

G2P Payments in COVID-19 context: Key areas of action and experiences from country emergency actions

14 April 2020

Questions and comments from the audience

Q1 (Gabriel Fernandez) *How did G2P payment emerge and how is this different from cash transfers payment? Thank you.*

This question was addressed live. Watch [here](#).

Q2 (Isvary Sivalingam) *Due to Covid-19 lockdowns, there are now new beneficiaries (informal workers etc) that need to be reached - what are some good approaches that reduce exclusion while also addressing fraud?*

This question was addressed live. Watch [here](#).

Complementary answer: Most of the countries included in our presentation are using the existing social registry to identify the new beneficiaries. Coverage of the social registry in Colombia, Ecuador and Peru, is relatively high; equivalent to nearly 47%, 60%, and 80% of the population, respectively. However, since the new programs typically include people who may not be part of the social registry, the governments have needed to explore alternative ways to identify beneficiaries. This includes, exploring other beneficiary registries (program based) and administrative databases (taxes, social security, employment services, etc.). This has been one of the biggest challenges for the countries presented in the webinar. In addition, countries are working on implementing mechanisms to move towards more open and dynamic social registries where people can update their information on permanent basis to apply to social benefits.

Q3 (Céline Sinitzky Billard) *What are the recommendations to avoid risk to spread the virus at distribution point, and how do you confirm the receipt of the media or cash (usually participants sign/thumbprint to confirm reception)?*

- Minimize crowding at payment points to reduce the risk of transmission - promote mechanisms to avoid agglomerations, including establishing mechanisms to rationalize the number of people accessing payment points in a given day (i.e. Pico y Plata in Colombia)
- Effectively manage operational risks, including making sure there are enough cash out points.
- Ensure clear communication with beneficiaries and adequate protections for the use of financial services.
- Implement simple – behavioral methods- to prevent contagion: For instance, measures to support users to implement social distancing (provision of water, soap, chairs, antibacterial gel, etc).

- One-time passwords (sent to the recipient via SMS) can be used for authentication at the point of payment.

Q4 (Flora Aninditya) *Are there examples on G2P disbursement through cooperatives?*

Cooperatives in most countries are not directly connected to interbank payment systems, nor they belong to broad payments infrastructures, which makes difficult their inclusion in G2P payment mechanisms. However, in Ecuador many cooperatives are connected to interbank payment system. For regular G2P transfers, the government use this system to make a direct deposit into the beneficiary account. However, for the emergency, they decided to use only OTC (over the counter) disbursements, which instead use as payment system the “switch concentrador” mechanism explained during the presentation. In this case, cooperatives are connected to “concentradores” which can be a big cooperative (second tier) or a payment infrastructure that already provide them services. They act as the point of disbursement for money orders made by the government, channelled and dispersed through “concentradores”. They charge a fee to the government for every disbursement.

Q5 (Dyanti Rizkika Andani) *I would like to ask some questions. (1) Regarding the beneficiaries, should some group of people be prioritized? (2) If yes, how do we decide who gets prioritized (the criteria) and how do we make sure they are the ones who receive the aid (instead of other family members who aren't prioritized, for instance)?*

Yes. Given that most countries presented in the webinar face fiscal restrictions, they had to establish mechanisms to prioritize recipients of emergency transfers. Countries with larger fiscal space have decided to implement categorical or even universal benefits. Most countries are using the social registry to identify recipient families (together with other administrative registries: taxes, social security, beneficiary registries from social programs, etc). The criteria to prioritize beneficiaries typically include levels of poverty and vulnerability (often using income estimations), job informality, dependency rate (i.e. prioritizing families with children, seniors or disable people), and sometimes other categorical considerations.

Q6 (Miriam Montenegro) *Why is the switch concentrator at MIES instead of BCE?*

This question was addressed live. Watch [here](#).

For over-the-counter “regular payments”, MIES manages a database called a “switch concentrador” that contains the names, identity card numbers and payment amounts for each user. This switch exists since 2012. MIES (which enables the list of eligible users/beneficiaries monthly) and seven financial entities are connected to this database. These concentrating entities include banks, ATM networks, banking networks and cooperatives.

To collect the transfers, users/beneficiaries travel to payment points enabled by MIES – bank and cooperative branches and agents- (once a month) and collect their transfer by presenting their ID. Users have a limited number of days per month to claim / collect transfers. Users can collect their payment according to the last digit of their identity card. Users can go to a wide variety of financial

institutions or non-bank correspondents to withdraw the cash transfer and, if they wish, each month they could go to a different point of financial attention.

When the user arrives at the point of payment, the financial institution, explores in the database (switch) if the user is 'active' in the MIES beneficiary registry. If the user is active, the financial institution delivers the transfer to the user using its own resources. The user receives proof of payment.

Once the payment has been reported to the MIES (through the seven concentrating entities that are part of the switch) and this is verified and approved by MIES, the payment is reimbursed to the 'concentrating' FSP and through it to the bank agent, when appropriate (World Bank, forthcoming).

There is a separate mechanism that uses the interbank payment system to carry out direct deposits to beneficiaries, however, they need to open an account. In this case currently there is only one bank operating under this scheme (BanEcuador), which limits access channels, plus the beneficiaries would have to pay extra to get a debit card. The government is making efforts to advance this scheme and include more financial institutions.

For the emergency payment the government of Ecuador is using the existing switch to activate to disperse the payment. However, for new beneficiaries of emergency transfers it is exploring how to use direct deposit into bank accounts or OTP transfers using ATMs.

Q7 (Flora Aninditya) *Will combining the G2P benefits in form of money and in-kind be effective? Thinking about people who have the money but cannot spend the money since the shops are closed or have difficulties in groceries stock.*

This question was addressed live. Watch [here](#).

Q8 (Flora Aninditya) *Any suggestions on how to identify the "new beneficiaries" during this pandemic?*

See responses of question 2. In countries that do not have a social registry or robust mechanism to transfer emergency payments. So, countries have had to think creatively. In Zimbabwe for example, there are plans to partner with Mobile Money Payment Service Providers (PSPs) to leverage their own databases for targeting as well as payment of the emergency cash transfers. PSPs help produce beneficiary registries and transfer emergency payments to specific geographic areas (i.e poor urban suburbs). Beneficiaries are selected using other criteria such as small transaction values, low account balances, already active accounts, etc. Mobile money PS can also produce a list of informal sector vendors, which is a category that government is particularly interested in. Off course, in this case inclusion and exclusion errors are a real risk, but in countries with high penetration of mobile money in urban areas even among the poor, this might be a good solution to reach a large number of people rapidly and with an objective criteria.

Q9 (Miriam Montenegro) For Peru, what is the percentage of beneficiaries receiving cash in hand?

- *Bono independiente*: According to Banco de la Nación, 276 000 beneficiaries have collected the bono. The distribution by access points is as follow: 54.5% ATM, 1.6% other banks ATM, 38.9% agents y 4.4% over the counter (April 17,2020).
- *Bono Yo me quedo en casa*: 2.7 million beneficiaries has been targeted through this program. Over 500 000 beneficiaries have an account in Banco de la Nación

Q10 (Carlos Würschmidt) How many people per household / family?

The Average number of people per household is 4.

Q11 (Miriam Montenegro) For the Bono Independiente, how were the 780k families identified as they are informal workers?

780k families are self -employed beneficiaries in which most of them are informal.

Refer to Q13 on targeting strategy.

Q12 (Rosie Bright) I find the simplified mobile banking service in Peru very interesting, where can I find more information on that?

Further information can be found on the institution websites and the online platform as well. See the links below:

<https://www.gob.pe/mtpe>

www.bn.com.pe

www.bonoindependiente.com

Q13 (Valentina Barca) Very interesting thanks - would be keen to know what data was collected via #BonoIndependiente online platform to determine eligibility? Was data submitted linked via ID as unique identifier to other government databases to support this eligibility determination? Will the newly collected data feed back into SISFOH?

The targeting strategy was implemented by the Ministry of Labor and was built based on the social registry and crossed with different administrative databases. Some variables incorporated are as follow:

- *Geographical areas with the greatest health vulnerability, according to the Ministry of Health (Minsa).*
- *Not having a contract with the public sector, according to information from the Ministry of Economy and Finance.*

- Household members should not be on public or private sector forms, according to the Ministry of Labor ;
- Household members must have incomes of less than 1,200 soles, according to the National Superintendency of Tax Administration (Sunat) and the Superintendency of Banking, Insurance and AFP (SBS).

Beneficiaries database is approved by Ministerial Resolution and sent to Banco de la Nación (state-owned bank) that is responsible for the payment.

Q14 (Nellie Kamau) *Hi Everyone. Are there examples of social payments to refugees that the East African context can learn from? Thanks, Nellie Kamau - Equity Bank (Kenya) Limited*

The Gihembe refugee camp case would be useful.

<https://www.betterthancash.org/news/blogs-stories/electronic-cash-aid-gives-rwandan-refugees-more-options>

<https://www.betterthancash.org/news/blogs-stories/seeing-the-benefits-of-electronic-aid-delivery-up-close-in-rwanda>

We recommend reviewing the recent publication made by CGAP on experiences and lessons learned on delivering humanitarian aid in Lebanon and Jordan, which are countries with a large influx of refugees.

https://www.cgap.org/sites/default/files/publications/2020_03_Working_Paper_Cash_Transfers.pdf

Q15 (Valentina Barca) *Another question to all: was there any change or waiving in legislation (e.g. on data privacy) required for some of the operations you shared? E.g. proactive notification of eligibility in Ecuador, link to Mobile Network Operator and Financial Service Institution data in Colombia, etc? More generally, how was data security/privacy etc guaranteed for these data sharing cases? Thanks so much!*

For Colombia, for *Ingreso Solidario* one key issue was the exchange of information between the MNOs, Financial Institutions and Government Agencies. This was possible by a decree enacted by the Colombia government. Decree 518 of 2020, which allows the exchange of information (The decree clearly establishes that exchanged information must be safeguarded and only used for the implementation of the program).

https://ingresosolidario.dnp.gov.co/documentos/DECRETO_518_DEL_4_DE_ABRIL_DE_2020.pdf

While the mechanism for unbanked is not operative yet, this piece of legislation was fundamental for its design.

In the case of Ecuador, emergency transfers are using an existing government database with new beneficiaries' phone numbers. There aren't any data privacy issues because the beneficiary itself provided the phone number. In case these phone numbers are not updates, potential beneficiaries can call MIES, to confirm if they were awarded a subsidy, and then MIES would collect their phone number. In general, to avoid data privacy concerns, and also security

concerns, it's suggested to leverage existing or new government online platforms to collect or verify key information such as updated phone numbers.

Q16 (Filipa Costa) *My name is Filipa Costa, I'm the Country Director of Fundacion Capital in Mozambique. I'm concerned about how the government can respond effectively to this crisis. There is a lack of adequate infrastructure or systems in place. Just as an example, people affected by the cyclones last year are still waiting to receive government support. Social subsidies are still paid in cash and given in-hand by field staff. I saw some similarities with Peru, but my concerns are many regarding some solutions presented:*

1. *How did the government of Peru identified the best access points to each beneficiary (based on proximity) - georeferencing?*

The SISFHO Social Register has information on beneficiaries' locations and banks have information regarding bank branches and other payment infrastructure. Based on spatial analyses (georeferencing), beneficiaries were assigned to the closest bank branches or payment points.

2. *If to collect in a branch, how to guarantee safe transport to the access point?*

The primary objective of designing a cash transfer program should be the user experience, including how recipients will be able to access their payments. As you rightly indicate, it is key to ensure safe and convenient (minimum travel time, minimum cost and minimum nb of visits) access. Our recommendation is to look at all existing distribution networks (both financial and non-financial) and recipients' access to them, recipients' existing use of financial services and access to mobile phones and SIM cards, to evaluate all possible options for reaching them. If bank branches cannot be reached easily and safely, then they don't seem to be an appropriate access point solution. Can you maybe involve mobile money agents, banking agents, or if these do not exist, can local retailers, merchants, mobile network agents, etc. be equipped to provide cash-outs?

3. *How to support elderly and population with special needs that might have difficulties in mobility, in case they don't have a legal representative?*

This is an important point. In Colombia, the social pension program (Colombia mayor) relaxed the mechanism to collect transfers at the payment point. Instead of having the seniors travelled to the payment point, the program allowed the collection by a third person. This requires a written letter (can be by hand) signed by the senior, authorizing a relative or a Third Party to claim the subsidy. The person in charge of collecting the payment should bring the senior's original ID and its own ID. The Third Party or authorized family member will leave their fingerprint as proof that they received the advance and can only claim that of an older adult.

Also, for contributive pensions, Colpensiones has created a partnership with financial institutions to deliver pensions directly in the household of the seniors (70+). For more information see this link

https://www.colpensiones.gov.co/Publicaciones/realiza_los_tramites_de_colpensiones_sin_salir_de_casa

4. When paying through a bank/mobile account, how can we solve problems related with lack of identification of these beneficiaries? In the case of Mozambique, the social protection beneficiary cards are not eligible to open a bank or mobile account, and there is also a lack of national ID among beneficiaries.

Authorities should consider deferring full KYC requirements as well as allowing use of non-traditional forms of identification (e.g. social protection beneficiary cards). One-time passwords can also be used to facilitate authentication to cash out.

5. If access to formal access points is done for the first time by beneficiaries, how to guarantee the effective use (consumer protection)? Is there any evidence already on information/awareness/financial education to be shared?"

Beneficiaries should be given simple and clear guidance on how to use their account and card, as well as on the cash-out process. Authorities should make available a tailored hotline to respond to consumer queries and complaints on G2P payments. Other consumer protection tools should also be deployed, including key facts statements, mystery shopping, social media monitoring, etc. The World Bank publication “Integrating financial capability into government cash transfer programs” contains further guidance:

<http://documents.worldbank.org/curated/en/866461531462775238/Integrating-financial-capability-into-government-cash-transfer-programs-toolkit>

Q17 (Lena Gronbach) Would it be possible to look at social protection responses to COVID-19 specifically in Africa? Perhaps in a future webinar? The examples presented here were very insightful, but none of them was from an African country (where the pandemic could potentially have a significant impact).

Yes, one recent example that could be of interest is the case of Togo, where they are deploying mobile money through feature phones. The government identifies and performs KYC through mobile phones.

<https://cio-mag.com/covid-19-le-togo-va-transferer-de-largent-mobile-aux-personnes-vulnerables/>

<https://l-frii.com/togo-coronavirus-novissi-le-programme-de-transferts-monetaires-pour-accompagner-les-populations/>

Q18 (Astrid Uytterhaegen) We don't have any registry for beneficiaries the city, a literacy rate of 10% (so text messages/posters are not ideal), and most residents do not have a form of ID (voter card or otherwise). How do you recommend we proceed to identify and reach beneficiaries?

See examples of question 8.

Q19 (Mpumelelo Nxumalo) What has been the general state of registries used to identify beneficiaries? Some countries are simultaneously building social registries while trying to identify recipients.

As mentioned in question 2, the registries in the countries included in the webinar were in a relatively good shape, compared to other countries. They coverage a good share of the countries' population. However, some have outdated information and additional issues. In order to refine beneficiaries targeting, countries had crossed this data base with other administrative databases. Also, it is important to know that both Colombia and Ecuador were in the process of conducting new census sweeps for their social registries (SISBEN and Registro Social, respectively) and the home visits needed to be temporarily suspended during the pandemia.

Q20 (Flora Aninditya) *Any advice for country whose regulation limiting the disbursement channel ONLY through bank (agent and ATM). What immediate steps can we do to disburse the G2P more effectively? (use of mobile tech is not allowed)*

- It is important to assess if regulation can be modified, the times call for new measures and schemes, we are seeing countries making regulatory changes to address the main area of concern which is protecting the most vulnerable. However, it is important that any modification do not exacerbates risks and that modifications reflect on operational schemes that can be deployed in a timely and effective manner.
- Use the whole ATM network, which can be done with card not present solutions, which will allow to deliver One Time Passwords via SMS to beneficiaries so they can withdraw money without the need of a card.
- Expand the number of cash-out networks, which means coordinating with all financial institutions so they can include their distribution network to the scheme.
- Adjust limits to cash-out on ATMs and agents so beneficiaries can take the subsidy on one visit.
- Ensure that liquidity is available at cash-out points (some ideas include granting credit to agents, spacing payments and monitoring social media to detect liquidity shortages).

Q21 (Nadir França) *Could you address the risks and challenges you are facing w/ the use of financial technologies?*

There are many, however, the most relevant ones are:

- Account opening is required to use many forms of digital payments. In this case many countries are using remote and simplified customer due diligence, however, this also poses a challenge in terms of deploying this type of processes in a timely, safe and efficient manner.
- Deployment of technological solutions that can be used by most vulnerable users, many of which lack financial literacy, connectivity and access to high-end devices.
- Limiting delivery of payments to digital platforms that do not allow to cash-out the aid. We are seeing that countries are opting for solutions that feature digital payments and cash-out options (Mainly card not present options).
- Acceptance of digital payments. When liquidity is an issue it would be ideal that merchants could accept electronic payments, this brings another issue as many of the acceptance technologies are costly or require physical contact. Some countries are promoting simplified and cheap acceptance solutions such as QR codes.

Q22 (Nangar Soomro) *Hi, what are the considerations for the countries for the technology supported payments where systems are in their infancy - mainly absence of the socio-economic registries, no universal IDs, weak telecom coverage and absence of integrated MISs?*

All solutions are country specific. In countries with limited social protection and financial infrastructure, it may be needed to adapt to the local reality and provide cash (OTC) payments using public infrastructure like schools, post offices, and other public buildings. Also, it is key to realize that still cash is the king and in many countries it will be virtually impossible to completely digitize payments. Hence, when there are not alternative options, it is key to implement simple – behavioral methods- to prevent contagion: For instance, measures to support users to implement social distancing (provision of water, soap, chairs, antibacterial gel, etc).

Q23 (Mpumelelo Nxumalo) *What has been your experience in how (if at all) African countries are using G2P during COVID-19?*

Over the past two weeks, countries in Sub-Saharan Africa have significantly increased their measures. While on March 20 no African country had measures in place, 22 countries are introducing or adapting social protection and labor market programs as of April 10. Progress is largely driven by fee waivers for utilities (in virtually all countries), followed by in-kind transfers (7 countries) and cash transfers in 7 countries, i.e. Burkina Faso, Cabo Verde, Guinea, Kenya, Madagascar, Namibia and South Africa. For updated data see [here](#).