced%20Thursday>.

included the capability to undertake ICT projects involving the latest technologies, maintaining systems to keep pace with rapidly changing technology standards, and the government's bureaucratic procurement process.

### **SUB-PURPOSE 3: IMPROVEMENT OF THE ENABLING ENVIRONMENT FOR E-PAYMENTS**

**Based on the E-PESO Final Report, E-PESO achieved all nine component indicators;** The indicators include (1) supported the refinement of 24 circulars, regulations, or local ordinances that are supportive of e payment growth; (2) held 37 roundtables or consultation meetings with various stakeholders, including regulators, businesses, and financial institutions; (3) removed or added 6 policies to reduce barriers and encourage competition in e-payments; (4) achieved interoperability in the national payment system; (5) raised awareness of e-payment among 81 percent of the population aged 15 years and older; (6) raised trust in the e-payment system among 75 percent of the population aged 15 years and older; (7) conducted 10 activities to promote awareness of digital security best practices or consumer protection; (8) published 287 articles promoting e-payments; and (9) held 21 global knowledge-sharing events that highlight the Philippines' e-payment environment and players. [Annex E](#) presents the accomplishments in detail.

**E-PESO helped the BSP formulate the NRPS, a governance and regulatory framework for a safe, reliable, efficient, and interoperable retail payments system.** In November 2017, the BSP issued Circular No. 980, "Adoption of the NRPS Framework." Built on the principles of interoperability, inclusivity, and cooperation, the framework aims to promote the use of e-payments<sup>37</sup>. The contribution of E-PESO is that the activity deliberated with and provided reports to the assigned BSP team in formulating the principles, policies, rationale, and guidelines used as inputs to regulations<sup>38</sup>.

Notably, the NRPS was conceptualized with BSP under a previous USAID-supported activity, the Scaling Innovations in Mobile Money (SIMM) Project<sup>39</sup>. Implemented from April 2012 to January 2015, the SIMM Activity aimed to increase financial inclusion by boosting adoption and use of mobile money. It was observed then that the lack of interoperability, which will allow funds from accounts in other banks or EMIs to flow to and from mobile money accounts, has kept mobile money from reaching scale. This

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<sup>37</sup> Interoperability enables customers to transfer funds from their account to any other transaction account. Inclusivity requires that all qualified financial service providers participate in the system to foster greater competition and innovation. Cooperation means industry is expected to cooperate in matters that directly affect the shared objectives of system efficiency and resilience while still competing on product features.

<sup>38</sup> Policies, guidelines, and regulations include adoption of (1) the NRPS framework; (2) PPMI; (3) guidelines of the NRPS key principles and specific rules applicable thereto; (4) disclosure of fee on electronic payments pursuant to Circular No. 980; (5) guidelines on the settlement of instant retail payments; (6) availability of InstaPay and PESONet in all existing electronic delivery channels; (7) amendments to Part 8 of the Manual of Regulations for Banks/Manual of Regulations for Non-Bank Financial Institutions and Circular No. 980; (8) frequently asked questions on anti-money laundering-related concerns on the adoption of the NRPS framework; (9) personnel education on and publication of PESONet and InstaPay information; and (10) amendments to regulations on electronic banking services and other electronic operations.

<sup>39</sup> The SIMM project proposed to BSP the vision of a safe and interoperable national payment system. BSP supported the vision and recommended that SIMM start with (1) articulating a global best-practices framework that will ensure the safety and soundness of the national payments system and (2) obtaining broad consensus among the payments industry players to implement it. SIMM and BSP also agreed to focus the scope on retail payments only because these payments are critical to achieving the goal of financial inclusion.

structural barrier has denied the benefits of network effects because the mobile money services remain as closed loops, where their consumers and merchants have to be in one payment scheme only.

To address this challenge, SIMM supported the BSP in initiating and leading industry-wide advocacy toward having an inclusive, efficient, and interoperable NRPS. The envisioned NRPS will allow electronic flow of funds from any account to another using any participating financial institution. The SIMM Activity engaged National Payments System (NPS) experts to provide knowledge on the structure and framework of the desired NPS and provide guidance on how the Philippines can achieve it. The SIMM project also sponsored NPS courses to create awareness and understanding of the subject, stimulate discussions, and establish a national agenda for NRPS among BSP officials, other government officials, and financial industry leaders. Planning workshops were also held among BSP officials and financial industry leaders to reach a broad consensus on the vision behind NRPS and the possible means of achieving it.

The BSP and the financial industry widely supported the concept of implementing an inclusive, efficient, and interoperable NRPS. Implementation of an interoperable NRPS should not only promote financial inclusion but also improve gross domestic product. Based on the workshops and information obtained from the BSP and the financial industry, SIMM submitted to the BSP the guiding principles on establishing a Payments System Management Body (PSMB) and risk management framework, the guiding principles and economic model of a single national utility clearing operator, and the plan of work for key streams in moving toward NRPS<sup>40</sup>.

**With E-PESO's assistance, the BSP and the payments industry launched two ACHs—namely, PESONet and InstaPay.** Under the NRPS framework, all significant payment streams are required to be covered by an ACH, which ensured the interoperability of digital payment services. An ACH is a multilateral, legally binding agreement on the clearing and participation rules for a specific payment stream to facilitate digital fund transfers among participants. ACHs allow an accountholder of one BSP-supervised financial institution (BSFI) to transfer funds to any other account of another BSFI, including non-banks. E-PESO provided policy formulation support to the BSP as it established the ACHs under the NRPS.

**The COVID-19 pandemic hastened the adoption of digital payments.** Figure 2 and Figure 3 present the PESONet<sup>41</sup> volume and value transactions since its launch in November 2017. The solid blue line represents the actual transactions, while the dotted blue line represents the linear trend. These lines show a remarkable increase in transactions. The observed growth was evident after the lockdowns, which occurred in March 2020. The volume of transactions increased from 0.3 million in November 2017 to 1.2 million in March 2020, reaching 6.6 million in November 2021. In terms of value, this rise translates to about US\$1 billion (PHP53 billion) in November 2017 to approximately US\$2.9 billion (PHPI49 billion) in March 2020 to about US\$8.8 billion (PHP442 billion) in November 2021<sup>42</sup>.

To determine the possible impact of COVID-19 on the adoption of PESONet transactions, the evaluation team estimated the values for March 2020 onwards to illustrate what would have been the

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<sup>40</sup> Development Alternatives, USAID/Philippines Scaling Innovations in Mobile Money (SIMM) Project: Final Report, December 16, 2014, [https://pdf.usaid.gov/pdf\\_docs/PA00KF87.pdf](https://pdf.usaid.gov/pdf_docs/PA00KF87.pdf)

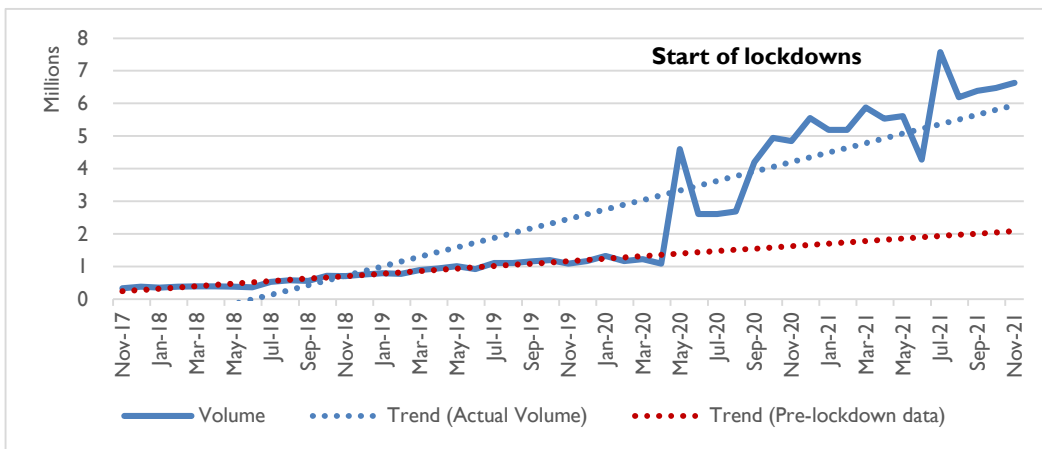
<sup>41</sup> PESONet is a batch/bulk electronic funds transfer facility that allows same-day full-value credit of funds.

<sup>42</sup> All conversions to USD made at an approximate current exchange rate of PHP50/USD.

trend based on pre-COVID-19 lockdown data (i.e., November 2017 to February 2020) using basic linear trend analysis. This estimated trend is illustrated by the dotted red line. As expected, the actual trend is significantly higher than the estimated trend using pre-lockdown data. Nonetheless, the estimated trend shows a respectable increase in the number of transactions.

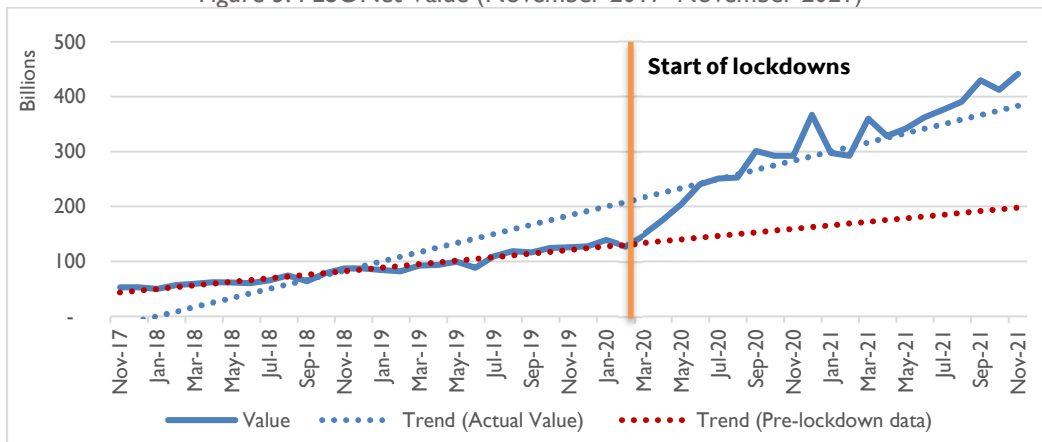
The same pattern holds for InstaPay<sup>43</sup> transactions (Figure 4 and Figure 5). Further, InstaPay’s growth was more remarkable, particularly after the imposition of lockdowns. The total volume of transactions grew from 1,740 (amounting to approximately US\$382,000 [PHP19.1 million]) in April 2018 to 7.1 million (amounting to about US\$922 million [PHP46.1 billion]) in March 2020 and eventually reached 42.8 million (amounting to approximately US\$5.4 [PHP270.2 billion]) in November 2021<sup>44</sup>. This rise may have resulted from InstaPay transactions being transferred instantly and smaller in value (i.e., less than US\$1,000 [PHP50,000]) and likely being used more during the pandemic than PESONet.

Figure 2. PESONet Volume (November 2017–November 2021)



Source: BSP

Figure 3. PESONet Value (November 2017–November 2021)

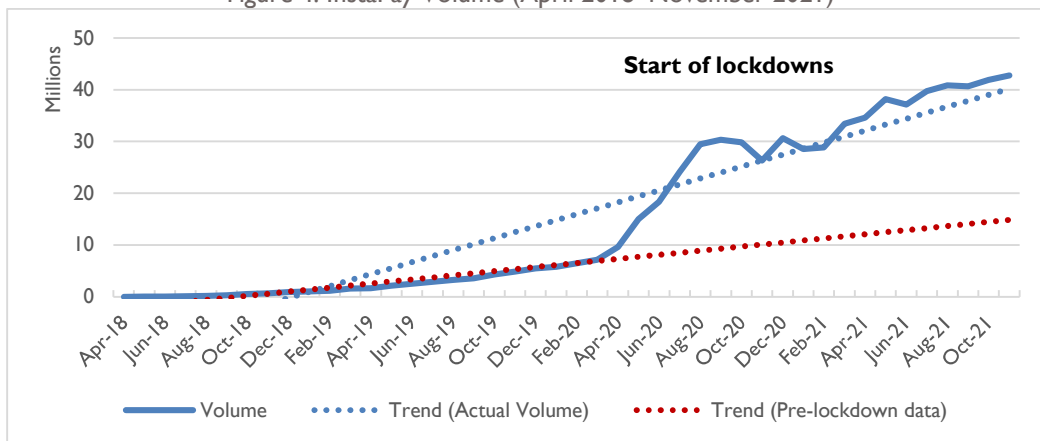


Source: BSP.

<sup>43</sup> InstaPay is a real-time, low-value electronic funds transfer facility that allows accountholders to send and receive funds to PHP50,000.

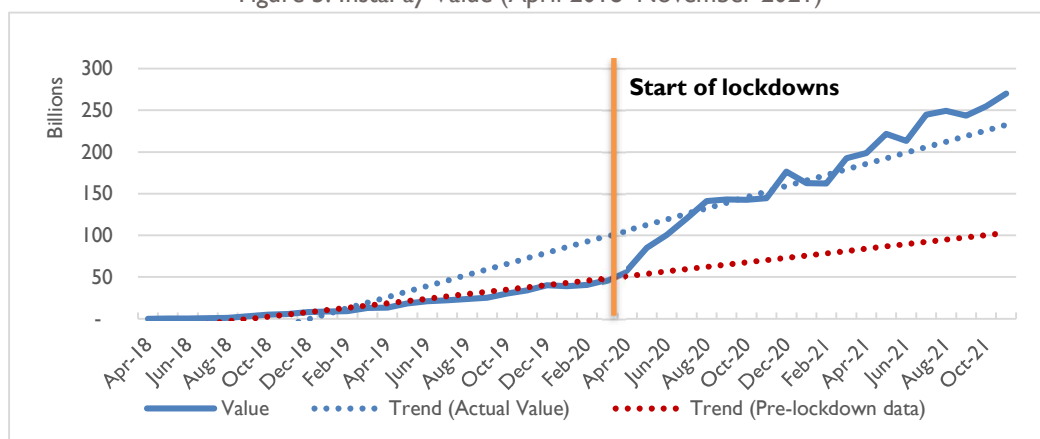
<sup>44</sup> All conversions to USD made at an approximate current exchange rate of PHP50/USD.

Figure 4. InstaPay Volume (April 2018–November 2021)



Source: BSP.

Figure 5. InstaPay Value (April 2018–November 2021)



Source: BSP.

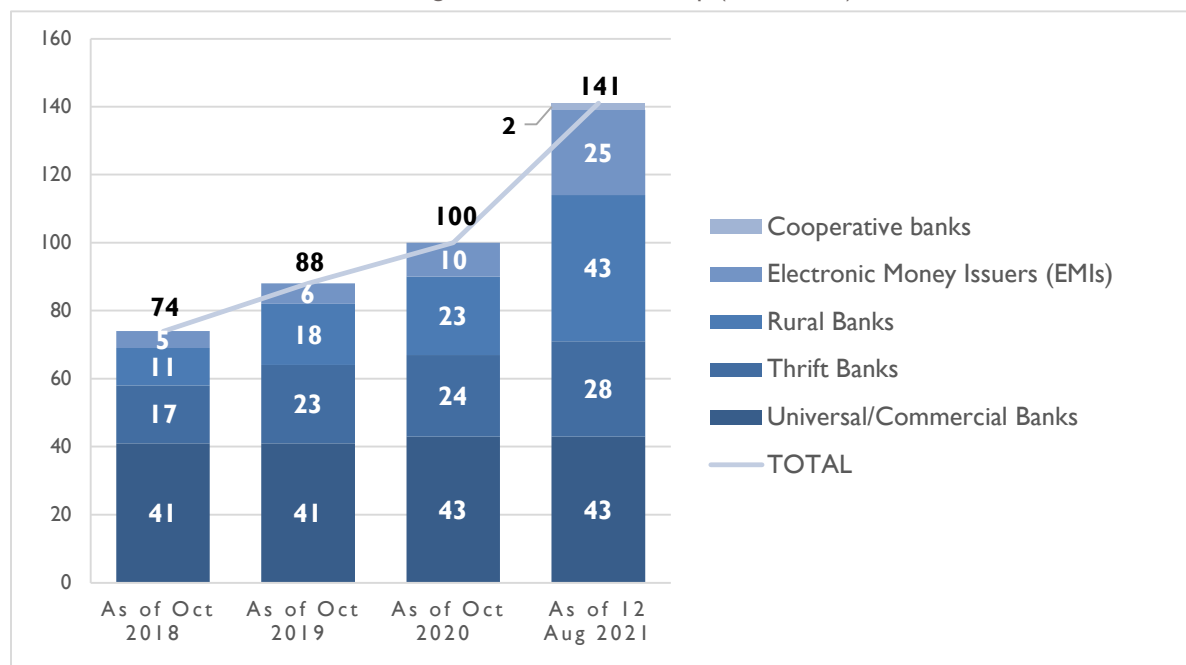
Further, InstaPay volume overtook ATM withdrawals starting in August 2020, except in November and December 2020, when a series of typhoons may have affected access to digital payment services. With the relatively stable trend of checks and assuming that use PESONet will steadily increase, PESONet may approach check volume over time<sup>45</sup>.

<sup>45</sup> Raymond Estioko, Bridget Rose Mesina-Romero, Maria Christina Masangkay, Maureen Franco, Marco Luis de Larrazabal, Paulene Niña Bueno, Patricia Josette Lingat, and John Jerry Jaspio, Forging Pathways to a Cash-Lite Society: Status of Digital Payments in the Philippines, 2021 Edition, 2021, [https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging\\_pathways\\_to\\_a\\_cash-lite\\_society-Status\\_of\\_Digital\\_Payments\\_in\\_the\\_Philippines\\_\(2021\\_edition\).pdf](https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging_pathways_to_a_cash-lite_society-Status_of_Digital_Payments_in_the_Philippines_(2021_edition).pdf)

**E-PESO supported the creation of a payment systems management body, which became the PPMI<sup>46</sup>.** The project recommended to the BSP the creation of a payment systems management body as part of the NRPS framework. The creation of PPMI will drive cooperation among participating institutions toward achieving the goal of NRPS—a safe, reliable, efficient, and interoperable retail payments system. PPMI is a self-governing body tasked with helping the BSP oversee NRPS implementation by enforcing its governance framework. The payment industry, through PPMI, develops and implements standards that are aligned with the NRPS<sup>47</sup>. The specific tasks of PPMI are (1) to standardize clearing agreements and ensure that all payment streams are covered by a multilateral ACH agreement; (2) to enforce members’ compliance with criteria, standards, and rules that PPMI has promulgated and adopted; (3) to identify and undertake industry initiatives to support NRPS; (4) to monitor systemwide risks; and (5) to prepare reports for oversight<sup>48</sup>.

Through the creation of a PSMB, previously excluded actors (i.e., thrift and rural banks, non-banks) are now allowed to participate in the formulation of rules that affect the entire payment industry. Any BSFI that wishes to participate in clearing (e.g., PESONet and InstaPay) must join PPMI. Figure 6 shows that the number of PPMI members has increase over time. From a total of 74 members in October 2019, membership reached 141 in August 2021. During the same period, significant growth was observed for rural banks in particular (from 11 in October 2018 to 43 in August 2021) and EMIs (from 5 in October 2018 to 25 in August 2021).

Figure 6. PPMI Membership (2018–2021)



Source: E-PESO Final Report and PPMI website.

<sup>46</sup> On August 2, 2020, PPMI was accredited as a PSMB under the National Payment Systems Act (NPSA). The NPSA was passed into law in July 2018.

<sup>47</sup> “About us,” Philippine Payments Management, Inc., 2021, <https://www.philpayments.org.ph/ourwork>

<sup>48</sup> Bangko Sentral ng Pilipinas, National Retail Payment System, accessed January 26, 2022, [https://www.bsp.gov.ph/PaymentAndSettlement/FAQ\\_NRPSFramework0623.pdf](https://www.bsp.gov.ph/PaymentAndSettlement/FAQ_NRPSFramework0623.pdf)

**E-PESO conducted a root cause analysis and provided recommendations for meeting the challenges that prevent businesses from shifting to e-payments.** The study was prompted by the slow adoption of e-payment among businesses (see Table 3). Based on the study, barriers to adoption were classified into the following areas: regulatory, behavioral, ecosystem environment, financial, and customer experience<sup>49</sup>. In particular, the requirement that businesses keep hard copies of receipts and invoices was identified as a taxpayer pain point and hinders the shift from checks and cash to digital options. To address these barriers, E-PESO recommended the following solutions: (1) Implement e invoicing; (2) allow transmission of relevant commercial information and more payment information from the payer to the payee; and (3) clarify liabilities in case of anomalous transactions.

E-PESO presented and submitted for the BIR's consideration the Blended E-Invoicing System (EIS) and Pan European Public Procurement Online (PEPPOL) e-invoicing solution<sup>50</sup>. The BIR is set to pilot its electronic receipts and e-invoicing system among 100 taxpayers in 2022<sup>51</sup>. Under the Tax Reform Acceleration and Inclusion law, which was signed into law in December 2017, e-receipts and e invoices should be implemented within five years after its effective date.

**To further strengthen BSP's cybersecurity capability, E-PESO helped BSP conduct a cybersecurity policy review, capacity building, and compliance monitoring.** In particular, E-PESO was responsible for the following deliverables with BSP: (1) cybersecurity policy review<sup>52</sup>; (2) capacity building; (3) assessment of BSFIs' readiness to comply with information security guidelines<sup>53</sup>; (4)

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<sup>49</sup> The E-PESO Final Report cited that the root causes of these barriers were (1) regulatory compliance—businesses need to secure hard copies as evidence of revenue and expenses in compliance with regulatory requirements; (2) business requirement and cost-efficiency—businesses must be able to collect accurate transaction- and payment-related information efficiently for purposes of posting and reconciliation while complying with regulatory requirements; and (3) transaction certainty and accuracy—businesses must be assured that payments will be successful and that suitable protection exists in case of anomalous or erroneous transactions.

<sup>50</sup> The Blended EIS-PEPPOL E-Invoicing Solution is deemed advantageous because (1) the BIR stays as a regulator only and does not become both a regulator and an operator of an e-invoicing system for the market; (2) it minimizes cost of ownership; (3) it is the most efficient and affordable e-invoicing solution for the BIR, businesses, and government agencies; (4) it optimizes ease of doing business and productivity; and (5) it facilitates cross-border trade and improves the international competitiveness of Philippine businesses.

<sup>51</sup> Raymond Estioko, Bridget Rose Mesina-Romero, Maria Christina Masangkay, Maureen Franco, Marco Luis de Larrazabal, Paulene Niña Bueno, Patricia Josette Lingat, and John Jerry Jaspio, Forging Pathways to a Cash-Lite Society: Status of Digital Payments in the Philippines, 2021 Edition, 2021, [https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging\\_pathways\\_to\\_a\\_cash-lite\\_society-Status\\_of\\_Digital\\_Payments\\_in\\_the\\_Philippines\\_\(2021\\_edition\).pdf](https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging_pathways_to_a_cash-lite_society-Status_of_Digital_Payments_in_the_Philippines_(2021_edition).pdf)

<sup>52</sup> The cybersecurity policy review in 2018 involved the analysis of BSP's Circular No. 982, "Enhanced Guidelines on Information Security Management." The guidelines were assessed vis-à-vis international standards (e.g., ISO 27001, "Information Security Management System, Cyber Resilience Framework—Committee on Payment and Market Infrastructures, National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity, and the Payment Card Industry—Data Security Standard").

<sup>53</sup> Capacity building includes training on (1) securing and auditing the cloud environment; (2) security of ATMs and the online/mobile banking environment and other emerging channels; (3) basic concepts on the Payment Card Industry Data Security Standard; and (4) cybersecurity essentials and the Cybersecurity Assessment Framework. Participants from BSP included representatives from the Technology Risk & Innovation Supervision Department, Information Technology, the General Examination Department, and the Payment Systems Oversight Department.

a solution to assess BSFIs' cybersecurity risk management<sup>54</sup>; and (5) development of a Cybersecurity Capability Maturity Model<sup>55</sup>.

Findings from the cybersecurity policy review show that current BSP regulations on cybersecurity comply with the cyber resiliency framework of the National Institute of Standards and Technology (NIST) and the Bank for International Settlements. Based on the review, BSP's current guidelines have more than adequate requirements and controls to address cybersecurity and information security risks. The cybersecurity readiness of financial institutions, however, has room for improvement. Monitoring the compliance of the BSFIs with cybersecurity policies led BSP to implement the Governance, Risk Management, and Compliance (GRC) regulatory technology system within the banking industry. The GRC solution is a unified RegTech and SupTech solution<sup>56</sup> that will streamline and automate regulatory supervision, reporting, and compliance assessment of BSFIs' cybersecurity risk management.

**E-PESO formulated and implemented the cybersecurity awareness campaign “E-Safety is Everyone’s Responsibility.”** In view of the rapid adoption of digital payments during the pandemic, E-PESO began promoting good cyber hygiene practices to maintain and increase users’ trust in digital payments. The campaign contains (1) e-safety responsibilities for users, which aims to educate users on how to avoid being hacked or scammed online; (2) e-safety responsibilities for BSP and BSFIs to assure users that BSP and its supervised financial institutions are working to protect users from cyberattacks; and (3) e-safety recourse for users in the event of cyberattacks and security breaches. BSP has adopted the campaign as part of its ongoing digital literacy program.

#### **SUB-PURPOSE 4: ADDRESSED GAPS IN BROADER E-PAYMENT ECOSYSTEMS**

**E-PESO helped 11 partner cities and municipalities offer digital payments for local taxes.** E-PESO provided research, advisory services, partnership facilitation, and project management assistance to 11 partner LGUs (Quezon, Valenzuela, Puerto Princesa, Legazpi, Tagbilaran, Zamboanga, Cagayan de Oro, Ligao, General Santos, Ubay, and Nabunturan). By the end of E-PESO implementation, all partner LGUs had digital payment options for business taxes; some also include real property taxes, market stall fees, construction permits, and traffic violation tickets. Some LGUs were also planning to expand to include water bills. Based on KII responses from this evaluation, Tagbilaran City is offering digital payment of local taxes, making the city compliant with eBOSS. In contrast, Zamboanga is back to a cash-only option pending enhancement of its system.

**E-PESO helped build the capacity of partner LGUs in digital and social media marketing for digital payment promotional campaigns.** E-PESO held a workshop series on “Social Media and Promotions Planning for E-Payments.” The workshop addressed lack of awareness of e payment services, which is the main reason these services are not used based on the BSP Financial Inclusion Survey. E PESCO focused on social media marketing because Filipinos top the global survey on time spent

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<sup>54</sup> E-PESO provided assistance in sourcing potential vendors and developing the Request for Quotation and Terms of Reference for its Advanced SupTech Engine for Risk-based Compliance, the BSP's GRC solution.

<sup>55</sup> The E-PESO Activity developed a proposed Cybersecurity Capability Maturity Model that may adopt consistent with the NIST for the industry and BSFIs.

<sup>56</sup> RegTech, or regulatory technology, is a technology solution designed to help a financial institution manage regulatory compliance. SupTech, or supervisory technology, is a technology solution designed to help supervisory agencies manage regulatory compliance.

on social media<sup>57</sup>. The workshops equipped partner LGUs with the capacity to design effective promotional campaigns.

## FACTORS CONTRIBUTING TO SUCCESSES AND CHALLENGES

**BSP's commitment to the agenda enabled it to lay the groundwork for digitalization.** The NRPS was possible because of BSP's commitment to the vision of a safe and interoperable national payment system. Although E-PESO provided the research and analysis, facilitated the process, and came up with recommendations, it was BSP's decision to adopt the recommendations and implement the reforms. BSP influenced the payments industry by soliciting participation of market players in the NRPS and drove government agencies' adoption of digital payments.

**Institutional champions played an important role by taking ownership and championing the activities.** These champions paved the way for buy-in across the organization, mobilization of resources to support project activities, and smoother implementation in general. In particular, BSP's leadership exercised political will in implementing the necessary reforms to modernize the payments industry. The E-PESO Final Report also recognized the presence of champions in other major counterpart organizations (e.g., the BIR for the digital transformation drive and adoption of digital payments and the DSWD for its adoption of digital payments and integration of financial inclusion in social subsidy programs).

**E-PESO engaged the private sector as partners in solving development problems.** By partnering with the private sector, whose objectives were aligned with the project objectives, E PESO used its resources effectively<sup>58</sup>. This partnership was illustrated in several of E-PESO activities. First, in the case assisting the BIR, the private sector helped develop payment solutions to facilitate digital payment of taxes. This partnership with the private sector addressed the challenges the BIR faced in implementing ICT projects using the latest technologies, maintaining systems, and managing a long procurement process. With regard to assisting the DSWD, the private sector helped co-create a digital solution to solve inefficient beneficiary registration and cash relief distribution. Through private sector partnership, the project delivered the ReliefAgad application without additional costs for systems development. Finally, in the case of the partnership with the DTI and private sector (e.g., Lazada, Shopee, Facebook) to train women entrepreneurs to be online sellers, interest in onboarding MSMEs and using the e-commerce platforms was the partnership's common objective.

**The E-PESO Activity successfully transferred knowledge to major government counterparts.** The E PESO team shared a global perspective on digital payments and provided BSP with the technical expertise and valuable inputs to develop the NRPS framework. Among others, the E PESO team helped in the (1) formulation of payment rules, policies, clearing, and settlement processes; (2) identification of legal and regulatory gaps; and (3) the digital transformation road map.

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<sup>57</sup> Filipinos spend 3 hours, 57 minutes per day, according to the Global Web Index (January 2019 data) based on a survey of Internet users aged 16 to 64 years. Fifty-nine percent, or 62 million of a total 105.7 million population, are active on social media.

<sup>58</sup> Development Alternatives, USAID/Philippines Scaling Innovations in Mobile Money (SIMM) Project: Final Report, December 16, 2014, [https://pdf.usaid.gov/pdf\\_docs/PA00KF87.pdf](https://pdf.usaid.gov/pdf_docs/PA00KF87.pdf)

In the case of the DSWD, whose mandate and expertise do not relate to financial endeavors, assistance from E-PESO paved way for staff and program beneficiaries to improve their financial literacy and apply this knowledge to achieve positive behavioral changes and financial independence. E PESO also linked government agencies (e.g., the DSWD and DTI) to various partners with expertise in financial education and financial service provision. Even after the E-PESO engagement, the departments are still in close collaboration with these partners.

**E-PESO implementation has been highly adaptive amidst uncertainties brought about by the COVID-19 pandemic and changes in funding.** When COVID-19 appeared, the resulting community lockdowns affected E-PESO implementation. Restrictions put on hold activities such as events, workshops, and field visits. The E-PESO team resorted to online meetings, webinars, and collaboration tools with businesses and institutions. As a result, most of E-PESO's activities resumed two months after the announcement of the ECQ. Activities conducted virtually include the DSWD's Financial Literacy Program Writeshop, the BIR's Hack-A-Tax innovation challenge final demo and pitching, and the BIR's Hack-A-Tax awarding ceremony.

E-PESO also refocused its activities to COVID-19 response projects. E-PESO supported the DSWD's implementation of the SAP through the development of a mobile application that facilitated quick registration and distribution of aid. E PESO also supported the implementation of a public awareness campaign to strengthen preference for digital payments, including (1) supporting the DSWD on the SAP Communications Campaign, particularly on eligibility requirements, the registration process, and cash grant distribution; (2) working with the BIR on the Electronic Filing and Payment Promotions Campaign to encourage the use of e-filing and e-payment channels in settling accounts with the Bureau; and (3) working with BSP on the Financial Literacy Campaign to promote the use of e payments during ECQ<sup>59</sup>.

During its implementation, E-PESO encountered a funding constraint. Only 60 percent of its contract ceiling was available. Nevertheless, the activity met most of the indicators by project completion. E PESO also partnered with the private sector, which allowed the project to use that sector's resources.

**The E-PESO team effectively engaged stakeholders through consultations and dialogue.** Recognizing the low adoption of digital payments among businesses, the project held consultations with various stakeholders (i.e., regulators, private businesses, government agencies, financial institutions) to identify the root causes. This work was an input to the revenue regulation and business process review on how to address the needs of various stakeholders. By engaging multiple stakeholders (i.e., BSP as regulator and supply-side players or financial service providers as well as demand-side partners and clients), regulatory questions on technical implementation issues were resolved quickly.

**Government partners recognized the E-PESO team as client oriented.** Recognition of the partnership and support the E-PESO team provided was clear based on responses from KIIs. Government partners regarded the E PESO team as experts in the field as well as highly consultative and facilitative.

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<sup>59</sup> Development Alternatives, USAID/Philippines Scaling Innovations in Mobile Money (SIMM) Project: Final Report, December 16, 2014, [https://pdf.usaid.gov/pdf\\_docs/PA00KF87.pdf](https://pdf.usaid.gov/pdf_docs/PA00KF87.pdf)

**Challenges during implementation related to funding constraints, understanding the dynamics of local payment service providers, and seeming preference for cash over digital options.** The E-PESO Activity encountered a funding constraint during its implementation. Only 60 percent of its contract ceiling was available. Initially, there were efforts to downgrade the targets, but USAID and E-PESO agreed not to make these changes in the hope that more funds would be available later<sup>60</sup>. Another challenge was dealing with the dynamics of local payment service providers (e.g., big banks, small banks, and EMIs), which have the tendency to keep information to themselves. This behavior is expected because competitors coming together to make working together easier is a big task. In relation to E-PESO's assistance to the DSWD, there was a seeming preference for cash at the distribution level for the SAP that hindered e-payment adoption among beneficiaries.

## **SUSTAINABILITY**

*Evaluation Question: What evidence supports the likelihood that the benefits of E-PESO will extend past the activity's period of performance? What considerations should future similar activities take into account?*

**The digitalization agenda is backed by policies: Some exist already, and some are pending enactment.** Among the relatively recently enacted legislation are the Philippine Identification System Act and the Ease of Doing Business and Efficient Government Service Delivery Act.

The Philippine Identification System Act, which was signed into law on August 6, 2018, aimed to establish a single national identification system for all citizens and resident aliens of the Philippines<sup>61</sup>. It addressed the lack of a valid identification document as a major reason why some Filipinos remain without bank accounts. As of November 8, 2021, 5.9 million Filipinos previously without bank accounts have opened an account under this arrangement<sup>62</sup>. The enactment of the Philippine Identification System is significant given that financial inclusion and digitalization of payment are mutually reinforcing.

Sustainability of adoption by LGUs is expected because of the Ease of Doing Business and Efficient Government Service Delivery Act of 2018<sup>63</sup>. In accordance with this act, a joint memorandum circular (JMC) on the "Guidelines for Processing Business Permits, Related Clearances and Licenses in the New Normal in All Cities and Municipalities" was issued, which directs LGUs to transition to eBOSS by June

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<sup>60</sup> Discussed during the May 20, 2021, consultation meeting with the AOR on E-PESO and PRM as part of the preparation of the SOW on the evaluation of E-PESO.

<sup>61</sup> The availability of a national ID is envisioned to simplify public and private transactions, resulting in seamless social service delivery and greater financial inclusion. As a foundational digital ID system, PhilSys is expected to accelerate transition to a digital economy by enabling presenceless, paperless, and cashless transactions.

<sup>62</sup> Bangko Sentral ng Pilipinas, "Basic Deposit Account up 51% in Q1," November 7, 2021, <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=6013>

<sup>63</sup> This act refers to RA 11032, which mandates all government offices and agencies for the assessment and improvement of their transaction systems and procedures. In addition, their business-related transactions must be automated through the development of accessible, web-based software and technology-neutral platforms in collaboration with the DICT. The DICT is responsible for establishing, operating, and maintaining a Central Business Portal—an online system that receives and captures applications and data involving business transactions from different government agencies, including the BIR.

17, 2021<sup>64</sup>. In a press release by the Anti-Red Tape Authority, the agency eyes 100 percent LGU compliance by the end of the current president's term (i.e., May 2022).

Other, related legislation is pending enactment as of writing this report. These pending bills are important for ensuring that digital transformation will be backed by available infrastructure, efficient governance, and a future-ready workforce. This legislation includes (1) the Open Access in Data Transmission Act, which aims to modernize the country's telecoms regime; (2) the Internet Transactions Act, which seeks to create the Electronic Commerce Bureau under the DTI to regulate e-commerce transactions in the country; (3) the Digital Taxation Value Added Tax on Digital Transactions Act, which aims to impose taxes on digital services; and (4) the National 30 Year Infrastructure Program Act, which seeks to provide a framework for the continuing development across government administrations of essential transport, energy, water resources, ICT, social infrastructure systems, and other basic overhead facilities in the country<sup>65</sup>.

Another pending bill is Senate Bill 1764, Use of Digital Payments Act. The bill aims to facilitate transactions, arrangements, or exchanges of goods and services by promoting the universal use of safe and efficient digital payment in financial transactions. The act will mandate the use of digital payments, particularly in all government agencies, offices, and LGUs. The LGUs will also, by ordinance, require that merchants be able to receive digital payments as a prerequisite for business permits.

**The thrust to shift to digital payment is embedded in institutional road maps.** The BSP has the Digital Payments Transformation Road Map 2020–2023<sup>66</sup>, which identified the targets, strategies, and schedule. The road map is evidence based and clearly outlines action items to be prioritized in the areas of (1) digital payment streams, (2) digital finance infrastructure, (3) digital governance and standards, (4) enabling the policy and regulatory environment, (5) digitally transformed BSP, and (6) strategic communication. The BSP road map targets are (1) to convert at least 50 percent of all transactions to electronic channels by 2023 and (2) to expand financially included adults to 70 percent. No figures are available yet, but the BSP is confident that it will meet the targets<sup>67</sup>, with the BSP governor announcing that targets will be met before the end of 2022<sup>68</sup>.

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<sup>64</sup> The JMC is a joint initiative of the DICT, Anti-Red Tape Authority (ARTA), DTI, and the Department of Interior and Local Government (DILG). The JMC covers all cities and municipalities; the Bureau of Fire Protection; regional offices of the DICT, DTI, DILG, and ARTA; and all other agencies involved in the business licensing and processing of LGUs.

<sup>65</sup> This enumeration is based on the desk review under this evaluation and may not be exhaustive of all related laws and bills.

<sup>66</sup> Bangko Sentral ng Pilipinas, BSP Digital Payments Transformation Roadmap 2020-2023, accessed January 26, 2022, [https://www.bsp.gov.ph/Media\\_And\\_Research/Primers%20Faqs/Digital%20Payments%20Transformation%20Roadmap%20Report.pdf](https://www.bsp.gov.ph/Media_And_Research/Primers%20Faqs/Digital%20Payments%20Transformation%20Roadmap%20Report.pdf)

<sup>67</sup> Based on KIs, the following are indications that targets will be met: (1) With the pandemic as a catalyst, e-payments emerged as the preferred, most used mode of payment, and (2) there was an observed higher-than-projected PESONet and Instapay volume and an increase in new adoptors of digital services. Further, these indications are coupled with BSP initiatives to intensify consumer awareness campaigns and encourage consumers and institutions to use digital payments and financial services.

<sup>68</sup> Bangko Sentral ng Pilipinas, "BSP Gov. Diokno Says BSP to Hit Digitalization Targets in 2022," May 31, 2021, <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=5804>

In 2020, the BIR issued Revenue Memorandum Order No. 27-2020, “BIR Digital Transformation (DX) Road Map 2020–2030” in compliance with the Ease of Doing Business and Efficient Government Service Delivery Act of 2018. The DX Road Map enumerates the programs, outcomes, and corresponding timelines that will facilitate the BIR’s mission to improve revenue collection. The DTI also has the e-Commerce 2022 Road Map, which E-PESO helped develop. That road map presents the strategies for its 22-item agenda. Outcomes and measures of success include increased contribution of e-commerce to the economy, the availability of digitally skilled workers employed, the number of e-commerce enterprises increased, and empowerment of online consumers<sup>69</sup>.

**BSP has strong organizational capacity.** BSP has leaders who constantly championed the push to modernize the payments industry and is equipped with knowledgeable staff. In February 2021, BSP created a new department that will manage the interplay of physical currency and digital money in line with efforts to shift to a cash-lite economy<sup>70</sup>. The newly formed Payments and Currency Management Sector (PCMS) is mainly responsible for maintaining the safety and integrity of the Philippine currency and ensuring a well-functioning payments and cash ecosystem that facilitates economic activity and supports long-term economic growth<sup>71</sup>. Among other things, the PCMS will handle the licensing and supervision of payment system operations and the formulation of strategies and policies for currency and payments system, including the digital payments transformation.

Also, there is a widespread recognition of the importance of BSP’s work and its emphasis on digitalization of payments. In August 2021, BSP’s NRPS core team was given the Presidential Lingkod Bayan Award for its pioneering work in transforming the country’s retail payment ecosystem into a safe, efficient, competitive, and inclusive environment. The award is a program of the Civil Service Commission and is given to an individual or group for exceptional contributions resulting from an idea or performance that had nationwide impact on public interest, security, and patrimony<sup>72</sup>.

**Expanding initiatives on the further adoption of digital payments.** BSP, in partnership with other government agencies and the private sector, has many ongoing initiatives to further increase the use of digital payments. These initiatives include development of payment streams such as (1) QR Ph P2M, which will facilitate digital payments to small vendors, such as sari-sari stores and tricycle drivers; (2) an interoperable bill payment facility that aims to harmonize the fragmented bill payment mechanism; (3) a request to pay facility, wherein payees can initiate collection by sending a request to pay to the payor; and (4) direct debit, which facilitates management of recurring payments by authorizing payees to take funds from the payor’s account<sup>73</sup>.

BSP is also collaborating with other government agencies on initiatives such as the Automated Fare Collection System (AFCS) of the Department of Transportation (DOTr). The AFCS initiative aims to promote the use of digital payments in the transport sector. The initiative will establish an interoperable

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<sup>69</sup> Philippine Department of Trade and Industry, E-Commerce Philippine 2022 Roadmap, accessed January 26, 2022, <https://ecommerce.dti.gov.ph/madali/>

<sup>70</sup> Lee C. Chipongian, “Outsider appointed as 4th BSP deputy governor,” Manila Bulletin, February 23, 2021, <https://mb.com.ph/2021/02/23/outsider-appointed-as-4th-bsp-deputy-governor/>

<sup>71</sup> Bangko Sentral ng Pilipinas, BSP Organization Primer, October 31, 2021, [https://www.bsp.gov.ph/About the Bank/BSP Org Primer.pdf](https://www.bsp.gov.ph/About%20the%20Bank/BSP%20Org%20Primer.pdf)

<sup>72</sup> Lucas, D. (2021, August 13). BSP Team Gets Awards for PH e-payment system. Inquirer.net

<sup>73</sup> BSP. 2021. Forging Pathways TO A CASH-LITE SOCIETY Status of Digital Payments in the Philippines

AFCS that allows the use of any transport card (e.g., Beep card) as well as contactless Europay, Mastercard, and Visa debit cards in any mode of public transportation equipped with an AFCS card reader<sup>74</sup>. The DOTr has made steps toward implementation of a nationwide interoperable AFCS. The project is expected to benefit both passengers and transport operators through seamless, interoperable, and contactless fare collection.

Activities under E-PESO will also continue, such as Issuance of Electronic Official Receipts and e Invoicing in partnership with the BIR and Social Benefit Transfers in partnership with the DSWD. On top of these activities, BSP has reached out to the public to encourage use of digital payments. For instance, BSP has been actively promoting the use of digital money for holiday gifts<sup>75</sup>.

**The exit strategy for E-PESO involved improving agencies' capacity for sustainability.**

During implementation, the partner organizations were involved from the onset to improve capacity and sustainability after the project ends. For instance, E-PESO helped build the capacities of DTI and NATCCO mentors by equipping them with knowledge and tools to sustain the training program even after E PESO's completion. An operational manual on delivering IDMTP was developed, and the DTI institutionalized the training and expanded the coverage to include MSMEs. The DTI will continue to implement the IDMTP as one activity under the REBUILD PH campaign.

**Lack of consumer awareness, trust, and confidence in digital payments are major reasons reducing adoption of e-payments.** Based on BSP's 2019 Financial Inclusion Survey<sup>76</sup>, although 69 percent of Filipino adults have mobile phones, only 8 percent use their mobile phones for financial transactions. The primary reasons cited for not using mobile phones for financial transaction are (1) lack of awareness (52 percent), (2) lack of trust (32 percent), (3) weak or lacking mobile signal (16 percent), and (4) a preference for branch and ATM transactions (14 percent). The same pattern was observed for the reasons cited for not using the Internet for financial transactions: (1) lack of awareness (48 percent), (2) lack of trust (39 percent), (3) slow or lacking Internet access (22 percent), and (4) a preference for branch and ATM transactions (14 percent). In view of the COVID 19 pandemic, these percentages are expected to improve in the next survey period<sup>77</sup>.

**The BSP road map emphasized the 2019 Financial Inclusion Survey findings on the need for inclusive economic growth as well as reliable and affordable internet access to address the digital divide.** Based on the 2019 Financial Inclusion Survey, lack of money is the top reason for not having a bank account, as reported by almost half (45 percent) of respondents without bank

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<sup>74</sup> Bangko Sentral ng Pilipinas, 2020 Financial Inclusion Initiatives, accessed January 27, 2022, [https://www.bsp.gov.ph/Media\\_And\\_Research/Year-end\\_Reports\\_on\\_BSP\\_Financial\\_Inclusion\\_Initiatives/2020/microfinance\\_2020.pdf](https://www.bsp.gov.ph/Media_And_Research/Year-end_Reports_on_BSP_Financial_Inclusion_Initiatives/2020/microfinance_2020.pdf)

<sup>75</sup> Daxim L. Lucas, "BSP Team Gets Award for PH e-Payments System," August 13, 2021, Philippine Daily Inquirer, <https://business.inquirer.net/328905/bsp-team-gets-award-for-ph-e-payments-system>

<sup>76</sup> The BSP Financial Inclusion Survey is a nationally representative survey dedicated to collecting financial inclusion data from users and nonusers of financial products and services. The survey started in 2015 and is conducted every two years.

<sup>77</sup> Raymond Estioko, Bridget Rose Mesina-Romero, Maria Christina Masangkay, Maureen Franco, Marco Luis de Larrazabal, Paulene Niña Bueno, Patricia Josette Lingat, and John Jerry Jaspio, Forging Pathways to a Cash-Lite Society: Status of Digital Payments in the Philippines, 2021 Edition, 2021, [https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging\\_pathways\\_to\\_a\\_cash-lite\\_society-Status\\_of\\_Digital\\_Payments\\_in\\_the\\_Philippines\\_\(2021\\_edition\).pdf](https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging_pathways_to_a_cash-lite_society-Status_of_Digital_Payments_in_the_Philippines_(2021_edition).pdf)

accounts. Further, gaps in smartphone ownership and Internet access were observed in terms of locality, geography, income, and age. In terms of income, only 4 in 10 adults belonging to socioeconomic class E own a smartphone and are using the Internet. The number is twice higher for those in class ABC (8 in 10 adults). This finding suggests that inclusive economic growth is crucial to achieving a digital payment ecosystem that works toward financial inclusion<sup>78</sup>.

Digital connectivity concerns remain a major barrier to making advances in digital finance. These concerns include making Internet connections faster, more affordable, and widely available, which will translate to wider access to digital financial services. To boost financial inclusion in off-grid areas, BSP is exploring offline digital payment solutions to enable users to participate without the need for an Internet connection.

**The evaluation’s key informants expressed the need for support in the areas of digitalization for small players, stock taking of stakeholder concerns, and in-depth studies toward identifying solutions to infrastructure barriers to improving digital connectivity as a way to ensure that e-payments continue to grow.** Other specific areas include (1) technical assistance to the DBM on the government’s integrated financial management information system; (2) assistance in the development of policy to mainstream digital payments in all DSWD’s programs and services; (3) scaling up the DTI’s existing awareness campaigns; and (4) continued technical support to LGUs because some cities and municipalities lack the right information technology people or the technical know-how to implement digitalization.

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<sup>78</sup> Philippine Information Agency, “BSP Eyes Offline Digital Payments to Support Financial Inclusion, November 30, 2021, <https://pia.gov.ph/press-releases/2021/11/30/bsp-eyes-offline-digital-payments-to-support-financial-inclusion>

## CONCLUSIONS

This evaluation resulted in the following conclusions based on the findings in the previous section.

### RELEVANCE

**E-PESO proved to be highly relevant given the strong alignment with country priorities.** E-PESO remained aligned with national priorities and USAID strategies, as indicated in PDP and CDCS documents. This continued relevance is expected given the pressing development concern of financial inclusion and the emergence of technological innovations. Further, E-PESO supported international commitments, particularly of the SDGs. The UN has recognized the transformative power of digital financial inclusion<sup>79</sup> as having the potential to support the achievement of 13 of the 17 SDGs.

**The E-PESO Activity transferred knowledge to major government counterparts in support of the aforementioned priorities in financial inclusion and governance.** This helped advance government adoption of e-payments as a means of financial inclusion under a sound governance structure. Before the development of the NRPS, there was an observed lack of interoperability among financial institution that hindered payment streams among businesses, individuals, and government, causing inefficiencies, preventing sustained use of e-payment, and hindering financial inclusion. The E-PESO team shared the global perspective on digital payments and provided BSP with the technical expertise to support the development of the NRPS framework. In the case of the DSWD, whose mandate and expertise do not relate to financial endeavors, assistance from E-PESO paved way for the staff and program beneficiaries to improve financial literacy and apply this knowledge to achieving positive behavioral changes and financial independence.

**The initiatives under E-PESO have been timely in light of the COVID-19 pandemic.** With support from E PESO, the government was able to lay the necessary foundation for digital payments before the COVID-19 outbreak. This allowed the digital payments to grow exponentially when the country shutdown due to COVID. Although progress was already notable before the pandemic, the pandemic accelerated the shift to digital payments. It made digitalization a tool not only for efficiency but also for safety, useful for all members of society, including lower-income Filipinos.

**E-PESO successfully applied adaptive management to refocus its efforts when faced with a reduction in project obligations and again when covid struck.** E-PESO scaled back its work with local governments to focus on the payments infrastructure when faced with lower funding levels. It also pivoted to quickly focus on COVID relief measures such as the ReliefAgad app and the campaign for cyber hygiene among the masses of new digital payment users.

### EFFECTIVENESS

**Overall, E-PESO has been effective in facilitating adoption of digital payment.** The share of digital payments reached 20.1 percent in 2020, suggesting that the county is on track to meet the national target of 50 percent by 2023. Comparing 2013 and 2020 values, growth in digital payment for all payer types (individuals, businesses, and government) has been significant. High-frequency, low-value

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<sup>79</sup> The Consultative Group to Assist the Poor or CGAP defined digital financial inclusion as digital access to and use of formal financial services by excluded and underserved populations.

transactions made by individuals increased from 0.3 percent in 2013 to 23.4 percent in 2020, which was a major contributor considering that payments by individuals make up 78.1 percent of the total payments volume.

**Adoption was hastened by the COVID-19 pandemic, although adoption was already increasing before lockdowns.** With the imposition of lockdowns, mobility was restricted, forcing people and institutions resort to digital transactions. This shift was illustrated by data on PESONet and Instapay. Pre-COVID data shows an increasing trend in the use of digital payment and that trend is likely to have continued. Nonetheless, the exponential growth after March 2020 is due to the COVID lockdown.

**The most important contribution of E-PESO is its support for formulation of the NRPS framework for a safe, reliable, efficient, and interoperable retail payments system.** Other, related accomplishments include policy formulation support to BSP in the establishment of the Payments System Management Body and in establishing ACHs. Ultimately, these accomplishments facilitated the wide adoption of e-payment services under the NRPS.

Several factors contributed to the success of the project: the presence of institutional champions, an adaptive approach to project management, effective engagement of the private sector, effective transfer of knowledge, and multi-stakeholder engagement.

## **SUSTAINABILITY**

**The gains brought about by the E-PESO Activity are likely to be sustained, as evidenced by strong country ownership.** Leading this sense of ownership is BSP, which demonstrated commitment to the digitalization agenda and has strong institutional capacity. The digitalization agenda is embedded in government institutions' road maps, such as BSP's Digital Payments Transformation Road Map 2020–2023<sup>80</sup>, the BIR DX Road Map, and the DTI e-Commerce Road Map. The digitalization agenda is also backed by policies and legislation, some pending reenactment.

**Some of E-PESO's initiatives with major government counterparts have more mixed results and may be less likely to be sustainable.** Regarding the planned integration of financial inclusion in the government's conditional cash transfer program, the DSWD is committed to pursuing the conversion of limited-purpose cash cards to full-service transaction accounts but has not yet done so. The DTI will continue to implement the IDMTP as one of the activities under the REBUILD PH campaign, which aimed to jumpstart and reinvigorate the Philippine economy but with elections upcoming in May 2022, government priorities may change. In contrast, assistance to DBM on e-learning, which was originally intended to help the BTMS facilitate digital disbursements, ended up being used for other modules because the BTMS was temporarily suspended.

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<sup>80</sup> Bangko Sentral ng Pilipinas, BSP Digital Payments Transformation Roadmap 2020-2023, accessed January 26, 2022, [https://www.bsp.gov.ph/Media\\_And\\_Research/Primers%20Faqs/Digital%20Payments%20Transformation%20Roadmap%20Report.pdf](https://www.bsp.gov.ph/Media_And_Research/Primers%20Faqs/Digital%20Payments%20Transformation%20Roadmap%20Report.pdf)

**The digitalization agenda within the government deepened, however, covering development of payment streams, new initiatives with other government agencies, and active information campaigns.** This deepening is a sign of increased government committed and increases the likelihood that E-PESO's contributions to the digital payments system will be sustained and even expanded. New initiatives include development of payment streams (i.e., QR Ph P2M, interoperable bills payment facility, request-to-pay facility, and direct debit), new initiatives with other government agencies (i.e., AFCS with DOTr, Issuance of Electronic Official Receipts and e-Invoicing with the BIR, MSME e commerce with the DTI, and Social Benefit Transfers with the DSWD), and active information campaigns.

**New adopters will likely continue to use digital payments.** With the easing of COVID-19 restrictions, it may be reasonable to expect some reversion to past practices (i.e., preference for cash), but the in-process digital shift has clearly received a permanent forward jolt. Based on the Google-commissioned Kantar SEA e-Conomy Research 2021, there have been about 12 million new digital consumers in the Philippines since the start of the COVID 19 pandemic. Of these, 63 percent are from non-metro areas and 99 percent expressed an intention to continue digital consumption. For those who used the services before the pandemic, average consumption increased by 4.3 times since the pandemic began<sup>81</sup>.

**Improving digital connectivity is key to digital financial inclusion.** The poor state of infrastructure, particularly Internet connectivity, continues to be a major barrier to digital finance. Although efforts to improve connectivity are underway, innovative solutions, including those in the off-grid areas, are critical. As of writing this report, BSP is exploring offline digital payment solutions to enable users to participate without the need for an Internet connection.

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<sup>81</sup> Google, Temasek, and Bain. e-Conomy SEA 2021 Roaring 20s: the SEA Digital Decade. 2021. [https://www.bain.com/globalassets/noindex/2021/e\\_conomy\\_sea\\_2021\\_report.pdf](https://www.bain.com/globalassets/noindex/2021/e_conomy_sea_2021_report.pdf)

## LESSONS

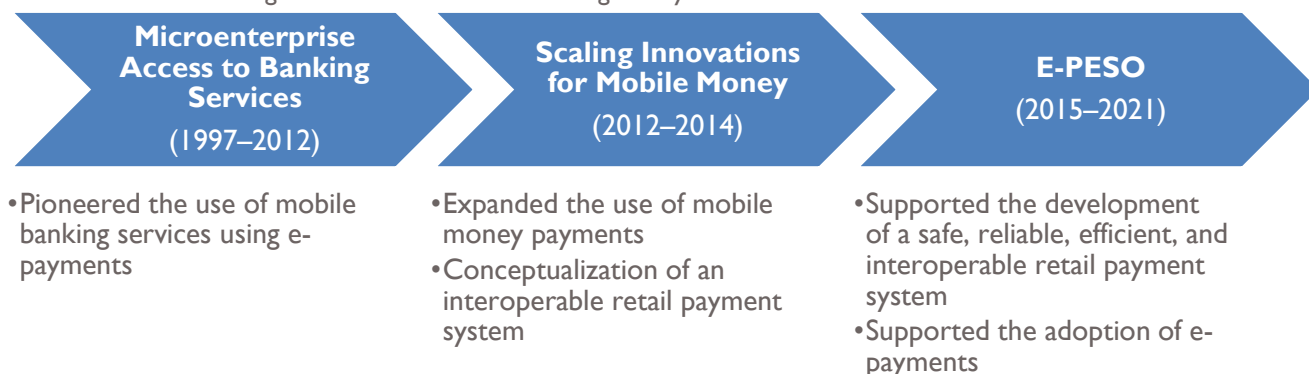
Regarding recommendations, the evaluation team completed this study after E-PESO had closed and on a relatively short timeline. Because E-PESO leadership and staff had moved on to other pursuits and were not able to request that their partners and stakeholders meet with the evaluation team, and many stakeholders were unable or unwilling to dedicate the time for remote key informant interviews or focus group discussions, the evaluation team was not able to triangulate all of the findings. Instead, the evaluation team relied on project documents, government and industry statistics, and outside research on the digital economy. While the evaluation team is confident in its findings and conclusions, based on the available evidence, the team determined that the evidence is not strong enough to make recommendations. Instead, the evaluation report gleans lessons learned from E-PESO's implementation that may inform future project design and implementation.

**Government partners' commitment to implementing reforms is the foremost factor in project success.** The development partner's role is limited to providing expertise, conducting in-depth studies, and facilitating the process. Ultimately, the government of the host country decides whether to adopt the recommendations and implement the reforms. With the E PESO Activity, BSP demonstrated leadership (engaged the payment industry and other government agencies) and commitment to making the necessary reforms to modernize the country's payment system.

**Continuity in the development partner's engagement facilitates constant contribution in the reform process and helps build partner commitment over time.** The implementation of E-PESO benefitted from previous USAID-supported projects. Microenterprise Access to Banking Services (1997–2012), which focused on increasing microenterprise access to financial services, pioneered the use of mobile banking services using e payments. SIMM (2012–2015) followed on after the E-PESO Activity, which expanded the use of mobile money payments. Under SIMM, the lack of interoperability among financial institutions was a structural barrier hindering mobile money from reaching scale. From that experience, the NRPS was conceptualized, a crucial activity that E PESO continued (see Figure 7).

This continuity in support maximizes the momentum gained from previous projects. In-depth studies, particularly diagnostic studies of structural barriers, that are produced under one project may not be implemented under the same project because of constraints in implementation (e.g., time and cost), which presents opportunities for support of succeeding projects.

Figure 7. USAID Activities on Digital Payments and Financial Inclusion



**The private sector can produce valuable partners to help solve development problems.** As E-PESO demonstrated, development projects can explore partnerships with the private sector and produce larger dividends, particularly in areas where the private sector has greater expertise. Examples from E-PESO are the payment solutions to facilitate digital payment of taxes to the BIR that the private sector helped to develop with E-PESO and the RELIEFagad app that helped the government respond to the COVID pandemic. This approach works, even for a policy and regulatory-related project like E-PESO, because the private sector is more experienced with innovations, particularly on ICT-related initiatives.

Development projects can also leverage private sector resources. For instance, through its private sector partnerships, E-PESO delivered the ReliefAgad application without additional costs for systems development (see the discussion in the section, “Effectiveness”). Finally, engaging the private sector effectively involved identifying alignments between the sector’s objectives and project objectives. E-PESO partnered with the DTI and the private sector (Lazada, Shopee, Facebook) to train women entrepreneurs to become online sellers. The success of women entrepreneurs as online sellers also means success for the private sector, which provides the e-commerce platforms.

**Engaging multiple stakeholders facilitates quicker resolution and improves project implementation.** In the experience of E-PESO, by engaging all concerned actors—BSP as regulator, the supply-side players or financial service providers, and the demand-side partners—regulatory questions are answered, and technical implementation issues are quickly ironed out because all actors are involved at the onset. Again, engaging the private sector has huge potential because it can produce effective partnerships for solving development problems.

**Adaptive project management increases relevance and effectiveness.** When the COVID-19 pandemic appeared, E-PESO was quick to adopt online meetings and virtual events to resume the implementation of activities, avoiding any further delays<sup>82</sup>. Also, E-PESO strategically supported the government on COVID-19 response activities, such as disbursement of government relief and digital awareness campaigns. E-PESO was responsive to the needs of the DSWD in carrying out quick and convenient beneficiary registration and relief disbursement in the context of an emergency situation, thereby increasing relevance and effectiveness. The project also implemented public awareness campaigns to strengthen preference for digital payments during the pandemic. The project adapted well to the situation and took advantage of the opportunities for broad-based digital payment adoption that the pandemic brought about.

**Development solutions require addressing both binding constraints and deployment-related barriers and placing an emphasis on the sequencing of assistance.** In the case of E-PESO, the project first helped address the structural barrier, which was the lack of interoperability in the country’s payment system. This work was followed by support for adoption and information campaigns. On the side of users, building trust and confidence in digital payments was and is important for increasing and maintaining adoption.

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<sup>82</sup> Based on the E PESO Final Report, E-PESO activities were able to resume two months after the ECQ declaration.

In the case of the development of the ReliefAgad application, understanding the target user also was critical to ensuring the application's use. Because the app's intended users belong to the lower-income segment of the population, E-PESO took into account the intended user profiles to ensure that the app would be utilized. For example, those who do not own smartphones can still register using someone else's phone. For those without bank accounts, the DSWD can push the data to participating financial institutions to facilitate creating new accounts. E-PESO also made video tutorials and customer support available to users, which may have increased the apps acceptance and use.

# ANNEXES

## ANNEX A. STATEMENT OF WORK

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E-PESO Post-Evaluation  
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### SECTION C – DESCRIPTION/SPECIFICATIONS/STATEMENT OF WORK E-PESO POST EVALUATION

#### C.1 PROGRAM INFORMATION

Activity Name	E-PESO
Implementing Partner	Chemonics International, Inc.
Contract No.	AID-492-C-15-0001
Total Estimated Cost	\$20.9 million (\$12.9 million obligated)
Life of Activity	March 18, 2015 – February 17, 2021
Active Geographic Regions	Philippines
Mission Development Objective (DO) CDCS 2016-2019	DO1: Broad-Based and Inclusive Growth Accelerated and Sustained
Mission Development Objective (DO) CDCS 2020-2024	DO 2: Inclusive, Market-Driven Growth Expanded
External or internal evaluation	External

#### C.2 PURPOSE OF THE EVALUATION

The United States Agency for International Development/Philippines (USAID/PH) will commission a third-party for the post-evaluation of the E-PESO Activity.

A key purpose of the post-evaluation is to provide actionable information for USAID/PH decision-makers, in the form of findings, conclusions, and recommendations, for the new activity that has been designed and is now being implemented. Through this evaluation, USAID/PH will gauge the sustainability of interventions and outcomes beyond the project life of E-PESO and document learning beyond the activity. This information will help USAID/PH and its stakeholders build on the E-PESO's successes and learn from its challenges.

The E-PESO evaluation will focus on questions related to sustainability and lessons learned such as:

- Did E-PESO deliver outputs and outcomes as planned?
- How has E-PESO influenced its stakeholders and what capacities did it build among its stakeholders?
- In what aspects of its implementation did E-PESO's results fall short of expectations?
- What are the plausible reasons for these shortfalls?
- What evidence is there that E-PESO's accomplishments continued to grow beyond the life of the project?
- How likely is it that E-PESO's accomplishments will continue in the post-COVID context?

- What considerations can be drawn from these accomplishments and obstacles and can be applied to current and future activities?

The evaluation will answer these questions through a combination of analyzing performance monitoring data, annual and quarterly reports, and key informant interviews with stakeholders, former implementing partner staff, and end-users.

The evaluation will occur after E-PESO's period of performance has ended and its staff and many of its stakeholders may have moved on to other activities; therefore, the answers will not be as strongly supported by evidence as those derived from an evaluation executed closer to the activity's period of performance. Nonetheless, the answers will provide USAID/PH and its stakeholders with useful first-cut information and learning from the E-PESO activity.

### C.3 BACKGROUND

#### Description of the Problem and Context

The USAID/PH E-PESO project supported the objectives of the U.S. - Philippines Partnership for Growth (PPG), which focuses on addressing binding constraints to achieve sustained, more inclusive economic growth. With 99 percent of payment transactions in the Philippines taking place through cash, promoting a shift to electronic payments (e-payments) represents an unrealized potential to promote inclusive economic growth. Harnessing science, technologies, and partnerships with the private sector and government, E-PESO partnered with and supported the Government of the Philippines (GPH) and the private sector to achieve rapid and widespread adoption and usage of e-payment in retail transactions in the country. The overall goals were for e-payments to account for 20 percent of retail transactions in five years (2015 – 2020) and to support the development of a digital financial infrastructure that enables Filipinos' access to new financial products that would help spur broad-based and inclusive economic development.

Recognized in 2014 by the Economist Intelligence Unit as one of the top global leaders in promoting financial inclusion, the Philippines' successful track record in deepening financial inclusion mirrored worldwide trends: countries that instituted national financial inclusion strategies reduce poverty at a higher rate than those that did not. Working to shift the Philippines from a cash-based economy to an electronic one, E-PESO aimed to support the development of a lasting, inclusive digital financial infrastructure. It also sought to set the stage for new financial products to enter the market that explicitly met the needs of those who are financially excluded from the formal banking environment. E-PESO built on GPH leadership in promoting e-payments as a vehicle for expanding financial inclusion.

Leading this shift, the Bangko Sentral ng Pilipinas (BSP)'s National Strategy for Financial Inclusion was to capitalize on global trends and focus heavily on ensuring that the majority of the Filipinos have access to electronic transaction accounts. Enabling Filipinos to have access to electronic transaction accounts would help ensure the majority of Filipinos can use e-payments to access a full range of secure and cost-effective payments and financial services. This broader range of financial services is meant to help Filipinos build assets, better withstand shocks, and

participate more broadly in the formal economy. E-payment would also offer a greater ability to track financial flows, which supports GPH's efforts towards greater transparency and accountability in financial transactions.

In the last five years, Filipinos benefited from new and innovative e-payment products, an increased number of outlets to spend electronic money, improved transparency and accountability in their transactions with the government, and a strong enabling regulatory environment that protects consumers. Stimulating private sector investment, exponential growth in e-payments is meant to set the stage for a more inclusive society where all adult Filipinos have access to critical financial services.

To fulfill PFG goals and E-PESO objectives, the activity focused on four sub-purposes:

1. **Sub-Purpose 1: Rapid Adoption of E-Payments in Financial System** Incentivizing the adoption of e-payments, USAID/PH designed the activity to support the digitization of large-scale payment streams in both the private and public sectors. E-PESO would provide technical assistance to GPH agencies in improving their services by expanding the use of e-money in government-to-person (G2P) and person-to-government (P2G) payments. E-PESO would also work to bring the benefits of digital payments to targeted businesses, such as those from the fast-moving consumer goods industry that have large retail payment flows.
2. **Sub-Purpose 2: Expanded Infrastructure for E-Payments** To increase the value proposition to industry players and customers using e-payment instruments, channels, and platforms, E-PESO worked with the payment industry to promote interoperability among the various digital finance products, services, and players (e.g., ATMs, debit/credit and stored value cards, electronic fund transfers, working with banks, e-money issuers, payment service providers and other financial service providers). E-PESO brought together the payment industry participants to support the implementation of the National Retail Payment System (NRPS) and facilitated multilateral agreements to get them onboard NRPS-enabled payment platforms. E-PESO was also designed to support the complex array of front-end and back-end components backstopping these instruments to connect and reduce transaction and search costs.
3. **Sub-Purpose 3: Improved Enabling Environment for E-Payments** Building trust, convenience, and security in e-payments, E-PESO aimed to support the BSP as it oversees the establishment and implementation of an interoperable NRPS. E-PESO was to provide technical assistance and training to support BSP in promoting digital security, consumer protection and confidence, financial inclusion, and e-payment stability within the broader payment system.
4. **Sub-Purpose 4 (Cross-Cutting): Develop E-Payment Ecosystem in Key Cities Identified Under USAID's Cities Development Initiative** Promoting global knowledge sharing of emerging trends, E-PESO was also meant to identify and address supply and demand constraints inhibiting broader e-payment usage. E-PESO aimed to support the

expansion of e-payment ecosystems with a particular focus on key cities identified under USAID's Cities Development Initiative (CDI).

During 2017–2018, as part of the CDI, E-PESO's interventions had a nationwide scope (70%) along with a focus on selected CDI cities (30%). USAID/PH provided funding for approximately sixty percent (60%) of the E-PESO activities, while partner institutions complemented USAID/PH's effort with staffing and technical support during its implementation.

#### C.4 RESULTS FRAMEWORK

The E-PESO Results Framework was aligned with the program development hypothesis. It specified the output level results needed to achieve the desired outcome level results and aligned the outcome level results with an effect on the anticipated impact. The E-PESO development hypothesis was:

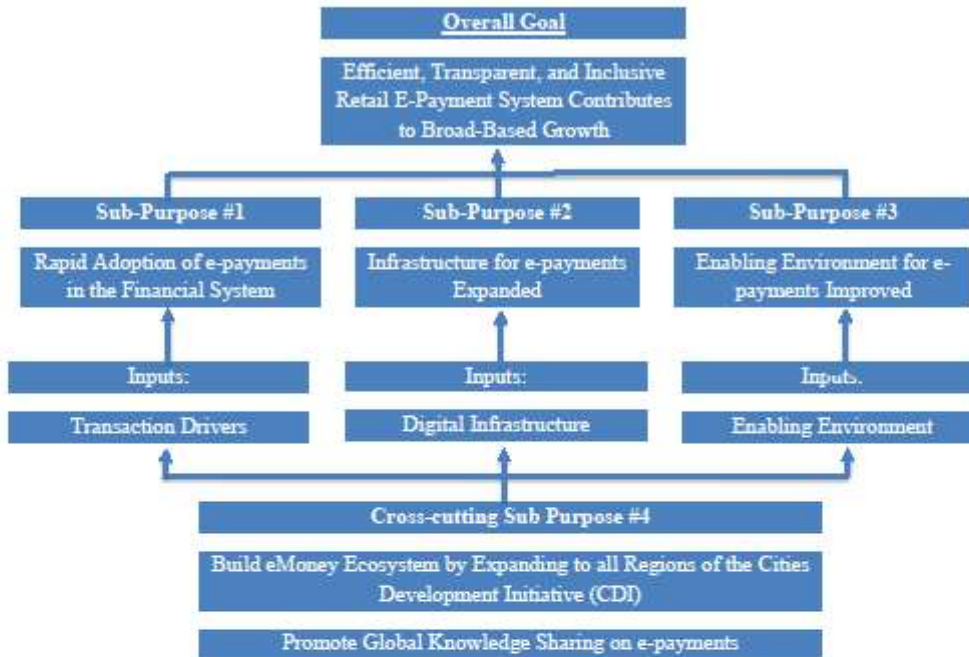
“By promoting the rapid, widespread shift from cash to e-payments usage, E-PESO will support the Philippines to reach a tipping point of e-payment adoption that will represent a critical mass to become a self-sustaining e-payment ecosystem.”

The overall goal was for e-payments to account for 20 percent of retail transactions in five years, representing the critical mass and the transition point in the e-payment system where the user base moves past innovators and early adopters and begins to include the majority of the adult population.

The Results Framework (Figure 1) presents an outline of the activity's objectives and indicators. It provides a guide that illustrates under which component (sub-purpose) the immediate effects (output indicators) and medium-term effects (outcome indicators) of program activities fall. (See Annex 1 for E-PESO Indicators and Annex 2 for Targets and Indicators Over the Life of the Project.)

The expectation was that when the sub-purposes were met, an efficient, transparent, and inclusive retail e-payment system was established and contributed to broad-based growth. Key partner institutions play a crucial role in the fulfillment of these sub-purposes. These partner institutions included the Bangko Sentral ng Pilipinas (BSP), national government agencies with large payment streams, financial intermediaries such as banks, e-money issuers, fintech, and merchants, among others.

Figure 1. E-PESO Results Framework



### C.5 EVALUATION QUESTIONS

The evaluation will focus on E-PESO’s performance in achieving its stated goal, sub-purposes, and the sustainability of its achievements. The evaluation questions focus on E-PESO’s relevance, effectiveness, and sustainability of intervention and outcomes beyond the project life of E-PESO and document learning beyond the activity. The evaluation questions also consider the pre-and ongoing pandemic context on the adoption of e-payment in the financial system and inclusive development.

**RELEVANCE** (alignment to policy and strategy): In what ways did E-PESO contribute to addressing the goal of an efficient, transparent, and inclusive retail e-payment system that contributes to broad-based growth?

**EFFECTIVENESS**: Did E-PESO achieve the four sub-purposes on the development of a lasting and inclusive economic infrastructure, and set the stage for new financial products to enter the market? What are the possible reasons for the successes and the failures?

**SUSTAINABILITY:** What evidence supports the likelihood that the benefits of the E-PESO will extend past the activity's period of performance and what considerations should future similar activities take into account?

## C.6 EVALUATION DESIGN AND METHODOLOGY

The evaluation will be an ex-post sustainability evaluation of E-PESO's achievements and lessons learned. It shall be conducted within a four-month period beginning October through January 2022 through a desk review of E-PESO and other organizations' relevant documents and a series of remote key informant interviews.

The evaluation should be able to obtain the information necessary to answer each of the evaluation questions in Section C.5. The evaluation design and methodology may include quantitative and qualitative methods. Quantitative methods would include descriptive statistics. The qualitative methods would include, among others, primary and secondary source document reviews (see Annex 3 for List of Relevant Project Documents), official and private sector data on e-payments, key informant and group interviews, outcome harvesting, and case studies.

The contractor is encouraged to use other approaches in assessing the sustainability and lessons learned in the achievement of outcomes in the Results Framework (Figure 1).

As a basis for determining the scope and extent of work, considering time and budget, the evaluation will focus on perceived changes on the part of the key stakeholders, brought about by E-PESO's capacity building and technical assistance interventions such as consensus building, systems enhancements, communications strategy, platform development, policy reform support and training and development in CDI cities (30%) and nationwide scope (70%). It is also encouraged to evaluate the perceived benefits gained by selected stakeholders towards contributing to inclusive growth in the Philippines, with reference to outcome indicators in the results framework, while considering the pre-and ongoing pandemic context on the adoption of e-payments in the financial system.

## Annex 1. E-PESO Indicators

Indicator	Description & Unit of Measurement	Reporting Frequency	Data Sources & Collection Method
<b>Desired impact (DI): Efficient, Transparent, and Inclusive Retail e-payment System Contributing to Broad-based Growth</b>			
<b>Indicator DI 1&amp;2: Increased economic opportunity and financial inclusion deepened</b>  a) Number of e-payment users  b) Percent of population 15 years and above who are e-payment users	Number (Cumulative) Percentage (Cumulative)	Annual	Data source: Bangko Sentral ng Pilipinas Financial Inclusion Dashboard (FID); World Bank Findex 2018.  Data is the total of active e-money wallets, prepaid cards linked to e-money, ATM debit cards, and credit cards. The latest available data is for Quarter 4 of 2019.
<b>Indicator DI 3: Transparency and efficiency of the retail payment system improved (This indicator will be tracked under Outcome Indicator 3.1 – Financial regulation refined to manage the growth of e-payments.)</b>			
<b>Indicator DI 4: More predictable and reliable financial tools for the poor</b>  Number of financial products, services, or applications that are designed/enhanced to meet the needs of low-income clients	Number (Cumulative)	Annual	Financial products, tools, and services were designed to meet the needs of beneficiaries of the DSWD's Social Amelioration Program and Conditional Cash Transfer Program. (DSWD financial literacy tool and distribution of ATM/debit cards, ReliefAgad self-registration web application for Social Amelioration Program (SAP) beneficiaries, and digital disbursements of SAP subsidies to beneficiaries).
<b>Desired Purpose (DP): Scope of e-payment usage reaches tipping point for scale</b>			
<b>Indicator DP 1: E-payment accounting for at least 10% of all retail payment transactions</b>  Percent of e-payments accounting for retail payment transactions	Percentage (Cumulative)	Annual	(a) Year 1 Actual is carried over from baseline figures of e-payment users derived from registered e-money accounts since the first survey was conducted only in February to March 2016. Year 2 was taken from page 17 of E-PESO's Philippine Individual Payments Baseline Study (February-March 2016) using Definition 2 of E-payments. Years 1 and 2 targets derived from the BTCA Philippines Country Diagnostic Study (July 2015) and the Philippine Individual Payments Baseline Survey (February-March 2016) that cover all types of e-card instruments (ATM/debit cards, credit cards, pre-paid cards, and e-money cards). For Indicator DP 1, results from E-PESO's Institutional Payments Baseline Study (February-April 2017) indicate that 4.39% of all business payment transactions were done using e-payment methods.

			The State of Digital Payments in the Philippines report estimates the share of digital payments to be 10% by volume and 20% by value in 2018. The study, undertaken by the Better than Cash Alliance (BTCA), seeks to highlight examples of the shift from cash to digital payments by governments, companies, and international organizations. The baseline figure for Year 1 (1.03%) was lifted from the findings of the first BTCA diagnostic, published in 2015.
<b>Indicator DP 2: Growth in the number of active e-payment users to reach scale</b>  Number of e-payment users	Number (Cumulative)	Annual	Data source is the BSP's Financial Inclusion Dashboard. The latest available data set is for Quarter 4 of 2019. Data reported is active users for e-wallets only, as the numbers reported for ATM cards, prepaid cards linked to e-money, and credit cards do not indicate the number of active users. Data from e-wallet providers suggest a much higher number, with GCASH alone reporting 26 million active users.
<b>SUB-PURPOSE 1: RAPID ADOPTION OF E-PAYMENTS IN FINANCIAL SYSTEM</b>			
<b>Desired Output 1: Rapid Adoptions of E-payments in Financial Systems</b>			
<b>Indicator DO 1.1: Adoption of new e-payment services as collections/ disbursement option in five (5) national GPH agencies</b>	Number (Cumulative)	Annual	E-PESO assisted five (5) national government agencies to enable digital collection and disbursements. The high volume and value of collections and disbursements processed by these agencies maximized the effect of interventions in achieving wholesale adoption of e-payments by the government as well as the transacting public (individuals and businesses). E-PESO assisted the Bureau of Internal Revenue in expanding e-payment collection options (online via DBP's Internet Payment Gateway), LandBank's Link.Biz portal, Unionbank online portal, and mobile via PayMaya and GCASH). E-PESO assisted the National Meat Inspection Services (NMIS) to make online payments for permits available. E-PESO worked with the Department of Trade and Industry to integrate the Business Name Registration System with online and mobile payment services. With USAID/E-PESO assistance, the Social Security System (SSS) implemented mandatory online transactions and checkless disbursements, providing members, employers, pensioners, and beneficiaries/claimants with faster, safer, more convenient, and economical means to register, submit their loan and benefit applications, and receive their loan proceeds and cash benefits. E-PESO worked with the Department of Social Welfare and Development (DSWD) to disburse the second tranche of the Social Amelioration Program benefits via digital wallets and bank accounts, as well as develop and rollout the web-based registration app, ReliefAgad, facilitating beneficiary registration.
<b>Indicator DO 1.2: Adoption of m-money and e-payments in all</b>	Number (Cumulative)	Annual	USAID/E-PESO provided research, advisory services, partnerships facilitation, and project management assistance to eleven (11)25 partner local government units (LGU) to support the expansion of their e-payment

<p><b>cities of PFG CDI and other cities/ municipalities</b></p> <p>Number of CDIs (&amp; other cities/ municipalities) that introduced or enhanced m-money &amp; e-payment options</p>			<p>ecosystems. Consistent with the ecosystem approach, E-PESO also engaged with the private sector and local financial stakeholders in these areas, including electronic money issuers, e-payment service providers, industry associations, third-party aggregators, banks, and other financial institutions to encourage collections and disbursements via electronic channels.</p>
<p><b>Indicator DO 1.3: New e-payment implementation and adoption by 300 (small, medium, and large) businesses</b></p> <p>Number of businesses introducing or enhancing e-payment options as a result of E-PESO support</p>	<p>Number (Cumulative)</p>	<p>Annual</p>	<p>E-PESO exceeded the LOP target (300 small businesses) more than four-fold by working with PPMI to encourage PPMI/PESONet ACH members to shift corporate clients to e-payments. The number of businesses is the aggregate total of enterprise clients of some PESONet ACH Members utilizing PESONet.</p>
<p><b>Indicator DO 1.4: Over 16,000 people trained (via consumer education) on the uses of e-payments and m-money services for improved household financial management</b></p> <p>Number of people trained (via consumer education) on the uses of e-payments</p>	<p>Number (Cumulative)</p>	<p>Annual</p>	<p>USAID/E-PESO will be reporting only 75% of the 16,000 LOP target, as the training for the DSWD's financial literacy program supporting the disbursement of conditional cash transfer benefits to transactional accounts will commence in February 2021.</p>
<p><b>SUB-PURPOSE 2: INFRASTRUCTURE FOR E-PAYMENTS EXPANDED</b></p>			
<p><b>Desired Outcome 2: Infrastructure for E-payment: Expanded</b></p>			
<p><b>Indicator DO 2.1: Growth of front-end e-payment infrastructure expanded</b></p> <p>Number of institutions</p>	<p>Number (Cumulative)</p>	<p>Annual</p>	<p>Definition of front-end infrastructure is any user interface or device needed by individual users to conduct e-payment transactions and any computer system, software application, and/or device used by an institution or individual user to conduct e-payment transactions.</p>

supported by E-PESO to improve and/or expand other front-end infrastructure			
<b>Indicator DO 2.2: Back-end infrastructure strengthened</b>  Number of institutions supported by E-PESO to improve and/or expand their back-end infrastructure	Number (Cumulative)	Annual	Definition for back-end infrastructure is any system at the back-office operation of an institution required to allow and process e-payment transactions coming from the front-end infrastructure and any system from financial institutions connected to switch operators appointed by the automated clearing house 75   USAID/E-PESO PROJECT Final Report (January 2021) participants used to process and settle e-payment transactions.
<b>Indicator DO 2.3: E-payment infrastructure gaps identified</b>  Number of gap analysis reports at industry or ecosystem level	Number (Cumulative)	Annual	Gap analysis reports are studies done to assess demand, supply, or infrastructure gaps within an entire industry or e-payments ecosystem at a regional or national scale. This does not apply to gap analysis reports done at the firm or institutional level during a partner engagement. Reports include: an evaluation of the e-payments Landscape, the Philippine Individual Payments Baseline Survey, Philippine Agent Network Study, Gap analysis Report on the Evaluation of Existing BSP Digital Security Policy Areas Vis-à-vis Recommended Leading Standards on Digital Security Policies, Philippine Institutional E-payments Baseline Survey, and the Agent cash-in/cash-out network concept note
<b>SUB-PURPOSE 3: ENABLING ENVIRONMENT FOR E-PAYMENTS IMPROVED</b>			
<b>Desired Outcome 3: Enabling Environment for E-payments Improved</b>			
<b>Indicator DO 3.1: Financial regulation refined to manage growth of e-payments</b>  a) No. of circulars, regulations, and/or local ordinances refined or clarified to support e-payment growth  b) No. of public-private dialogues to support strengthening e-payment environment	Number (Cumulative)	Annual	Indicator 3.1 looks at the laws, circulars, regulations, and ordinances enacted to support e-payment growth. Often, there are public-private dialogues supporting efforts to introduce such rules and regulations.  Data reported are dialogues/roundtables/consultation meetings with various stakeholders including regulators, businesses, and/or financial institutions.
<b>Indicator DO 3.2: Increased competition among</b>	Number (Cumulative)	Annual	Increased competition among m -money and e-payment platforms is a contextual indicator. In collaboration with the BSP, this refers to the number of policies removed or

<b>m-money and e-payment platforms</b>  Number of policies removed or added to reduce barriers and encouraged competition			added to reduce barriers and encourage competition in e-payments.
<b>Indicator DO 3.3: Interoperability in the national payment system achieved</b>	Number (Index)	Annual	Interoperability in the national payment system achieved is an indicator based on qualitative research. Indicator 3.3 tracks milestones in the development of the NRPS as measured through five levels: 1) Theoretically interoperable; 2) Technically interoperable; 3) Functionally interoperable; 4) Interconnected; and 5) Effectively interconnected as explained by the Alliance for Financial Inclusion (AFI). By Year 4, interoperability scores shall be disaggregated by use case to track various e-payment modes. With the issuance of BSP Circular No. 980 – specifically Subsec. X1205.5/41205Q.5/4705S./4705P.5/4805N.5a. stating “(1) BSFIs shall make electronic payments available in all its delivery channels when applicable; (2) BSFIs shall enable its clients to move/receive funds to/from an account with other BSFIs, or, at a minimum, receive funds. Movement of funds between BSFIs shall be carried out through participation in an ACH” – interoperability of the various payment streams is assured. The ACH clearing rules detail the terms of the interoperability
<b>Indicator DO 3.4: Increased consumer awareness and trust in e-payments</b>  a) % of population 15 years old and over aware of e-payments  b) % of population 15 years old and over that trust the e-payment system	Number (Percentage)	Annual	Year 1 figures are derived from the Philippine Individual Payments Baseline Survey that covers all types of e-card instruments (ATM/debit cards, credit cards, pre-paid cards, and e-money cards). The payments study asked direct questions on awareness and trust to randomly selected individually paying decision-makers across the Philippines. Indicator 3.4 (increased consumer awareness and trust in e-payments) shows only annual targets since the method to track awareness and trust in e-payments is through surveys conducted by E-PESO or BSP. BSP’s 2017 and 2019 Financial Inclusion Survey (FIS) presented data on the percentage of survey respondents that do not trust electric platforms (15% of respondents) rather than the % of respondents that trust e-payment systems. Similarly, the survey reported the % of respondents who are not aware (40%) of electronic platforms rather than % of those aware. The BTCA State of Digital Payments in the Philippines (December 2019) references BSP’s 2017 FIS.
<b>Indicator DO 3.5: Security measures in e-payments strengthened</b>	Number (Cumulative)	Annual	Indicators 3.5 and 3.6 refer to milestones on guidelines, fora, and articles of a cross-cutting nature revolving around digital security, consumer protection, and knowledge sharing of best practices. Activities related to

Number of guidelines developed, and forums held that promote awareness on digital security best practices or consumer protection			these indicators seek to inform and support regulators, industry players, and the public on the latest trends on e-payments. Y2 and Y 3 activities for Indicator 3.5 were consumer education campaigns designed and organized by E -PESO and hosted by LGUs or their private partners.
<b>Indicator DO 3.6: Global knowledge-sharing of e-payments promoted</b>  a) No. of articles promoting e-payments  b) No. of global knowledge-sharing events that highlight the Philippines e-payment environment/ players	Number (Cumulative)	Annual	Various articles promoting e-payments.
<b>STANDARD INDICATORS</b>			
2.2.3-5 Number of sub-national entities receiving USG assistance that improves their performance	Number (Cumulative)	Annual	This indicator is like Indicator 1.2 which tracks CDIs/other cities and municipalities and receives E-PESO assistance. Targets are derived from the same set as Indicator 1.2: Adoption of m-money and e-payments in all cities of PFG CDI and other cities/municipalities. Please refer to the note on Indicator 1.2 for this indicator.
GNDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income, or employment)	Number (Percentage)	Annual	This assumes a 1:1 ratio of females trained for every male. This is based on the Philippine Individual Payments Baseline Survey, where there is an equal ratio of males/females in the sample population. Generally, the broader Philippine population also has a sex ratio of 102 males for 100 females. Source: <a href="http://www.pcw.gov.ph/statistics/201405/population-families-and-household-statistics">http://www.pcw.gov.ph/statistics/201405/population-families-and-household-statistics</a> , accessed May 18, 2016.
PPP3 Number of organizations (for and not-for-profit, and government) that have applied new technologies and/or management practices due to USG-supported	Number (Cumulative)	Annual	Targets are derived from the same set as Indicators 1.1, 1.2, and 1.3 where it identifies the number of institutions that have applied new technologies and/or management practices due to E-PESO-supported Public-Private Partnerships (PPPs).

<b>Public-Private Partnerships (PPPs)</b>			
<b>EG.4.2-1 Total number of clients benefitting from financial services provided through USG-assisted financial intermediaries, including financial institutions or actors</b>	Number (Cumulative)	Annual	Derived from the number of people trained (via consumer education) on the uses of e-payments.
<b>EG.4.2-2 Number of financial intermediaries serving poor households and microenterprises supported by USG assistance</b>	Number (Cumulative)	Annual	Direct count of financial intermediaries including banks, microfinance institutions, and cooperatives (Land Bank, GCash, PayMaya, Dunganon Rural Bank).
<b>EG.4.2-4 Number of days of USG-funded training provided to support microenterprises development</b>	Number (Cumulative)	Annual	
<b>EG.5-3 Number of microenterprises supported by USG assistance</b>	Number (Cumulative)	Annual	

## Annex 2. Targets and Indicators Over the Life of the Project

Indicators	Y1 Actual	Y2 Actual	Y3 Actual	Y4 Actual	Y5 Actual	Y6 Actual	Y7 Actual	LOP Target	Y7 Actual vs LOP Target (%)
<b>Desired Impact (DI): Efficient, Transparent, and Inclusive Retail e-payment System Contributing to Broad-based Growth</b>									
<b>Indicator DI 1 &amp; 2: Increased economic opportunity and financial inclusion deepened</b>									
a) Number of e-payment users									
New			-7.93 M	8.1 M	-0.7 M				
Cumulative	81.7 M	81.73 M	73.8 M	82.1 M	81.4 M	81.4 M	81.4 M	13.5 M	603%
b) Percent of population 15 years and above who are e-payment users		16.1%	17.4%	*25.1%	*25.1%	*25.1%	*25.1%	20%	125%
<b>Indicator DI 3: Transparency and efficiency of the retail payment system improved. (This indicator will be tracked under outcome Indicator 3.1 - Financial regulation refined to manage growth of e-payments.)</b>									
<b>Indicator DI 4: More predictable and reliable financial tools for the poor.</b>									
Number of financial products, services, or applications that are designed/enhanced to meet the needs of low-income clients									
New	0	1	0	0	0	2	4	7	100%
Cumulative	0	1	1	1	1	3	7	7	100%
<b>Desired Purpose (DP): Scope of e-payment usage reaches tipping point for scale</b>									
<b>Indicator DP 1: E-payments accounting for at least 10% of all retail payment transactions</b>									
Percent of e-payments accounting for retail payment transactions	1.03%	-	-	10%	-	-	-	10%	100%
<b>Indicator DP 2: Growth in no. of active e-payment users to reach scale</b>									
Number of active e-payment users									
New	-	-6 M	-4.2 M	2.8 M	3.8 M	--	--		
Cumulative	7 M	6.4 M	2.2 M	5 M	8.8 M	--	--	12 M	73%
<b>SUB-PURPOSE 1: RAPID ADOPTION OF E-PAYMENTS IN FINANCIAL SYSTEM</b>									
<b>Indicator 1.1: Adoption of new e-payment services as collection/ disbursement option in five (5) national GPH agencies</b>									
New	1	1	0	1	1	2	0		
Cumulative	1	2	2	2	3	5	5	5	100%
<b>Indicator 1.2: Adoption of m-money and e-payments in all cities of PFG CDI and other cities/municipalities</b>									
Number of CDIs (& other cities/municipalities) that introduced or enhanced m-money & e-payment options									
New	2	2	0	1	4	2	0		
Cumulative	2	4	4	5	9	11	11	10	110%
<b>Indicator 1.3: New e-payment implementation and adoption by 300* (small, medium, and large) businesses</b>									

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Number of businesses introducing or enhancing e-payment options as a result of E-PESO support									
<i>New</i>	0	5	0	1	1,477	0	0		
<i>Cumulative</i>	0	5	5	6	1,483	1,483	1,483	300	494%
<b>Indicator 1.4: Over 16,000 people trained (via consumer education) on the uses of e-payments and m-money services for improved household financial management</b>									
Number of people trained (via consumer education) on the uses of e-payments									
<i>New</i>	272	8,876	353	0	187	926	1,348		
<i>Cumulative</i>	272	9,148	9,501	9,501	9,688	10,614	11,962	16,000	75%
<b>SUB-PURPOSE 2: INFRASTRUCTURE FOR E-PAYMENTS EXPANDED</b>									
<b>Indicator 2.1: Growth of front-end e-payment infrastructure expanded</b>									
Number of institutions supported by E-PESO to improve and/or expand their front-end infrastructure									
<i>New</i>	9	7	1	31	21	10	0		
<i>Cumulative</i>	9	16	17	48	69	79	79	30	263%
<b>Indicator 2.2: Back-end infrastructure strengthened</b>									
Number of institutions supported by E-PESO to improve and/or expand their back-end infrastructure									
<i>New</i>	9	4	0	84	21	9	1		
<i>Cumulative</i>	9	13	13	97	118	127	128	30	427%
<b>Indicator 2.3: E-payment infrastructure gaps identified</b>									
Number of gap analysis reports at industry or ecosystem level									
<i>New</i>	0	3	0	1	2	0	0		
<i>Cumulative</i>	0	3	3	4	6	6	6	5	120%
<b>SUB-PURPOSE 3: ENABLING ENVIRONMENT FOR E-PAYMENTS IMPROVED</b>									
<b>Desired Outcome 3: Enabling Environment for E-payments Improved</b>									
<b>Indicator 3.1: Financial regulation refined to manage growth of e-payments</b>									
a) No. of circulars, regulations, and/or local ordinances refined or clarified to support e-payment growth									
<i>New</i>	2	5	1	7	7	0	2		
<i>Cumulative</i>	2	7	8	15	22	22	24	13	185%
b. No. of public-private dialogues to support strengthening e-payment environment									
<i>New</i>	7	10	6	9	3	2	0		
<i>Cumulative</i>	7	17	23	32	35	37	37	30	123%
<b>Indicator 3.2: Increased competition among m-money and e-payment platforms</b>									
Number of policies removed or added to reduce barriers and encourage competition									
<i>New</i>	0	0	0	6	0	0	0		
<i>Cumulative</i>	0	0	0	6	6	6	6	6	100%
<b>Indicator 3.3: Interoperability in the national payment system achieved.</b>									
<i>Batch EFT</i>	-	-	-	3	4	4	4	4	-
<i>Real time EFT (InstaPay)</i>									
<b>Indicator 3.4: Increased consumer awareness and trust in e-payments</b>									
<i>a. % of population 15 years old and over aware of e-payments</i>	81%	-	-	-	-	-	-	70.3%	115%
<i>b. % of population 15 years old and</i>	75%	-	-	-	-	-	-	64.5%	116%

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<i>over that trust the e-payment system</i>									
<b>Indicator 3.5: Security measures in e-payments strengthened</b>									
Number of guidelines developed, and forums held that promote awareness on digital security best practices or consumer protection									
<i>New</i>	0	1	2	4	2	1	0		
<i>Cumulative</i>	0	1	3	7	9	10	10	6	167%
<b>Indicator 3.6: Global knowledge-sharing of e-payments promoted.</b>									
<b>a. No. of articles promoting e-payments</b>									
<i>New</i>	14	19	12	46	36	148	12		
<i>Cumulative</i>	14	33	45	91	127	275	287	60	478.33%
<b>b. No. of global knowledge-sharing events that highlight the Philippines e-payment environment/players</b>									
<i>New</i>	2	5	2	2	6	4	0		
<i>Cumulative</i>	2	7	9	11	17	21	21	6	350%

Standard Indicators	Y1 Actual	Y2 Actual	Y3 Actual	Y4 Actual	Y5 Actual	Y6 Actual	Y6 Actual	LOP Target	Performance Achieved vs LOP Target
<b>2.2.3 Local Government and Decentralization</b>									
<b>2.2.3-5 Number of sub-national entities receiving USG assistance that improve their performance</b>									
<i>New</i>	2	2	0	1	4	2	0		
<i>Cumulative</i>	2	4	4	5	9	11	11	10	110%
<b>GNDR Gender</b>									
<b>GNDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income, or employment)</b>									
<i>For the year</i>	85%	72%	40%	0	48%	79.98%	16.17%	79.98%	143.12%
<b>PPP Public/Private Partnerships</b>									
<b>PPP3 Number of organizations (for and not-for-profit, and government) that have applied new technologies and/or management practices due to USG-supported Public-Private Partnerships (PPPs)</b>									
<i>New</i>	3	8	0	3	1,481	4	0		
<i>Cumulative</i>	3	11	11	14	1,495	1,499	1,499	315	475%

Standard Indicators	Y3 Actual	Y4 Actual	Y5 Actual	Y6 Actual	Y7 Actual	LOP Target/ Percentage of Target Achieved
<b>EG.4.2-1 Total number of clients benefiting from financial services provided through USG-assisted financial intermediaries, including financial institutions or actors</b>						
<i>New</i>	333	0	187	926	1,348	
<i>Cumulative</i>	9,501	9,501	9,688	10,614	11,962	16,000 / 75%
<b>EG.4.2-2 Number of financial intermediaries serving poor households and microenterprises supported by USG assistance</b>						
<i>New</i>	1	0	0	0	17	
<i>Cumulative</i>	1	1	1	1	18	7 / 258%

<b>EG.4.2-4 Number of days of USG-funded training provided to support microenterprise development</b>						
<i>New</i>	--	--	--	0	872	
<i>Cumulative</i>	--	--	--	532	1,404	520 / 270%
<b>EG.5-3 Number of microenterprises supported by USG assistance</b>						
<i>New</i>	--	--	--	95	218	
<i>Cumulative</i>	--	--	--	95	313	320 / 97.8%

### **Annex 3: List of Relevant Project Documents**

The evaluation team will have access to reports and other evaluations which were part of E-PESO's monitoring, evaluation, and learning (MEL) activities. In addition, the evaluation team will gather additional documents from partner agencies, such as circulars, revenue regulations on e-payments, and/or LGU ordinances, among others.

USAID/PH will provide a list of relevant contacts and provide the evaluation team with access to relevant activity documents. The timely provision and access to activity documents and evaluations will be critical to ensure that members of the evaluation team have the background documentation necessary to conduct the evaluation. An initial list of references related to the implementation of E-PESO are listed below.

1. USAID's Country Development Cooperation Strategy (CDCS 2013-2019 and 2019-2024)
2. E-PESO Original and Revised Monitoring and Evaluation Plan (September 2020) including the W-GDP MEL Plan
3. E-PESO Contractor's Completion Report
4. E-PESO Annual and Quarterly Reports
5. E-PESO Technical Reports and Studies
6. E-PESO Final Reports
7. Better than Cash Alliance Reports, 2019 and 2021
8. Agency website supporting EPESO reforms, published reports or press releases

**END OF SECTION C**

## ANNEX B: EVALUATION DESIGN MATRIX

**TABLE 1. EVALUATION DESIGN**

EVALUATION QUESTION	SUB-QUESTIONS	DATA SOURCE(S)	DATA COLLECTION METHOD	DATA ANALYSIS METHODS
RELEVANCE				
EQ1: In what ways does E-PESO support the <i>country's national development goals and the USAID's country cooperation strategy objectives?</i>				
1.1 In what ways has E-PESO contributed to the priorities of the Philippine Development Plan during appraisal and this evaluation?	1.1.1 In what ways has E-PESO contributed to the priorities of the Philippine Development Plan during the appraisal?	- Philippine Development Plan (previous) - government roadmaps (previous)	- Desk review	- Content analysis
	1.1.2 In what ways has E-PESO contributed to the priorities of the current Philippine Development Plan?	- Philippine Development Plan (current) - government roadmaps (current)		
1.2 In what ways has E-PESO contributed to the strategies indicated in USAID's CDCS during appraisal and during this evaluation?	1.2.1 In what ways has E-PESO contributed to USAID country strategy for the Philippines during the appraisal?	- USAID PH country planning documents (previous)	- Desk review	- Content analysis
	1.2.2 In what ways has E-PESO contributed to the current USAID country strategy for the Philippines?	- USAID PH country planning documents (current)		
1.3 In what ways has E-PESO contributed to the needs of participating LGUs?		- local development plans - KII reports	- Desk review - KII	-Content Analysis

**TABLE I. EVALUATION DESIGN**

EVALUATION QUESTION	SUB-QUESTIONS	DATA SOURCE(S)	DATA COLLECTION METHOD	DATA ANALYSIS METHODS
1.4 How did the COVID-19 pandemic affect the shift to the digital payment agenda?	1.4.1 1.4.1 How did the COVID-19 pandemic bring about or highlight concerns related to the shift to digital payment?	- project documents - secondary sources - KII reports		
<b>EFFECTIVENESS</b>				
EQ2: Did E-PESO achieve the four sub-purposes of developing a lasting and inclusive economic infrastructure? What are the possible reasons for the successes and the failures?				
2.1 In what ways did the implementation of E-PESO support the rapid adoption of e-payments in the financial system (sub-purpose 1)?	2.1.1 What are the factors contributing to the successes?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis - Descriptive statistics
	2.1.2 What are the factors contributing to the challenges?	- project documents - secondary sources - KII reports		
2.2 In what ways did the implementation of E-PESO support the expansion of infrastructure for e-payments (sub-purpose 2)?	2.2.1 What are the factors contributing to the successes?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis - Descriptive statistics
	2.2.2 What are the factors contributing to the challenges?	- project documents - secondary sources - KII reports		
2.3 In what ways did the implementation of E-PESO support the improvement of the enabling environment for e-payments (sub-purpose 3)?	2.3.1 What are the factors contributing to the successes?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis - Descriptive statistics
	2.3.2 What are the factors contributing to the challenges?	- project documents - secondary sources - KII reports		

**TABLE I. EVALUATION DESIGN**

EVALUATION QUESTION	SUB-QUESTIONS	DATA SOURCE(S)	DATA COLLECTION METHOD	DATA ANALYSIS METHODS
2.4 In what ways did the implementation of E-PESO help address gaps in broader e-payment ecosystems (sub-purpose 4)?	2.4.1 What are the factors contributing to the successes?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis - Descriptive statistics
	2.4.2 What are the factors contributing to the challenges?	- project documents - secondary sources - KII reports		
2.6 What was the effect of the COVID-19 pandemic on the effectiveness of E-PESO?		- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis - Descriptive statistics
<b>SUSTAINABILITY</b>				
EQ3: What evidence supports the likelihood that the benefits of the E-PESO will extend past the activity’s period of performance, and what considerations should future similar activities take into account?				
3.1 What are the pieces of evidence supporting the likelihood that the benefits of E-PESO will extend after completion?	3.1.1 Are policies in place to support the shift to digital payment agenda?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis
	3.1.2 Are institutional capacities adequate to continue the shift to digital payment agenda?	- project documents - secondary sources - KII reports		
	3.1.3 What were the exit strategies developed for E-PESO?	- project documents - KII reports		
	3.1.4 Which exit strategies worked and why?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis

**TABLE I. EVALUATION DESIGN**

EVALUATION QUESTION	SUB-QUESTIONS	DATA SOURCE(S)	DATA COLLECTION METHOD	DATA ANALYSIS METHODS
	3.1.5 What are the new government targets?	- secondary sources - KII reports		
	3.1.6 What is the likelihood that the new targets will be met?	- secondary sources - KII reports		
3.2 What considerations should future similar activities take into account?	3.2.1 What other works are needed to support the shift to digital payment agenda further?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis

## ANNEX C: LIST OF DOCUMENTS CONSULTED

### PROJECT DOCUMENTS

1. E-PESO Fact Sheet
2. E-PESO 2<sup>nd</sup> Annual Report (October 2015 – September 2016)
3. E-PESO 3<sup>rd</sup> Annual Report (October 2016 – September 2017)
4. E-PESO 4<sup>th</sup> Annual Report (October 2017 – September 2018)
5. E-PESO 5<sup>th</sup> Annual Report (October 2018 – September 2019)
6. E-PESO 6<sup>th</sup> Annual Report (October 2019 – September 2020)
7. E-PESO Component I STTC Activity Report (October 2015)
8. E-PESO Contractor’s Completion Report on the Implementation of the National Survey, E-PESO research notes, and partnership building (October 2015 – June 2016)
9. E-PESO End of Contractor Report on Shared Cash Agent Network (November 2019 – April 2020)
10. E-PESO Final Report (February 2021)
11. E-PESO Monitoring and Evaluation Plan (September 8, 2020)
12. E-PESO Short-term Consultant Report on the Development of E-payments Module (February 2020 – January 2021)
13. USAID Country Development Cooperation Strategy 2013-2019
14. USAID Country Development Cooperation Strategy 2019-2024

### OTHER DOCUMENTS

1. Better than Cash Alliance (2015) Report on Development Results Focused Research Program Country Diagnostic: Philippines
2. Better than Cash Alliance (2019) Report on The State of Digital Payments in the Philippines
3. Better than Cash Alliance (2021) Report on The State of Digital Payments in the Philippines 2021 Edition
4. BSP (2019) Report on Financial Inclusion Survey
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6. BSP (2020) FAQs National Retail Payment System
7. BSP (2020) Report on 2020 Financial Inclusion Initiatives
8. BSP (2021) Report on Forging Pathways TO A CASH-LITE SOCIETY Status of Digital Payments in the Philippines 2021 Edition
9. Google-commissioned Kantar SEA e-Conomy Research 2021
10. ITU (2020) Report on Measuring Digital Development: ICT price trends 2020
11. McKinsey and Company (2020) Report on The Future of Payments in Asia
12. Mission Critical: Enabling Digital Payments for Development – A USAID Opportunity Brief
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15. Philippine Institute for Development Studies (2021) Bridging the Digital Infrastructure Gap: Policy Options for Connecting Filipinos
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17. USAID/Philippines Scaling Innovations in Mobile Money (SIMM) Project Final Report

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2. Bangko Sentral ng Pilipinas (2021) BSP Eyes Offline Digital Payments to Support Financial Inclusion
3. Bangko Sentral ng Pilipinas (2021) BSP Gov. Diokno Says BSP to Hit Digitalization Targets in 2022
4. Bank for International Settlements (2021) Benjamin E. Diokno: QR-PH-Event-Payment-To-Merchant (P2M) Pilot Launch (Speech)
5. Business World Online (2021) Central Bank Requires Payment Systems to Comply with International Standards
6. BusinessWorldTV (2020) Business World Insights: Creating Digital Ecosystems to Jumpstart Local Economies (Video)
7. BusinessWorldTV (2020) Business World Insights: Enabling LGUs in the New Normal through Digital Payments Acceptance (Video)
8. Department of Trade and Industry (2021) Empowering Women in Digital Through 'E-Taas ang Pinay MSMEs' Campaign!
9. Manila Bulletin (2021) Onboarding of EGov Pay 90% done-BSP
10. Manila Bulletin (2021) Outsider appointed as 4<sup>th</sup> BSP Deputy Governor
11. Philippine Daily Inquirer (2021) BSP Tip to Gift Givers: Use Digital Wallets
12. Philippine Daily Inquirer (2021) BSP Team Gets Award for PH E-Payment System
13. Philippine Daily Inquirer (2021) BSP wants all state agencies onboard EGov Pay this year
14. Philippine Daily Inquirer (2021) The Great Divide
15. Philippine Information Agency (2021) Full Rollout of QR Ph P2M To Accelerate Shift to Cash-Lite Economy
16. The Manila Times (2021) 42M Complete First Step of PhilSys Registration

## ANNEX A: KEY INFORMANTS

NAME	POSITION/ORGANIZATION	CATEGORY
Mr. Raymond Estioko	Senior Director Payment System Oversight Department Bangko Sentral ng Pilipinas	Major Counterpart
Ms. Bridget Rose Mesina	Acting Deputy Director Payment System Oversight Department Bangko Sentral ng Pilipinas	Major Counterpart
Ms. Carmelita Araneta	General Manager Philippine Payment Management Inc.	Major Counterpart
Ms. Sheryl Aromin	BTMS Project Lead Department of Budget and Management	Major Counterpart
Mr. Kenneth Mallari	Project Development Officer IV E-Learning System Department of Budget and Management	Major Counterpart
Ms. Gemma Gabuya	National Program Manager and Director Pantawid Pamilyang Pilipino Program Department of Social Welfare and Development	Major Counterpart
Mr. Arvin Longcop	Project Development Officer III Pantawid Pamilyang Pilipino Program Department of Social Welfare and Development	Major Counterpart
Ms. Mary Jean T. Pacheco	Assistant Secretary Digital Philippines and Ecommerce Lead Department of Trade and Industry	Major Counterpart
Mr. John Geesnell Yap II	City Mayor Tagbilaran City	Participating LGU
Ms. Marie Angeliq Cruz-Go	City Human Resources Head Zamboanga City	Participating LGU
Mr. Mamerto Tangonan	Former Chief of Party Chemonics International	Implementing Partner
Ms. Melissa Cook	Former Deputy Chief of Party (2015-2017) Chemonics International	Implementing Partner
Ms. Bernadette Ramos	Senior Enabling Environment Advisor Chemonics International	Implementing Partner

## ANNEX B: E-PESO INDICATORS AND ACCOMPLISHMENTS

INDICATOR	ACCOMPLISHMENT
DESIRED IMPACT (DI)	
Indicator DI 1&2: Increased economic opportunity a. Number of e-payment users	Achieved. Based on BSP Financial Inclusion Dashboard, e-payment users reached 81.4 million (as of end of 2019) (Target: 13.5 million)
b. Percent of population 15 years old and above who are e- payment users	Achieved. Based on World Bank Findex 2018 (data is for 2017), share of adult population who are e-payment users reached 25.1% (Target: 20%).
Indicator DI 3: Transparency and efficiency of the retail payment system improved.	This indicator will be tracked under 'Outcome Indicator 3.1 - Financial regulation refined to manage growth of e- payments.
Indicator DI 4: More predictable and reliable financial tools for the poor - Number of financial products, services or applications that are designed/ enhanced to meet the needs of low-income clients,	Achieved. Seven financial products, tools, and services were designed to meet the needs of low-income clients: <ul style="list-style-type: none"> <li>• DSWD financial literacy tool and distribution of ATM/debit cards</li> <li>• ReliefAgad self-registration web application for SAP beneficiaries</li> <li>• Digital disbursements of SAP subsidies to beneficiaries</li> <li>• Digital wallet GCASH using InstaPay – a service made possible with USAID/E-PESO assistance. InstaPay allows lower-income clients to make fund transfers and payments</li> <li>• Digital wallet PayMaya using InstaPay – a service made possible with USAID/E-PESO assistance. InstaPay allows lower-income clients to make fund transfers and payments</li> <li>• Digital wallet StarPay using InstaPay – a service made possible with USAID/E-PESO assistance. InstaPay allows lower-income clients to make fund transfers and payments</li> <li>• InstaPay and PESONet services offered by rural banks, allowing clients in rural communities to make fund transfers and payments</li> </ul> (Target: 7 financial products)
DESIRED PURPOSE (DP)	
Indicator DP 1: E- payments accounting for at least 10% of all retail payment transactions - Percent of e-payments accounting for retail payment transactions	Achieved. The State of Digital Payments in the Philippines (Dec 2019) report estimates the share of digital payments to be 10% by volume and 20% by value in 2018. (Target: 10%)
Indicator DP 2: Growth in the number of active e- payment users to reach scale - Number of active e- payment users	Achieved. The number of active e-payment users reached 34.7 million in 2020 (Target: 12 million)  Note: The E-PESO Final Report assessed this indicator as not achieved based on the available data at that time which is as of 2019. This evaluation updated the accomplishment for the indicator with 2020 data.
SUB-PURPOSE INDICATORS	

INDICATOR	ACCOMPLISHMENT
<p>Indicator 1.1: Adoption of new e-payment services as collection/ disbursement option in five (5) national GPH agencies</p>	<p>Achieved.</p> <p>E-PESO assisted the following national government agencies to enable digital collection and disbursements:</p> <ul style="list-style-type: none"> <li>E-PESO assisted Bureau of Internal Revenue in expanding e-payment collection options (online via DBP's Internet Payment Gateway), LandBank's Link.Biz portal, Unionbank online portal and mobile via PayMaya and GCASH).</li> <li>E-PESO assisted the National Meat Inspection Services (NMIS) to make online payments for permits available.</li> <li>E-PESO worked with the DTI to integrate the Business Name Registration System with online and mobile payment services.</li> <li>With USAID/E-PESO assistance, the SSS implemented mandatory online transactions and checkless disbursements, providing members, employers, pensioners, and beneficiaries/claimants with faster, safer, more convenient, and economical means to register, submit their loan and benefit applications, and receive their loan proceeds and cash benefits.</li> <li>E-PESO worked with DSWD to disburse the second tranche of the Social Amelioration Program benefits via digital wallets and bank accounts, as well as develop and rollout the web-based registration app, ReliefAgad, facilitating beneficiary registration.</li> </ul> <p>(Target: 5 national GPH agencies)</p>
<p>Indicator 1.2: Adoption of m-money and e-payments in all cities of PFG CDI and other cities/municipalities</p> <p>- Number of CDIs (and other cities/ municipalities) that introduced or enhanced m- money and e-payment options</p>	<p>Achieved.</p> <p>PESO provided research, advisory services, partnerships facilitation, and project management assistance to eleven LGUs (i.e., Quezon, Valenzuela, Puerto Princesa, Legazpi, Tagbilaran, Zamboanga, Cagayan de Oro, Ligao, General Santos, Ubay, and Nabunturan) to support the expansion of their e-payment ecosystems.</p> <p>Consistent with the ecosystem approach, E- PESO also engaged with the private sector and local financial stakeholders in these areas, including electronic money issuers, e-payment service providers, industry associations, third party aggregators, banks, and other financial institutions to encourage collections and disbursements via electronic channels.</p> <p>(Target: 10 LGUs)</p>
<p>Indicator 1.3: New e- payment implementation and adoption by 300 (small, medium, and large) businesses</p> <p>- Number of businesses introducing or enhancing e- payment options because of USAID/E-PESO support</p>	<p>Achieved.</p> <p>The number of businesses reached 1483.</p> <p>E-PESO exceeded the target by working with PPMI to encourage PPMI/PESONet ACH members to shift corporate clients to e- payments. The number of businesses is the aggregate total of enterprise clients of some PESONet ACH Members utilizing PESONet.</p> <p>(Target: 300)</p>
<p>Indicator 1.4: Over 16,000 people trained (via consumer education) on the uses of e- payments and m-money services for improved household financial management</p> <p>- Number of people trained (via consumer education) on the uses of e- payments</p>	<p>Not Achieved.</p> <p>The E-PESO final report declared 75% accomplishment (i.e., 11,962 actual vs. the 16,000 target)</p> <p>This excludes the training for the DSWD's financial literacy program supporting the disbursement of conditional cash transfer benefits to transactional accounts which will commence in February 2021.</p> <p>(Target: 16,000)</p>
<p>Indicator 2.1: Growth of front-end e-payment</p>	<p>Achieved.</p> <p>The number of institutions expanding their front-end infrastructures reached 79.</p>

INDICATOR	ACCOMPLISHMENT
infrastructure <sup>83</sup> expanded - Number of institutions supported by E-PESO to improve and/or expand their front-end infrastructure	(Target: 30)
Indicator 2.2: Back-end e-payment infrastructure <sup>84</sup> strengthened - Number of institutions supported by E-PESO to improve and/or expand their back-end infrastructure	Achieved. A total of 128 unique institutions are connected to PESONet's and/or InstaPay's CSO and are receiving electronic funds transfer credit instructions through the ACHs. (Target: 30).
Indicator 2.3: E-payment infrastructure gaps identified - Number of gap analysis reports <sup>85</sup> at industry or ecosystem level	Achieved. Six reports were produced. Reports include: (a) E-payments Landscape; (b) Philippine Individual Payments Baseline Survey; (c) Philippine Agent Network Study; (d) Gap analysis Report on the Assessment of Existing BSP Digital Security Policy Areas Vis-à-vis Recommended Leading Standards on Digital Security Policies; (e) Philippine Institutional E-Payments Baseline Survey; and (f) Agent Cash-in/Cash-out Network Concept Note. (Target: 5)
Indicator 3.1: Financial regulation refined to manage growth of e-payments a) No. of circulars, regulations, and/or local ordinances refined or clarified to support e-payment growth	Achieved. There were 24 circulars, regulations, and/or local ordinances refined or clarified to support e-payment growth. (Target: 13)
b) No. of public-private dialogues to support strengthening e-payment environment	Achieved. 37 dialogues/roundtables/consultation meetings with various stakeholders including regulators, businesses and/or financial institutions. (Target: 30)
Indicator 3.2: Increased competition among m- money and e-payment platforms - Number of policies removed or added to reduce barriers and encourage competition	Achieved. Six policies were removed or added to reduce barriers and encourage competition in e- payments. (Target: 6).

<sup>83</sup> Front-end infrastructure is any user- interface or device needed by individual users to conduct e-payment transactions and any computer system, software application, and/or device used by an institution or individual user to conduct e-payment transactions.

<sup>84</sup> Back-end infrastructure is any system at the back-office operation of an institution required to allow and process e- payment transactions coming from the front-end infrastructure and any system from financial institutions connected to switch operators appointed by the automated clearing house participants used to process and settle e-payment transactions.

<sup>85</sup> Gap analysis reports are studies done to assess demand, supply, or infrastructure gaps within an entire industry or e-Payments ecosystem at a regional or national scale. This does not apply to gap analysis reports done at the firm or institutional level during a partner engagement.

INDICATOR	ACCOMPLISHMENT
<p>Indicator 3.3: Interoperability in the national payment system achieved - Batch electronic fund transfer (EFT) Real time EFT (InstaPay)</p>	<p>Achieved.</p> <p>With the issuance of BSP Circular No. 980 stating: “(1) BSFIs shall make electronic payments available in all its delivery channels when applicable; (2) BSFIs shall enable its clients to move/receive funds to/from account with other BSFIs, or, at a minimum, receive funds. Movement of funds between BSFIs shall be carried out through participation in an ACH” – interoperability of the various payment streams is assured. The ACH clearing rules detail the terms of the interoperability.</p>
<p>Indicator 3.4: Increased consumer awareness and trust in e-payments a) % of population 15 years old and over aware of e- payments</p>	<p>Achieved.</p> <p>81% (Target: 70.3%)</p>
<p>b) % of population 15 years old and over that trust the e-payment system</p>	<p>Achieved.</p> <p>75% (Target: 64.5%)</p>
<p>Indicator 3.5: Security measures in e-payments strengthened - No. of guidelines developed and forums held that promote awareness on digital security best practices or consumer protection</p>	<p>Achieved.</p> <p>A total of 10 activities (i.e., guidelines developed, and forums held) were conducted to promote awareness on digital security best practices or consumer protection. (Target: 6).</p>
<p>Indicator 3.6: Global knowledge-sharing on e-payments promoted a) No. of articles promoting e-payments</p>	<p>Achieved.</p> <p>There were 287 published articles promoting e-payments. (Target: 60).</p>
<p>b) No. of global knowledge-sharing events that highlight the Philippines e-payment environment/players</p>	<p>Achieved.</p> <p>The E-PESO held 21 global knowledge-sharing events that highlight the Philippines e-payment environment/players. (Target: 6).</p>

SOURCE: E-PESO FINAL REPORT

## ANNEX F: DIGITAL FINANCIAL INCLUSION OPPORTUNITIES FOR SDGS

SDG	OPPORTUNITIES
1: No Poverty	Digital financial services provide low-income households with access to affordable and convenient tools that can help increase their economic opportunities. For extremely poor families, combining digital financial services with livelihood promotion, safety nets, and mentoring boosts their long-term standard of living
2: Zero Hunger	Digital financial services can help farmers access the funds they need to produce higher yields with lower risks, increasing overall agricultural productivity. Digital financial services deliver faster, safer, more reliable social transfers for the undernourished.
3: Good Health and Well-being	Digital finance allows households to cope better with health emergencies without being forced into poverty. Healthcare providers can extend their services into low-density rural areas through digital payments and financing.
4: Quality Education	Digital finance can make education expenses more manageable for lower-income households and help schools and national education systems improve their financial management. This can free up resources for teachers, materials, and technologies that improve education outcomes.
5: Gender Equality	Digital financial services empower women to earn more and build assets. This greater financial power fuels gender equality and economic growth.
6: Clean Water and Sanitation	Digital finance enables water and sanitation providers to serve low-income households, while also supporting the sustainable expansion of utility networks.
7: Affordable and Clean Energy	Digital payments enable solar companies in Africa and Asia to offer pay-as-you-go energy to millions of low-income families – a clear win for people and the environment.
8: Decent Work and Economic Growth	Digital financial services fuel low-cost business models with the potential to create 95 million new jobs and add 6% to global GDP by 2025.
9: Industry, Innovation and Infrastructure	Digital finance enables small businesses to grow, innovate, and reach new markets, bringing more people into the digital economy.
10: Reduced Inequalities	Digital finance can be a powerful equalizing force, giving low-income households new tools to increase their incomes, improve financial resilience and access new economic and social opportunities.
11: Sustainable cities and communities	Cities rely on crucial public services such as affordable housing and transportation but delivering these services using cash is highly inefficient and costly. Digitizing payments could save 100 major cities \$470 billion every year by addressing these inefficiencies and avoidable costs.
13: Climate action	Digital finance can help individuals, communities, businesses, and government combat and prepare for the damaging effects of climate change, particularly by building resilience and driving sustainable investments.
16: Peace, Justice and Strong Institutions	Digital payments dramatically improve transparency of transactions to and from governments. This helps hold governments accountable to a higher standard for usage of public funds and increases the funds available for vital public services, investments, and transfers.

SOURCE: UNSGSA IGNITING SDG PROGRESS THROUGH DIGITAL FINANCIAL INCLUSION

## **ANNEX G: INCEPTION REPORT**



# E-PESO

## PERFORMANCE EVALUATION INCEPTION REPORT

## ACRONYMS

ACH	automated clearing house
BIR	Bureau of Internal Revenue
BSP	Bangko Sentral ng Pilipinas
CDCS	Country Development Cooperation Strategies
CDI	Cities Development Initiative
CLAimDev	Collaborating, Learning and Adapting for Improved Development
COP	Chief of Party
COVID-19	coronavirus disease
DBM	Department of Budget and Management
DO	Development Objectives
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
EQ	evaluation question
FCR	findings, conclusions, and recommendations
GPH	Government of the Philippines
KII	key informant interview
LGU	local government unit
MEL	Monitoring, Evaluation and Learning
NRPS	National Retail Payment System
PDP	Philippine Development Plan
PPMI	Philippine Payments Management, Inc.
PSP	payment service providers
USAID	United States Agency for International Development

## E-PESO ACTIVITY BACKGROUND

**TABLE I. ACTIVITY INFORMATION**

Activity Name	E-PESO
Implementing Partner	Chemonics International
Cooperative Agreement number	AID-492-C-15-0001
Total Estimated Cost (TEC)	\$20.9 million
Life of Activity	March 18, 2015 – February 17, 2021
Active Geographic Regions	Philippines
Mission Development Objective (DO) CDCS 2013-2019	DO 1: Broad-based and Inclusive Growth Accelerated and Sustained
Mission Development Objective (DO) CDCS 2020-2024	DO 2: Inclusive, Market-Driven Growth <b>Expanded</b>

In 2015, a study by the Better than Cash Alliance estimated that 99 percent of payment transactions in the Philippines were conducted through cash<sup>86</sup>. There is a vast potential for the shift to electronic payments, which has been recognized to provide a wide range of benefits towards promoting economic growth. Benefits include: (a) driving financial inclusion and economic empowerment, particularly among women and youths; (b) improving social protection and humanitarian response systems; (c) enabling more efficient and productive health, agriculture, energy, and other sectors; (d) improving governance, including increased transparency, reduced corruption; and (e) increasing economic growth and market-level development<sup>87</sup>. Further, the United Nations recognized the transformative power of digital financial inclusion<sup>88</sup>, supporting 13 out of the 17 Sustainable Development Goals<sup>89</sup>.

The E-PESO activity aimed to support the Philippines' shift from a cash-intensive to a cash-lite economy by developing an efficient, transparent, and inclusive e-payment ecosystem. This shift to electronic payments is expected to contribute to broad-based economic growth, supporting the US-Philippines Partnership for Growth objectives. The E-PESO activity was also aligned with government priorities—the Philippine Development Plan (PDP) 2011-2016 dedicated one chapter for a resilient and inclusive financial system.

Figure I presents the E-PESO results framework. It explains the cause-effect relationships among inputs, sub-purposes, and the overall goal. The underlying development hypothesis was:

<sup>86</sup> Better than Cash Alliance. 2015. Country Diagnostic: Philippines.

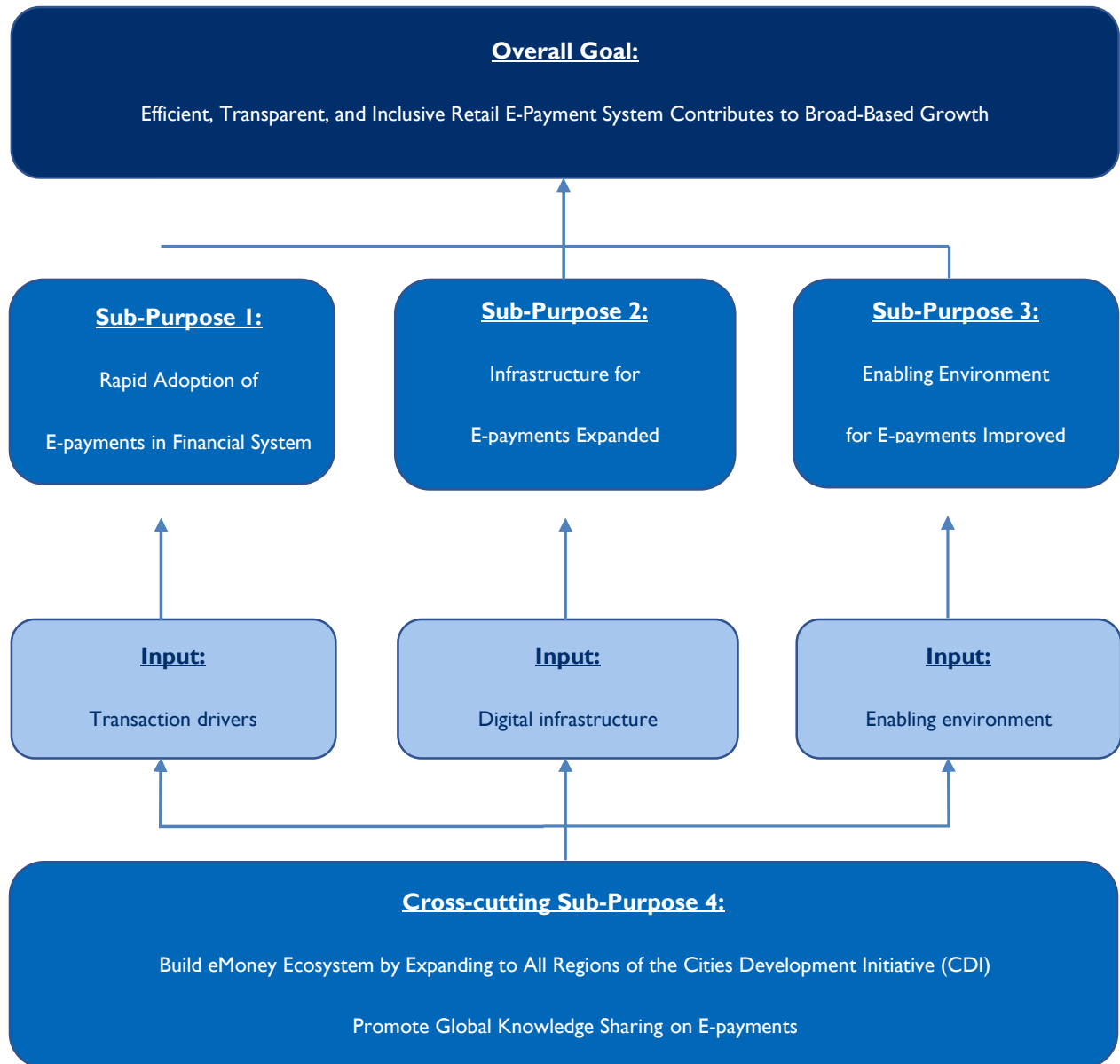
<sup>87</sup> Mission Critical: Enabling Digital Payments for Development - A USAID Opportunity Brief

<sup>88</sup> The Consultative Group to Assist the Poor or CGAP defined 'Digital financial inclusion' as digital access to and use of formal financial services by excluded and underserved populations.

<sup>89</sup> A UN compendium on digital financial inclusion presented evidence on how digital financial inclusion can support SDG targets for goals 1-11, 16 and 17.)

“By promoting the rapid, widespread shift from cash to e-payments usage, E-PESO will support the Philippines to reach a tipping point of e-payment adoption that will represent a critical mass to become a self-sustaining e-payment ecosystem.”

**FIGURE 2: E-PESO RESULTS FRAMEWORK**



The overall goal was to have an efficient, transparent, and inclusive retail e-payment system contributing to broad-based growth. This goal was measured by the number and share of e-payment users and the number of financial products, services, or applications designed/enhanced to meet the needs of low-income clients. Annex A lists the E-PESO indicators in the Statement of Work (SOW).

E-PESO's purpose was for the scale of e-payment usage to reach a tipping point, measured by the share of e-payments accounting for retail payment transactions and the number of active e-payment users. The four activity sub-purposes/components are described below<sup>90</sup>.

During its implementation, E-PESO encountered a funding constraint. Only 60 percent of its contract ceiling became available. This resulted in the E-PESO activity not meeting all its objectives. Initially, there were efforts to downgrade the targets, but these were eventually not allowed in the hopes that more funds would be available later<sup>91</sup>.

### **SUB-PURPOSE 1: RAPID ADOPTION OF E-PAYMENTS IN THE FINANCIAL SYSTEM**

This component involved support towards the digitization of large-scale payment streams in public and private sectors. E-PESO provided technical assistance to the Government of the Philippines' (GPH) agencies for improving services delivery and fiscal management through the use of e-payments in various transactions. E-PESO also worked to bring the benefits of digital payments to targeted businesses, such as those from the fast-moving consumer goods industry that have large retail payment flows.

### **SUB-PURPOSE 2: INFRASTRUCTURE FOR E-PAYMENTS EXPANDED**

This component involved support towards the expansion and effective management of e-payment infrastructure. The E-PESO activity supported the establishment of digital payment services that utilize existing infrastructure under the National Retail Payment System (NRPS)<sup>92</sup> policy framework of the Bangko Sentral ng Pilipinas (BSP). These payment services include interoperable digital bills payment services, interoperable cash-in/cash-out agent networks, and merchant payments. The activity helped the industry set up these services and worked with government and private institutional users to pilot and adopt these services.

### **SUB-PURPOSE 3: ENABLING ENVIRONMENT FOR E-PAYMENTS IMPROVED**

To improve the enabling environment for e-payment usage, E-PESO supported the BSP in establishing and implementing an interoperable NRPS. E-PESO provided technical assistance and training to BSP to promote digital security, consumer protection and confidence, financial inclusion, and e-payment stability within the broader payment system.

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<sup>90</sup> In the absence of access to the Project Appraisal Document, descriptions of the sub-purposes are based on the completion report.

<sup>91</sup> Discussed during the 20 May 2021 consultation meeting with AOR on E-PESO and PRM as part of the preparation of the SOW on the evaluation of E-PESO.

<sup>92</sup> Launched in December 2015, the NRPS is a policy and regulatory framework whereby the BSP provides regulatory oversight fundamentally in the form of policy direction to the payment service providers. The framework requires interoperability among the PSPs by creating multilateral arrangements which are referred to as automated clearing houses (ACHs). These ACHs provide detailed rules for clearing and settlement. (BSP Digital Payments Transformation Roadmap 2020-2023)

#### **SUB-PURPOSE 4: GAPS IN BROADER E-PAYMENT ECOSYSTEM ADDRESSED**

The E-PESO activity identified and addressed supply and demand constraints to broader e-payment adoption. The activity supported the expansion of e-payment ecosystems, focusing on cities identified under USAID’s Cities Development Initiative (CDI)<sup>93</sup>.

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<sup>93</sup> The CDI is a USAID-supported project which aims to strengthen the economic competitiveness and resilience of cities outside of Metro Manila. Under CDI, the USAID provides a range of technical assistance depending on the most urgent needs of the city.

# EVALUATION PURPOSE AND QUESTIONS

## EVALUATION PURPOSE

After completing the E-PESO activity in February 2021, USAID/Philippines commissioned this ex-post performance evaluation to gain information on E-PESO's results and the sustainability of those results. The evaluation will identify the factors that contributed to E-PESO's results and document the lessons arising from implementation. The lessons learned in this evaluation will be useful in the implementation phase of the next project (Supporting the Policy Enabling Environment for Development or SPEED) in terms of accountability and adaptive learning. Further, this evaluation may inform related development interventions in the future<sup>94</sup>.

As the last year of E-PESO's implementation was characterized by government-imposed lockdowns and community quarantines due to the coronavirus disease (COVID-19) outbreak, the evaluation will also study how the pandemic affected E-PESO's implementation as well as the shift to a digital payment agenda. The evaluation also will explore issues related to digital financial inclusion.

## EVALUATION QUESTIONS

This evaluation focuses on the following three evaluation criteria: (a) relevance, (b) effectiveness, and (c) sustainability. **Error! Reference source not found.** presents the corresponding evaluation questions (EQ). The main evaluation questions (i.e., EQs 1-3) are based on the Task Order<sup>95</sup>. Specific queries and sub-questions were further developed to answer particular aspects of the evaluation criteria. These evaluation questions will guide the structure of the evaluation tools and the processing and analysis of data.

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<sup>94</sup> Discussed during the May 20, 2021 consultation meeting as part of the preparation of the Scope of Work (SOW) on the evaluation of E-PESO. The meeting was attended by the AOR of E-PESO and the PRM.

<sup>95</sup> Based on the task order, the original evaluation question for relevance was 'In what ways did E-PESO contribute to addressing the goal of an efficient, transparent, and inclusive retail e-payment system that contributes to broad-based growth?' This was rephrased to emphasize alignment with the Philippine Development Plan based on conversations with the E-PESO and Evaluation Task Order CORs.

**TABLE 2. EVALUATION CRITERIA AND QUESTIONS**

EVALUATION QUESTIONS	SUB-QUESTIONS
<b>RELEVANCE</b>	
EQ1: In what ways does E-PESO support the country's national development goals and the USAID's country cooperation strategy objectives?	
1.1 In what ways has E-PESO contributed to the priorities of the Philippine Development Plan?	1.1.1 In what ways did E-PESO contribute to the priorities of the previous Philippine Development Plan? 1.1.2 In what ways has E-PESO contributed to the priorities of the current Philippine Development Plan?
1.2 In what ways has E-PESO contributed to the strategies indicated in USAID's CDCS?	1.2.1 In what ways has E-PESO contributed to USAID's previous country strategy for the Philippines? 1.2.2 In what ways has E-PESO contributed to the current USAID country strategy for the Philippines?
1.3 In what ways has E-PESO contributed to the needs of participating LGUs?	
1.4 How did the COVID-19 pandemic affect the shift to the digital payment agenda?	1.4.1 How did the COVID-19 pandemic bring about or highlight concerns related to the shift to digital payments?
<b>EFFECTIVENESS</b>	
EQ2: Did E-PESO achieve the four <i>sub-purposes of developing a lasting and inclusive economic infrastructure and set the stage for new financial products to enter the market? What are the possible reasons for the successes and the failures?</i>	
2.1 In what ways did the implementation of E-PESO support the rapid adoption of e-payments in the financial system (sub-purpose 1)?	2.1.1 What are the factors contributing to the successes? 2.1.2 What are the factors contributing to the challenges?
2.2 In what ways did the implementation of E-PESO support the expansion of infrastructure for e-payments (sub-purpose 2)?	2.2.1 What are the factors contributing to the successes? 2.2.2 What are the factors contributing to the challenges?
2.3 In what ways did the implementation of E-PESO support the improvement of the enabling environment for e-payments (sub-purpose 3)?	2.3.1 What are the factors contributing to the successes? 2.3.2 What are the factors contributing to the challenges?
2.4 In what ways did E-PESO implementation help address gaps in broader e-payment ecosystems (sub-purpose 4)?	2.4.1 What are the factors contributing to the successes? 2.4.2 What are the factors contributing to the challenges?
2.5 What are the financial products, services, or applications developed under E-PESO?	2.5.1 How effective are these financial products, services, or applications in meeting the needs of low-income clients? 2.6.1 Had the pandemic not happened, what would have been the effect in terms of meeting the E-PESO targets?
2.6 What was the effect of the COVID-19 pandemic on the effectiveness of E-PESO?	
<b>SUSTAINABILITY</b>	
EQ3: What evidence supports the likelihood that the benefits of the E-PESO will extend past the activity's period of performance, and what considerations should future similar activities take into account?	

**TABLE 2. EVALUATION CRITERIA AND QUESTIONS**

EVALUATION QUESTIONS	SUB-QUESTIONS
3.1 What evidence supports the likelihood that the benefits of E-PESO will extend after completion?	3.1.1 Are policies in place to support the shift to digital payment agenda? 3.1.2 Are institutional capacities adequate to continue the shift to digital payment agenda? 3.1.3 What were the exit strategies developed for E-PESO? 3.1.4 Which exit strategies worked and why? 3.1.5 What are the new government targets? 3.1.6 What is the likelihood that the new targets will be met?
3.2 What considerations should future similar activities take into account?	3.2.1 What remains to be the advantage/s of using cash over e-payments? 3.2.2 What are the incentives to encourage the adoption of e-payments further? 3.2.3 What are the remaining factors that are hindering the adoption of e-payments? 3.2.4 What other work is needed to support the shift to digital payment agenda further? 3.2.5 What else should be done to ensure that disadvantaged Filipinos do not get left behind in a digital financial system?

# EVALUATION METHODS AND LIMITATIONS

## METHODS

The evaluation will use a mixed-methods approach, combining qualitative and quantitative data analysis to answer the EQs. It will include a review of project-related documents, a review of secondary data, and key informant interviews (KIIs). This section describes the data collection, data sources, and data analysis methods. Annex B provides the Evaluation Design Matrix summarizing the methodology used to answer each EQ.

### REVIEW OF PROJECT DOCUMENTS

The evaluation will review available E-PESO activity documents acquired from USAID, activity and official sources such as USAID Philippines, GPH, and E-PESO websites. Documents will include USAID's country strategy documents, national and local government plans, government roadmaps, E-PESO Monitoring, Evaluation and Learning (MEL plans), periodic monitoring reports, completion reports, and other activity technical reports.

The evaluators will review documents to understand the activity design and contextualize how the E-PESO activity supported the goals and objectives of both the government priorities and USAID's country strategy for the Philippines. The evaluation will provide information about the implementation experience, including the factors that contributed to successes and failures under the activity. The evaluators will analyze performance data from the completion report to provide a quantitative understanding of the achievements upon activity completion. The evaluators will determine other data needed to assess the sustainability of the gains under the activity.

Annex C provides an indicative list of project documents and secondary sources for review.

### REVIEW OF SECONDARY SOURCES

The team will gather secondary data from official statistics from government and private sector reports. The team will also obtain secondary data on the activity indicators to compare recent data with completion reports and other available indicators related to e-payments. The evaluation will use comparative and trend analysis of descriptive statistics to analyze the quantitative data to understand the sustainability of gains from E-PESO. The evaluators will also compare trends before and during the COVID-19 pandemic.

The team will also use government and private sector institutions' official reports, press releases, and media reports to understand recent shifts in the digital payment agenda. These developments will include current government initiatives and legislation and policy updates, essential in analyzing sustainability.

### KEY INFORMANT INTERVIEWS

The team will conduct key informant interviews (KIIs) to obtain informed responses to the EQs from key stakeholders. The evaluation will purposively select the respondents from E-PESO's major counterpart organizations, participating local government units (LGUs), implementing partners, and the

private sector<sup>96</sup>. Table 3 presents the proposed KII respondents. Additional respondents may be identified during data collection.

**TABLE 3. PROPOSED KII RESPONDENTS**

Raymond Estioko	Senior Director Payment System Oversight Department BSP	Major Counterpart
Gemma Gabuya	Pantawid Pamilyang Pilipino Program (4Ps) National Program Manager and Director DSWD	Major Counterpart
Clarito Alejandro Magsino	Functional Group Head Internal Management Group DBM	Major Counterpart
Blesila Lantayona	Undersecretary Regional Operations Group DTI	Major Counterpart
Lanee Cui-David	Deputy Commissioner Information System Bureau of Internal Revenue	Major Counterpart
Carmelita Araneta	General Manager Philippine Payment Management Inc.	Major Counterpart
Mamerto "Mert" Tangonan	Chief of Party Chemonics International	Implementing Partner
Melissa Cook	Former Deputy Chief of Party (2015-2017) Chemonics International	Implementing Partner
John Geesnell Yap II	City Mayor Tagbilaran City	Participating LGU
Maria Isabelle Climaco	City Mayor Zamboanga City	Participating LGU
Marvin Santos	Enterprise Head for the Public Sector PayMaya	Private Sector

<sup>96</sup> Based on discussions during the in-briefing, the Department of Interior and Local Government was removed from the list of major counterpart organizations. The cities of Tagbilaran (from Visayas) and Zamboanga (from Mindanao) were also identified as LGUs to be interviewed.

Given the COVID-19 restrictions, the evaluation team will do the KIIs remotely using USAID-approved video conference tools, such as Google Meet and Zoom. After receiving consent from the key informant, the evaluation team will record the interviews and use the transcription for the qualitative analysis. Annex D presents the different guides for each of the KIIs.

## **LIMITATIONS**

The team expects to face some limitations and challenges in conducting this evaluation. These include recall bias and the availability of respondents.

The evaluation will be conducted about eight months after activity completion, and respondents may not provide complete answers to the KIIs. The evaluation team will reinforce the interviewee's responses with information derived from related documents to address this issue.

To the extent possible, CLAIMDev will complement its document-based research with a series of key informant interviews conducted remotely using video conference tools. It will be challenging to identify information sources as those formerly involved in the activity implementation may be difficult to locate or hesitant to dedicate time. It is also a challenge to secure an appointment with key government officials occupied with COVID-19-related work. To mitigate this, the evaluation team will start the KIIs as soon as possible to provide ample time for data collection.

## EVALUATION PHASES AND ACTIVITIES

The evaluation will be done from October 1, 2021, to January 30, 2022. The work plan is divided into four phases described below. A detailed evaluation Gantt chart is in Annex F.

### PHASE 1: INCEPTION REPORT

This phase includes inception and in-briefing meetings with USAID Philippines to seek initial guidance and direction. During this phase, the evaluation team will start with document collection and review, drafting of evaluation approach and methods, generation of approved respondents for the KIIs, preparation of evaluation tools and instruments, and the submission of the inception report. Phase I concludes with the submission of the Inception Report on October 28 and Inception Report Presentation scheduled on November 5.

### PHASE 2: PRELIMINARY FINDINGS/ INTERIM BRIEFING

The evaluation team will reach out to USAID-approved respondents for the online KIIs. With key informant affirmative consent, the evaluation team will record the interviews and use the meeting software conference function to generate a transcription of the recording. The evaluation team also will manually take notes during all interviews. Depending on the number and length of the interviews, the evaluation team may use NVivo or other qualitative software to analyze the key informant interview transcripts. Desk review of documents and other secondary sources will also continue. Gathered data will be organized consistent with the evaluation design matrix presented in Annex B and triangulated. Preliminary findings will be presented in an interim briefing with USAID. This Phase will begin on or about November 5 and conclude with the Interim Briefing on or about December 15.

### PHASE 3: FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS (FCR) WORKSHOP AND DRAFT REPORT

Key tasks under the third phase will involve data analysis and report writing. The evaluation team will also conduct an FCR workshop with USAID and other stakeholders to validate the draft report. The workshop will also facilitate the drafting of recommendations based on report findings and conclusions. The results of the workshop will serve as an essential input to the draft evaluation report. This Phase will begin on or about December 15 and conclude on or about January 10, 2022.

### PHASE 4: FINAL REPORT AND LEARNING EVENTS

Based on USAID's comments on the draft report, the evaluation team will finalize the report for submission by the end of January 2022. For wider dissemination of findings and lessons learned, two learning events will follow.

**Error! Reference source not found.** presents the indicative timeline for the major deliverables to USAID. Annex E shows the detailed work plan in a Gantt chart.

## TABLE I: MAJOR DELIVERABLES

TABLE 4. MAJOR DELIVERABLES		
KEY TASKS	DATES	DELIVERABLES TO USAID
Evaluation design	October 28, 2021 November 5, 2021	Inception Report Inception Report Presentation
Data collection	December 15, 2021	Interim Briefing
Data analysis and report drafting	January 5, 2022 January 10, 2022	FCR Workshop Draft Report
Report finalization	January 31, 2022	Final Report

## EVALUATION TEAM

The evaluation team consists of the Collaborating, Learning, and Adapting for Improved Development (CLAimDev)<sup>97</sup> team and the external evaluation team.

The CLAimDev team provides oversight, quality control, and staff support. The team is composed of the following staff: (a) Chief of Party; (b) Senior Monitoring, Evaluation, and Learning Specialist, (c) Evaluation Manager; and (d) Travel and Meetings Coordinator.

The external evaluation team is composed of a team leader and a research assistant. The team will be working under the supervision of CLAimDev's Evaluation Principal Investigator and Chief of Party (COP). The members and their roles and responsibilities are as follows:

- Ms. Maria Lourdes Lopez will serve as the Lead Evaluator. She will oversee all aspects of the evaluation, including the design and the actual conduct of the evaluation. Ms. Lopez will ensure that the work plan is implemented within the authorized budget and on schedule. She will be responsible for drafting and finalizing all assessment deliverables and supervising and working with the Research Assistant.
- Mr. Joel Paulin Mendoza, as Research Assistant, will assist the Lead Evaluator in addressing the technical concerns of the assessment. He will provide support in formatting interview and survey questionnaires for remote data collection and maintaining organized evaluation files. He will assist in consolidating and coordinating the evaluation schedules with various stakeholders and offices to plan and carry out KIs and secondary data gathering.

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<sup>97</sup> CLAimDev is a Panagora Group lead activity, which supports USAID Philippines to identify and learn from other USAID activities that contribute to the Philippines' capacity and commitment to self-reliance.

# ANNEXES

## ANNEX A. E-PESO INDICATORS

TABLE I. E-PESO INDICATORS			
INDICATOR	DESCRIPTION & UNIT OF MEASUREMENT	REPORTING FREQUENCY	DATA SOURCES & COLLECTION METHOD
Desired impact (DI): Efficient, Transparent, and Inclusive Retail e-payment System Contributing to Broad-based Growth			
Indicator DI 1&2: Increased economic opportunity and financial inclusion deepened	Number (Cumulative) Percentage (Cumulative)	Annual	Data source: Bangko Sentral ng Pilipinas Financial Inclusion Dashboard (FID); World Bank Findex 2018.
a) Number of e-payment users			Data is the total of active e-money wallets, prepaid cards linked to e-money, ATM debit cards, and credit cards. The latest available data is for Quarter 4 of 2019.
b) Percent of population 15 years and above who are e-payment users			
Indicator DI 3: Transparency and efficiency of the retail payment system improved (This indicator will be tracked under Outcome Indicator 3.1 – Financial regulation refined to manage the growth of e-payments.)			
Indicator DI 4: More predictable and reliable financial tools for the poor	Number (Cumulative)	Annual	Financial products, tools, and services were designed to meet the needs of beneficiaries of the DSWD’s Social Amelioration Program and Conditional Cash Transfer Program. (DSWD financial literacy tool and distribution of ATM/debit cards, ReliefAgad self-registration web application for Social Amelioration Program (SAP) beneficiaries, and digital disbursements of SAP subsidies to beneficiaries).
Number of financial products, services, or applications that are designed/ enhanced to meet the needs of low-income clients			
Desired Purpose (DP): Scope of e-payment usage reaches tipping point for scale			
Indicator DP 1: E-payment accounting for at least 10% of all retail payment transactions	Percentage (Cumulative)	Annual	(a) Year 1 Actual is carried over from baseline figures of e-payment users derived from registered e-money accounts since the first survey was conducted only in February to March 2016. Year 2 was taken from page 17 of E-PESO’s Philippine Individual Payments Baseline Study (February-March 2016) using Definition 2 of E-payments. Years 1 and 2 targets derived from the BTCA Philippines Country Diagnostic Study (July 2015) and the Philippine Individual Payments Baseline Survey (February-March 2016) that cover all types of e-card instruments (ATM/debit cards, credit cards, pre-paid cards, and e-money cards). For Indicator DP 1, results from E-PESO’s Institutional Payments Baseline Study (February-April 2017) indicate that 4.39% of all business payment transactions were done using e-payment methods.
Percent of e-payments accounting for retail payment transactions			The State of Digital Payments in the Philippines report estimates the share of digital payments to be 10% by volume and 20% by value in 2018. The study, undertaken by the Better than Cash Alliance (BTCA),

**TABLE I. E-PESO INDICATORS**

INDICATOR	DESCRIPTION & UNIT OF MEASUREMENT	REPORTING FREQUENCY	DATA SOURCES & COLLECTION METHOD
Indicator DP 2: Growth in number of active e-payment users to reach scale	Number (Cumulative)	Annual	<p>seeks to highlight examples of the shift from cash to digital payments by governments, companies, and international organizations. The baseline figure for Year 1 (1.03%) was lifted from the findings of the first BTCA diagnostic, published in 2015.</p> <p>The data source is the BSP's Financial Inclusion Dashboard. The latest available data set is for Quarter 4 of 2019.</p> <p>Data reported is active users for e-wallets only, as the numbers reported for ATM cards, prepaid cards linked to e-money, and credit cards do not indicate the number of active users. Data from e-wallet providers suggest a much higher number, with GCASH alone reporting 26 million active users.</p>
<b>SUB-PURPOSE I: RAPID ADOPTION OF E-PAYMENTS IN THE FINANCIAL SYSTEM</b>			
Desired Output I: Rapid Adoptions of E-payments in Financial Systems			
Indicator DO 1.1: Adoption of new e-payment services as collections/ disbursement option in five (5) national GPH agencies	Number (Cumulative)	Annual	<p>E-PESO assisted five (5) national government agencies to enable digital collection and disbursements. The high volume and value of supplies and disbursements processed by these agencies maximized the effect of interventions in achieving wholesale adoption of e-payments by the government and the transacting public (individuals and businesses).</p> <p>E-PESO assisted the Bureau of Internal Revenue in expanding e-payment collection options (online via DBP's Internet Payment Gateway), LandBank's Link.Biz portal, Unionbank online portal, and mobile via PayMaya and GCASH).</p> <p>E-PESO assisted the National Meat Inspection Services (NMIS) in making online payments for permits available.</p> <p>E-PESO worked with the Department of Trade and Industry to integrate the Business Name Registration System with online and mobile payment services.</p> <p>With USAID/E-PESO assistance, the Social Security System (SSS) implemented mandatory online transactions and checkless disbursements, providing members, employers, pensioners, and beneficiaries/claimants with faster, safer, more convenient, and economical means to register, submit their loan and benefit applications, and receive their loan proceeds and cash benefits.</p> <p>E-PESO worked with the Department of Social Welfare and Development (DSWD) to disburse the second tranche of the Social Amelioration Program benefits via digital wallets and bank accounts and develop and roll out the web-based registration app, ReliefAgad, facilitating beneficiary registration.</p>
Indicator DO 1.2: Adoption of m-money and e-payments in all cities of PFG CDI and other cities/ municipalities	Number (Cumulative)	Annual	<p>USAID/E-PESO provided research, advisory services, partnerships facilitation, and project management assistance to eleven (11)25 partner local government units (LGU) to expand their e-payment ecosystems. Consistent with the ecosystem approach, E-PESO also engaged with the private sector and local financial stakeholders in these areas, including electronic money</p>

**TABLE I. E-PESO INDICATORS**

INDICATOR	DESCRIPTION & UNIT OF MEASUREMENT	REPORTING FREQUENCY	DATA SOURCES & COLLECTION METHOD
Number of CDIs (& other cities/ municipalities) that introduced or enhanced m-money & e-payment options			issuers, e-payment service providers, industry associations, third-party aggregators, banks, and other financial institutions to encourage collections and disbursements via electronic channels.
Indicator DO 1.3: New e-payment implementation and adoption by 300 (small, medium, and large) businesses	Number (Cumulative)	Annual	E-PESO exceeded the LOP target (300 small businesses) more than four-fold by working with PPMI to encourage PPMI/PESONet ACH members to shift corporate clients to e-payments. The number of businesses is the aggregate total of enterprise clients of some PESONet ACH Members utilizing PESONet.
Number of businesses introducing or enhancing e-payment options as a result of E-PESO support			
Indicator DO 1.4: Over 16,000 people trained (via consumer education) on the uses of e-payments and m-money services for improved household financial management	Number (Cumulative)	Annual	USAID/E-PESO will be reporting only 75% of the 16,000 LOP target, as the training for the DSWD’s financial literacy program supporting the disbursement of conditional cash transfer benefits to transactional accounts will commence in February 2021.
Number of people trained (via consumer education) on the uses of e-payments			
SUB-PURPOSE 2: INFRASTRUCTURE FOR E-PAYMENTS EXPANDED			
Desired Outcome 2: Infrastructure for E-payments Expanded			
Indicator DO 2.1: Growth of front-end e-payment infrastructure expanded	Number (Cumulative)	Annual	Definition of front-end infrastructure is any user interface or device needed by individual users to conduct e-payment transactions and any computer system, software application, and/or device used by an institution or individual user to complete e-payment transactions.
Number of institutions supported by E-PESO to improve and/or expand other front-end infrastructure			
Indicator DO 2.2: Back-end infrastructure strengthened	Number (Cumulative)	Annual	Definition for back-end infrastructure is any system at the back-office operation of an institution required to allow and process e-payment transactions coming from the front-end infrastructure and any system from financial institutions connected to switch operators appointed by the automated clearing house 75   USAID/E-PESO PROJECT Final Report (January 2021) participants used to process and settle e-payment transactions.
Number of institutions supported by E-PESO to improve and/or expand their back-end infrastructure			

**TABLE I. E-PESO INDICATORS**

INDICATOR	DESCRIPTION & UNIT OF MEASUREMENT	REPORTING FREQUENCY	DATA SOURCES & COLLECTION METHOD
Indicator DO 2.3: E-payment infrastructure gaps identified	Number (Cumulative)	Annual	<p>Gap analysis reports are studies done to assess demand, supply, or infrastructure gaps within an entire industry or e-payments ecosystem at a regional or national scale. This does not apply to gap analysis reports done at the firm or institutional level during a partner engagement.</p> <p>Reports include: an evaluation of the e-payments Landscape, the Philippine Individual Payments Baseline Survey, Philippine Agent Network Study, Gap analysis Report on the Evaluation of Existing BSP Digital Security Policy Areas Vis-à-vis Recommended Leading Standards on Digital Security Policies, Philippine Institutional E-payments Baseline Survey, and the Agent cash-in/cash-out network concept note</p>
<p>Number of gap analysis reports at industry or ecosystem level</p>			
<p><b>SUB-PURPOSE 3: ENABLING ENVIRONMENT FOR E-PAYMENTS IMPROVED</b></p>			
<p>Desired Outcome 3: Enabling Environment for E-payments Improved</p>			
Indicator DO 3.1: Financial regulation refined to manage the growth of e-payments	Number (Cumulative)	Annual	<p>Indicator 3.1 looks at the laws, circulars, regulations, and ordinances enacted to support e-payment growth. Often, there are public-private dialogues supporting efforts to introduce such rules and regulations.</p>
<p>a) No. of circulars, regulations, and/or local ordinances refined or clarified to support e-payment growth</p> <p>b) No. of public-private dialogues to support strengthening e-payment environment</p>			<p>Data reported are dialogues/roundtables/consultation meetings with various stakeholders, including regulators, businesses and/or financial institutions.</p>
Indicator DO 3.2: Increased competition among m-money and e-payment platforms	Number (Cumulative)	Annual	<p>Increased competition among m-money and e-payment platforms is a contextual indicator. In collaboration with the BSP, this refers to the number of policies removed or added to reduce barriers and encourage competition in e-payments.</p>
<p>Number of policies removed or added to reduce barriers and encourage competition</p>			
Indicator DO 3.3: Interoperability in the national payment system achieved	Number (Index)	Annual	<p>Interoperability in the national payment system achieved is an indicator based on qualitative research. Indicator 3.3 tracks milestones in the development of the NRPS as measured through five levels:</p> <ol style="list-style-type: none"> <li>1) Theoretically interoperable.</li> <li>2) Technically interoperable.</li> <li>3) Functionally interoperable.</li> </ol>

**TABLE I. E-PESO INDICATORS**

INDICATOR	DESCRIPTION & UNIT OF MEASUREMENT	REPORTING FREQUENCY	DATA SOURCES & COLLECTION METHOD
			<p>4) Interconnected; and</p> <p>5) Effectively interconnected, as explained by the Alliance for Financial Inclusion (AFI).</p> <p>By Year 4, interoperability scores shall be disaggregated by use case to track various e -payment modes. With the issuance of BSP Circular No. 980 – specifically Subsec. XI205.5/41205Q.5/4705S./4705P.5/4805N.5a. stating, “(1) BSFIs shall make electronic payments available in all its delivery channels when applicable; (2) BSFIs shall enable its clients to move/receive funds to/from an account with other BSFIs, or, at a minimum, receive funds. Movement of funds between BSFIs shall be carried out through participation in an ACH” – interoperability of the various payment streams is assured. The ACH clearing rules detail the terms of the interoperability</p>
Indicator DO 3.4: Increased consumer awareness and trust in e-payments	Number (Percentage)	Annual	<p>Year 1 figures are derived from the Philippine Individual Payments Baseline Survey covering all e-card instruments (ATM/debit cards, credit cards, pre-paid cards, and e-money cards). The payments study asked direct questions on awareness and trust to randomly selected individually paying decision-makers across the Philippines.</p> <p>Indicator 3.4 (increased consumer awareness and trust in e-payments) shows only annual targets since the method to track awareness and trust in e -payments is through surveys conducted by E -PESO or BSP. BSP’s 2017 and 2019 Financial Inclusion Survey (FIS) presented data on the percentage of survey respondents that do not trust electric platforms (15% of respondents) rather than the percentage of respondents that trust e-payment systems. Similarly, the survey reported the % of respondents who are not aware (40%) of electronic platforms rather than the percentage of those aware. The BTCA State of Digital Payments in the Philippines (December 2019) references BSP’s 2017 FIS.</p>
a) % of the population 15 years old and over aware of e-payments			
b) % of the population 15 years old and over that trust the e-payment system			
Indicator DO 3.5: Security measures in e-payments strengthened	Number (Cumulative)	Annual	<p>Indicators 3.5 and 3.6 refer to milestones on guidelines, fora, and articles of a cross-cutting nature revolving around digital security, consumer protection, and knowledge sharing of best practices. Activities related to these indicators seek to inform and support regulators, industry players, and the public on the latest e -payments trends. Y2 and Y 3 activities for Indicator 3.5 were consumer education campaigns designed and organized by E -PESO and hosted by LGUs or their private partners.</p>
Number of guidelines developed and forums held that promote awareness on digital security best practices or consumer protection			
Indicator DO 3.6: Global knowledge-sharing of e-payments promoted	Number (Cumulative)	Annual	<p>Various articles promoting e-payments.</p>
a) No. of articles promoting e-payments			

**TABLE I. E-PESO INDICATORS**

INDICATOR	DESCRIPTION & UNIT OF MEASUREMENT	REPORTING FREQUENCY	DATA SOURCES & COLLECTION METHOD
b) No. of global knowledge-sharing events that highlight the Philippines e-payment environment/ players			
<b>STANDARD INDICATORS</b>			
2.2.3-5 Number of sub-national entities receiving USG assistance that improves their performance	Number (Cumulative)	Annual	This indicator is like Indicator 1.2, which tracks CDIs/other cities and municipalities and receives E-PESO assistance. Targets are derived from the same set as Indicator 1.2: Adoption of m-money and e-payments in all cities of PFG CDI and other cities/municipalities. Please refer to the note on Indicator 1.2 for this indicator.
GNDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income, or employment)	Number (Percentage)	Annual	This assumes a 1:1 ratio of females trained for every male. This is based on the Philippine Individual Payments Baseline Survey, where there is an equal ratio of males/females in the sample population. Generally, the broader Philippine population also has a sex ratio of 102 males for 100 females.  Source: <a href="http://www.pcw.gov.ph/statistics/201405/population-families-and-household-statistics">http://www.pcw.gov.ph/statistics/201405/population-families-and-household-statistics</a> , accessed May 18, 2016.
PPP3 Number of organizations (for and not-for-profit, and government) that have applied new technologies and/or management practices due to USG-supported Public-Private Partnerships (PPPs)	Number (Cumulative)	Annual	Targets are derived from the same set as Indicators 1.1, 1.2, and 1.3, where the number of institutions that have applied new technologies and/or management practices due to E-PESO-supported Public-Private Partnerships (PPPs) is identified.
EG.4.2-1 Total number of clients benefitting from financial services provided through USG-assisted financial intermediaries, including financial institutions or actors	Number (Cumulative)	Annual	These are derived from the number of people trained (via consumer education) on the uses of e-payments.
EG.4.2-2 Number of financial intermediaries serving poor households and microenterprises supported by USG assistance	Number (Cumulative)	Annual	Direct count of financial intermediaries including banks, microfinance institutions, and cooperatives (Land Bank, GCash, PayMaya, Dunganon Rural Bank).
EG.4.2-4 Number of days of USG-funded training provided to support microenterprises development	Number (Cumulative)	Annual	

**TABLE I. E-PESO INDICATORS**

INDICATOR	DESCRIPTION & UNIT OF MEASUREMENT	REPORTING FREQUENCY	DATA SOURCES & COLLECTION METHOD
EG.5-3 Number of microenterprises supported by USG assistance	Number (Cumulative)	Annual	

## ANNEX B: EVALUATION DESIGN MATRIX

The following table provides a summary of the evaluation questions, data, and data analysis approach used for this evaluation:

TABLE I. EVALUATION DESIGN				
EVALUATION QUESTION	SUB-QUESTIONS	DATA SOURCE(S)	DATA COLLECTION METHOD	DATA ANALYSIS METHODS
RELEVANCE				
EQ1: <i>In what ways does E-PESO support the country's national development goals and the USAID's country cooperation strategy objectives?</i>				
1.1 In what ways has E-PESO contributed to the priorities of the Philippine Development Plan during appraisal and this evaluation?	1.1.1 In what ways has E-PESO contributed to the priorities of the Philippine Development Plan during the appraisal?	- Philippine Development Plan (previous) - government roadmaps (previous)	- Desk review	- Content analysis
	1.1.2 In what ways has E-PESO contributed to the priorities of the current Philippine Development Plan?	- Philippine Development Plan (current) - government roadmaps (current)		
1.2 In what ways has E-PESO contributed to the strategies indicated in USAID's CDCS during appraisal and during this evaluation?	1.2.1 In what ways has E-PESO contributed to USAID country strategy for the Philippines during the appraisal?	- USAID PH country planning documents (previous)	- Desk review	- Content analysis
	1.2.2 In what ways has E-PESO contributed to the current USAID country strategy for the Philippines?	- USAID PH country planning documents (current)		
1.3 In what ways has E-PESO contributed to the needs of participating LGUs?		- local development plans - KII reports	- Desk review - KII	-Content Analysis

**TABLE I. EVALUATION DESIGN**

EVALUATION QUESTION	SUB-QUESTIONS	DATA SOURCE(S)	DATA COLLECTION METHOD	DATA ANALYSIS METHODS
1.4 How did the COVID-19 pandemic affect the shift to the digital payment agenda?	1.4.1 1.4.1 How did the COVID-19 pandemic bring about or highlight concerns related to the shift to digital payment?	- project documents - secondary sources - KII reports		
<b>EFFECTIVENESS</b>				
EQ2: Did E-PESO achieve the four sub-purposes of developing a lasting and inclusive economic infrastructure and set the stage for new financial products to enter the market? What are <i>the possible reasons for the successes and the failures</i> ?				
2.1 In what ways did the implementation of E-PESO support the rapid adoption of e-payments in the financial system (sub-purpose 1)?	2.1.1 What are the factors contributing to the successes?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis - Descriptive statistics
	2.1.2 What are the factors contributing to the challenges?	- project documents - secondary sources - KII reports		
2.2 In what ways did the implementation of E-PESO support the expansion of infrastructure for e-payments (sub-purpose 2)?	2.2.1 What are the factors contributing to the successes?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis - Descriptive statistics
	2.2.2 What are the factors contributing to the challenges?	- project documents - secondary sources - KII reports		
2.3 In what ways did the implementation of E-PESO support the improvement of the enabling environment for e-payments (sub-purpose 3)?	2.3.1 What are the factors contributing to the successes?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis - Descriptive statistics
	2.3.2 What are the factors contributing to the challenges?	- project documents - secondary sources - KII reports		

**TABLE I. EVALUATION DESIGN**

EVALUATION QUESTION	SUB-QUESTIONS	DATA SOURCE(S)	DATA COLLECTION METHOD	DATA ANALYSIS METHODS
2.4 In what ways did the implementation of E-PESO help address gaps in broader e-payment ecosystems (sub-purpose 4)?	2.4.1 What are the factors contributing to the successes?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis - Descriptive statistics
	2.4.2 What are the factors contributing to the challenges?	- project documents - secondary sources - KII reports		
2.5 What are the financial products, services, or applications developed under E-PESO?	2.5.1 How effective are <b>these financial products, services, or applications in meeting the needs of low-income clients?</b>	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis - Descriptive statistics
2.6 What was the effect of the COVID-19 pandemic on the effectiveness of E-PESO?	2.6.1 Had the pandemic not happened, what would have been the effect in terms of meeting the E-PESO targets?	- KII reports	- KII	- Content analysis
<b>SUSTAINABILITY</b>				
<b>EQ3: What evidence supports the <i>likelihood that the benefits of the E-PESO will extend past the activity's period of performance, and what considerations should future similar activities take into account?</i></b>				
3.1 What are the pieces of evidence supporting the likelihood that the benefits of E-PESO will extend after completion?	3.1.1 Are policies in place to support the shift to digital payment agenda?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis
	3.1.2 Are institutional capacities adequate to continue the shift to digital payment agenda?	- project documents - secondary sources - KII reports		
	3.1.3 What were the exit strategies developed for E-PESO?	- project documents - KII reports		

**TABLE I. EVALUATION DESIGN**

EVALUATION QUESTION	SUB-QUESTIONS	DATA SOURCE(S)	DATA COLLECTION METHOD	DATA ANALYSIS METHODS
	3.1.4 Which exit strategies worked and why?	- project documents - secondary sources - KII reports		
	3.1.5 What are the new government targets?	- secondary sources - KII reports	- Desk review - KII	- Content analysis
	3.1.6 What is the likelihood that the new targets will be met?	- secondary sources - KII reports		
3.2 What considerations should future similar activities take into account?	3.2.1 What remains to be the advantage/s of using cash over e-payments?	- secondary sources - KII reports		
	3.2.2 What are the incentives to further encourage the adoption of e-payments?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis
	3.2.3 What are the remaining factors that are hindering the adoption of e-payments?	- project documents - secondary sources - KII reports		
	3.2.4 What other works are needed to support the shift to digital payment agenda further?	- project documents - secondary sources - KII reports	- Desk review - KII	- Content analysis
	3.2.5 What else should be done to ensure that disadvantaged Filipinos don't get left behind?	- project documents - secondary sources - KII reports		

## ANNEX C: LIST OF DOCUMENTS

### Project Documents

- USAID Country Development Cooperation Strategy 2019-2024
- USAID Country Development Cooperation Strategy 2013-2019
- E-PESO Final Report
- E-PESO Monitoring and Evaluation Plan (September 8, 2020)
- E-PESO 2<sup>nd</sup> Annual Report (October 2015 – September 2016)
- E-PESO 3<sup>rd</sup> Annual Report (October 2016 – September 2017)
- E-PESO End of Contractor Report on Shared Cash Agent Network
- E-PESO Final Consultant Report on Continuing Revenue Regulation Review and Pan-European Public Procurement Online Business Case/ Implementation Plan Formulation
- E-PESO Contractor's Completion Report on the Implementation of the National Survey, E-PESO research notes, and partnership building
- E-PESO Short-term Consultant Report on the Development of E-payments Module
- E-PESO Component I STTC Activity Report
- E-PESO Fact Sheet
- Better than Cash Alliance Reports 2019
- Better than Cash Alliance Reports 2021

### List of documents to be requested

- Project Appraisal Document
- E-PESO Original MEL Plan
- E-PESO Annual and Quarterly Reports (other than those already available)
- E-PESO Contractor's Completion Report (other than those already available)
- E-PESO Technical Reports and Studies (other than those already available)

### Other Documents

- Philippine Development Plan 2011-2016
- Philippine Development Plan 2017-2022
- BSP Digital Payments Transformation Roadmap 2020-2023
- BSP 2019 Financial Inclusion Survey Report
- Mission Critical: Enabling Digital Payments for Development – A USAID Opportunity Brief
- Philippine Institute for Development Studies. 2021. Bridging the digital infrastructure gap: Policy options for connecting Filipinos
- UNSGSA Igniting SDG Progress through Digital Financial Inclusion

### News articles and Videos

- Philippine Daily Inquirer, The Great Divide.
- Business World Insights: Enabling LGUs in the New Normal through Digital Payments Acceptance.
- Business World Insights: Creating Digital Ecosystems to Jumpstart Local Economies.

## ANNEX D: KII GUIDES

### ANNEX D.I: KII GUIDE FOR MAJOR COUNTERPARTS

<b>Introduction</b>	Hello, my name is Maria Lourdes Lopez, and I am an external evaluator consultant for Panagora Group. I am joined by Mr. Joel Mendoza, who is also an external consultant for Panagora Group.
<b>Purpose</b>	<p>USAID asked the Panagora Group to conduct an ex-post evaluation of the E-PESO Activity.</p> <p>As you may know, the E-PESO is a USAID-supported activity that was implemented from March 18, 2015, to February 17, 2021. The E-PESO activity aimed to support the Philippines' shift from a cash-intensive to a cash-lite economy by developing an efficient, transparent, and inclusive e-payment ecosystem. The E-PESO has four main components, which include: (a) Rapid Adoption of E-payments in Financial System; (b) Infrastructure for E-payments Expanded; Enabling Environment for E-Payments Improved; (d) Gaps in Broader e-Payment Ecosystem Addressed</p> <p>The evaluation aims to assess the gains and the sustainability of those gains from the E-PESO activity. It will also help ensure that future development efforts use the valuable experiences and insights from the implementation of the E-PESO.</p> <p>We are meeting with you because of your familiarity with E-PESO implementation and your involvement in the shift to the digital payments agenda. Because our goal is to learn from both the positive and negative aspects of E-PESO, we ask that you be as honest as possible in your responses. If you wish that some or all of your comments be anonymous, please let us know, and we will ensure that your name and identifying characteristics will not be associated with those comments.</p>
<b>Interview Process</b>	The interview should take us about <b>30-45 minutes</b> .
<b>Consent</b>	<p>Before we start with introductions and interview questions, <b>we are required to ask for your consent.</b></p> <ul style="list-style-type: none"> <li>- You have the right not to participate. This is voluntary.</li> <li>- You have the right to stop at any point.</li> <li>- If there is anything you do not understand, please ask me to clarify.</li> <li>- You have the right to decline to answer any question.</li> <li>- The information you provide is only for our evaluation, and your responses will be kept in the strictest confidentiality.</li> </ul> <p>Do we have your consent for an interview?</p>

Date : \_\_\_\_\_

Participant Name : \_\_\_\_\_

Organization : \_\_\_\_\_

Location/Time : \_\_\_\_\_

Gender of Respondent : \_\_\_\_\_

## **SECTION 1 – BACKGROUND**

1. What role or roles did you play in the implementation of the E-PESO activity? [The following are possible prompts]
  - Role in the adoption of e-payments in the financial system (sub-purpose 1)
  - Role in the expansion of infrastructure for e-payments (sub-purpose 2)
  - Role in the improvement of the enabling environment for e-payments (sub-purpose 3)
  - Role in addressing gaps in broader e-payment ecosystems (sub-purpose 4)

## **SECTION 2 – RELEVANCE**

2. Based on your opinion, in what ways has E-PESO contributed to the priorities of the Philippine Development Plan during appraisal and during the evaluation? (1.1.1, 1.1.2)
3. Based on your opinion, in what ways has E-PESO contributed to the strategies indicated in USAID's CDCS during appraisal and during the evaluation? (1.2.1, 1.2.2)
4. In what ways has E-PESO contributed to the needs of participating LGUs? (1.3)
5. How did the COVID-19 pandemic affect the shift to the digital payment agenda? (1.4)
6. How did the COVID-19 pandemic bring about or highlight concerns related to the shift to digital payment? (1.4.1)

## **SECTION 3 – EFFECTIVENESS**

7. What do you think were the main accomplishments of E-PESO concerning the sub-purpose/s you were involved in? (2.1, 2.2, 2.3, 2.4)

8. What are the plausible reasons for these accomplishments? (2.1.1, 2.2.1, 2.3.1, 2.4.1)
9. In what aspects did E-PESO fall short of expectations? (2.1, 2.2, 2.3, 2.4)
10. What are the plausible reasons for these shortfalls? (2.1.2, 2.2.2, 2.3.2, 2.4.2)
11. What are the financial products, services, or applications developed under E-PESO? (2.5)
12. How effective are these financial products, services, or applications in meeting the needs of low-income clients? (2.5.1)
13. Had the pandemic not happened, what would have been the effect in terms of meeting the E-PESO targets? (2.6.1)

## **SECTION 4 – SUSTAINABILITY**

14. What are the government policies in place to support the shift to the digital payment agenda? (3.1.1)
  
15. Are there existing government plans and roadmaps that you know? (3.1.1)
  - a. Concerning your organization? (3.1.1)
  - b. As a whole? [Including those outside your organization.] (3.1.1)
  
16. What capacities did E-PESO help build in your organization? (3.1.2)
  
17. Is your organization continuing the activities conducted under E-PESO? [If yes, go to Question 18. If not, go to Question 21.] (3.1.2)
  
18. In what way is your organization continuing the activities conducted under E-PESO? (3.1.2)
  
19. Is there sufficient organizational capacity to implement said activities? (3.1.2)
  
20. Are there indicative results from said activities? (3.1.2)
  
21. Were there exit strategies developed for your organization under E-PESO? [If yes, go to Question 22. If not, go to Question 23.] (3.1.3)
  
22. Which exit strategies worked and why? (3.1.4)
  
23. About the shift to digital payments agenda, what are the new government targets in your organization? (3.1.5)

24. What is the likelihood that the new targets will be met? (3.1.6)
25. What remains to be the advantage/s of using cash over e-payments? (3.2.1)
26. What are the incentives to further encourage the shift to digital payment?
- a. To encourage consumers? Are there specific considerations for disadvantaged Filipinos? (3.2.2, 3.2.5)
  - b. To encourage businesses? (3.2.2)
  - c. To encourage government (national and local)? (3.2.2)
27. What do you think are the remaining challenges in the shift to the digital payment agenda? (3.2.3)
28. What are other works needed to support the shift to digital payment agenda further?
- a. Concerning your organization? (3.2.4)
  - b. As a whole? [Including those outside your organization.] (3.2.4)
29. What are other works needed to ensure that disadvantaged Filipinos don't get left behind? (3.2.5)

## **SECTION 5 – CONCLUSION**

30. If E-PESO could be redesigned or re-implemented, what changes would you propose in light of what you now know? [This would be the final question] (3.2)
31. Are there any other insights that you wish to share with us?
32. Are there any data that you think would be useful for this evaluation?

33. Is there anyone else who you think would have valuable insights for this evaluation?

[If applicable, ask who to contact for identified data gaps possibly.]

[Thank the respondent for his/her time.]

[Tell the respondent that he/she is welcome to contact you to ask questions at a later date if they wish.]

## ANNEX D.2: KII GUIDE FOR IMPLEMENTING PARTNER

<b>Introduction</b>	Hello, my name is Maria Lourdes Lopez, and I am an external evaluator consultant for Panagora Group. I am joined by Mr. Joel Mendoza, who is also an external consultant for Panagora Group.
<b>Purpose</b>	<p>USAID asked the Panagora Group to conduct an ex-post evaluation of the E-PESO Activity.</p> <p>As you may know, the E-PESO is a USAID-supported activity that was implemented from March 18, 2015, to February 17, 2021. The E-PESO activity aimed to support the Philippines' shift from a cash-intensive to a cash-lite economy by developing an efficient, transparent, and inclusive e-payment ecosystem. The E-PESO has four main components, which include: (a) Rapid Adoption of E-payments in Financial System; (b) Infrastructure for E-payments Expanded; Enabling Environment for E-Payments Improved; (d) Gaps in Broader e-Payment Ecosystem Addressed</p> <p>The evaluation aims to assess the gains and the sustainability of those gains from the E-PESO activity. It will also help ensure that future development efforts use the valuable experiences and insights from the implementation of the E-PESO.</p> <p>We are meeting with you because of your familiarity with E-PESO implementation and your involvement in the shift to the digital payments agenda. Because our goal is to learn from both the positive and negative aspects of E-PESO, we ask that you be as honest as possible in your responses. If you wish that some or all of your comments be anonymous, please let us know, and we will ensure that your name and identifying characteristics will not be associated with those comments.</p>
<b>Interview Process</b>	The interview should take us about <b>30-45 minutes</b> .
<b>Consent</b>	<p>Before we start with introductions and interview questions, <b>we are required to ask for your consent.</b></p> <ul style="list-style-type: none"> <li>- You have the right not to participate. This is voluntary.</li> <li>- You have the right to stop at any point.</li> <li>- If there is anything you do not understand, please ask me to clarify.</li> <li>- You have the right to decline to answer any question.</li> <li>- The information you provide is only for our evaluation, and your responses will be kept in the strictest confidentiality.</li> </ul> <p>Do we have your consent for an interview?</p>

Date : \_\_\_\_\_

Participant Name : \_\_\_\_\_

Organization : \_\_\_\_\_

Location/Time : \_\_\_\_\_

Gender of Respondent : \_\_\_\_\_

## **SECTION 1 – BACKGROUND**

1. What role or roles did you play in the implementation of the E-PESO activity?

## **SECTION 2 – RELEVANCE**

2. Based on your opinion, In what ways has E-PESO contributed to the priorities of the Philippine Development Plan during appraisal and during the evaluation? (1.1.1, 1.1.2)
3. Based on your opinion, In what ways has E-PESO contributed to the strategies indicated in USAID's CDCS during appraisal and during the evaluation? (1.2.1, 1.2.2)
4. In what ways has E-PESO contributed to the needs of participating LGUs? (1.3)
5. How did the COVID-19 pandemic affect the shift to the digital payment agenda? (1.4)
6. How did the COVID-19 pandemic bring about or highlight concerns related to the shift to digital payment? (1.4.1)

## **SECTION 3 – EFFECTIVENESS**

7. What do you think were the main accomplishments of E-PESO concerning the sub-purpose/s you were involved in? (2.1, 2.2, 2.3, 2.4)
8. What are the plausible reasons for these accomplishments? (2.1.1, 2.2.1, 2.3.1, 2.4.1)
9. In what aspects did E-PESO fall short of expectations? (2.1, 2.2, 2.3, 2.4)
10. What are the plausible reasons for these shortfalls? (2.1.2, 2.2.2, 2.3.2, 2.4.2)

11. What are the financial products, services, or applications developed under E-PESO? (2.5)
12. How effective are these financial products, services, or applications in meeting the needs of low-income clients? (2.5.1)
13. Had the pandemic not happened, what would have been the effect in terms of meeting the E-PESO targets? (2.6.1)

#### **SECTION 4 – SUSTAINABILITY**

14. What are the government policies in place to support the shift to the digital payment agenda? (3.1.1)
15. Are there existing government plans and roadmaps that you know? (3.1.1)
16. What capacities did E-PESO help build in your organization? (3.1.2)
17. Would you know if government agencies are continuing the activities conducted under E-PESO? [If yes, go to Question 18. If not, go to Question 21.] (3.1.2)
18. In what way are these government agencies continuing the activities conducted under E-PESO? (3.1.2)
19. Is there sufficient organizational capacity to implement said activities? (3.1.2)
20. Are there indicative results from said activities? (3.1.2)

21. Were there exit strategies developed for your organization under E-PESO? [If yes, go to Question 22. If not, go to Question 23.] (3.1.3)
22. Which exit strategies worked and why? (3.1.4)
23. About the shift to the digital payments agenda, would you know the new government targets? (3.1.5)
24. What is the likelihood that the new targets will be met? (3.1.6)
25. What remains to be the advantage/s of using cash over e-payments? (3.2.1)
26. What are the incentives to further encourage the shift to digital payment?
- d. To encourage consumers? Are there specific considerations for disadvantaged Filipinos? (3.2.2, 3.2.5)
  - e. To encourage businesses? (3.2.2)
  - f. To encourage government (national and local)? (3.2.2)
27. What do you think are the remaining challenges in the shift to the digital payment agenda? (3.2.3)
28. What are other works needed to support the shift to digital payment agenda further?
29. What are other works needed to ensure that disadvantaged Filipinos don't get left behind? (3.2.5)

## **SECTION 5 – CONCLUSION**

30. If E-PESO could be redesigned or re-implemented, what changes would you propose in light of what you now know? [This would be the final question] (3.2)

31. Are there any other insights that you wish to share with us?

32. Are there any data that you think would be useful for this evaluation?

33. Is there anyone else who you think would have valuable insights for this evaluation?

[If applicable, ask who to contact for identified data gaps possibly.]

[Thank the respondent for his/her time.]

[Tell the respondent that he/she is welcome to contact you to ask questions at a later date if they wish.]

### ANNEX D.3: KII GUIDE FOR PARTICIPATING LGU

<b>Introduction</b>	Hello, my name is Maria Lourdes Lopez, and I am an external evaluator consultant for Panagora Group. I am joined by Mr. Joel Mendoza, who is also an external consultant for Panagora Group.
<b>Purpose</b>	<p>USAID asked the Panagora Group to conduct an ex-post evaluation of the E-PESO Activity.</p> <p>As you may know, the E-PESO is a USAID-supported activity that was implemented from March 18, 2015, to February 17, 2021. The E-PESO activity aimed to support the Philippines' shift from a cash-intensive to a cash-lite economy by developing an efficient, transparent, and inclusive e-payment ecosystem. The E-PESO has four main components, which include: (a) Rapid Adoption of E-payments in Financial System; (b) Infrastructure for E-payments Expanded; Enabling Environment for E-Payments Improved; (d) Gaps in Broader e-Payment Ecosystem Addressed</p> <p>The evaluation aims to assess the gains and the sustainability of those gains from the E-PESO activity. It will also help ensure that future development efforts use the valuable experiences and insights from the implementation of the E-PESO.</p> <p>We are meeting with you because of your familiarity with E-PESO implementation and your involvement in the shift to the digital payments agenda. Because our goal is to learn from both the positive and negative aspects of E-PESO, we ask that you be as honest as possible in your responses. If you wish that some or all of your comments be anonymous, please let us know, and we will ensure that your name and identifying characteristics will not be associated with those comments.</p>
<b>Interview Process</b>	The interview should take us about <b>30-45 minutes</b> .
<b>Consent</b>	<p>Before we start with introductions and interview questions, <b>we are required to ask for your consent.</b></p> <ul style="list-style-type: none"> <li>- You have the right not to participate. This is voluntary.</li> <li>- You have the right to stop at any point.</li> <li>- If there is anything you do not understand, please ask me to clarify.</li> <li>- You have the right to decline to answer any question.</li> <li>- The information you provide is only for our evaluation, and your responses will be kept in the strictest confidentiality.</li> </ul> <p>Do we have your consent for an interview?</p>

Date : \_\_\_\_\_

Participant Name : \_\_\_\_\_

Organization : \_\_\_\_\_

Location/Time : \_\_\_\_\_

Gender of Respondent : \_\_\_\_\_

## **SECTION 1 – BACKGROUND**

1. What role or roles did you play in the implementation of the E-PESO activity?

## **SECTION 2 – RELEVANCE**

2. In what ways has E-PESO contributed to the needs of your city? (1.3)
3. How did the COVID-19 pandemic affect the shift to the digital payment agenda? (1.4)
4. How did the COVID-19 pandemic bring about or highlight concerns related to the shift to digital payment? (1.4.1)

## **SECTION 3 – EFFECTIVENESS**

5. What do you think were the main accomplishments of E-PESO concerning the sub-purpose/s you were involved in? (2.1, 2.2, 2.3, 2.4)
6. What are the plausible reasons for these accomplishments? (2.1.1, 2.2.1, 2.3.1, 2.4.1)
7. In what aspects did E-PESO fall short of expectations? (2.1, 2.2, 2.3, 2.4)
8. What are the plausible reasons for these shortfalls? (2.1.2, 2.2.2, 2.3.2, 2.4.2)
9. What are the financial products, services, or applications developed under E-PESO? (2.5)
10. How effective are these financial products, services, or applications in meeting the needs of low-income clients? (2.5.1)

11. Had the pandemic not happened, what would have been the effect in terms of meeting the E-PESO targets? (2.6.1)

#### **SECTION 4 – SUSTAINABILITY**

12. What are the government policies in place to support the shift to the digital payment agenda? (3.1.1)

13. Are there existing government plans and roadmaps that you know? (3.1.1)

a. Concerning your city? (3.1.1)

b. As a whole? [Including those outside your city?] (3.1.1)

14. What capacities did E-PESO help build in your city? (3.1.2)

15. Is your city continuing the activities conducted under E-PESO? [If yes, go to Question 18. If not, go to Question 21.] (3.1.2)

16. In what way is your city continuing the activities conducted under E-PESO? (3.1.2)

17. Is there sufficient organizational capacity to implement said activities? (3.1.2)

18. Are there indicative results from said activities? (3.1.2)

19. Were there exit strategies developed for your city under E-PESO? [If yes, go to Question 22. If not, go to Question 23.] (3.1.3)

20. Which exit strategies worked and why? (3.1.4)

21. About the shift to the digital payments agenda, what are the new government targets in your city? (3.1.5)
22. What is the likelihood that the new targets will be met? (3.1.6)
23. What remains to be the advantage/s of using cash over e-payments? (3.2.1)
24. What are the incentives to further encourage the shift to digital payment?
- g. To encourage consumers? Are there specific considerations for disadvantaged Filipinos? (3.2.2, 3.2.5)
  - h. To encourage businesses? (3.2.2)
  - i. To encourage government (national and local)? (3.2.2)
25. What do you think are the remaining challenges in the shift to the digital payment agenda? (3.2.3)
26. What are other works needed to support the shift to digital payment agenda further?
- a. Concerning your city? (3.2.4)
  - b. As a whole? [Including those outside your city.] (3.2.4)
27. What are other works needed to ensure that disadvantaged Filipinos don't get left behind? (3.2.5)

## **SECTION 5 – CONCLUSION**

28. If E-PESO could be redesigned or re-implemented, what changes would you propose in light of what you now know? [This would be the final question] (3.2)

29. Are there any other insights that you wish to share with us?

30. Are there any data that you think would be useful for this evaluation?

31. Is there anyone else who you think would have valuable insights for this evaluation?

[If applicable, ask who to contact for identified data gaps possibly.]

[Thank the respondent for his/her time.]

[Tell the respondent that he/she is welcome to contact you to ask questions at a later date if they wish.]

**ANNEX D.4: KII GUIDE FOR PRIVATE SECTOR**

<b>Introduction</b>	Hello, my name is Maria Lourdes Lopez, and I am an external evaluator consultant for Panagora Group. I am joined by Mr. Joel Mendoza, who is also an external consultant for Panagora Group.
<b>Purpose</b>	<p>USAID asked the Panagora Group to conduct an ex-post evaluation of the E-PESO Activity.</p> <p>As you may know, the E-PESO is a USAID-supported activity that was implemented from March 18, 2015, to February 17, 2021. The E-PESO activity aimed to support the Philippines' shift from a cash-intensive to a cash-lite economy by developing an efficient, transparent, and inclusive e-payment ecosystem. The E-PESO has four main components, which include: (a) Rapid Adoption of E-payments in Financial System; (b) Infrastructure for E-payments Expanded; Enabling Environment for E-Payments Improved; (d) Gaps in Broader e-Payment Ecosystem Addressed</p> <p>The evaluation aims to assess the gains and the sustainability of those gains from the E-PESO activity. It will also help ensure that future development efforts use the valuable experiences and insights from the implementation of the E-PESO.</p> <p>We are meeting with you because of your familiarity with E-PESO implementation and your involvement in the shift to the digital payments agenda. Because our goal is to learn from both the positive and negative aspects of E-PESO, we ask that you be as honest as possible in your responses. If you wish that some or all of your comments be anonymous, please let us know, and we will ensure that your name and identifying characteristics will not be associated with those comments.</p>
<b>Interview Process</b>	The interview should take us about <b>30-45 minutes</b>
<b>Consent</b>	<p>Before we start with introductions and interview questions, <b>we are required to ask for your consent.</b></p> <ul style="list-style-type: none"> <li>- You have the right not to participate. This is voluntary.</li> <li>- You have the right to stop at any point.</li> <li>- If there is anything you do not understand, please ask me to clarify.</li> <li>- You have the right to decline to answer any question.</li> <li>- The information you provide is only for our evaluation, and your responses will be kept in the strictest confidentiality.</li> </ul> <p>Do we have your consent for an interview?</p>

Date : \_\_\_\_\_

Participant Name : \_\_\_\_\_

Organization : \_\_\_\_\_

Location/Time : \_\_\_\_\_

Gender of Respondent : \_\_\_\_\_

### **SECTION 1 – BACKGROUND**

1. Was your company’s participation in the implementation of the E-PESO activity?

### **SECTION 2 – RELEVANCE**

2. How relevant is the shift to digital payment agenda to your company objectives and goals? (1.1)
3. What made your company decide to participate in the activities of E-PESO? (1.1)
4. From your company’s experience, how did the COVID-19 pandemic affect the shift to the digital payment agenda? (1.4)
5. How did the COVID-19 pandemic bring about or highlight concerns related to the shift to digital payment? (1.4.1)

### **SECTION 3 – EFFECTIVENESS**

6. What do you think were the main accomplishments brought about by your company’s participation in E-PESO? (2.1, 2.2, 2.3, 2.4)
7. What are the plausible reasons for these accomplishments? (2.1.1, 2.2.1, 2.3.1, 2.4.1)
8. In what aspects did E-PESO fall short of expectations? (2.1, 2.2, 2.3, 2.4)
9. What are the plausible reasons for these shortfalls? (2.1.2, 2.2.2, 2.3.2, 2.4.2)
10. Are you aware of the financial products, services, or applications developed under E-PESO? [If yes, go to Question 11. If not, go to Question 13]

11. What are the products that you know? (2.5)
12. How effective are these financial products, services, or applications in meeting the needs of low-income clients? (2.5.1)
13. Had the pandemic not happened, what would have been the effect of meeting your company's achievements related to the shift to the digital payment agenda? (2.6.1)

#### **SECTION 4 – SUSTAINABILITY**

14. Is your company continuing the activities conducted under E\_PESO? [If yes, go to Question 15. If not, go to Question 18] (3.1.2)
15. In what way is your company continuing the activities conducted under E-PESO? (3.1.2)
16. Is there sufficient organizational capacity to implement said activities? (3.1.2)
17. Are there indicative results from said activities? (3.1.2)
18. Are there other initiatives that your company is doing to further the shift to the digital payment agenda? (3.1)
19. What remains to be the advantage/s of using cash over e-payments? (3.2.1)
20. What are the incentives to further encourage the shift to digital payment?
- j. To encourage consumers? Are there specific considerations for disadvantaged Filipinos? (3.2.2, 3.2.5)

- k. To encourage businesses? (3.2.2)
  - l. To encourage government (national and local)? (3.2.2)
21. What do you think are the remaining challenges in the shift to the digital payment agenda, particularly for your company? (3.2.3)
22. What are other works needed to support the shift to digital payment agenda further?
- a. Concerning your company? (3.2.4)
  - b. As a whole? [Including those outside your company.] (3.2.4)
23. What are other works needed to ensure that disadvantaged Filipinos don't get left behind? (3.2.5)

## **SECTION 5 – CONCLUSION**

24. If E-PESO could be redesigned or re-implemented, what changes would you propose in light of what you now know? [This would be the final question] (3.2)
25. Are there any other insights that you wish to share with us?
26. Are there any data that you think would be useful for this evaluation?
27. Is there anyone else who you think would have valuable insights for this evaluation?

[If applicable, ask who to contact for identified data gaps possibly.]

[Thank the respondent for his/her time.]

[Tell the respondent that he/she is welcome to contact you to ask questions at a later date if they wish.]

## ANNEX E: KEY INFORMANTS (PLANNED)

TABLE I. KEY INFORMANTS		
Raymond Estioko	Senior Director Payment System Oversight Department BSP	Major Counterpart
Gemma Gabuya	Pantawid Pamilyang Pilipino Program (4Ps) National Program Manager and Director DSWD	Major Counterpart
Clarito Alejandro Magsino	Functional Group Head Internal Management Group DBM	Major Counterpart
Blesila Lantayona	Undersecretary Regional Operations Group DTI	Major Counterpart
Lanee Cui-David	Deputy Commissioner Information System Bureau of Internal Revenue	Major Counterpart
Carmelita Araneta	General Manager Philippine Payment Management Inc.	Major Counterpart
Mamerto "Mert" Tangonan	Chief of Party Chemonics International	Implementing Partner
Melissa Cook	Former Deputy Chief of Party (2015-2017) Chemonics International	Implementing Partner
John Geesnell Yap II	City Mayor Tagbilaran City	Participating LGU
Maria Isabelle Climaco	City Mayor Zamboanga City	Participating LGU
Marvin Santos	Enterprise Head for the Public Sector PayMaya	Private Sector
TBD		Private Sector

## ANNEX F: WORK PLAN

TABLE I. WORK PLAN																			
E-PESO EVALUATION SCHEDULE				OCTOBER				NOVEMBER				DECEMBER				JANUARY			
	TASK	START	END	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<b>1</b>	<b>Inception Report</b>																		
1.1	Review of materials/ tools development/ report writing	10/01/21	10/17/21																
1.2	Kick-off Meeting	10/04/21	10/04/21																
1.3	Submission to Panagora Activity Office (In briefing ppt)	10/11/21	10/11/21																
1.4	In briefing	10/14/21	10/14/21																
1.5	Submission to Panagora Activity Office (inception report)	10/18/21	10/18/21																
1.6	Submission to Panagora Home Office (inception report)	10/22/21	10/22/21																
1.7	Submission to USAID (inception report)	10/28/21	10/28/21																
1.8	Inception report presentation	11/05/21	11/05/21																
<b>2</b>	<b>Preliminary Findings/ Interim briefing</b>																		

**TABLE I. WORK PLAN**

<b>E-PESO EVALUATION SCHEDULE</b>				<b>OCTOBER</b>				<b>NOVEMBER</b>				<b>DECEMBER</b>				<b>JANUARY</b>			
2.1	Data collection	10/18/21	11/19/21																
2.1.1	Preparation of letters (endorsement from USAID)	10/18/21	10/22/21																
2.1.2	Desk review	10/18/21	11/19/21																
2.1.3	KIIs	11/03/21	11/19/21																
2.2	Data processing and analysis	11/04/21	11/23/21																
2.3	Submission to Panagora Activity Office (ppt)	11/24/21	11/24/21																
2.4	Submission to Panagora Home Office (ppt)	12/01/21	12/01/21																
2.5	Interim briefing	12/15/21	12/15/21																
2.6	Submission of interim briefing documentation	12/17/21	12/17/21																
<b>3</b>	<b>Draft Report/ FCR workshop</b>																		
3.1	Submission to Panagora Activity Office (narrative and ppt)	12/20/21	12/20/21																
3.2	Submission to Panagora Home Office (narrative and ppt)	12/27/21	12/27/21																
3.3	FCR Workshop (early January)	1/05/22	1/05/22																

**TABLE I. WORK PLAN**

<b>E-PESO EVALUATION SCHEDULE</b>				<b>OCTOBER</b>			<b>NOVEMBER</b>			<b>DECEMBER</b>			<b>JANUARY</b>			
3.4	Submission to Panagora Activity Office (draft report)	12/27/22	12/27/22													
3.5	Submission to Panagora Home Office (draft report)	1/03/22	1/03/22													
3.6	Submission to USAID (draft report)	1/10/22	1/10/22													
<b>4</b>	<b>Final Report/ Learning Events</b>															
4.1	Draft revisions based on USAID comments	1/17/22	1/19/22													
4.2	Submission to Panagora Activity Office	1/20/22	1/20/22													
4.3	Submission to Panagora Home Office	1/24/22	1/24/22													
4.4	Submission to USAID	1/31/22	1/31/22													
4.5	Learning events (two events)	-	-													