Enhancing digital G2P transfer capacities in the Asian LDCs

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**G2P: A brief introduction**

**Government – to – People (G2P)** social transfers, government wage & pension payments

Examples of social transfers: Conditional and unconditional cash transfers to households below a poverty line.

Increasing number of governments switching to digitised G2P payments
- More secure + reduces transactions costs compared to cash transactions
- E.g., Govt of India, in 2018, saved an estimated US$12.7 billion via the use of digital cash transfers

Responding to COVID-19 via digital cash transfers
- Rapid scale up of G2P transfers via mobile money agent
- Advantageous in a situation of social distancing and lockdowns
G2P has significantly increased during the Pandemic

Among social assistance measures, cash transfers remain the premier instrument.
- 734 cash-based measures planned or implemented in 186 countries
- EAP – 61% of of the social protection responses are social assistance (including cash transfers)

Global number of beneficiaries remains significant
- Almost 17% (Over 1.3 billion) of the world’s population covered by at least one Covid-related cash transfer payment between 2020 and 2021

Rate of scale up of cash transfers relative to pre-Covid coverage levels remains high
- Average scale up rate between pre and post-Covid coverage is 249%*

Spending on social protection increased
- Over $2.9 trillion (between December 2020 and May 2021) has for social protection programs, representing ~3% of global GDP (2021)

*For 36 countries with comparable data
# G2P in the Asian LDCs

Low base of G2P transfers that saw a substantial during 2020-2021

<table>
<thead>
<tr>
<th>Country</th>
<th>2018 Govt transfers (past year)</th>
<th>Covid-19 Coverage</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>2</td>
<td>~12*</td>
<td>Nov 2020, cash assistance to 3 million families over 7 million already receiving COVID-19 related support.</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>6</td>
<td>15</td>
<td>By May 2020, program was scaled up 163% in terms of coverage</td>
</tr>
<tr>
<td>Bhutan</td>
<td>2</td>
<td>15</td>
<td>First for the country, focused on returning migrants, livelihood was either lost or negatively impacted due to Pandemic</td>
</tr>
<tr>
<td>Cambodia</td>
<td>5</td>
<td>17</td>
<td>Rapidly increased number of households using digital means</td>
</tr>
<tr>
<td>Lao People’s Democratic Republic</td>
<td>4</td>
<td>19</td>
<td>income support 17,000 garment factory workers.</td>
</tr>
<tr>
<td>Myanmar</td>
<td>3</td>
<td>42</td>
<td>Digital delivery via mobile network operators piloted</td>
</tr>
<tr>
<td>Nepal</td>
<td>10</td>
<td>N/A</td>
<td>Scaled up coverage to 5.4 million in April 2020 and later to 5.6 million households</td>
</tr>
<tr>
<td>Timor-Leste*</td>
<td>N/A</td>
<td>96</td>
<td>Started data collection April 2020. By June 2020 identified a list of households (near universal) that qualified for the cash transfers.</td>
</tr>
</tbody>
</table>

*As of May 2021

*One off transfer coverage as of May 2021

Note: For other countries, no change is reported (by May 2021) in coverage since August 2020

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Three building blocks for an efficient and inclusive G2P system

**Universal ID**
A national unique ID that is digital

Absence of these may...
Exclude some segments of the population.

**Interconnected socio-economic database**
Multiple socio-economic databases that are connected to the unique ID

Result in inefficient targeting (e.g., some households receiving benefits multiple times, transfers leaking to non-vulnerable groups)

**Digital delivery**
Delivery of social assistance transfers via digital or cash-less means (mostly via mobile or agent banking)

Impede the swift delivery of support, which is especially important during lockdowns and social distancing requirements and nullify efforts to stem corruption.
Digital G2P transfer capacities in the Asian LDCs
### Mobile coverage, agents and regulatory frameworks (I/II)

>80% - 2G & 3G population coverage*

Between 60% and 80% mobile phone ownership

(*)Afghanistan and Nepal have near 60% 3G coverage

<table>
<thead>
<tr>
<th>Country/Indicator</th>
<th>Year</th>
<th>Active mobile money agents</th>
<th>Active mobile money agents/100,000 adults</th>
<th>ATM</th>
<th>ATMs/100,000 adults</th>
<th>Bank branches</th>
<th>Bank branches/1000,000 adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>2015</td>
<td>2,015</td>
<td>8.08</td>
<td>174</td>
<td>0.91</td>
<td>395</td>
<td>2.16</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2,151</td>
<td>9.82</td>
<td>359</td>
<td>1.64</td>
<td>398</td>
<td>1.87</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>2015</td>
<td>243,042</td>
<td>219.93</td>
<td>7,839</td>
<td>7.09</td>
<td>9,458</td>
<td>8.60</td>
</tr>
<tr>
<td>Bhutan</td>
<td>2015</td>
<td>NA</td>
<td>NA</td>
<td>152</td>
<td>28.75</td>
<td>82</td>
<td>16.45</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>NA</td>
<td>NA</td>
<td>274</td>
<td>48.09</td>
<td>105</td>
<td>19.30</td>
</tr>
<tr>
<td>Cambodia</td>
<td>2015</td>
<td>3,629</td>
<td>34.18</td>
<td>1,416</td>
<td>13.33</td>
<td>614</td>
<td>6.12</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>41,155</td>
<td>362.30</td>
<td>2,644</td>
<td>23.27</td>
<td>896</td>
<td>8.30</td>
</tr>
<tr>
<td>Lao People’s Democratic Republic</td>
<td>2015</td>
<td>NA</td>
<td>NA</td>
<td>1,028</td>
<td>22.97</td>
<td>89</td>
<td>2.90</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>*14,640</td>
<td>NA</td>
<td>*1,305</td>
<td>NA</td>
<td>*653</td>
<td>NA</td>
</tr>
<tr>
<td>Myanmar</td>
<td>2015</td>
<td>767</td>
<td>2.01</td>
<td>743</td>
<td>1.95</td>
<td>1,252</td>
<td>3.35</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>57,221</td>
<td>142.93</td>
<td>2,748</td>
<td>6.86</td>
<td>2,023</td>
<td>5.60</td>
</tr>
<tr>
<td>Nepal</td>
<td>2015</td>
<td>NA</td>
<td>NA</td>
<td>1,721</td>
<td>9.55</td>
<td>1,672</td>
<td>9.45</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>58,991</td>
<td>292.77</td>
<td>3,316</td>
<td>16.45</td>
<td>3,557</td>
<td>17.79</td>
</tr>
<tr>
<td>Timor-Leste</td>
<td>2015</td>
<td>NA</td>
<td>NA</td>
<td>48</td>
<td>6.63</td>
<td>31</td>
<td>4.97</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>689</td>
<td>84.96</td>
<td>72</td>
<td>8.87</td>
<td>45</td>
<td>6.16</td>
</tr>
</tbody>
</table>

(*) Lao People’s Democratic Republic as of August 2020
Mobile coverage, agents and regulatory frameworks (II/II)

- **Regulatory frameworks are a critical enabler.** Various regulatory mechanisms for digital payments and transfers have been put in place
  - E.g., clearinghouses, payment switch and real-time transfer mechanisms

- **Implementation challenges are there:**
  - Interoperability
  - Slow uptake / Inclusion issues
  - High initial investment needed by FSPs for creating the necessary interface
  - Demand-side trust is very critical for the uptake of digital payments and transfers
    - Consumer protection frameworks (e.g., grievance redressal)

**Cambodia’s Bakong Payment System**
- Blockchain based
- Allows FI to integrate their backend via API
- No need for FIs to invest in their own digital customer interface
- Lowers costs and enables interoperability

**Bhutan’s Complaint Handling Mechanism**
- FI must set up a consumer protection cell
- Multiple channels for lodging complaints
- Communicate specifics of channels to clients
- Details management of complaints received (including time taken for redressal and escalation)
- Staff training on consumer protection and complaint handling
- Providers must maintain evidence of complaints resolved
Digitized Biometric ID

Asian LDCs - adequate ID coverage, but limited unique national digitized biometric ID coverage

- More likely that people without an ID will also not have access to a mobile connection & payments system.
- Identifying and verifying eligibility key to ensuring effective and inclusive transfer system
  - Digitized national ID allows for connecting a citizen across numerous social databases or registries
  - Helps ensures that G2P transfers are done correctly
- High rates of registration need not translate into an effective and unique ID system

<table>
<thead>
<tr>
<th>Country/Indicator</th>
<th>Unregistered population (%)</th>
<th>% of unregistered population (female)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>33</td>
<td>55</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>32</td>
<td>n/a</td>
</tr>
<tr>
<td>Bhutan</td>
<td>22</td>
<td>36</td>
</tr>
<tr>
<td>Cambodia</td>
<td>14</td>
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<td>Myanmar</td>
<td>32</td>
<td>n/a</td>
</tr>
<tr>
<td>Nepal</td>
<td>26</td>
<td>58</td>
</tr>
<tr>
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<td>22</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Launched electronic citizen ID cards called ‘e-tazkiras’ in 2018

By 2018, 80 million covered by biometric ID

Biometric capture of national ID began in Oct 2021

Digitized foundation ID system was being piloted in 2019. On-going effort to replace older ID

In 2019, piloted the digitized foundation ID system

Began process of biometric digitization 2017

Collecting biometric as part of the national ID process

In 2018, the government launched initiative to issue national IDs in 2018. 2020/2021 laid the framework and implementation of a unique digital ID
Interconnected socio-economic database (I/II)

• Determining eligibility for transfers is a challenge especially given the combination of social distancing and lockdowns, and large sections of unaccounted, informal sector workers and challenging socio-cultural contexts (such as, gender inequality).

• A core lesson that has emerged from the database expansion efforts is that countries with a universal unique ID connected to the socio-economic database(s) can ensure quicker, effective, and more inclusive delivery of G2P cash transfers, which is especially important in emergencies.

• The Asian LDCs – have multiple IDs and lack a ubiquitous foundational ID, have multiple databases that may not use the same IDs (e.g., birth certificates or driving license or national insurance cards or voter IDs), and the two are not interconnected

• Yet they have managed to work around the systems that existed to identify and speed up cash transfers during the pandemic
Interconnected socio-economic database (II/II)

**Bangladesh: Connecting multiple IDs**
- Started work on connecting their national ID to a social registry before the pandemic
- Multiple IDs used as identifiers (national ID, birth certificate)
- For the social registry, captured multiple identifiers, where discrepancy arose, nation ID prevailed

**Cambodia: Working with what you have**
- National Social Protection Policy Framework (2017) brought together 17 ministries to ensure effective coordination in social protection
- Pandemic highlighted need to update database of IDPoor system
- Use of tech to update database in real-time Between June and August 2020, list of IDPoor beneficiary category increased from 530,000 to 669,000 households
- Used digital payment provider to transfer the funds

**Timor-Leste: Combining functional ID and multiple databases**
- 2018 election witnessed increase in voter registration. In 2020, govt used this as the base data
- Voter ID registry was combined with village-level, digitized demographic data.
- Govt performed checks for errors and duplicates to minimize errors and fraud cases.
- Combined database loaded into software and used to provide cash transfers
- Digitized data, along with functioning grievance redressal systems and transparency resulted in an error rate of only 4 per cent out of over 300,000 transfers
Further enhancing capacity

Demand side areas also require attention

• Building G2P recipient capability is critical to address issues around knowledge gaps, misinformation, digital skills, and fraud.

• Everyone is not digital – consider alternative delivery mechanisms

• Analyse the G2P data for cash-out failure rates
Thank you

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