
Electronic G2P Payments: Evidence from Four Lower-Income Countries

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Background

- 2012 CGAP Focus Note “Social Cash Transfers & Financial Inclusion: Evidence from Four Countries” (Bold, Porteous, & Rotman)
 - analyzed government-led cash transfer programs in Brazil, Mexico, Colombia, & South Africa (middle-income countries)
 - 3 major considerations: affordability for the government, profitability for payment service providers (PSPs), likelihood of recipients using the services for personal use beyond receiving transfer
 - findings: cash transfer programs were affordable for the government and profitable for PSPs if the government paid adequate fees, but recipients were unlikely to adopt the services for additional personal use
- The paper represents the authors findings regarding G2P payments in 4 lower-income countries: Haiti, Kenya, the Philippines, and Uganda.

- **Ti Manman Cheri (TMC), Haiti:** government-led, reaching 75,000 mothers of schoolchildren, transfer of money conditional on children's enrollment in school, uses MNO Digicel TchoTcho Mobile
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- **Cash For Assets (CFA), Kenya:** joint effort of World Food Programme and Kenyan government, targets food-insecure households, recipients work on community assets projects, worked with Equity Bank from 2009, now Cooperative Bank
 - **Pantawid Pamilyang Pilipino Program (4 Ps), the Philippines:** government-run, donor-supported, targets poor households with pregnant mothers and/or children between ages 0 and 14, primary payment service provider is Land Bank of the Philippines
 - **Social Assistance Grants for Empowerment (SAGE), Uganda:** targets senior citizens and vulnerable families, unconditional, payment service provider is MTN, core objectives are transparency, scalability, financial inclusion

Table 1. Country Backgrounds

	Haiti	Kenya	Philippines	Uganda
Population (in millions)	10.2	43.2	96.7	36.3
Population % urban	55	24	49	16
Gross domestic product per capita (current US\$)	771	865	2,587	547
Human Development Index ranking	T161	145	114	T161
Adult literacy rate (%)	49 (2006)	87 (2010)	95 (2008)	73 (2010)
Corruption Perception Index country rank	165	139	105	130
Account at a formal financial institution (% age 15+)	22	42	27	20
Bank branches/100,000 people	2.7	5.2	8.1	2.4
ATMs/100,000 people	N/A	9.5	17.7	3.9
SIM penetration (%)	61	70	106	47

Sources: World Bank (2011 and 2012), Findex (2011), and GSMA (2012). Human Development Index ranking out of 186 countries (UNDP 2012). "T" signifies a tie with another country. Corruption Perception Index country rank is out of 174 countries (Transparency International 2012).

Table 2. Program Characteristics

	Haiti	Kenya	Philippines	Uganda
Region	Latin American and Caribbean	Sub-Saharan Africa	Southeast Asia	Sub-Saharan Africa
Program name	Ti Manman Cheri (TMC)	Cash for Assets (CFA)	Pantawid Pamilyang Pilipino Program (4Ps)	Social Assistance Grants for Empowerment (SAGE)
Administered/ managed by	FAES (Government of Haiti's Social and Economic Assistance Fund)	World Food Programme (donor)	Department for Social Welfare and Development (government)	Ministry of Gender, Labor and Social Development (government)
Funded by	Government of Venezuela (donor)	World Food Programme (donor)	Government and donors (World Bank, Asian Development Bank, AusAid)	DFID (donor) and government
Target recipients	Mothers of school children	Food insecure households	Parents—school and health requirements	Senior citizens (primarily) and vulnerable households
Year started	May 2012	Pilot: January 2010 to December 2011 Full scale: January 2012	February 2008	Pilot: April 2011 to February 2015 (expected)
Conditionality	Yes	Yes	Yes	No
Number of recipients	75,000 (May 2013)	62,500 (July 2013)	3,712,953 (August 2013)	95,000 (July 2013)
Delivery method	Mobile money and cash	Debit card and bank account	Debit card and cash	Mobile money and cash

Comparing Payment Approaches

Table 3. Current Payment Approaches^a

	TMC—Haiti	CFA—Kenya	4Ps—Philippines	SAGE—Uganda
Payment frequency	Bi-monthly	Monthly (but rarely on time)	Bi-monthly	Currently monthly but moving to bi-monthly
Payment provider(s)	Digicel, Unitransfer	Cooperative Bank (previously Equity Bank)	Land Bank, rural banks, pawnshop M Lhuillier, PhilPost (and previously GCASH)	MTN
% of payments in physical cash ^b	69% from Unitransfer	0%	59% from post office, M Lhuillier, rural bank or, previously, GCASH	20% from MTN agents
% of payments through limited-purpose instrument	31% through mobile money “mini-wallet” ^c whereby at least a portion of the funds must be withdrawn within 3 months of receiving payment at a Digicel agent	0%	41% through Land Bank and First Consolidated Bank “cash cards” (debit cards)	80% from an MTN agent
% of payments through mainstream financial account	0%	100% through a debit card at a bank agent, branch or ATM ^d	0%	0%

Comparing Payment Costs

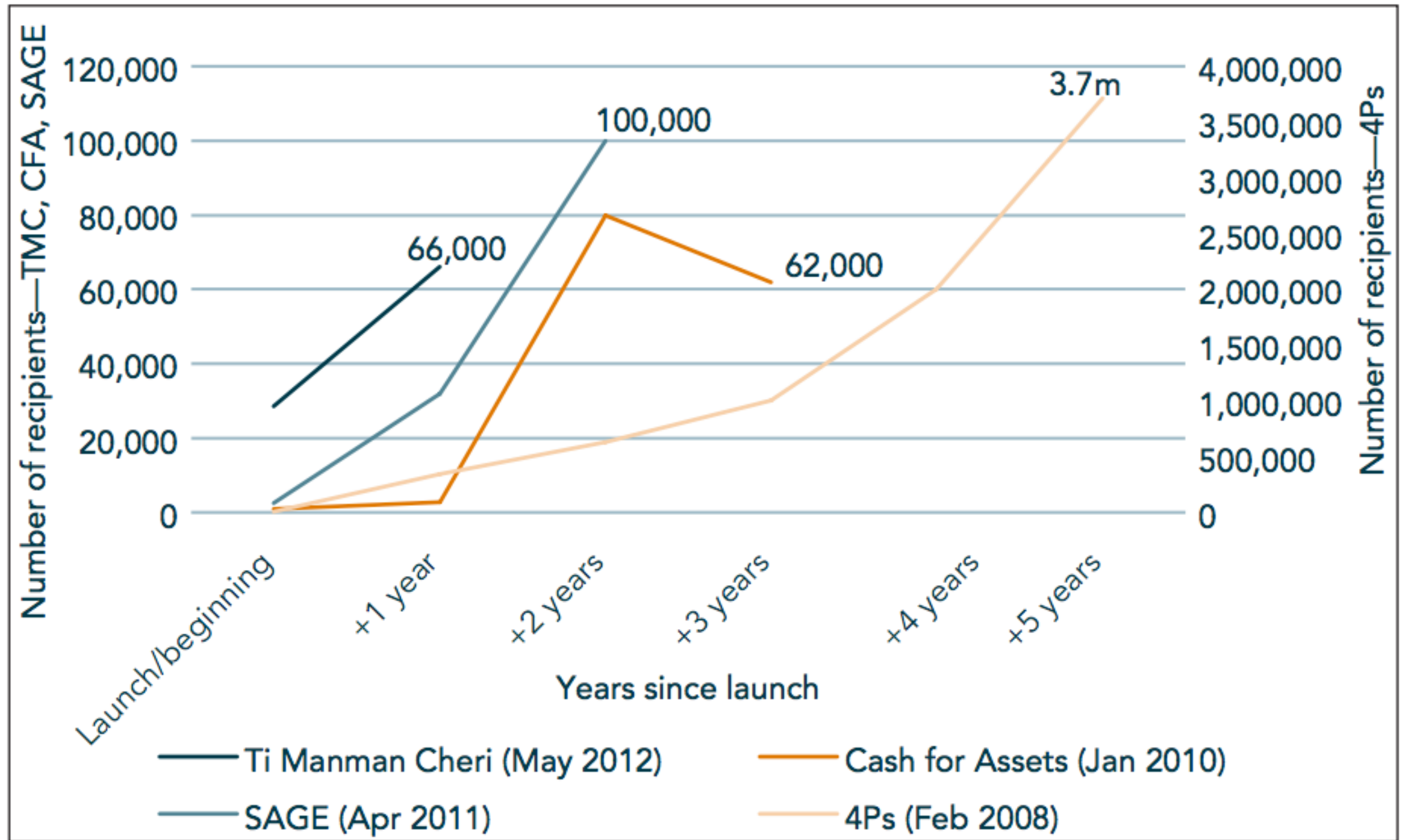
Table 4. Cost of Payment to Government/Donor Agencies^a

	TMC— Haiti	CFA—Kenya	4Ps—Philippines	SAGE—Uganda
Average grant per recipient	\$15.00	\$34.12	\$63.01	\$19.34
Payment frequency ^b	“Bi-monthly”	“Monthly”	Bi-monthly	Bi-monthly
Weighted average fee per payment (all methods)	\$1.36	\$0.53	\$0.75	\$0.68
As % of average grant	9.1	2	1.2	3.5
Cost by type of instrument				
Cash payment	\$1.67 (11%)	N/A	\$0.96 (1.5%)	\$0.68 (3.5%)
Limited-purpose instrument	\$0.50 (3%)	N/A	\$0.45 (0.7%)	\$0.68 (3.5%)
Mainstream financial account	N/A	\$0.53 (2%)	N/A	N/A
Rate used in conversion (conversions used in country case studies)				
USD 1 =	HTG 40.00	KES 85.00	PHP 44.44	UGX 2,585.00

6 Findings

1. Country-Level Readiness, Especially for Mobile Solutions, Was Overestimated.
2. The Technical Capacities Required to Shift from Cash to E-Payments Were Often Underestimated.
3. Internal and External Pressure on Design and Implementation Was Inevitable.
4. Agents Affected the Experience of Recipients and While the Agents' Control of PINs Was Expeditious, It Also Carried Risks.
5. Recipient Capability Was Greatly Affected by Program and Payment Method Training as Well as the Availability and Timeliness of Payments.
6. Appropriate Recipient Recourse Mechanisms Built Confidence and Trust.

Figure 1: Program Growth since Launch



Source: CGAP research.

Note: Numbers reflect the number of recipients paid over a specific time period, which may differ from number of total recipients enrolled in the program. The 4Ps' growth is shown on the secondary vertical axis.

5 Lessons

1. Ensure Reliable Payments First.
2. Create Sufficient Communication Channels with Recipients.
3. Ask “What If?”
4. Ensure a Value Proposition for All Stakeholders.
5. Be Willing to Invest.

Discussion Questions

- Are there any other take-aways you can draw from the findings?
- One of the lessons is “Ask ‘what if?’” What are the authors suggesting by this?
- If you were an investor, what would you look for in a program?
- Why are bi-monthly payments the standard?
- What are the negative consequences of infrequent payments? What causes them? What are the possible solutions?
- Once a system exists, how can it be tested?
- How can the success of a program be measured?
- What contributes to a program’s success?
- What are the components of a successful social program? Where do cash transfer mechanisms factor in?
- What are the similarities between G2P payments and P2P payments? What are the differences?