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**FS SHARE**  
FINANCIAL SECTOR KNOWLEDGE SHARING

# ACCELERATING MOBILE MONEY IN INDONESIA

## ACTION PLAN

**OCTOBER 2011**

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## ACRONYMS

B2B	business-to-business
BPR	microfinance institution
CCT	conditional cash transfer
IFC	International Finance Corporation
KYC	Know Your Customer
MNO	mobile network operator
P2P	person-to-person
PNPM	Program Nasional Pemberdayaan Masyarakat (National Community Empowerment Program)
TNP2K	Sekretariat Tim Nasional Percepatan Penanggulangan Kemiskinan (National Team for Acceleration of Poverty Alleviation)

## INTRODUCTION

The Accelerating Mobile Money Action Plan was completed by the Financial Sector Knowledge Sharing (FS Share) project as part of a broader scope of work commissioned by USAID Indonesia to explore how the Mission might support the development of innovative development solutions, such as mobile money, to increase access to financial services. FS Share and subcontractor Open Revolution conducted research and interviews in Indonesia as part of this scope of work in September and October 2011. The action plan proposes several potential pilot activities, among other solutions that USAID Indonesia may research and consider, to accelerate the development, adoption, and usage of mobile money as a vehicle to transform financial inclusion and achieve broad-based economic growth.

### FS Share Rapid Response Hotline

For assistance identifying resources to design programs that increase access to finance and develop well functioning markets, contact FS Share Project Manager Melissa Scudo at 202-775-6976 or [mscudo@chemonics.com](mailto:mscudo@chemonics.com). To access the FS Share task order and EGAT assistance on any mission, financial-sector program, scope of work, or procurement questions, contact:

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## SECTION I. PURPOSE

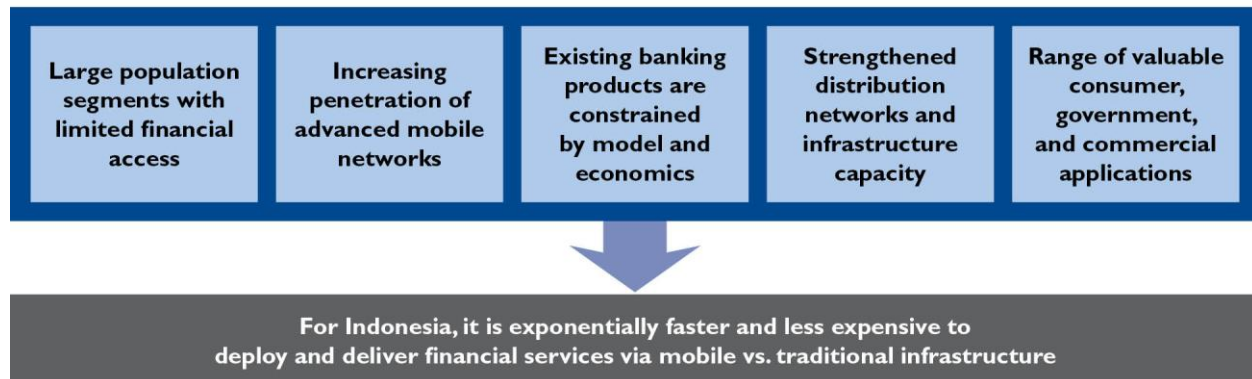
The purpose of the Accelerating Mobile Money Action Plan is to identify barriers to commercial adoption and link a range of public and private initiatives into a coordinated set of activities designed to promote broad adoption and use of mobile money in Indonesia, with an emphasis on reaching selected unbanked and under banked market segments. The action plan identifies and sequences illustrative activities and assesses the likely impact of each on accelerating mobile money adoption. It also assesses the degree to which the proposed activity (e.g., pilot program, technical assistance) may enhance financial inclusion.

For mobile money initiatives to be successful, there is broad consensus that they must leverage or create a comprehensive mobile money ecosystem (e.g., end users, agents, merchants, employers, other payers). Creating such an ecosystem requires a concentration of resources and the ability to achieve scale in specific locations. The action plan identifies geographic focal points for mobile money initiatives and identifies mechanisms by which initiatives can be funded and administered.

## SECTION II. RATIONALE

Mobile money presents a next-generation conduit for financial interfaces, connecting alternative and established banking structures with consumers through mobile telecommunications. The potential of these services extends beyond established sectors, serving as a transformative agent for Indonesia. Exhibit 1 highlights the preconditions and potential.

**Exhibit I. Mobile Money Supply-Side Preconditions**



Mobile money presents an opportunity to empower large segments of the population by providing access to finance through open access ecosystems that are enabled by mobile telecommunication networks. Positive impacts of an expanded mobile money footprint and supporting ecosystem include:

- Increasing the number of people participating in the formal financial sector
- Increasing access to credit through channel efficiency and better credit rating data
- Increasing access to secure savings products
- Reducing transaction costs for a range of payments in the overall economy
- Improving security as the need for physical currency becomes less necessary
- Improving transparency as payments and funds transfer go directly from a payer to the ultimate recipient
- Accelerated development of more sophisticated value-added financial services as the market expands



## SECTION III. TARGET SEGMENTS

While the action plan is designed to accelerate adoption of mobile money broadly, improving the availability of financial services to selected underserved segments is central to Government of Indonesia<sup>1</sup> and USAID objectives. The action plan targets the following end user segments:

*Farmers.* Due to the continued importance of agriculture (three out of five Indonesians live in rural areas and are involved directly or indirectly in agriculture)<sup>2</sup>, improving farmers' capacity has a major impact on economic development. To date, bank penetration has remained low in rural areas, and physical access to bank branches is limited. Microfinance institutions (BPRs) have a higher penetration in rural areas but still serve only 7 million account holders.<sup>3</sup> Cooperatives serve an additional 29 million account holders with limited products. Approximately 50 million individuals have no access to formal financial services<sup>4</sup>. Currently, farmers are disproportionately underrepresented in the formal financial sector and could benefit directly from greater access to credit, savings and to payment products and services. Mobile money and associated technologies could provide the mechanism to bring this important market segment into the formal financial sector. Specific agricultural value chains under consideration are cocoa, coffee, and horticulture.

*Social welfare recipients.* Another group underrepresented in the formal financial sector is the poor. A variety of government and donor-funded programs target poor households. These programs provide both conditional and unconditional payments; the payments are typically made in cash, repetitive, and small in size. The Ministry of Social Welfare and PNPM (Program Nasional Pemberdayaan Masyarakat — National Community Empowerment Program) Mandiri are examples of government and nongovernmental institutions directly involved in delivering social welfare payments. The Ministry of Social Welfare's conditional cash transfer (CCT) program targets 1.2 million households. The PNPM community infrastructure program distributes more than Rp 7.5 trillion annually to poor communities. Transitioning these cash payments to a mobile mechanism has three primary advantages:

1. Repetitive government/donor mobile money payments provide a mechanism for establishing mobile bank accounts for previously unbanked individuals. These accounts represent an entry point into the formal financial sector; they can be combined with additive loan, savings, and insurance products.
2. Direct payments to end user recipients will improve transparency and security.

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<sup>1</sup> The TNP2K Poverty Alleviation Unit recently drafted its financial inclusion strategy.

<sup>2</sup> World Bank

<sup>3</sup> Bank Andara

<sup>4</sup> Bank of Indonesia

3. Transitioning to mobile money will improve distribution efficiency and reduce costs for the paying entity.

*Laborers/low wage earners.* Another area where cash payments are prevalent is in selected industries, such as tobacco. Similar to farmers and poor households, individuals in this segment receive repetitive, relatively small cash payments. They also typically lack bank accounts or other formal financial services. Providing these individuals with a secure, easily accessible mechanism to receive salaries and other payments establishes a solid foundation for further financial inclusion initiatives.

## SECTION IV. STAKEHOLDERS

A variety of stakeholders play critical roles in delivering mobile money in Indonesia. These stakeholders include regulators, service providers, service users, and facilitating organizations. Exhibit 2 illustrates the relationships among the stakeholders.

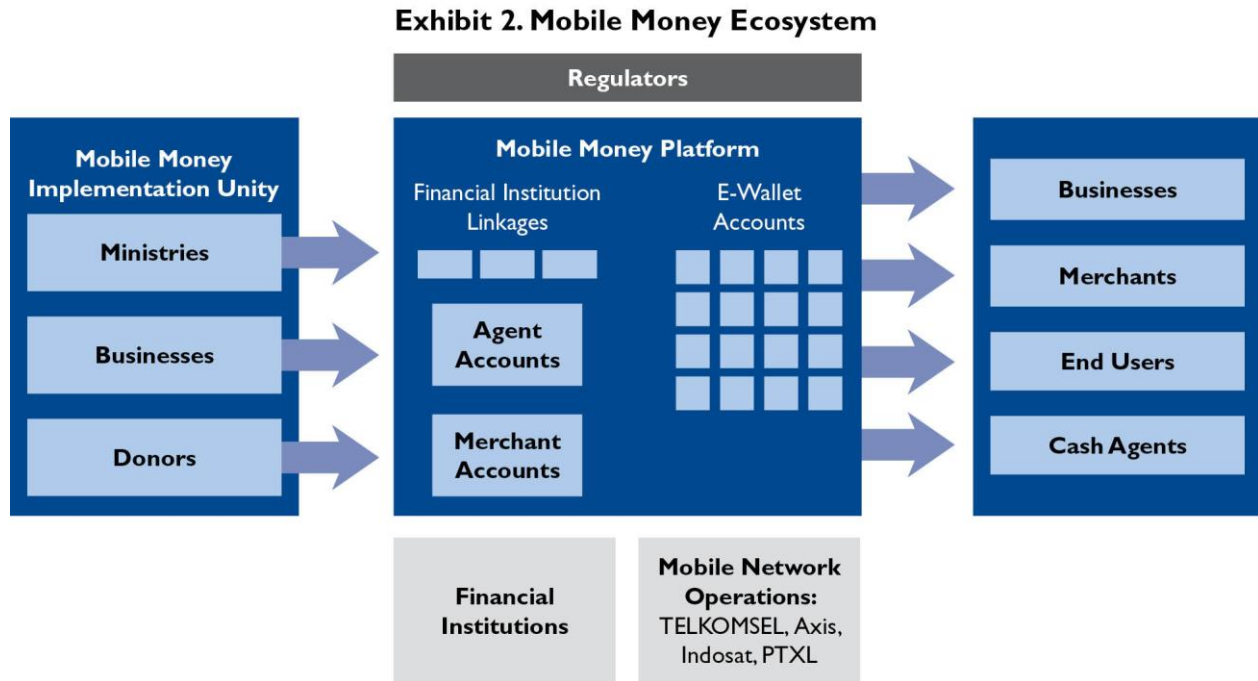


Table 1 summarizes the roles and responsibilities of selected stakeholders.

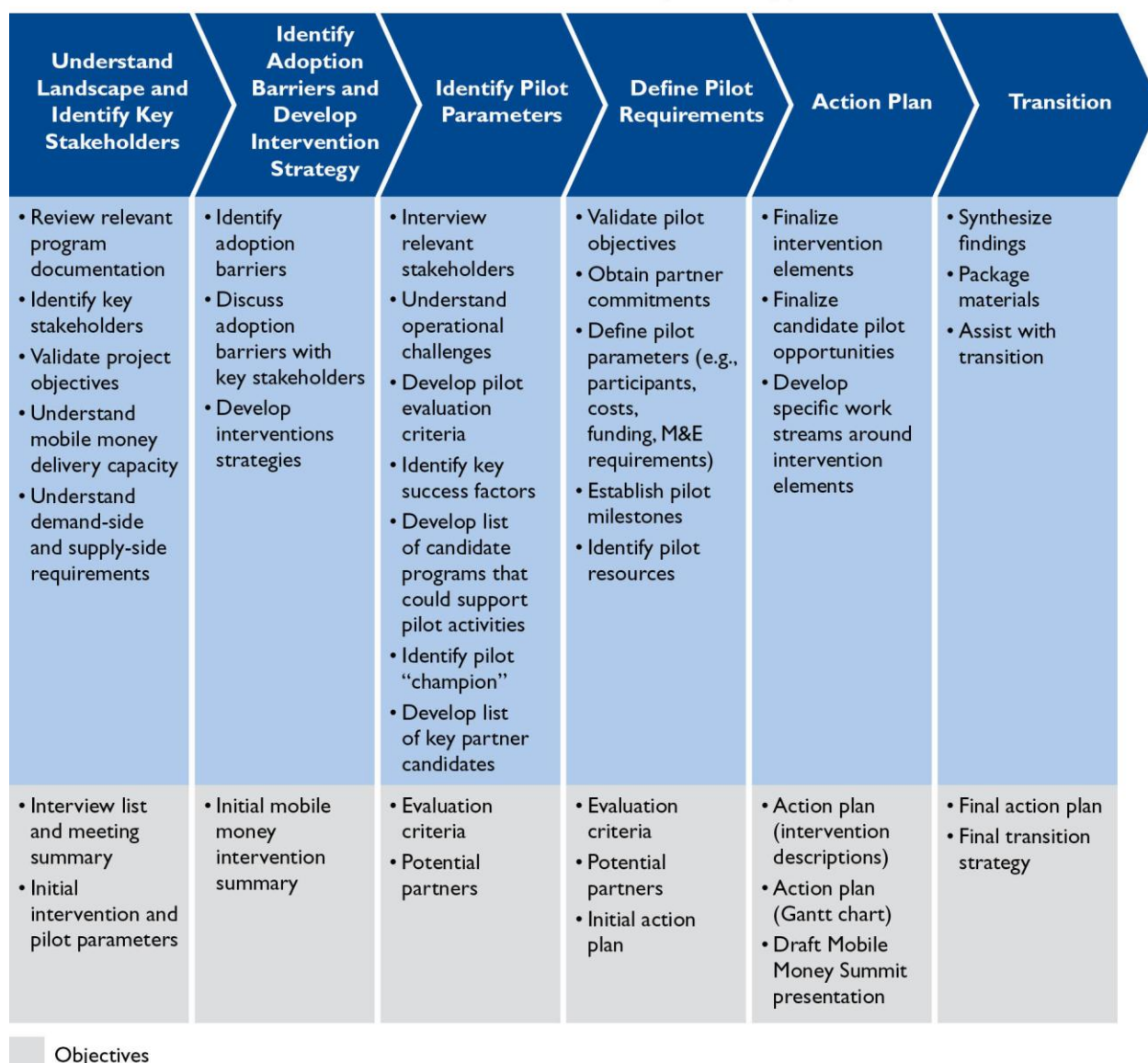
**Table 1. Roles and Responsibilities of Selected Stakeholders**

Stakeholder	Roles and Responsibilities
<b>Regulators (e.g., Bank of Indonesia)</b>	<ul style="list-style-type: none"> <li>• Provide an enabling environment for growth and innovation</li> <li>• Protect consumers</li> <li>• Protect against systemic risk</li> <li>• Monitor activities</li> <li>• Enforce regulations</li> </ul>
<b>Government of Indonesia</b>	<ul style="list-style-type: none"> <li>• Coordinate relevant policies and activities (e.g., financial inclusion strategy)</li> <li>• Encourage adoption of mobile money through usage, such as salary payments, social welfare payments</li> <li>• Support infrastructure expansion</li> <li>• Accept mobile payments for fees and services, such as electric utilities</li> <li>• Serve as cash in/cash-out points, such as post office branches</li> </ul>
<b>Mobile Money Implementation Unit</b>	<ul style="list-style-type: none"> <li>• Coordinate and represent stakeholder interests</li> <li>• Serve as an implementing entity for selected pilots and other activities</li> <li>• Support research and best practices in mobile money development</li> </ul>
<b>Businesses (e.g., Cocoa Exporters)</b>	<ul style="list-style-type: none"> <li>• Encourage adoption of mobile money through usage, such as cocoa product payments, business-to-business (B2B) transactions</li> </ul>
<b>Donors (e.g., PNPM)</b>	<ul style="list-style-type: none"> <li>• Encourage adoption of mobile money through usage, such as salary payments, cash for work payments, B2B transactions</li> <li>• Support training and outreach activities</li> <li>• Support delivery of related technical assistance</li> </ul>
<b>Financial Institution</b>	<ul style="list-style-type: none"> <li>• Provide credit and other financial product expertise</li> <li>• Integrate core banking platforms into the broader mobile money ecosystem</li> <li>• Encourage funds distribution and collection through mobile money channels</li> </ul>
<b>Mobile Network Operators</b>	<ul style="list-style-type: none"> <li>• Provide core connectivity (message transport) for the ecosystem</li> <li>• Provide core mobile money platform (either in partnership with financial institutions or through branded mobile money products)</li> <li>• Support merchant network development</li> <li>• Support end user recruitment</li> <li>• Support agent network development</li> <li>• Support integration with core banking platforms</li> </ul>
<b>Cash Agents</b>	<ul style="list-style-type: none"> <li>• Adhere to standards and regulations</li> <li>• Maintain adequate liquidity</li> <li>• Provide broad access to end users</li> </ul>
<b>End Users</b>	<ul style="list-style-type: none"> <li>• Acquire understanding of value proposition</li> <li>• Adhere to Know Your Customer (KYC) and other registration requirements</li> </ul>
<b>Merchants</b>	<ul style="list-style-type: none"> <li>• Acquire understanding of value proposition</li> <li>• Encourage acceptance and usage of e-money</li> </ul>

## SECTION V. METHODOLOGY FOR ACTION PLAN

The action plan was developed based on a review of recent mobile money initiatives and interviews with key stakeholders, including selected end user market segments (e.g., cocoa farmers, government institutions, donors, and commercial entities). The purpose of these interviews was to determine requirements, mobile money delivery capabilities, and barriers to adoption and usage. More than 50 individual interviews were conducted during the analysis (see Annex A). Exhibit 3 illustrates the overall action plan development methodology.

**Exhibit 3. Action Plan Development Approach**

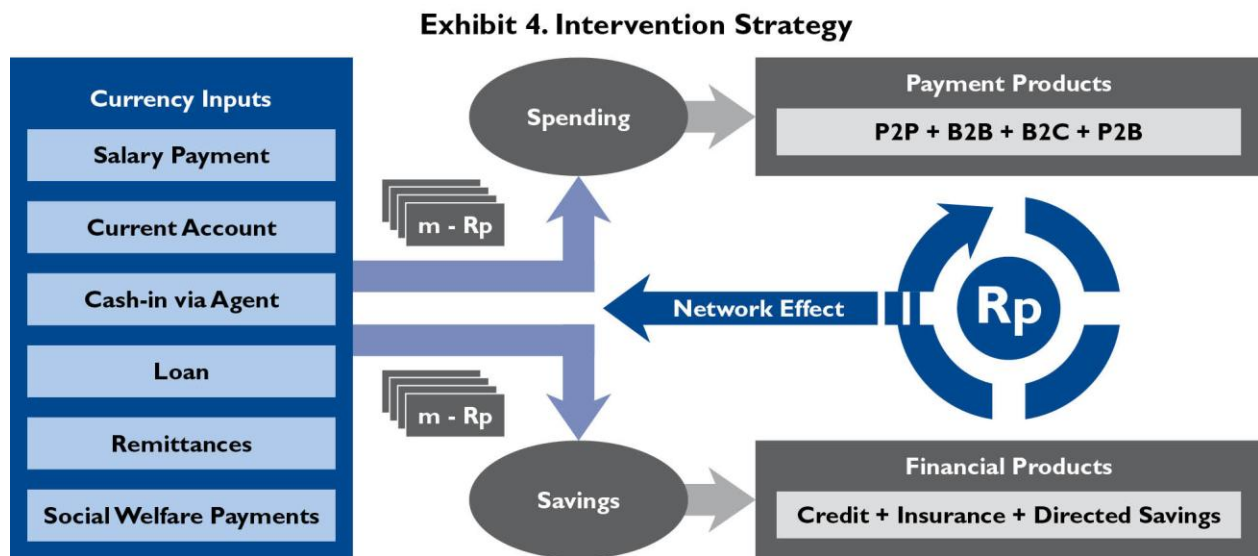


## SECTION VI. OBJECTIVES AND ACTION PLAN SUMMARY ELEMENTS

USAID objectives to accelerate mobile money adoption and usage in Indonesia include the following key elements:

- Eliminate regulatory barriers
- Establish project management focal point for coordinating and executing interventions
- Cultivate mobile money champions (government, donors, private sector)
- Mobilize repetitive cash payment streams
- Incentivize broader ecosystem development and product diversification
- Use geographic concentration of activities to enhance intervention and pilot impact

To achieve these objectives, an action plan with a comprehensive set of intervention and pilot initiatives designed to promote and expand the use, availability, and utility of mobile money through a range of coordinated public and private initiatives is needed. Activities in the action plan will incorporate input from stakeholders, donors, and government and focus on overcoming previously identified adoption and usage barriers. Exhibit 4 illustrates core elements of a coordinated approach to increase mobile money adoption and usage.



We propose below four catalyst/facilitation categories that we believe offer a comprehensive approach to mobile money expansion.

*Funds injection.* A robust mobile money ecosystem requires the consistent, periodic injection of funds into a mobile electronic wallet (e-wallet). Currently, the majority of funds enter the system through cash payments to a mobile banking agent or via bank transfers. Establishing regular automatic injections (e.g., salary payments, conditional

cash transfers, stipends, loan disbursement) into an e-wallet is a critical step in expanding usage.

*Capacity-building.* Technical expertise and system capacity across a range of mobile money stakeholders is an important component of a sustainable mobile money sector. Establishing a mechanism and focal point whereby stakeholders (e.g., financial institutions, mobile network operators, regulators, third-party partners) can access mobile money expertise and systems support will help ensure that the mobile money sector develops with strong commercial and government players.

*Ecosystem development.* A thriving mobile money ecosystem requires that individuals and business use the mobile wallet for a range of transactions and that, over time, the frequency of 100 percent cash-outs declines. To accomplish this, an expanding network of mobile money agents, merchant acceptance points, and participating billing and payment entities must be established. Supporting this expansion through promotions and incentives is another important piece in the mobile banking expansion puzzle.

*Enabling environment.* Creating an enabling environment that informs and protects the public is another critical component of a comprehensive mobile money action plan. By addressing adoption barriers (e.g., consumer understanding, agent availability) directly, donors and the Government of Indonesia can help lay the foundation for commercial entities to build useful products and services. From a supply-side perspective, examination of current regulatory requirements and restrictions can reveal areas where policies are not meeting objectives and actually inhibit sector development.

Based on these four catalyst/facilitation categories, the following intervention activities have been identified:

- Public awareness campaign
- Regulatory reform and capacity-building
- Expansion of government-to-person payment program
- Mobile money for agricultural program

A summary of each intervention activity is provided below.

#### **A. Public Awareness Campaign**

Technical assistance to various program entities can support the establishment and deployment of a mobile money public awareness campaign using a variety of media and outreach methods. The campaign will focus on the generic benefits and security of mobile money and explain the basic concepts and usage. The campaign would be part of broader financial literacy initiatives and incorporated into ongoing training and outreach initiatives. The primary objective of the campaign would be to increase understanding and acceptance of mobile money products. We view the public awareness campaign as foundational to other intervention activities; it will represent an overall endorsement of

the use of mobile money for a variety of public and private applications. Table 2 lists potential public awareness campaign intervention mechanisms, sponsors, and recipients.

**Table 2. Potential Public Awareness Campaign Interventions**

Intervention Mechanism	Potential Sponsor	Potential Recipients
Technical assistance	<ul style="list-style-type: none"> <li>• Mobile Money Implementation Unit</li> <li>• TNP2K, Office of the Vice President of the Republic of Indonesia</li> </ul>	Various programs

## B. Regulatory Reform and Capacity-Building

To complement this Action Plan, FS Share produced a technical analysis of current regulations related to electronic money networks that identifies barriers to mobile money adoption. Specific areas identified include customer registration and KYC, pilots, and registration requirements for cash-in/cash-out agents.

USAID, in coordination with other donors, could also provide technical support to the Bank of Indonesia to develop mobile money sector management and supervision capabilities. As the mobile money sector expands, the Bank of Indonesia may require technical expertise to monitor a much larger ecosystem and end user base. Additionally, the Bank of Indonesia will need to continually review the effectiveness of its policies and determine whether modifications are required to achieve broader financial inclusion objectives. Technical assistance from USAID or other donors may include:

- Best practice analysis
- Study tours
- Training
- Access to experts and secondments

Table 3 lists potential regulatory reform and capacity-building intervention mechanisms, sponsors, and recipients.

**Table 3. Potential Regulatory Reform and Capacity-Building Interventions**

Intervention Mechanism	Potential Sponsor	Potential Recipients
Technical assistance	International Finance Corporation (IFC)	Bank of Indonesia

## C. Expand Government-to-Person Payment Program

Social welfare and other repetitive cash payment applications that could benefit from the use of mobile money as a disbursement channel represent a strong opportunity to inject funds into the mobile money ecosystem. Specifically, USAID could support conditional cash transfer payment pilot development efforts with the Ministry of Social Affairs, with



the goal of using mobile money for a significant segment of CCT recipients<sup>5</sup>. Other potential pilot activities that USAID may explore are utilizing mobile money to increase the transparency and efficiency of PNPM infrastructure and loan disbursement/repayment programs.

Table 4 lists potential government-to-person payment program intervention mechanisms, sponsors, and recipients.

**Table 4. Potential Regulatory Reform and Capacity-Building Interventions**

Intervention Mechanism	Potential Sponsor	Potential Recipients
<ul style="list-style-type: none"> <li>• Pilots</li> <li>• Financial incentives for usage</li> <li>• Contractual/Program participation requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Social Affairs</li> <li>• POS Indonesia</li> <li>• TNP2K</li> <li>• PNPM Mandiri</li> </ul>	<ul style="list-style-type: none"> <li>• Poor households</li> <li>• Rural villages</li> <li>• Loan recipients</li> </ul>

#### **D. Mobile Money for Agricultural Programs**

USAID and other donors may support the development and execution of selected pilot projects targeting the agricultural sector. The pilots will incorporate mobile money applications, including:

- Distribution of loan funds
- Repayment of loan funds
- B2B transactions across selected agricultural value chains
- Distribution and acceptance of electronic vouchers for agricultural inputs
- Establishment of agent network cash-in/cash-out acceptance points

As appropriate, pilots will also include mobile money platform integration with participating financial institutions, training, and agent network support (e.g., program to encourage and train agriculture input suppliers and cocoa collectors to become mobile money agents). The primary purpose of this intervention is to accelerate the extension of financial services in rural areas.

Table 5 lists potential mobile money for agricultural programs intervention mechanisms, sponsors, and recipients.

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<sup>5</sup> The Ministry of Social Affairs will provide funds to more than 1 million CCT recipient households in 2012.

**Table 5. Potential Mobile Money for Agricultural Programs Interventions**

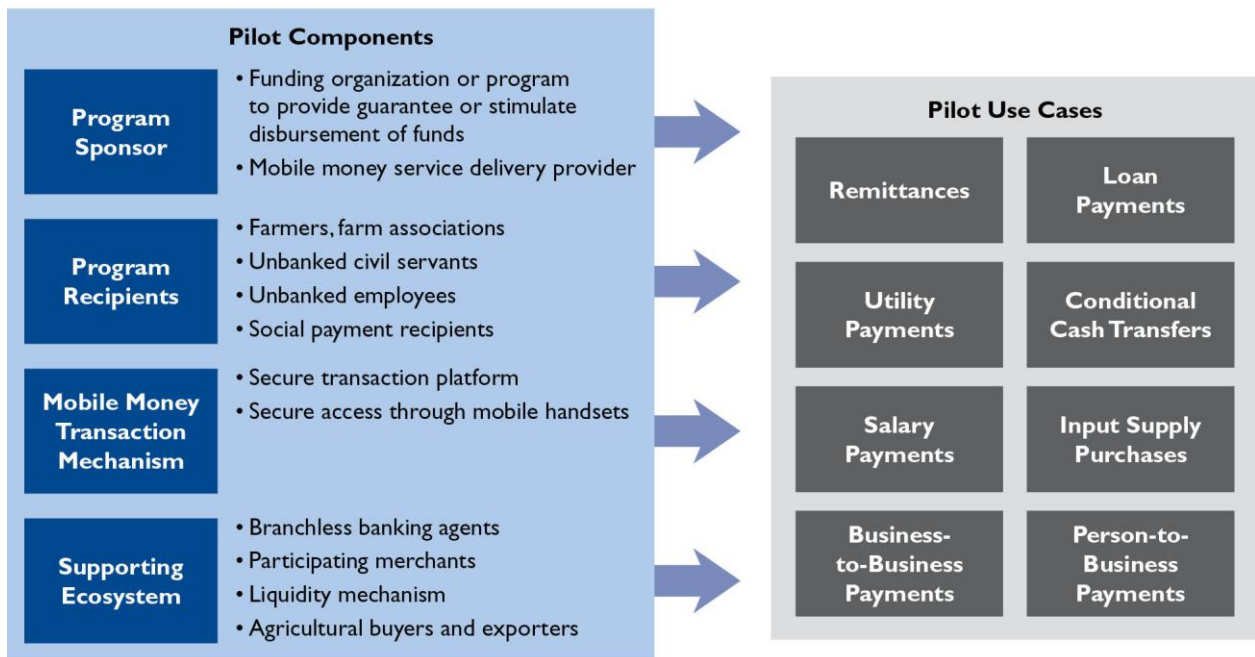
Intervention Mechanism	Potential Sponsor	Potential Recipients
<ul style="list-style-type: none"> <li>• Pilots</li> <li>• Grants</li> <li>• Loan guarantees and other subsidies</li> </ul>	<ul style="list-style-type: none"> <li>• AMARTA II</li> <li>• Other USAID agriculture programs</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Institutions (banks/ microfinance institutions)</li> <li>• Farm associations</li> <li>• Collectors</li> <li>• International exporters</li> <li>• Processors (fruits and vegetables)</li> <li>• Input suppliers</li> </ul>

## SECTION VII. PILOT STRATEGY

Based on a market opportunity assessment report and mobile money stakeholder discussions, FS Share has identified up to five mobile money pilots that focus on delivering a suite of financial services to targeted market segments (farmers, social welfare recipients, and laborers/low wage earners). The pilots serve two primary purposes. First, execution of the pilots can assist USAID in achieving financial inclusion and mobile money sector expansion objectives. Second, the pilots can test the efficacy of using mobile money for targeted development purposes (e.g., extension of credit) and provide necessary data to inform future policy and program decisions.

Exhibit 5 illustrates the four fundamental components of a mobile money pilot.

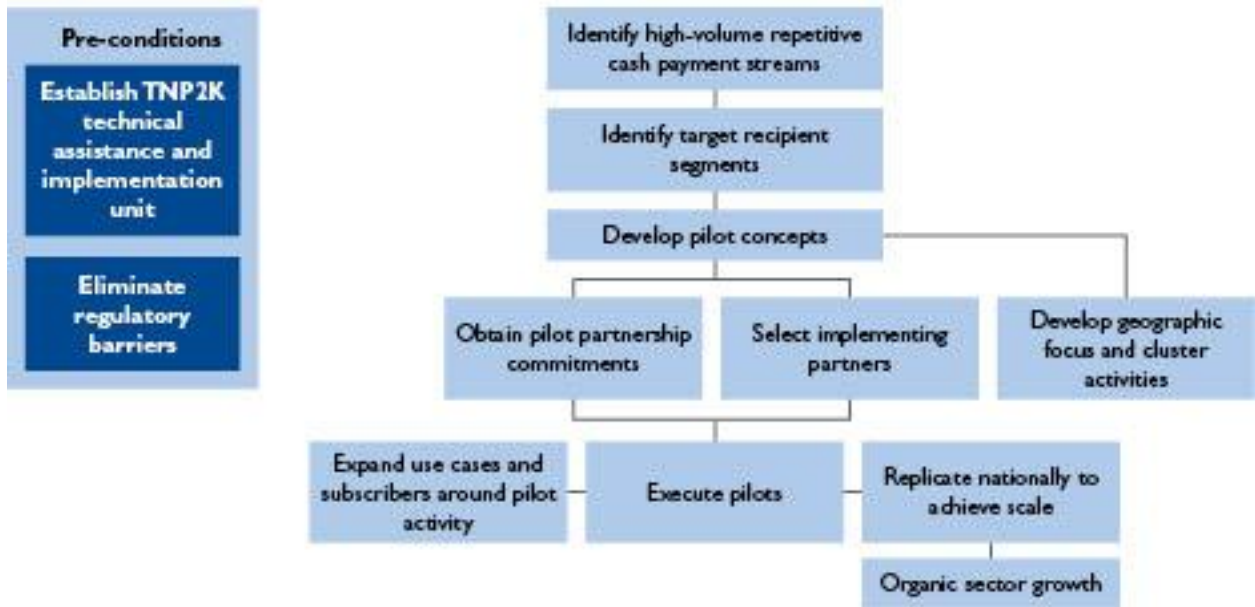
**Exhibit 5. Pilot Components**



The pilots will also examine the benefits of mobile money as a mechanism for distributing funds, repaying loans, and making input supply payment. Further, it will examine whether using such a system enhances scalability, reduces fraud, facilitates repayment, promotes financial inclusion, and improves program management and oversight.

Exhibit 6 illustrates the pilot development process highlighting key activities.

### Exhibit 6. Pilot Process



## SECTION VIII. PILOT SUMMARIES

This section presents illustrative pilot activities to expand mobile money adoption and usage. Annex B presents a summary of detailed activities, potential lead organizations and a timeframe for completion, per proposed pilot.

- Pilot 1: CCT Payment
- Pilot 1b: CCT Payment with Commitment Savings
- Pilot 2: Salary Payment
- Pilot 3: Cocoa Value Chain Payments — Collector
- Pilot 3b: Cocoa Value Chain Payments — Buyer/Exporter
- Pilot 4: PNPM Microloan Program
- Pilot 4b: PNPM Community Infrastructure

### A. Pilot 1: Conditional Cash Transfer Payment

Pilot 1 augments the current CCT program managed by the Ministry of Social Affairs and supported by the POS Indonesia through the use of a mobile money direct payment mechanism. The Ministry and POS Indonesia will identify specific geographic areas in which to conduct the pilot as well as a set of pilot participants. Pilot participants could be recruited as part of the normal CCT vetting process conducted by the Ministry of Social Affairs using its community facilitators. Participation can be voluntary or mandatory and could include incentives. Participants will be trained in the use of mobile money and the process for notification and cash-out. The program sponsor will work with the mobile money implementer to ensure that sufficient cash-out points (i.e., agents) are available in the selected geographic area. Potential agents include retail outlets, bank branches, and mobile network operator (MNO) retail outlets. It is anticipated that post office branches will also be established as a mobile money agents and that the post office would serve as cash-out point of last resort. Table 6 summarizes key elements of an illustrative CCT pilot. Table 7 is a summary assessment of the pilot’s potential impact.

**Table 6. Pilot 1 Conditional Cash Transfer Summary**

Description
<ul style="list-style-type: none"> <li>• Approximately one million cash transfer payments to poor households quarterly/monthly (actual pilot size will be based on decision by the Ministry of Social Affairs)</li> <li>• Approximate value = RP 100,000 (USD 12.00)</li> <li>• Current payment method is cash disbursement through assigned post offices based on national ID number and household registration</li> <li>• Register recipients for a mobile wallet and/or bank account</li> <li>• Utilize mobile banking platform for disbursement and notification</li> <li>• Establish cash-out points beyond POS Indonesia (e.g., agents, retail outlets, bank branches, ATMs)</li> </ul>
Partners
<ul style="list-style-type: none"> <li>• Ministry of Social Affairs, TNP2K</li> <li>• POS Indonesia</li> <li>• MNO m-wallet provider or financial institutions with mobile money capabilities</li> <li>• Retail chains (e.g., IndoMart)</li> </ul>

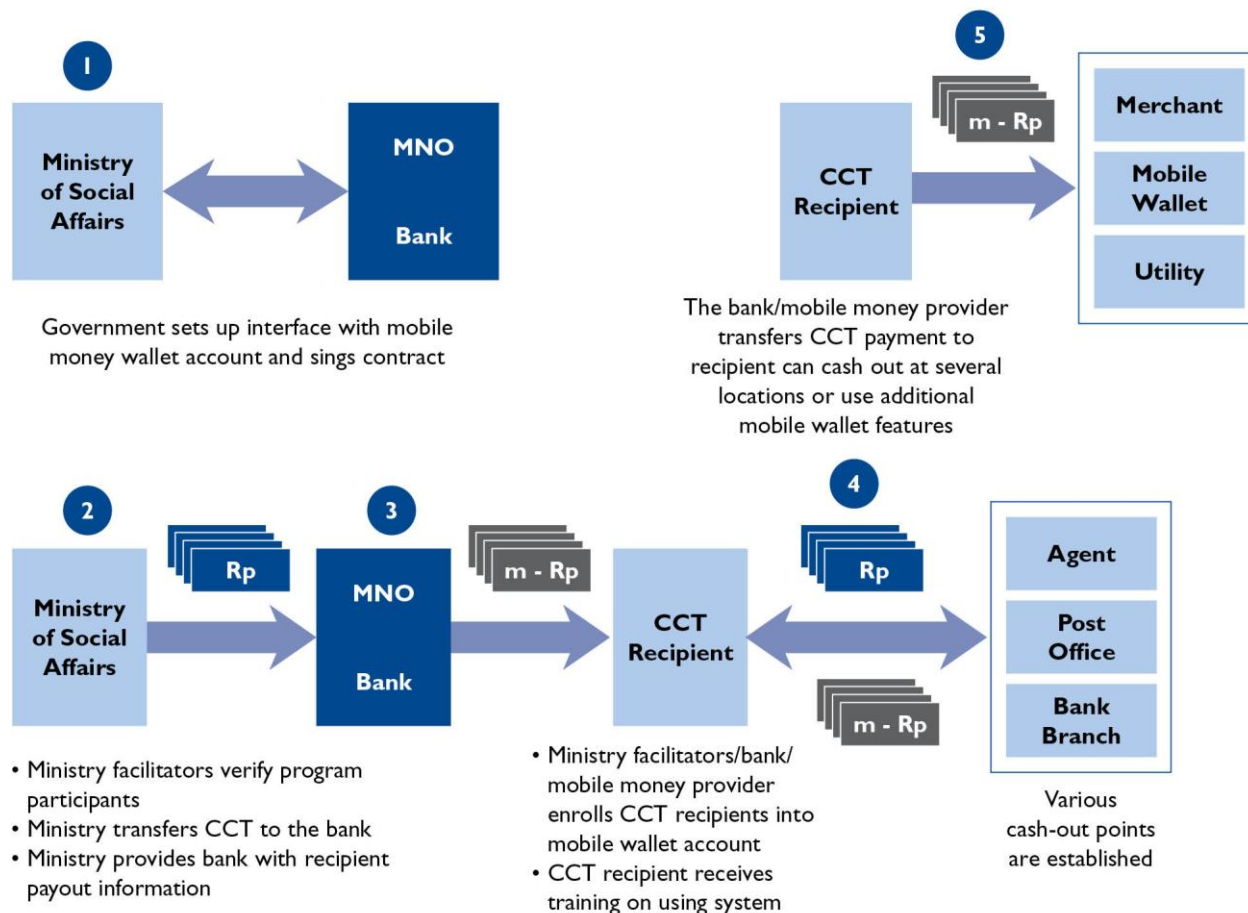
Key Requirements
<ul style="list-style-type: none"> <li>• Participants have access to mobile handset</li> <li>• Bank of Indonesia approval, if appropriate</li> <li>• KYC requirements verified</li> <li>• Streamlined enrollment procedure</li> <li>• Adequate availability of and sufficient liquidity at cash-out points</li> <li>• Recipient /cash-out point training</li> </ul>

**Table 7. Pilot 1 Conditional Cash Transfer Impact**

Number of Users	Approach	Complexity	Mobile Money Impact	Financial Inclusion Impact
1 million (Potential)	Mandatory	Medium	High	Low

Exhibit 7 is a process flow diagram illustrating a mobile money-based CCT payment pilot.

**Exhibit 7. Pilot 1 Conditional Cash Transfer Impact**



### B. Pilot 1b: Conditional Cash Transfer Payment with Commitment Savings

A variation of Pilot 1 includes the addition of a commitment savings program through which CCT recipients use a portion of the CCT payment to establish savings accounts.

This account has certain withdrawal limitations that restrict the availability of funds. Mechanisms are established to incentivize participation and adherence to the savings program parameters. By using a mobile money transfer and deposit mechanism, savings becomes automatic and temptations associated with receipt of cash are removed. Operational elements of the pilot remain similar to Pilot 1.

Table 8 summarizes key elements of a CCT with savings pilot. Table 9 is a summary assessment of the pilot’s impact.

**Table 8. Pilot 1b Conditional Cash Transfer Summary with Commitment Savings**

Description
<ul style="list-style-type: none"> <li>• Approximately one to three million cash transfer payments to poor households quarterly/monthly</li> <li>• Approximate value = RP 100,000 (USD 12.00)</li> <li>• Current payment method is cash disbursement through assigned post offices based on national ID number and household registration</li> <li>• Register recipients for a mobile wallet and/or bank account</li> <li>• Utilize mobile banking platform for disbursement and notification</li> <li>• Establish cash-out points beyond post offices (e.g., agents, retail outlets, bank branches, ATMs)</li> <li>• Offer optional commitment savings product (for a defined, time-bound savings goal)</li> </ul>
Partners
<ul style="list-style-type: none"> <li>• Ministry of Social Affairs, TNP2K</li> <li>• POS Indonesia</li> <li>• MNO m-wallet provider or financial institutions with mobile money capabilities</li> <li>• Retail chains (e.g., IndoMart)</li> </ul>
Key Requirements
<ul style="list-style-type: none"> <li>• Participants have access to mobile handset</li> <li>• Bank Indonesia approval, if appropriate</li> <li>• KYC requirements verified</li> <li>• Streamlined enrollment procedure</li> <li>• Adequate availability of and sufficient liquidity at cash-out points</li> <li>• Recipient /cash-out point training</li> <li>• Product development through market research (eligible savings goals; interest; time period; early withdrawal penalties, if any)</li> <li>• Bank account opening</li> </ul>

**Table 9. Pilot 1b Conditional Cash Transfer Impact with Commitment Savings**

Number of Users	Approach	Complexity	Mobile Money Impact	Financial Inclusion Impact
1 million (Potential)	Voluntary/ Mandatory	High	High	High

### C. Pilot 2: Salary Payment

Pilot 2 targets low wage earners who currently receive recurring salary payments in cash. The pilot could involve a commercial entity (e.g., food processor) or a local or national government ministry. The pilot would identify a set of individuals who would establish mobile bank accounts. They would receive training on financial literacy and the mechanics of accessing their accounts. A support ecosystem would be located near their place of employment. The ecosystem would include retail mobile money acceptance points as well as bank agent cash-out points. In the early stages, the implementing financial institution would likely establish a cash-out agent presence at the employer’s

place of business. To encourage electronic usage, friends and family of the employee would also be encouraged to sign up for mobile money accounts. Among the use cases available to employees would be bill payment and peer-to-peer transfers.

Table 10 summarizes key elements of an illustrative salary payment pilot. Table 11 is a summary assessment of the pilot’s impact.

**Table 10. Pilot 2 Salary Payment**

Description
<ul style="list-style-type: none"> <li>Establish program to pay commercial employees/civil servant salaries via mobile money platform</li> <li>Target employees who currently receive salary payments in cash</li> <li>Register recipients for a mobile wallet and/or bank account</li> <li>Utilize mobile banking platform for disbursement and notification</li> <li>Establish cash-out points (e.g., agents, retail outlets, bank branches, ATMs)</li> <li>Promote payment /savings use cases (e.g., bill payment, merchant purchase, person-to-person (P2P), savings) to reduce 100 percent cash-out</li> </ul>
Partners
<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>Designated Ministry (e.g., Ministry of Education for teachers’ payments)</li> <li>Large corporations that make significant cash salary payments (e.g., tobacco companies)</li> <li>MNO m-wallet provider or financial institutions with mobile money capabilities</li> <li>Retail chains (e.g., IndoMart), MNO outlets, bank branches</li> </ul>
Key Requirements
<ul style="list-style-type: none"> <li>Participants have access to mobile handset</li> <li>Bank Indonesia approval, if appropriate</li> <li>KYC requirements verified</li> <li>Transaction and balance limit adjustment/waivers from Bank Indonesia (depending on account provider)</li> <li>Adequate availability of and sufficient liquidity at cash-out points</li> <li>Recipient /cash-out point training</li> </ul>

**Table 11. Pilot 2 Salary Payment**

Number of Users	Approach	Complexity	Mobile Money Impact	Financial Inclusion Impact
5,000-10-000	Mandatory/ Voluntary	Medium	High	Medium

**D. Pilot 3: Cocoa Value Chain Payments — Collector**

Pilot 3 looks to replace cash payments to cocoa farmers with convenient and secure electronic payments. Analysis of the cocoa value chain indicates that the transition point between an electronic bank transfer payment and a cash payment often occurs at the local collector level. Local collectors buy cocoa beans from individual farmers, test the products, provide temporary storage, and transport the product to higher levels of the value chain. Payments to collectors are typically made via bank transfer; collectors typically make payments to individual farmers in cash. The pilot, under the auspices of AMARTA II, would recruit farmers and collectors to participate in the program. A mobile money implementing partner would provide participants with mobile money accounts. Training would be provided to participants as part of the AMARTA II financial literacy component, including the mechanics of using a mobile wallet and the value of additional financial services (e.g., credit) that may be more readily available once a



formal account is established. A key element of the pilot is establishing a broader mobile money ecosystem that could include local retail establishments, agricultural input suppliers, and friends and family. Another important element is the availability of alternative cash-out points. While the pilot envisions collectors as a cash-out agents, having collectors as the only viable cash-out points is problematic. The mobile money implementer will work with local entities (e.g., retail, post office) to establish multiple cash-out locations. This flexibility will empower farmers and limit the degree of control maintained by collectors.

Table 12 summarizes key elements of an illustrative cocoa value chain pilot. Table 13 is a summary assessment of the pilot’s impact.

**Table 12. Pilot 3 Cocoa Value Chain Payment — Collector**

Description
<ul style="list-style-type: none"> <li>Establish local collectors as mobile money focal points</li> <li>Collector establishes mobile wallet/mobile bank account; account allows transfer between e-wallet and formal bank account</li> <li>Collectors enroll farmers in mobile wallet/mobile bank accounts and pay farmers for product via mobile money platform</li> <li>Collectors serve as primary cash-out points</li> <li>Enroll local merchants as mobile money acceptance points</li> <li>Enroll agricultural input providers, local acceptance points, and potential alternative cash-out points</li> <li>Design and market savings products geared toward farmers’ needs</li> </ul>
Partners
<ul style="list-style-type: none"> <li>Amarta II</li> <li>Cocoa collectors</li> <li>Farm associations</li> <li>Input providers</li> <li>MNO m-wallet provider or financial institutions with mobile money capabilities</li> <li>Local retailers</li> </ul>
Key Requirements
<ul style="list-style-type: none"> <li>Local collector is authorized to enroll accounts</li> <li>Bank Indonesia approval, if appropriate</li> <li>KYC procedures designed and approved</li> <li>Transaction and balance limit adjustment/waivers from Bank Indonesia (depending on account provider)</li> <li>Sufficient merchant participation to stimulate payments and transfers rather than 100 percent cash-out</li> <li>Recipient /cash-out point training</li> </ul>

**Table 13. Pilot 3 Cocoa Value Chain Payment — Collector**

Number of Users	Approach	Complexity	Mobile Money Impact	Financial Inclusion Impact
9,000	Voluntary	Medium	High	Medium

**E. Pilot 3b: Cocoa Value Chain Payments — Buyer/Exporter**

Pilot 3b adds a mobile wallet component to an agricultural input credit facility. The input loan (cash component) is used to fund the mobile money account and establish a formal mechanism for funds disbursement and repayment. Farmers can use the mobile money wallet features. Farmers sell product direct to exporter and are paid via mobile money into their electronic wallet. Loan repayment is deducted automatically from the mobile wallet. A key element of the pilot is establishment of a broader mobile money ecosystem

that could include local retail establishments, agricultural input suppliers, and friends and family. Another important component is the availability of alternative cash-out points. The mobile money implementer will work with local entities (e.g., retail, post office) to establish multiple cash-out locations. This flexibility will empower farmers and limit the degree of control maintained by collectors.

Table 14 summarizes key elements of an illustrative cocoa value chain pilot. Table 15 is a summary assessment of the pilot’s impact.

**Table 14. Pilot 3b Cocoa Value Chain Payment — Buyer/Exporter**

Description
<ul style="list-style-type: none"> <li>• Cocoa farmer is enrolled in a bank account</li> <li>• Bank account has mobile application, including e-wallet</li> <li>• Cocoa farmer receives an agricultural input loan (both cash and inputs) with a value of Rp4.5 million and term of six months</li> <li>• Input supplier delivers input supplies to farmer</li> <li>• Exporter picks up product from farmer and provides payments directly to farmer account</li> <li>• Loan payment is deducted directly from the farmer account</li> <li>• Farmer can use e-wallet to execute a range of payment functions (e.g., P2P, bank transfer, bill payment, merchant purchase)</li> <li>• Enroll local merchants as mobile money acceptance points</li> <li>• Design and market savings products geared toward farmer needs</li> </ul>
Partners
<ul style="list-style-type: none"> <li>• Armajaro</li> <li>• Amarta II</li> <li>• Farm associations</li> <li>• Input providers</li> <li>• MNO m-wallet provider or financial institutions with mobile money capabilities</li> <li>• Local retailers</li> </ul>
Key Requirements
<ul style="list-style-type: none"> <li>• Bank will identify and enroll farmers</li> <li>• Bank Indonesia approval, if appropriate</li> <li>• KYC procedures designed and approved</li> <li>• Sufficient merchant participation to stimulate payments and transfers rather than 100 percent cash-out</li> <li>• Recipient /cash-out point training</li> </ul>

**Table 15. Pilot 3b Cocoa Value Chain Payment – Buyer/Exporter**

Number of Users	Approach	Complexity	Mobile Money Impact	Financial Inclusion Impact
800	Mandatory	Medium	High	High

#### **F. Pilot 4: PNPM Micro Loan Program**

Pilot 4 piggybacks on PNPM’s group lending program and adds a mobile wallet component to loan disbursement and repayment. The concept is distribution of the group loan to individual or group mobile money accounts. Through the development of local mobile money ecosystem, loan recipients can perform mobile money use cases including cash-in and cash-out, peer-to-peer transfers, and merchant purchases. Loan recipients receive SMS payment reminders each month and can repay their loans directly to the village council via mobile money peer-to-peer transfers. Village council will also be registered for mobile money accounts.

Table 16 summarizes key elements of an illustrative PNPM loan pilot. Table 17 is a summary assessment of the pilot’s impact.

**Table 16. Pilot 4 PNPM Micro Loan Program**

Description
<ul style="list-style-type: none"> <li>• Focus on both urban and rural populations</li> <li>• PNPM group loan recipients form the core universe of pilot E-wallet users</li> <li>• Mobile wallet is used for both loan disbursement and repayment</li> <li>• Average loan size is 1 million RP with a 12-month repayment period</li> <li>• Recipient participation can be either voluntary or mandatory</li> <li>• PNPM project participants can use E-wallet to execute a range of transactions (e.g., P2P, bill payment, savings, merchant purchase)</li> <li>• Enroll local retailers/merchants and other key ecosystem actors as mobile money acceptance and cash-out points</li> <li>• Design and market savings products geared toward PNPM payment recipient needs</li> </ul>
Partners
<ul style="list-style-type: none"> <li>• PNPM</li> <li>• Designated village councils</li> <li>• Selected MNO or financial institution E-wallet provider</li> <li>• Local retailers/merchants</li> <li>• Rural and/or commercial bank branches</li> <li>• Local PT Post branches</li> </ul>
Key Requirements
<ul style="list-style-type: none"> <li>• Participants have access to mobile handsets</li> <li>• PNPM/village councils assist with group lending program</li> <li>• KYC procedures designed and approved</li> <li>• Sufficient merchant participation to stimulate payments and transfers rather than 100 percent cash-out</li> <li>• Adequate availability of cash-out points and sufficient liquidity at cash-out points</li> <li>• Recipient /cash-out point/acceptance training</li> </ul>

**Table 17. Pilot 4 PNPM Micro Loan Program**

Number of Users	Approach	Complexity	Mobile Money Impact	Financial Inclusion Impact
5,000	Voluntary/ Mandatory	Medium	Medium	Medium

**G. Pilot 4b: PNPM Community Infrastructure**

Pilot 4b takes advantage of the extensive rural reach and large rupiah amounts associated with the PNPM community infrastructure program. Designed to support local infrastructure projects, the program is community-based and relies on local laborers and suppliers to execute the projects. While funds arrive at the local community via bank transfer, distribution to workers and suppliers is in cash. Typical projects involve dozens of workers and include weekly payments over a six- to 12-month period. The pilot would involve registering the community council as well as any local laborers and suppliers with mobile money accounts. All payments from the council would be made via a peer-to-peer transfer mechanism on the mobile wallet. The payment component would be supported through the establishment of a mobile money ecosystem that would include merchant acceptance points and cash-out agents. Friends and relatives of program participants would be encouraged to sign up for accounts as well.

Table 18 summarizes key elements of an illustrative PNPM infrastructure pilot. Table 19 is a summary assessment of the pilot’s impact.

**Table 18. Pilot 4b PNPM Community Infrastructure**

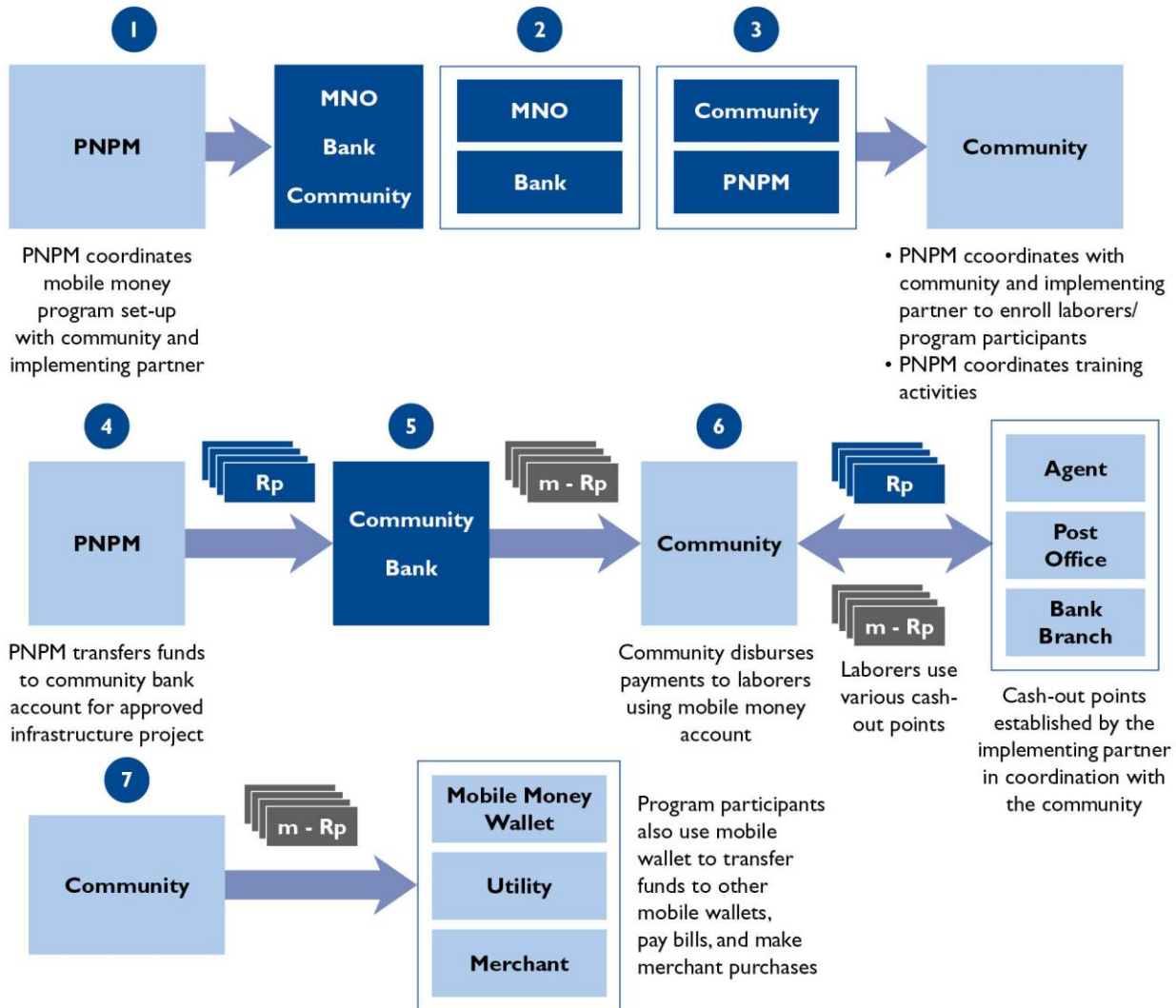
Description
<ul style="list-style-type: none"> <li>• Focus will be peri-urban and rural population centers on East Java, Kalimantan, and Papua</li> <li>• PNPM project participants form the core universe of pilot E-wallet users</li> <li>• PNPM transfers funds to designated village councils, which disburse payments to project participants</li> <li>• Recipient participation can be either voluntary or mandatory</li> <li>• PNPM project participants can use E-wallet to execute a range of transactions (e.g., P2P, bill payment, savings, merchant purchase)</li> <li>• Enroll local retailers/merchants and other key ecosystem actors as mobile money acceptance and cash-out points</li> <li>• Design and market savings products geared toward PNPM payment recipient needs</li> </ul>
Partners
<ul style="list-style-type: none"> <li>• PNPM</li> <li>• Designated village councils</li> <li>• Selected MNO or financial institution E-wallet provider</li> <li>• Local retailers/merchants</li> <li>• Rural and/or commercial bank branches</li> <li>• Local PT Post branches</li> </ul>
Key Requirements
<ul style="list-style-type: none"> <li>• Participants have access to mobile handsets</li> <li>• PNPM/village councils assist with participant identification and enrollment</li> <li>• KYC procedures designed and approved</li> <li>• Streamlined enrollment procedure</li> <li>• Sufficient merchant participation to stimulate payments and transfers rather than 100 percent cash-out</li> <li>• Adequate availability of and sufficient liquidity at cash-out points</li> <li>• Recipient /cash-out point/acceptance training</li> </ul>

**Table 19. Pilot 4b PNPM Community Infrastructure**

Number of Users	Approach	Complexity	Mobile Money Impact	Financial Inclusion Impact
10,000	Voluntary/ Mandatory	Medium	High	High

Exhibit 8 is a process flow diagram for an illustrative PNPM community infrastructure payment pilot.

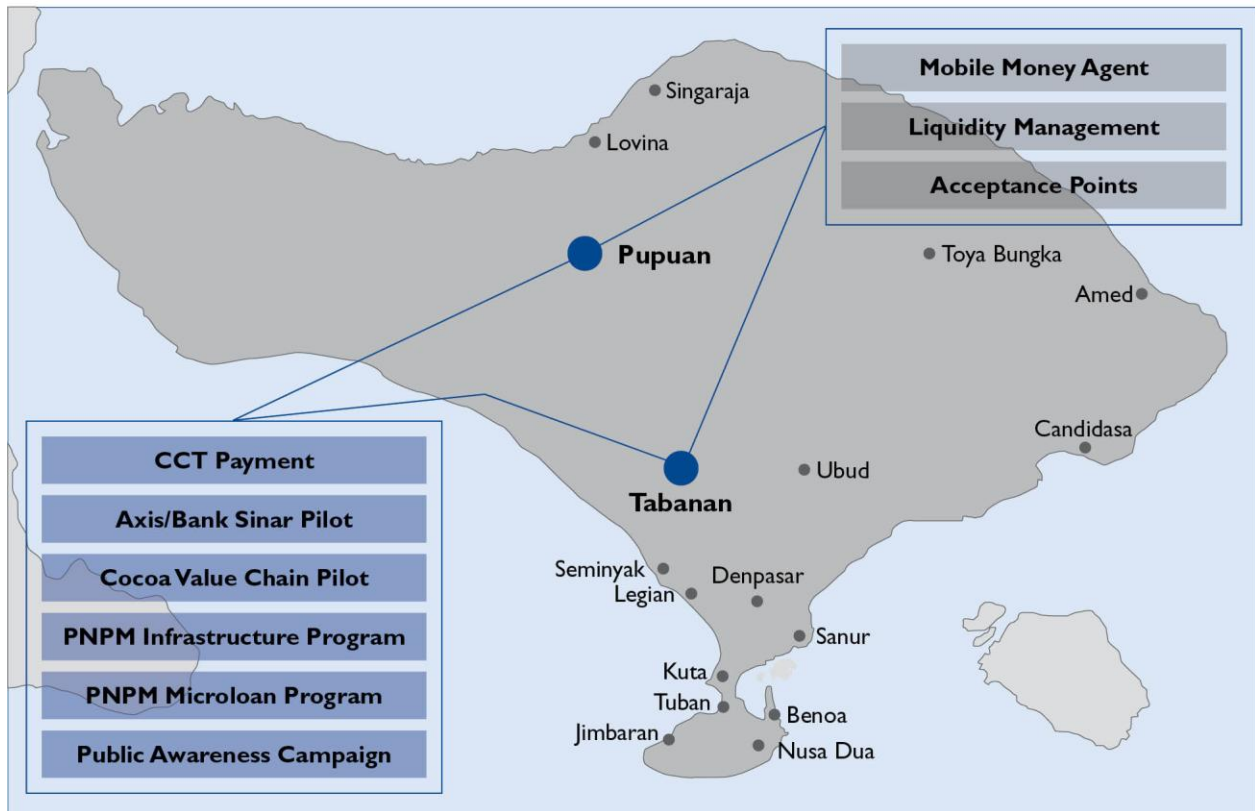
### Exhibit 8. PNPM Community Infrastructure Payment Pilot Process Flow



## SECTION IX. GEOGRAPHIC FOCUS

Analysis indicates that mobile money usage can reach a tipping point in selected geographic areas by combining multiple intervention activities and launching multiple payment pilots. Once this tipping point is reached, adoption and growth occur organically and at an accelerated pace. The intervention activities provide the initial catalyst, with market forces feeding future growth and eliminating the need for subsidies. Exhibit 9 depicts an example of this approach in Bali.

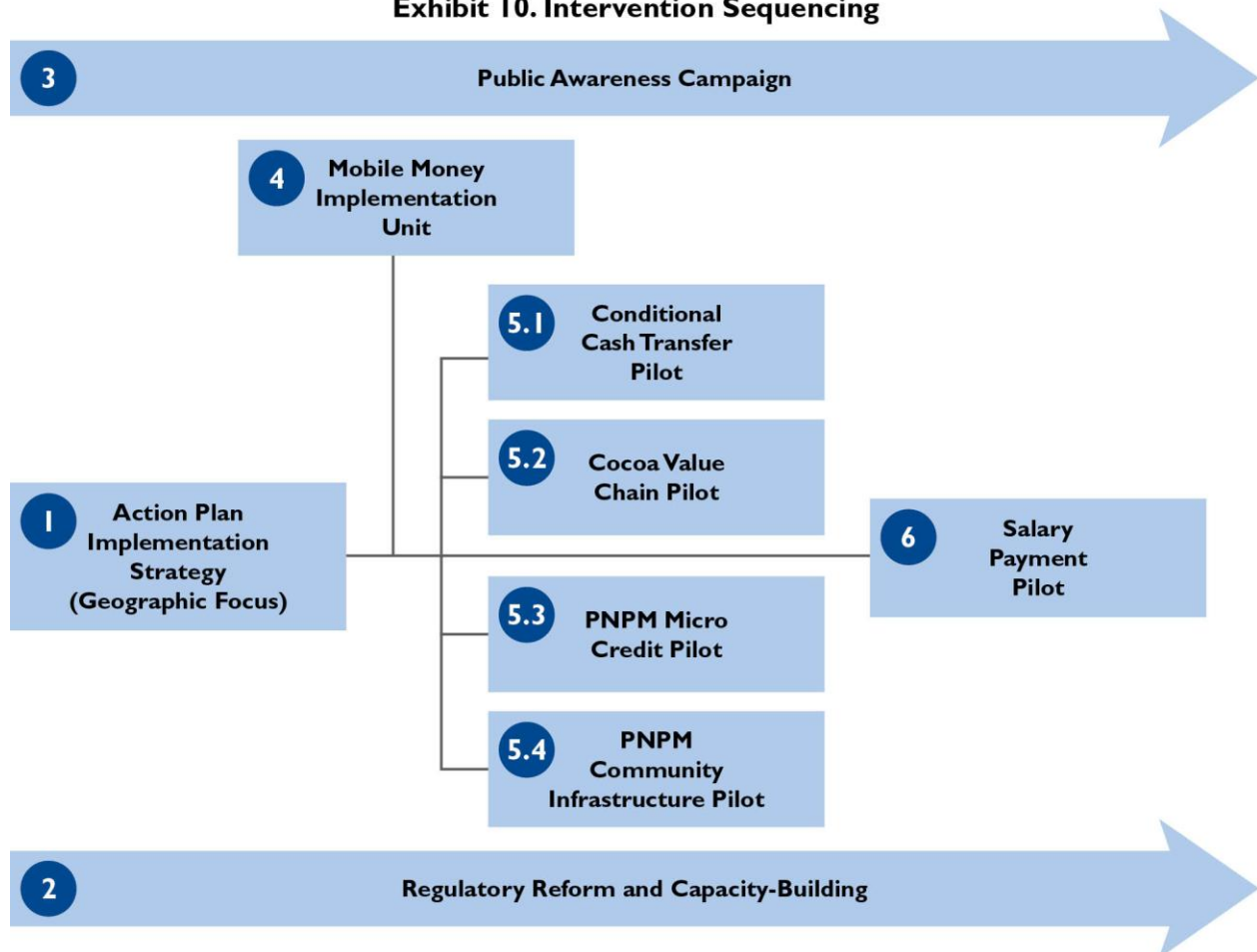
**Exhibit 9. Illustrative Geographic Focus in Bali**



## SECTION X. ACTION PLAN TIMELINE

In addition to establishing a geographic focus, the sequencing of interventions and pilots will also play a critical role in catalyzing mobile money in Indonesia. Exhibit 10 illustrates the optimal sequencing of activities. As shown, the process should begin with finalizing the implementation strategy and selecting a geographic focus. Interventions attempt to quickly leverage payment-focused pilots to expand adoption and usage. Concurrent with the expansion of payment pilots is a targeted examination of the regulatory environment and an assessment of how current regulatory practices both protect and encourage the sector. Foundational to the intervention program is a public awareness campaign coordinated through the Mobile Money Implementation Unit. The campaign is designed to promote adoption and to instill trust and confidence in mobile money institutions. The implementing mechanism for intervention activities will be the Mobile Money Implementation Unit, AMARTA II for agricultural related activities, and other USAID programs.

**Exhibit 10. Intervention Sequencing**



The Gantt charts in Annex B provide detailed activities for each intervention and highlights key linkages, sequencing, and milestones.

## SECTION XI. IMPACT ANALYSIS

The sector model estimates the potential impact of illustrative interventions on two variables: active users and transaction volume. Table 20 summarizes the relative impact of intervention activities on variables. It should be noted that the sector model does not treat intervention activities in isolation, and it estimates the cumulative impact of intervention activities on the overall sector. Nonetheless, it is useful to understand the relative impact of specific interventions

**Table 20. Intervention Impact**

High Impact ● Low Impact ○

Intervention Activity	Mobile Money Impact	Financial Inclusion Impact	Comments
Regulatory Reform and Capacity-Building	●	●	<ul style="list-style-type: none"> <li>Regulatory reforms will have a direct impact on the proliferation of non-bank agents</li> <li>Reforms will facilitate bank account registration</li> <li>Reforms will accelerate execution of mobile money pilots</li> </ul>
Public Awareness Campaign	◐	◐	<ul style="list-style-type: none"> <li>Some impact on the overall acceptance of mobile money</li> <li>Some impact with targeted market segments on expanding financial inclusion</li> <li>Will have a multiplier effect on adoption</li> <li>Lead to increased transaction volume for other use cases (e.g., peer to peer)</li> </ul>
Mobile Money Implementation Unit	◐	◐	<ul style="list-style-type: none"> <li>Center will help coordinate sector policies</li> <li>Focal point for selected donor activities</li> <li>Accelerate development of new services</li> </ul>
CCT Pilot	●	◐	<ul style="list-style-type: none"> <li>Large number of recipients could provide catalyst for broad mobile money adoption</li> <li>Limited use cases and high likelihood of 100 percent cash-out limit financial inclusion impact</li> </ul>



Intervention Activity	Mobile Money Impact	Financial Inclusion Impact	Comments
CCT Pilot (Commitment Savings)	●	●	<ul style="list-style-type: none"> <li>• Large number of recipients could provide catalyst for broad mobile money adoption</li> <li>• Tailored savings provides strong entry point into formal financial sector</li> <li>• Provides opening for delivery of other financial services (e.g., credit)</li> </ul>
Salary Payment Pilots	●	◐	<ul style="list-style-type: none"> <li>• Provides significant and consistent cash-in mechanism</li> <li>• Provides opportunity for ecosystem development around salary recipients</li> <li>• Limited financial services utility</li> </ul>
Cocoa Value Chain Pilot (Collectors)	●	◐	<ul style="list-style-type: none"> <li>• Potential for large number of participants</li> <li>• Potential for significant usage a payment instrument</li> <li>• Limited financial services utility</li> </ul>
Cocoa Value Chain Pilot (Buyer/Exporter)	●	●	<ul style="list-style-type: none"> <li>• Strong linkage between mobile wallet and credit facility</li> <li>• Supports both funds distribution and collection</li> <li>• Limited number of participants in early stages limits impact</li> </ul>
PNPM Microloan Pilot	◐	●	<ul style="list-style-type: none"> <li>• Supports both loan distribution and loan collection</li> <li>• Reach into both rural and urban communities</li> </ul>
PNPM Community Infrastructure Pilot	●	◐	<ul style="list-style-type: none"> <li>• Potential to reach large numbers of participants</li> <li>• Community focus facilitates ecosystem development</li> </ul>



## **ANNEX A. STAKEHOLDER INTERVIEWS**

### **Mobile Network Operators and Other Technology Partners**

- MASTEL
- Telkomsel
- Indosat
- Axis
- PT XLs Mobile Money Services
- MasterCard
- Utiba
- PT Ruma

### **Financial Institutions and Associations**

- Bank Mandiri
- Bank Andara
- Btpn
- Micro Finance Association

### **Government of Indonesia**

- Ministry of Social Affairs
- POS Indonesia
- TNP2K

### **Donors**

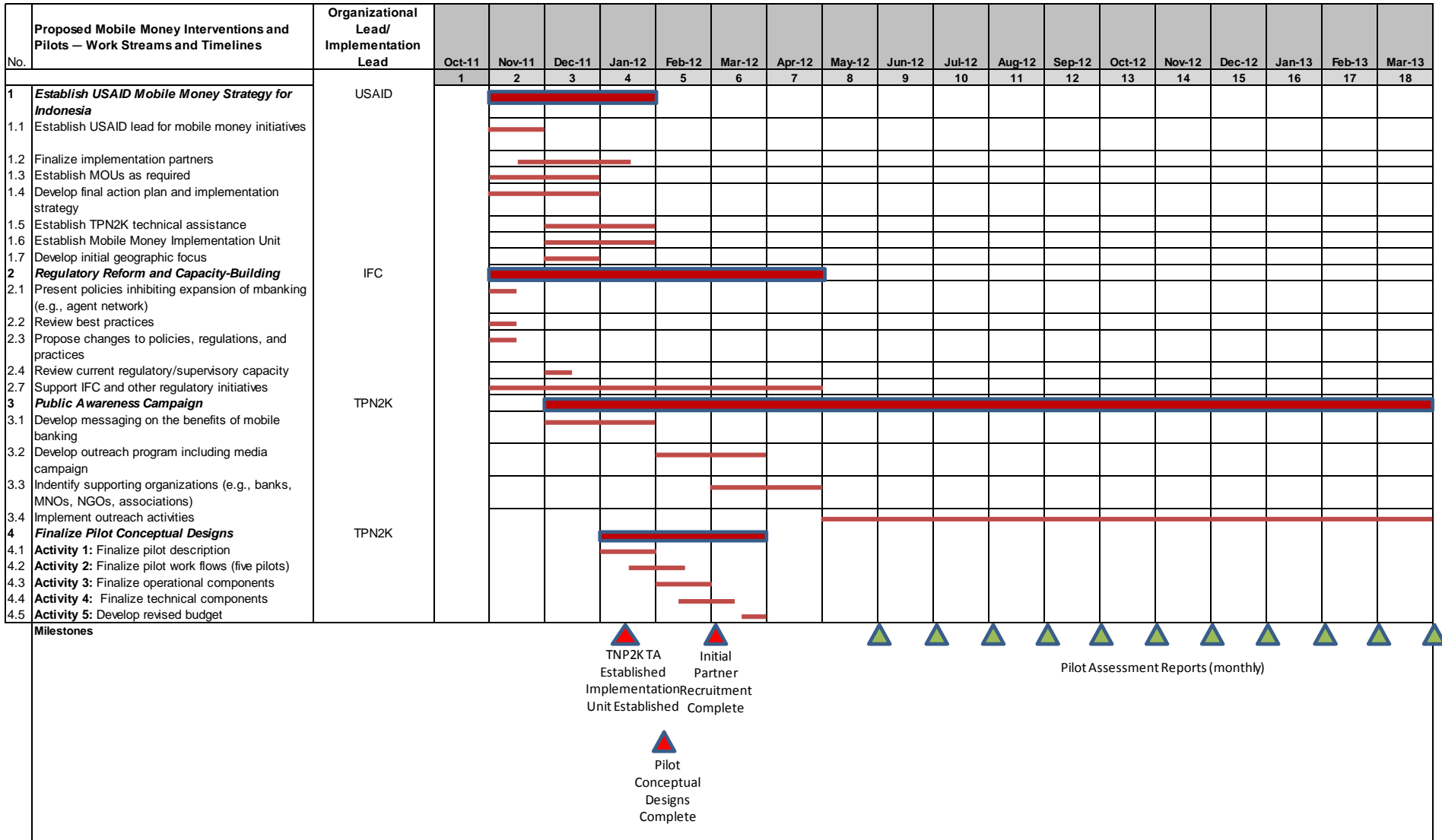
- USAID Indonesia
- United States Embassy, Indonesia
- USAID Washington
- IFC Advisory Services
- PNPM
- The World Bank
- Aus Aid
- Bill and Melinda Gates Foundation

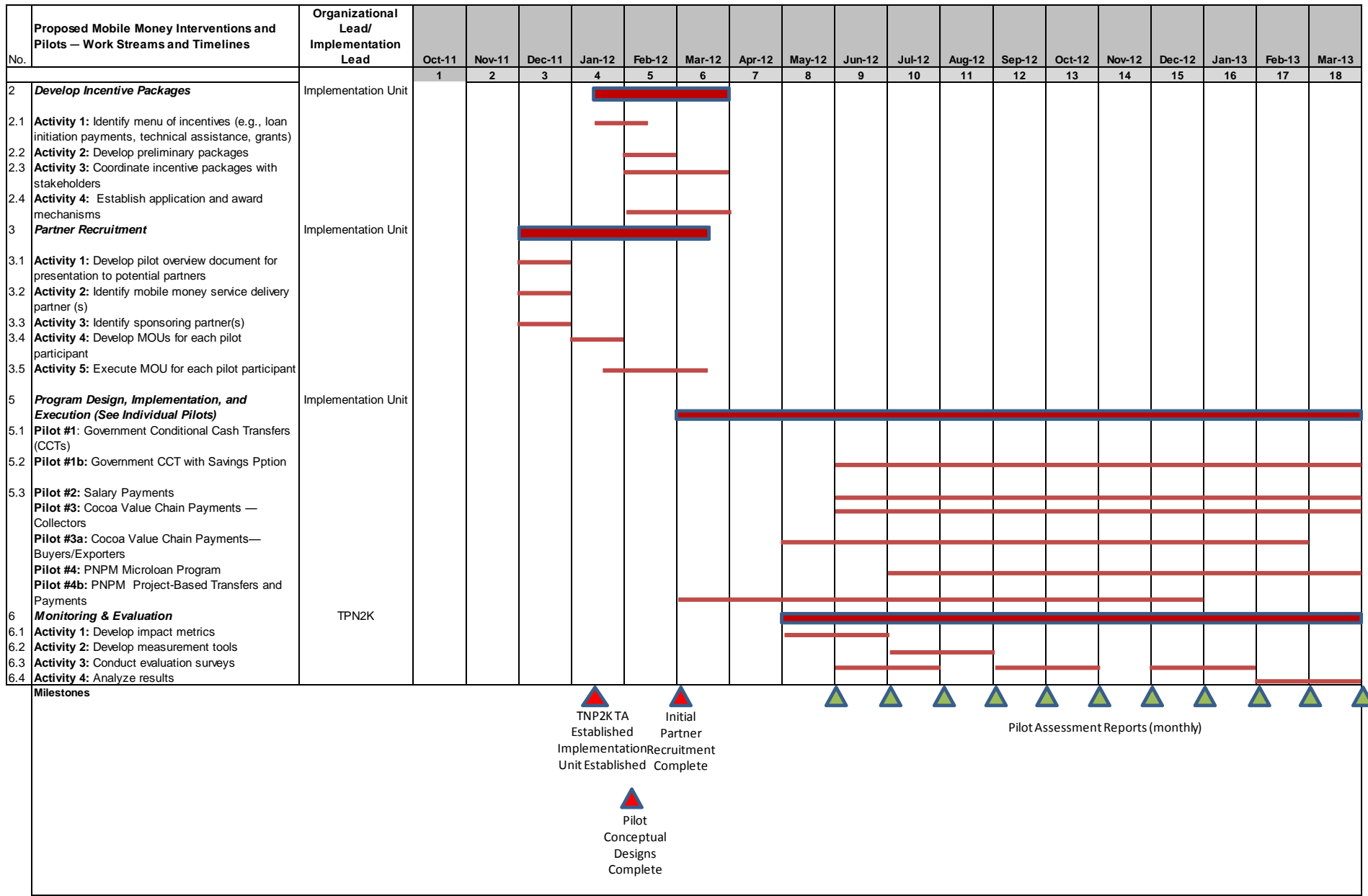
### **Focus Groups within the Cocoa Value Chain in South Sulawesi**

- Olam
- Ecom
- Armajaro
- Local cocoa bean collectors
- Farmers' associations
- Approximately 60 farmers



# ANNEX B. PROPOSED ACTION PLAN





## Proposed Pilot #1: Government Conditional Cash Transfers (CCTs)

### Assumptions and Key Requirements

- Key Pilot Partners include: Ministry of Social Welfare, TNP2K, PT Post, selected MNO or Financial Institution (FI) E-wallet provider, retail chains (e.g., IndoMart)
- Lead pilot implementation organization will be Implementation Unit
- Pilot will be based in Jakarta
- Potential universe of CCT recipients (Based on discussions with Ministry of Social Affairs, TNP2k, and PT Post)
- CCT Recipients vetted through normal Ministry of Social Affairs compliance processes
- Frequency of CCTs is currently quarterly (consider monthly payments if allowable)
- Current CCT distributions are made via assigned PT Post branches based on national ID # and household registration (GOI database)
- A database for tracking CCTs exists; however, integration and real-time updating remains a challenge
- Approximate value of a single CCT = RP 100,000 (USD 12) - However, this varies by program type (e.g., pregnant mother, high school participation)
- Ministry of Social Affairs Facilitators meet and qualify CCT recipients, can be used as registration and training conduit
- E-wallet service will be used for disbursement and notification (CCT recipients can opt in to pilot during initial program qualification discussions)
- Cash-out points will extend beyond PT Post branch offices (i.e., retail outlets, bank branches, ATMs, agents)
- All participants will have access to a mobile handset and/or registered SIM card
- Mobile money implementer will sign contract for service delivery with Ministry of Social Affairs

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>Phase 1: Pilot Planning &amp; Set-up</b>		
<b>O. Pilot #1 Alignment</b>		
(a) Sign MOU with relevant CCT contractual parties (e.g., Ministry of Social Welfare, Post Office, Commercial Bank, MNO)	USAID	Days 1-30
(b) Identify Pilot coordinator within Implementation Unit	USAID	Days 1-15
(c) Develop pilot performance requirements	TPN2K	Days 15 -30
(d) Develop mobile money service provider selection process	Implementation Unit	Days 1-30
(e) Establish CCT recipient targets (geographic - urban, peri-urban, rural/provincial; as well as IT requirements, i.e., social welfare database)	Social Affairs/PT Post/TPN2K	Days 1-30
(f) Detail regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with necessary GOI personnel, collect forms, draft manual)	Implementation Unit	Days 1-30
(g) Finalize Pilot #1 Implementation Plan	Implementation Unit	Days 1-45

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>1. Design, Build, and Test Funds Disbursement Mechanism</b>		
(a) Facilitate compliance with regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with/train MNOs, banks, participating agents, etc.)	TPN2K	Days 15-45
(b) Complete negotiations and close business transactions between all parties to the program (contracts, operating agreements, etc.)	Implementation Unit/Ministry of Social Affairs/Selected Provider	Days 30 -45
(c ) Secure necessary licenses from regulator (Circular states a 45-day review/approval period; CL 11/11/DASP Art. V (1))	TPN2K/Ministry of Social Affairs	Days 15-60
(d) Outline pilot disbursement sequencing	Implementation Unit	Days 15-30
(e) Prepare contingency plan to permit regular CCT disbursement/collection if E-wallet service malfunctions	Implementation Unit/Ministry of Social Affairs/PT Post	Days 30-50
(f) As needed, modify selected mobile money platform to support pilot + future use cases (such as M-Commerce/M-Banking); and reporting requirements as per BOI regulations	Implementation Unit/Selected Provider	Days 45-105
(g) Develop institutional E-wallet interface	Selected Provider	Days 60-120
(h) Recruit and register cash out agents (e.g., liquidity needs, risk verification, etc.)	Selected Provider	Days 60-75
(j) Test disbursement processes	Implementation Unit/Selected Provider/Ministry of Social Affairs (Facilitators)	Days 120-145
(k) Test pilot (Alpha launch)	Implementation Unit/Selected Provider/Ministry of Social Affairs (Facilitators)	Days 145-180
(l) Develop program interface dashboard	Implementation Unit/Selected Provider/Ministry of Social Affairs (Facilitators)	Days 120-180
(m) Register CCT recipients for E-wallet	Ministry of Social Affairs (Facilitators)	Days 180-210
(n) Mobilize/Train CCT participants	Implementation Unit/Selected Provider/Ministry of Social Affairs (Facilitators)	Days 180-210
<b>Phase 2: Pilot Implementation and Management</b>		
<b>1. Launch Pilot</b>		
Pilot Launch in line with Ministry of Social Affairs Budget cycle	Implementation Unit/Selected Provider/Ministry of Social Affairs/PT Post	Days 210-570
<b>2. Technical Assistance to Participating Parties</b>		
(a) Support manual development and distribution (i.e., GOI, private sector actors, agents)	Implementation Unit/TPN2K	Days 60-180
(b) Provide remote / in-person pilot implementation support	Implementation Unit/TPN2K	Days 60-570
(c) Support participating parties to comply with reporting requirements under BOI regs as per CL 11/11/DASP Art. IX (B)	Implementation Unit/TPN2K	Days 60-570



<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>3. M&amp;E</b>		
(a) Develop logframe (adoption metrics and usage measurements)	Implementation Unit/TPN2K	Days 120-270
(b) Develop measurement tools	Implementation Unit/TPN2K	Days 120-180
(c) Design and deploy SMS-based push survey for CCT recipients	Implementation Unit/TPN2K	Days 210-570
(d) Gather feedback from program participants and adjust pilot accordingly for further expansion (e.g., focus group discussions and individual interviews)	Implementation Unit/TPN2K	Days 210-570
(e) Design cost-comparison framework to evaluate different CCT disbursement modalities	Implementation Unit/TPN2K	Days 360-570
<b>Phase 3: Pilot Evaluation and Expansion</b>		
<b>1. M&amp;E</b>		
(a) Conduct final in-country evaluation surveys	Implementation Unit/TPN2K	Days 500-570
(b) Gather formal feedback from partners	Implementation Unit/TPN2K	Days 500-570
(c) Conduct evaluation surveys with CCT recipients	Implementation Unit/TPN2K	Days 210-570
(d) Compile and report out cost-comparison data regarding different disbursement modalities	Implementation Unit/TPN2K	Days 210-270
(e) Compile and report out on pilot program results	Implementation Unit/Selected Provider/ Ministry of Social Affairs/TPN2K	Days 500-570
<b>2. Sustainability</b>		
(a) Assess recipient advantages and disadvantages to gauge future willingness to use E-wallet	TPN2K	Days 270-330
(b) Assess payer (GOI) advantages and disadvantages of the E-wallet service as disbursement mechanism	TPN2K	Days 270-330
(c) Assess implementer (E-wallet platform provider) advantages and disadvantages to determine the commercial potential generated via these types of E-wallet transactions	TPN2K	Days 330-360
<b>3. Expansion</b>		
(a) Explore additional G2P payment opportunities (e.g., fuel subsidy)	TPN2K	Days 210-270
(b) Explore expanded program to all CCT recipients	TPN2K	Days 210-270

## Proposed Pilot #1b: Government Conditional Cash Transfers (CCT) with Savings Option

### Assumptions and Key Requirements

- Key Pilot Partners include: Ministry of Social Welfare, TNP2K, PT Post, selected MNO or Financial Institution (FI) E-wallet provider, retail chains (e.g., IndoMart)
- Lead pilot implementation organization will be Implementation Unit
- Pilot will be based in Jakarta
- Potential universe of CCT recipients (Based on discussions with Ministry of Social Affairs, TNP2k, and PT Post)
- CCT Recipients vetted through normal Ministry of Social Affairs compliance processes
- Frequency of CCTs is currently quarterly (consider monthly payments if allowable)
- Current CCT distributions are made via assigned PT Post branches based on national ID # and household registration (GOI database)
- A database for tracking CCTs exists; however, integration and real-time updating remains a challenge
- Offer optional commitment savings product (e.g., time-bound, goal-oriented savings)
- Approximate value of a single CCT = RP 100,000 (USD 12) - However, this varies by program type (e.g., pregnant mother, high school participation)
- Ministry of Social Affairs Facilitators meet and qualify CCT recipients, can be used as registration and training conduit
- E-wallet service will be used for disbursement and notification (CCT recipients can opt in to pilot during initial program qualification discussions)
- All recipients will register for an E-wallet and bank account (e.g., BOI "mandated" low-end, low-fee bank product)
- Cash-out points will extend beyond PT Post branch offices (i.e., retail outlets, bank branches, ATMs, agents)
- All participants will have access to a mobile handset and/or registered SIM card
- Mobile money implementer will sign contract for service delivery with Ministry of Social Affairs

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>Phase 1: Pilot Planning and Set-up</b>		
<b>O. Pilot #1 Alignment</b>		
(a) Sign MOU with relevant CCT contractual parties (e.g., Ministry of Social Welfare, Post Office, Commercial Bank, MNO)	USAID	Days 1-30
(b) Identify Pilot coordinator within Implementation Unit	USAID	Days 1-15
(c) Develop pilot performance requirements	TPN2K	Days 15 -30
(d) Develop mobile money service provider selection process	Implementation Unit	Days 1-30
(e) Establish CCT recipient targets (geographic - urban, peri-urban, rural/provincial; as well as IT requirements, i.e., social welfare database)	Social Affairs/PT Post/TPN2K	Days 1-30
(f) Detail regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with necessary GOI personnel, collect forms, draft manual)	Implementation Unit	Days 1-30
(g) Establish relationship with financial institution to develop savings product	TPN2K/Financial Institution	

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
(h) Finalize Pilot #1b Implementation Plan	Implementation Unit	Days 1-45
<b>1. Design, Build, and Test Funds Disbursement Mechanism</b>		
(a) Facilitate compliance with regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with/train MNOs, banks, participating agents, etc.)	TPN2K	Days 15-45
(b) Complete negotiations and close business transactions between all parties to the program (contracts, operating agreements, etc.)	Implementation Unit/Ministry of Social Affairs/Selected Provider	Days 30 -45
(c ) Secure necessary licenses from regulator (Circular states a 45-day review/approval period; CL 11/11/DASP Art. V (1))	TPN2K/Ministry of Social Affairs	Days 15-60
(d) Outline pilot disbursement sequencing	Implementation Unit	Days 15-30
(e) Prepare contingency plan to permit regular CCT disbursement/collection if E-wallet service malfunctions	Implementation Unit/Ministry of Social Affairs/PT Post	Days 30-50
(f) As needed, modify selected mobile money platform to support pilot + future use cases (such as M-Commerce/M-Banking); and reporting requirements as per BOI regulations	Implementation Unit/Selected Provider	Days 45-105
(G) Develop institutional E-wallet interface	Selected Provider	Days 60-120
(h) Recruit and register cash out agents (e.g., liquidity needs, risk verification, etc.)	Selected Provider	Days 60-75
(i) Test savings matching process	Selected Provider/Financial Institution	Days 120-145
(j) Test disbursement processes	Implementation Unit/Selected Provider/Ministry of Social Affairs (Facilitators)	Days 120-145
(k) Test pilot (Alpha launch)	Implementation Unit/Selected Provider/Ministry of Social Affairs (Facilitators)	Days 145-180
(l) Develop program interface dashboard	Implementation Unit/Selected Provider/Ministry of Social Affairs (Facilitators)	Days 120-180
(m) Register CCT recipients for E-wallet	Ministry of Social Affairs (Facilitators)	Days 180-210
(o) Mobilize/Train CCT participants	Implementation Unit/Selected Provider/Ministry of Social Affairs (Facilitators)	Days 180-210
<b>Phase 2: Pilot Implementation and Management</b>		
<b>1. Launch Pilot</b>		
Pilot Launch in line with Ministry of Social Affairs Budget cycle	Implementation Unit/Selected Provider/Ministry of Social Affairs/PT Post	Days 210-570

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>2. Technical Assistance to Participating Parties</b>		
(a) Support manual development and distribution (i.e., GOI, private sector actors, agents)	Implementation Unit/TPN2K	Days 60-180
(b) Provide remote / in-person pilot implementation support	Implementation Unit/TPN2K	Days 60-570
(c) Support participating parties to comply with reporting requirements under BOI regs as per CL 11/11/DASP Art. IX (B)	Implementation Unit/TPN2K	Days 60-570
<b>3. M&amp;E</b>		
(a) Develop logframe (adoption metrics and usage measurements)	Implementation Unit/TPN2K	Days 120-270
(b) Develop measurement tools	Implementation Unit/TPN2K	Days 120-180
(c) Design and deploy SMS-based push survey for CCT recipients	Implementation Unit/TPN2K	Days 210-570
(d) Gather feedback from program participants and adjust pilot accordingly for further expansion (e.g., focus group discussions and individual interviews)	Implementation Unit/TPN2K	Days 210-570
(e) Design cost-comparison framework to evaluate different CCT disbursement modalities	Implementation Unit/TPN2K	Days 360-570
<b>Phase 3: Pilot Evaluation and Expansion</b>		
<b>1. M&amp;E</b>		
(a) Conduct final in-country evaluation surveys	Implementation Unit/TPN2K	Days 500-570
(b) Gather formal feedback from partners	Implementation Unit/TPN2K	Days 500-570
(c) Conduct evaluation surveys with CCT recipients	Implementation Unit/TPN2K	Days 210-570
(d) Compile and report out cost-comparison data regarding different disbursement modalities	Implementation Unit/TPN2K	Days 210-270
(e) Compile and report out on pilot program results	Implementation Unit/Selected Provider/Ministry of Social Affairs/TPN2K	Days 500-570
<b>2. Sustainability</b>		
(a) Assess recipient advantages and disadvantages to gauge future willingness to use E-wallet	TPN2K	Days 270-330
(b) Assess payer (GOI) advantages and disadvantages of the E-wallet service as disbursement mechanism	TPN2K	Days 270-330
(c) Assess implementer (E-wallet platform provider) advantages and disadvantages to determine the commercial potential generated via these types of E-wallet transactions	TPN2K	Days 330-360
<b>3. Expansion</b>		
(a) Explore additional G2P payment opportunities (e.g., fuel subsidy)	TPN2K	Days 210-270
(b) Explore expanded program to all CCT recipients	TPN2K	Days 210-270

<b>Proposed Pilot #2: Salary Payments</b>
<b>Assumptions and Key Requirements</b>
<ul style="list-style-type: none"> <li>Key Pilot Partners include: Ministry of Finance, designated ministry (e.g., Ministry of Education for teacher payments), corporations with large cash-based payrolls (e.g., tobacco), selected MNO or Financial Institution (FI) E-wallet providers, retail chains (e.g., IndoMart), MNO outlets, and bank branches</li> </ul>
<ul style="list-style-type: none"> <li>Lead pilot implementation organization(s) will be Center for Excellence (CFE) and AMARTA</li> </ul>
<ul style="list-style-type: none"> <li>Pilot geographic focus will include Jakarta and additional locations on Java and other islands (e.g., Sulawesi)</li> </ul>
<ul style="list-style-type: none"> <li>Target salary recipient population currently receives payments in cash</li> </ul>
<ul style="list-style-type: none"> <li>Participation of recipients can be either mandatory or voluntary, subject to agreement of parties involved</li> </ul>
<ul style="list-style-type: none"> <li>All recipients will have access to a mobile handset and/or registered SIM card</li> </ul>
<ul style="list-style-type: none"> <li>All salary recipients will register for an E-wallet (and bank account if necessary, which might include BOI's "mandated" low-end, low-fee bank product)</li> </ul>
<ul style="list-style-type: none"> <li>E-wallet service will be utilized for disbursement and notification</li> </ul>
<ul style="list-style-type: none"> <li>Salary recipient will have access to M-Banking and M-Commerce services (transfer, withdrawal, deposit, P2P, merchant purchases, ,etc.) via E-wallet account provided KYC requirements are met</li> </ul>

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>Phase 1: Pilot Planning and Set-up</b>		
<b>O. Pilot #2 Alignment</b>		
(a) Sign MOU with relevant salary payment contractual parties (TBD)	USAID	Days 1-30
(b) Identify Pilot coordinator within Implementation Unit	USAID	Days 1-15
(c) Identify appropriate mobile money platform to enable salary payment disbursements	TPN2k	Days 15 -30
(d) Establish salary payment disbursement targets (geographic - urban, peri-urban, rural/provincial; by ministry or corporation)	Implementation Unit/GOI/ Designated parties	Days 1-30
(e) Develop pilot performance requirements	TPN2K	Days 15 -30
(f) Detail regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with necessary GOI personnel, collect forms, draft manual)	Implementation Unit	Days 1-30
(g) Finalize Pilot #2 Implementation Plan	Implementation Unit	Days 1-45
<b>1. Design, Build, and Test Funds Disbursement Mechanism</b>		
(a) Facilitate compliance with regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with/train MNOs, banks, participating agents, etc.) <i>Specifically, examine need for transaction and balance limit adjustment/waivers from BI (depending on E-wallet account provider)</i>	Implementation Unit	Days 15-45
(b) Complete negotiations and close business transactions between all parties to the program (contracts, operating agreements, etc.)	Implementation Unit/Employer/ Selected Provider	Days 30 -45

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
(c ) Secure necessary licenses from regulator (Circular states a 45-day review/approval period; CL 11/11/DASP Art. V (1) ) to allow for additional E-wallet use cases (e.g., cash-out)	TPN2K/Employer	Days 15-60
(e) Prepare contingency plan to permit regular salary disbursement/collection if E-wallet service malfunctions	Implementation Unit/ Selected Provider	Days 45-60
(f) Develop institutional E-wallet interface (i.e., banks, MNOs, 3rd parties, agents)	Implementation Unit/Employer/ Selected Provider	Days 60-120
(g) Recruit and register cash out agents (e.g., liquidity needs, risk verification, etc.)	Selected Provider	Days 60-75
(h) Register salary recipients for E-wallet (and bank account if necessary) and other mobile money acceptors (e.g., retailers/merchants)	Employer/Selected Provider	Days 60-75
(i) Mobilize/Train salary payment participants	Selected Provider	Days 100-120
(j) Test disbursement use cases	Selected Provider	Days 100-120
(k) Test pilot (Alpha launch)	Selected Provider	Days 100-120
(l) Develop program interface dashboard	Employer/Selected Provider	Days 100-120
<b>Phase 2: Pilot Implementation and Management</b>		
<b>1. Launch Pilot</b>		
(a) Coordinate launch with employer	Employer/Selected Provider	Days 100-120
<b>2. Technical Assistance to Participating Parties</b>		
(a) Support manual development and distribution (i.e., GOI, private sector actors, agents)	Implementation Unit	Days 60-80
(d) Identify a subset of salary recipients to receive financial literacy/education training (i.e., capital accumulation, goal-based savings, etc.)	Implementation Unit	Days 60-80
(e) Design and deploy target financial literacy/education training	Implementation Unit	Days 80-120
<b>3. M&amp;E</b>		
(a) Develop logframe (adoption metrics and usage measurements)	Implementation Unit/TPN2K	Days 120-270
(b) Develop measurement tools	Implementation Unit/TPN2K	Days 120-180
(c) Design and deploy SMS-based push survey for salary payment recipients	Implementation Unit/TPN2K	Days 210-360
(d) Gather feedback from program participants and adjust pilot accordingly for further expansion (e.g., focus group discussions and individual interviews)	Implementation Unit/TPN2K	Days 210-360
(e) Design cost-comparison framework to evaluate different salary disbursement modalities	Implementation Unit/TPN2K	Days 210-360
<b>Phase 3: Pilot Evaluation and Expansion</b>		
<b>1. M&amp;E</b>		
(a) Conduct final in-country evaluation surveys	Implementation Unit/TPN2K	Days 300-360
(b) Gather formal feedback from partners	Implementation Unit/TPN2K	Days 300-360
(c) Conduct evaluation surveys with salary payment recipients	Implementation Unit/TPN2K	Days 300-360

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
(d) Compile and report out cost-comparison data regarding different salary disbursement modalities	Implementation Unit/TPN2K	Days 300-360
(e) Compile and report out on pilot program results	Implementation Unit/TPN2K	Days 300-360
<b>2. Sustainability</b>		
(a) Assess recipient advantages and disadvantages to gauge future willingness to use E-wallet	TPN2K	Days 270-300
(b) Assess payer (participating ministries and corporations) advantages and disadvantages of the E-wallet service as salary disbursement mechanism	TPN2K	Days 270-330
(c) Assess implementer (E-wallet platform provider) advantages and disadvantages to determine the commercial potential generated via these types of E-wallet transactions	Implementation Unit/TPN2K	Days 270-330
<b>3. Expansion</b>		
(a) Explore additional salary payment opportunities with other ministries or private sector payers	TPN2K	Days 180-360

### Proposed Pilot #3: Cocoa Value Chain Payments -- Collectors

#### Assumptions and Key Requirements

- Key Pilot Partners include: Amarta II, cocoa collectors, farm associations, Ag input providers, selected MNO or Financial Institution (FI) E-wallet providers, local retailers/merchants, rural and/or commercial bank branches, local PT Post branches
- Lead pilot implementation organization will be AMARTA
- Pilot geographic focus will be South Sulawesi and additional locations with a strong Ag sector presence (i.e., producers, distributors, and buyers/exporters)
- Participation is voluntary
- Potential universe of participants = 400,000 (9,000 collectors and some combination of farmers, retailers/merchants, and Ag input providers)
- Local collectors will serve as focal point for M-Payments and will pay farmers via their E-wallet
- All collectors will have access to a mobile handset and/or registered SIM card
- All collectors will register for an E-wallet (and bank account if necessary such as BOI's "mandated" low-end, low-fee bank product)
- Local collector is authorized to enroll E-wallet accounts
- Collector's E-wallet account will be linked to a formal bank account
- Collectors will conduct E-wallet enrollment for farmers and serve as primary cash-out point
- Ag input providers and local retailers/merchants will be enrolled with E-wallet accounts to serve as additional acceptance and cash-out points
- Acceptance ecosystem of merchants and Ag input providers will be sufficient to stimulate payments and transfers to avoid 100% cash-out
- Design and market savings products geared toward farmer needs

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>Phase 1: Pilot Planning and Set-up</b>		
<b>O. Pilot #3 Alignment</b>		
(a) Sign MOU with relevant contractual parties (TBD)	USAID	Days 1-30
(b) Identify Pilot coordinator within Implementation Unit	USAID	Days 1-15
(c) Identify appropriate mobile money platform to enable core and supporting use cases centered on specific ag sectors (e.g., cocoa) and transactions (e.g., payments to farmers)	TPN2K/Implementation Unit	Days 15 -30
(d) Establish target participant segments (i.e., collectors, ag input providers, merchants, and farmers)	Implementation Unit/GOI/Designated parties	Days 1-30
(e) Develop mobile money service provider selection process	Implementation Unit	Days 1-30
(f) Detail regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with necessary GOI personnel, collect forms, draft manual)	Implementation Unit	Days 1-30
(g) Finalize Pilot #3 Implementation Plan	Implementation Unit	Days 1-45



<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>1. Design, Build, and Test Funds Disbursement Mechanism</b>		
(a) Facilitate compliance with regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with/train MNOs, banks, participating agents, growers, ag workers, etc.)	Implementation Unit	Days 15-45
(b) Specifically, examine need for transaction and balance limit adjustment/waivers from BI (depending on E-wallet account provider)	TPN2K/Implementation Unit	Days 1-45
(c) Complete negotiations and close business transactions between all parties to the program (contracts, operating agreements, etc.)	Implementation Unit/Selected Provider/Collectors	Days 30-60
(e) Prepare contingency plan to permit regular collector-farmer payments if E-wallet service malfunctions	Implementation Unit/Selected Provider/Collectors	Days 30-60
(g) Develop institutional E-wallet interface (i.e., banks, MNOs, 3rd parties, agents)	Implementation Unit/Selected Provider/Collectors	Days 60-120
(i) Develop farmer-oriented savings product linked to E-wallet based on market research	Implementation Unit/Financial Institutions	Days 80-120
(h) Recruit and register cash out agents (e.g., liquidity needs, risk verification, etc.)	Implementation Unit/Selected Provider/Collectors	Days 100-120
(j) Register farmers for E-wallet (and bank account if necessary) and other mobile money acceptors (e.g., local retailers/merchants)	Implementation Unit/Selected Provider/Collectors	Days 80-120
(k) Mobilize/Train cocoa payment participants	Implementation Unit/Selected Provider/Collectors	Days 100-120
(l) Test payment and transfer use cases	Implementation Unit/Selected Provider/Collectors	Days 100-120
(m) Test pilot (Alpha launch)	Implementation Unit/Selected Provider/Collectors	Days 110-120
(n) Develop program interface dashboard	Implementation Unit/Selected Provider	Days 80-120
<b>Phase 2: Pilot Implementation and Management</b>		
<b>1. Launch Pilot</b>		
(a) Obtain regulatory approvals	TPN2K/Implementation Unit/Selected Service Provider	Days 60-120
<b>2. Technical Assistance to Participating Parties</b>		
(b) Provide remote / in-person pilot implementation support	Implementation Unit	Days 120 - 360
(c) Support participating parties to comply with reporting requirements under BOI regs as per CL 11/11/DASP Art. IX (B)	Implementation Unit/Selected Service Provider	Days 120 - 360
(d) Identify a subset of farmers to receive business development and financial literacy/education training (i.e., capital accumulation, goal-based savings, etc.)	Implementation Unit	Days 60-120
(e) Design and deploy targeted trainings	Implementation Unit/Selected Service Provider	Days 100-120

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>3. M&amp;E</b>		
(a) Develop logframe (adoption metrics and usage measurements)	Implementation Unit/TPN2K	Days 120-270
(b) Develop measurement tools	Implementation Unit/TPN2K	Days 120-180
(c) Design and deploy SMS-based push survey for Ag growers, workers, suppliers, etc.	Implementation Unit/TPN2K	Days 210-360
(d) Gather feedback from program participants and adjust pilot accordingly for further expansion (e.g., focus group discussions and individual interviews)	Implementation Unit/TPN2K	Days 210-360
<b>Phase 3: Pilot Evaluation and Expansion</b>		
<b>1. M&amp;E</b>		
(a) Conduct final in-country evaluation surveys	Implementation Unit/TPN2K	Days 300-360
(b) Gather formal feedback from partners	Implementation Unit/TPN2K	Days 300-360
(c) Conduct evaluation surveys with Ag growers, workers, suppliers, etc.	Implementation Unit/TPN2K	Days 300-360
(d) Compile and report out on pilot program results	Implementation Unit/TPN2K	Days 300-360
<b>2. Sustainability</b>		
(a) Assess payee (farmers) advantages and disadvantages to gauge future willingness to use E-wallet as a viable transaction and savings method	TPN2K	Days 270-300
(b) Assess payer (cocoa collectors) and acceptor (e.g., Ag input providers, and retailers/merchants) advantages and disadvantages of the E-wallet service as an alternative transaction method	TPN2K	Days 270-330
(c) Assess implementer (E-wallet platform provider) advantages and disadvantages to determine the commercial potential generated via these types of E-wallet transactions	Implementation Unit/TPN2K	Days 270-330
<b>3. Expansion</b>		
(a) Explore additional Ag payment opportunities within other labor-intensive Ag Value Chains (e.g., palm oil)	TPN2K	Days 180-360

### Proposed Pilot #3a: Cocoa Value Chain Payments -- Buyer/Exporter

#### Assumptions and Key Requirements

- Key Pilot Partners include: Armajaro, Amarta II, farm associations, Ag input providers, selected MNO or Financial Institution (FI) E-wallet providers, local retailers/merchants, rural and/or commercial bank branches, local PT Post branches
- Lead pilot implementation organization will be AMARTA
- Pilot geographic focus will be South Sulawesi and additional locations with a strong Ag sector presence (i.e., producers, distributors, and buyers/exporters)
- Participation is mandatory
- All participants (farmers, Ag input providers, buyers/exporter) will have access to a mobile handset and/or registered SIM card
- All participants will register for an E-wallet (and bank account if necessary such as BOI's "mandated" low-end, low-fee bank product)
- Cocoa farmers will receive an Ag input loan (both cash and inputs), loan value = \$500 USD, loan term = 6 months
- Participating bank will identify and enroll farmers
- Input provider delivers supplies to farmer
- Buyer/Exporter pays farmer for product by making an E-wallet to E-wallet transaction
- Loan repayment is deducted directly from the farmer's bank account via transfer from his E-wallet account
- Farmer will have access to mobile money services (i.e., P2P, bank transfer, bill payment, merchant purchase)
- Ag input providers and local retailers/merchants will be enrolled with E-wallet accounts to serve as additional acceptance and cash-out points
- Acceptance ecosystem of merchants and Ag input providers will be sufficient to stimulate payments and transfers to avoid 100% cash-out
- Design and market savings products geared toward farmer needs

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>Phase 1: Pilot Planning and Set-up</b>		
<b>O. Pilot #3a Alignment</b>		
(a) Sign MOU with relevant contractual parties (TBD)	Implementation Unit	Days 1-30
(b) Identify Pilot coordinator within AMARTA	USAID	Days 1-30
(c) Identify appropriate mobile money platform to enable core and supporting use cases centered on specific ag sectors (e.g., cocoa) and transactions (e.g., payments to farmers)	Implementation Unit	Days 30-60
(d) Establish target participant segments (i.e., buyers/exporters, ag input providers, merchants, and farmers)	Implementation Unit	Days 1-30
(e) Detail regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with necessary GOI personnel, collect forms, draft manual)	TPN2K/Implementation Unit	Days 1-30
(f) Finalize Pilot #3a Implementation Plan	Implementation Unit	Days 1-45

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>1. Design, Build, and Test Funds Disbursement Mechanism</b>		
(a) Facilitate compliance with regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with/train MNOs, banks, participating agents, growers, ag workers, etc.)	TPN2K/Implementation Unit	Days 15-45
(b) Complete negotiations and close business transactions between all parties to the program (contracts, operating agreements, etc.)	TPN2K/Implementation Unit/ Selected Implementer	Days 30-60
(c) Secure necessary licenses from regulator (Circular states a 45-day review/approval period; CL 11/11/DASP Art. V (1) ) to allow for additional E-wallet use cases (e.g., cash-out)	TPN2K/Implementation Unit/ Selected Implementer	Days 1-60
(d) Outline pilot disbursement sequencing	Implementation Unit/ Selected Implementer	Days 30-60
(e) Prepare contingency plan to permit regular buyer/exporter-farmer payments if E-wallet service malfunctions	Implementation Unit/ Selected Implementer	Days 30-60
(f) Develop institutional E-wallet interface (i.e., banks, MNOs, 3rd parties, agents)	Implementation Unit/ Selected Implementer	Days 60-120
(g) Develop farmer-oriented savings product linked to E-wallet based on market research	Selected Implementer	Days 60-120
(h) Register farmers for E-wallet (and bank account if necessary) and other mobile money acceptors (e.g., local retailers/merchants)	Implementation Unit/ Selected Implementer	Days 100-120
(i) Mobilize/Train cocoa payment participants	Implementation Unit/ Selected Implementer	Days 100-120
(j) Test payment and transfer use cases	Implementation Unit/ Selected Implementer	Days 100-120
(k) Test pilot (Alpha launch)	Implementation Unit/ Selected Implementer/Exporter	Days 110-120
(l) Develop program interface dashboard	Implementation Unit/ Selected Implementer/Exporter	Days 80-120
<b>Phase 2: Pilot Implementation and Management</b>		
<b>1. Launch Pilot</b>		
(a) Must occur 6 months after license issuance OR written notice to BOI explaining delay (per CL 11/11/DASP Art. V1 (1)-(4))	TNP2K/Implementation Unit/ Selected Implementer	Days 1-120
<b>2. Technical Assistance to Participating Parties</b>		
(a) Support manual development and distribution (i.e., GOI, private sector actors, agents)	Implementation Unit/ Selected Implementer	Days 60-120
(c) Support participating parties to comply with reporting requirements under BOI regulations as per CL 11/11/DASP Art. IX (B)	Implementation Unit/ Selected Implementer	Days 60-120
(d) Identify a subset of farmers to receive business development and financial literacy/education training (i.e., capital accumulation, goal-based savings, etc.)	Implementation Unit/ Selected Implementer/Exporter	Days 80-120
(e) Design and deploy targeted trainings	Implementation Unit/ Selected Implementer	Days 100-120

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>3. M&amp;E</b>		
(a) Develop logframe (adoption metrics and usage measurements)	Implementation Unit/TPN2K/ Selected Implementer	Days 120-160
(b) Develop measurement tools	Implementation Unit/TPN2K/ Selected Implementer	Days 120-180
(c) Design and deploy SMS-based push survey for ag growers, workers, suppliers, etc.	Implementation Unit/TPN2K/ Selected Implementer	Days 160-360
(d) Gather feedback from program participants and adjust pilot accordingly for further expansion (e.g., focus group discussions and individual interviews)	Implementation Unit/TPN2K/ Selected Implementer	Days 160-360
<b>Phase 3: Pilot Evaluation and Expansion</b>		
<b>1. M&amp;E</b>		
(a) Conduct final in-country evaluation surveys	Implementation Unit/TPN2K/ Selected Implementer	Days 300-360
(b) Gather formal feedback from partners	Implementation Unit/TPN2K/ Selected Implementer	Days 300-360
(c) Conduct evaluation surveys with Ag growers, workers, suppliers, etc.	Implementation Unit/TPN2K/ Selected Implementer	Days 300-360
(d) Compile and report out on pilot program results	Implementation Unit/TPN2K/ Selected Implementer	Days 300-360
<b>2. Sustainability</b>		
(a) Assess payee (farmers) advantages and disadvantages to gauge future willingness to use E-wallet as a viable transaction, savings, and loan repayment method	Implementation Unit/TPN2K/ Selected Implementer	Days 270-300
(b) Assess payer (buyers/exporters) and acceptor (e.g., Ag input providers, and retailers/merchants) advantages and disadvantages of the E-wallet service as an alternative transaction method	Implementation Unit/TPN2K/ Selected Implementer	Days 270-330
(c) Assess implementer (E-wallet platform provider) advantages and disadvantages to determine the commercial potential generated via these types of E-wallet transactions	Implementation Unit/TPN2K/ Selected Implementer	Days 270-330
<b>3. Expansion</b>		
(a) Explore additional Ag payment/loan repayment opportunities within other labor-intensive Ag Value Chains (e.g., horticulture)	TPN2K	Days 180-360

<b>Proposed Pilot #4: PNPM Micro Credit</b>
<b>Assumptions and Key Requirements</b>
<ul style="list-style-type: none"> <li>• PNPM identifies lending groups to participate in mobile money pilot</li> <li>• Selected implementer will provide PNPM and participants with mobile money platform capabilities</li> <li>• Core use cases will include loan disbursement and loan repayment</li> <li>• Additional use cases will be layered along with supporting ecosystem</li> <li>• Regulatory ambiguity around PNPM group lending program will need clarification and resolution</li> </ul>

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>Phase 1: Pilot Planning and Set-up</b>		
<b>O. Pilot #4 Alignment</b>		
(a) Sign MOU with relevant contractual parties	Implementation Unit	Days 1-30
(b) Identify Pilot coordinator within PNPM	USAID/PNPM	Days 1-30
(c) Identify appropriate mobile money platform to enable core and supporting use cases centered on microfinance products	Implementation Unit	Days 30-60
(d) Establish target participant segments (i.e., Community Lending Groups)	Implementation Unit/PNPM	Days 1-30
(e) Detail regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with necessary GOI personnel, collect forms, draft manual)	TPN2K/Implementation Unit	Days 1-30
(f) Finalize Pilot #4 Implementation Plan	Implementation Unit	Days 1-45
<b>1. Design, Build, and Test Funds Disbursement Mechanism</b>		
(a) Facilitate compliance with regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with/train MNOs, banks, participating agents, growers, ag workers, etc.)	TPN2K/Implementation Unit	Days 15-45
(b) Complete negotiations and close business transactions between all parties to the program (contracts, operating agreements, etc.)	TPN2K/Implementation Unit/Selected Implementer	Days 30-60
(c) Secure necessary licenses from regulator (Circular states a 45-day review/approval period; CL 11/11/DASP Art. V (1) ) to allow for additional E-wallet use cases (e.g., cash-out)	TPN2K/Implementation Unit/Selected Implementer	Days 1-60
(d) Outline pilot disbursement and loan repayment sequencing	Implementation Unit/Selected Implementer	Days 30-60
(e) Prepare contingency plan to permit regular disbursements and repayments if E-wallet service malfunctions	Implementation Unit/Selected Implementer	Days 30-60
(f) Develop institutional E-wallet interface (i.e., banks, MNOs, 3rd parties, agents)	Implementation Unit/Selected Implementer	Days 60-120
(g) Develop group-oriented savings product linked to E-wallet based on market research	Selected Implementer	Days 60-120
(h) Register program participants (both group and individuals) and other mobile money acceptors (e.g., local retailers/merchants)	Implementation Unit/Selected Implementer	Days 100-120

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
(i) Mobilize/Train loan group	Implementation Unit/Selected Implementer	Days 100-120
(j) Test payment and transfer use cases	Implementation Unit/Selected Implementer	Days 100-120
(k) Test pilot (Alpha launch)	Implementation Unit/Selected Implementer/PNPM	Days 110-120
(l) Develop program interface dashboard for PNPM	Implementation Unit/Selected Implementer/PNPM	Days 80-120
<b>Phase 2: Pilot Implementation and Management</b>		
<b>1. Launch Pilot</b>		
(a) Must occur 6 months after license issuance OR written notice to BOI explaining delay (per CL 11/11/DASP Art. V1 (1)-(4))	TNP2K/Implementation Unit/Selected Implementer	Days 1-120
<b>2. Technical Assistance to Participating Parties</b>		
(a) Support manual development and distribution (i.e., GOI, private sector actors, agents)	Implementation Unit/Selected Implementer	Days 60-120
(c) Support participating parties to comply with reporting requirements under BOI regs as per CL 11/11/DASP Art. IX (B)	Implementation Unit/Selected Implementer	Days 60-120
(d) Identify a subset of loan recipients to receive business development and financial literacy/education training (i.e., capital accumulation, goal-based savings, etc.)	Implementation Unit/Selected Implementer/PNPM	Days 80-120
(e) Design and deploy targeted trainings	Implementation Unit/Selected Implementer/PNPM	Days 100-120
<b>3. M&amp;E</b>		
(a) Develop logframe (adoption metrics and usage measurements)	Implementation Unit/TPN2K/Selected Implementer	Days 120-160
(b) Develop measurement tools	Implementation Unit/TPN2K/Selected Implementer	Days 120-180
(c) Design and deploy SMS-based push survey for ag growers, workers, suppliers, etc.	Implementation Unit/TPN2K/Selected Implementer	Days 160-360
(d) Gather feedback from program participants and adjust pilot accordingly for further expansion (e.g., focus group discussions and individual interviews)	Implementation Unit/TPN2K/Selected Implementer	Days 160-360
<b>Phase 3: Pilot Evaluation and Expansion</b>		
<b>1. M&amp;E</b>		
(a) Conduct final in-country evaluation surveys	Implementation Unit/TPN2K/Selected Implementer/PNPM	Days 300-360
(b) Gather formal feedback from partners	Implementation Unit/TPN2K/Selected Implementer/PNPM	Days 300-360
(c) Conduct evaluation surveys with loan recipients.	Implementation Unit/TPN2K/Selected Implementer/PNPM	Days 300-360
(d) Compile and report out on pilot program results	Implementation Unit/TPN2K/Selected Implementer/PNPM	Days 300-360

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>2. Sustainability</b>		
(a) Assess loan recipient advantages and disadvantages to gauge future willingness to use E-wallet as a viable transaction, savings, and loan repayment method	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 270-300
(b) Assess PNPM and local merchants advantages and disadvantages of the E-wallet service as an alternative transaction method	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 270-330
(c) Assess implementer (E-wallet platform provider) advantages and disadvantages to determine the commercial potential generated via these types of E-wallet transactions	Implementation Unit/TPN2K/Selected Implementer/PNPM	Days 270-330
<b>3. Expansion</b>		
(a) Explore additional loan repayment opportunities within other Micro Credit programs	TPN2K/PNPM	Days 180-360



<b>Proposed Pilot #4b: PNPM Project-Based Transfers and Payments</b>
<b>Assumptions and Key Requirements</b>
<ul style="list-style-type: none"> <li>Key Pilot Partners include: PNPM, designated village councils, selected MNO or Financial Institution (FI) E-wallet providers, local retailers/merchants, rural and/or commercial bank branches, local PT Post branches</li> <li>Lead pilot implementation organization will be PNPM with support from Implementation Unit</li> <li>Pilot focus will be peri-urban and potential rural population centers on East Java, Kalimantan, and Papua</li> <li>Potential universe of participants based on PNPM program life cycle</li> <li>Frequency of transfers or payments = (TBD); Approximate value of individual PNPM payment = (TBD)</li> <li>Participation of recipients can be either voluntary or mandatory</li> <li>Offer optional commitment savings product (e.g., time-bound, goal-oriented savings)</li> <li>Savings product development through market research required (e.g., realistic savings goals, interest earnings, time period, early withdrawal penalties if any, etc.)</li> <li>E-wallet service will be utilized for disbursement and notification</li> <li>Cash-out points will include local merchant/retail locations, commercial and/or rural bank branches, local PT Post branches, etc.)</li> <li>All recipients will have access to a mobile handset and/or registered SIM card</li> <li>All recipients will register for an E-wallet (and bank account if necessary, such as BOI's "mandated" low-end, low-fee bank product)</li> <li>Recipients will have access to M-Banking and M-Commerce services (i.e., P2P, bill payment, merchant purchase, savings)</li> <li>Pilot requirements will have been approved by Bank of Indonesia (BOI)</li> <li>Depending on E-wallet service selected, MNO(s) involvement will vary (i.e., providing access to a dedicated mobile channel for E-wallet transactions, retail outlets, etc.)</li> <li>Involvement of MNO-based or any other agent network will be contingent on agreement of the contractual parties (e.g., Post Office)</li> </ul>

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>Phase 1: Pilot Planning and Set-up</b>		
<b>O. Pilot #4b Alignment</b>		
(a) Sign MOU with relevant infrastructure payment contractual parties (e.g., PNPM, Bank, Village Council, Local Government)	Implementation Unit	Days 1-30
(b) Identify Pilot coordinator within PNPM	USAID/PNPM	Days 1-30
(c) Identify appropriate mobile money platform to enable PNPM transfers and payments	TPN2K/Implementation Unit	Days 1-30
(d) Establish target participant segments (i.e., PNPM payment recipients, village councils, and retailers/merchants)	Implementation Unit/ PNPM/TPN2K/Local Government	Days 1-30
(e) Detail regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with necessary GOI personnel, collect forms, draft manual)	TPN2K/Implementation Unit	Days 1-30

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
(f) Finalize Pilot #4 Implementation Plan	Implementation Unit/PNPM	Days 1-45
<b>1. Design, Build, and Test Funds Disbursement Mechanism</b>		
(a) Facilitate compliance with regulatory requirements and registration steps for all E-wallet account holders (i.e., meet with/train MNOs, banks, participating agents, etc.)	TPN2K/Implementation Unit	Days 15-45
(b) Complete negotiations and close business transactions between all parties to the program (contracts, operating agreements, etc.)	TPN2K/Implementation Unit/ Selected Implementer/PNPM/ Local Council	Days 30-60
(c) Secure necessary licenses from regulator (Circular states a 45-day review/approval period; CL 11/11/DASP Art. V (1))	TPN2K/Implementation Unit/ Selected Implementer/PNPM/ Local Council	Days 1-60
(d) Outline pilot disbursement sequencing	Implementation Unit/Selected Implementer/PNPM/Local Council	Days 30-60
(e) Prepare contingency plan to permit regular payments if E-wallet service malfunctions	Implementation Unit/Selected Implementer/Local Council/PNPM	Days 30-60
(f) Develop institutional E-wallet interface (i.e., banks, MNOs, 3rd parties, agents)	Implementation Unit/Selected Implementer	Days 60-120
(g) Develop savings product for project laborers linked to E-wallet based on market research	PNPM/TPN2K	Days 60-120
(h) Register program participants and other mobile money acceptors (e.g., local retailers/merchants)	Implementation Unit/Selected Implementer/Village Council	Days 100-120
(i) Mobilize/Train Local Council and laborers	Implementation Unit/Selected Implementer/PNPM	Days 100-120
(j) Test payment and transfer use cases	Implementation Unit/Selected Implementer/Local Council/PNPM	Days 100-120
(k) Test pilot (Alpha launch)	Implementation Unit/Selected Implementer/Local Council/PNPM	Days 110-120
(l) Develop program interface dashboard for PNPM	Implementation Unit/Selected Implementer/Local Council/PNPM	Days 80-120
<b>Phase 2: Pilot Implementation and Management</b>		
<b>1. Launch Pilot</b>		
(a) Obtain regulatory approvals	TPN2K/Implementation Unit/ Selected Service Provider/PNPM	Days 60-120
<b>2. Technical Assistance to Participating Parties</b>		
(a) Support manual development and distribution (i.e., GOI, private sector actors, agents)	Implementation Unit/Selected Implementer/PNPM	Days 60-120
(c) Support participating parties to comply with reporting requirements under BOI regulations as per CL 11/11/DASP Art. IX (B)	Implementation Unit/Selected Implementer/PNPM	Days 60-120
(d) Identify a subset of laborers/village councils to receive business development and financial literacy/education training (i.e., capital accumulation, goal-based savings, etc.)	Implementation Unit/Selected Implementer/PNPM	Days 80-120
(e) Design and deploy targeted trainings	Implementation Unit/Selected Implementer/PNPM	Days 100-120

<b>Activities</b>	<b>Organizational Lead</b>	<b>Timeframe</b>
<b>3. M&amp;E</b>		
(a) Develop logframe (adoption metrics and usage measurements)	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 120-160
(b) Develop measurement tools	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 120-180
(c) Design and deploy SMS-based push survey for CCT recipients	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 160-360
(d) Gather feedback from program participants and adjust pilot accordingly for further expansion (e.g., focus group discussions and individual interviews)	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 160-360
(e) Design cost-comparison framework to evaluate different PNPM disbursement modalities	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 160-200
<b>Phase 3: Pilot Evaluation and Expansion</b>		
<b>1. M&amp;E</b>		
(a) Conduct final in-country evaluation surveys	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 300-360
(b) Gather formal feedback from partners	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 300-360
(c) Conduct evaluation surveys with loan recipients.	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 300-360
(d) Compile and report out on pilot program results	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 300-360
<b>2. Sustainability</b>		
(a) Assess payment recipient advantages and disadvantages to gauge future willingness to use E-wallet as a viable transaction, savings, and payment method	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 270-300
(b) Assess PNPM and local merchants advantages and disadvantages of the E-wallet service as an alternative transaction method	Implementation Unit/TPN2K/Selected Implementer	Days 270-330
(c) Assess implementer (E-wallet platform provider) advantages and disadvantages to determine the commercial potential generated via these types of E-wallet transactions	Implementation Unit/TPN2K/ Selected Implementer/PNPM	Days 270-330
<b>3. Expansion</b>		
(a) Explore additional low wage payment opportunities	TPN2K/PNPM	Days 180-360



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