Amplifying Beneficiary Impact and Experience in the G2P Digital Transformation

Context

Part of Government of Bangladesh's "Digital Vision 2021" is the digitization of government social safety net programs (G2P), which reach over seven million of the most vulnerable people nationally. In recent years, in line with the national social security strategy, tremendous progress has been made to create the internal infrastructure and policies required to make this transition.

As programs increasingly digitize payments, there is an opportunity to support them in accessing formal financial services more comprehensively. There is increasing research that through effective design and beneficiary support, digitization can increase the benefit and cost effectiveness of programming, especially for women and girls. If Bangladesh can leverage the G2P digitization efforts to ensure beneficiary-centric programs, it could greatly expand financial inclusion, increase economic development, empower women, and reduce inequality.

On February 18-19, 2019 a2i programme in association with Bill & Melinda Gates Foundation & The World Bank hosted a two-day workshop on "Amplifying Beneficiary Impact and Experience in the G2P Digital Transformation". The workshop highlighted Bangladesh's progress in digitizing G2P payments and the impact of beneficiaries as well as identify opportunities by analyzing evidence of other countries from global perspective. Over 70 practitioners, global experts, development partners convened to explore opportunities in G2P digital transformation and to reflect on the expertise of the international participants from their respecting field to incorporate their feedback in designing the payment architecture.

Event objectives

- Inform Bangladesh's G2P programs and optimize beneficiary experience and impact, particularly for women, by presentation and discussion on global evidence base
- Present evidence from Bangladesh and other countries supporting digital financial services as a central redesign tool of the country's social protection programs
- Explore the power of linking robust identity systems to G2P efforts
- Identify opportunities generating greater learning and evaluation into Bangladesh's G2P digitization pilots and scale up efforts, for local and international application

International Experiences on Enhancing Delivery of Social Protection Programs

Digitization just the first step to better choices and better governance

The first panel discussion highlighted international experiences regarding G2P payment digitization. Mitul Thapliyal from MicroSave Consulting revealed their study findings and key lessons from the digitization of Direct Benefit Transfer Program (DBT) in G2P payment architecture. The general user perception regarding digital transformation is positive and these digital reforms have caused positive changes particularly to women as of now women are more participative in financial transactions. In addition, the Government of India estimates it has saved USD 15.7 billion till Dec 2018 by reducing leakage from the digitization of the payment stream.

Milkah Chebi from FSD Kenya explained Kenya's journey towards digitization of Social Payments. There are over 1.3 million Kenyans enrolled in five major cash transfer programs. The Kenyan government has successfully digitized all of their social payments and as a result, more than one million beneficiaries have bank accounts. FSD Kenya contributed in building the G2P payment architecture from the beginning of the design phase to ensure stakeholder engagement from implementing partners, government ministries, private sector, central bank regulators to set up some specific design principles. For example, the commission rate for serving beneficiaries in hard-to-reach areas was set at a higher level to ensure that they received good service. From Chebi's presentation, it is clear that Kenya has become a role model for setting up an efficient and affordable mode of G2P payment delivery with a choice option for the beneficiary.

G2P has transformed over the years and Joep Roest of CGAP offered a framework to think about various stages of G2P digitization. Firstly, shifting from in-kind programs to cash transfer program allowing beneficiaries to spend according to their demand. In the second phase, the cash transfer program transformed into electronic delivery over a single channel. Finally, the architecture focused on system design and beneficiary choice. The third phase or G2P 3.0 allows interoperable payment system where providers are plugged in with the central system design.

> G2P digitization is a key enabler of improving governance. Andhra Pradesh has established a real-time monitoring & governance centre to improve service delivery in areas such as energy, agriculture, health, land, government services. They use a dynamic database, integrated grievance redressal mechanism, and proactively collect user satisfaction rating for every service.

The potential of G2P 3.0 – but not without challenges

Recipients
• Choose and switch providers as well as service points
• Simplifies multiple payment flows from different payers

Governments
• Larger transfer volume integrated in system
• Leverages multiple providers

Ecosystem
• Shift provider focus from government to recipient
• Incentivizes Interoperability

Challenges
• Requires a systems level view to connect payments, ID systems and government programs
• Development of a clear design and promotion of cross- government collaboration
• Tailoring to the potential of each specific context
• Incentives for providers to join a shared delivery ecosystem

What we've learned from Bangladesh's G2P digitization journey so far

On the right track but the challenges remain

Bangladesh has made great strides toward G2P payment digitization that allowed beneficiary to get their allowance in their account directly transferred from the government treasury. Department of Social Services under the Ministry of Social Welfare in collaboration with the Ministry of Finance, Bangladesh Bank, and a2i has piloted the G2P digitization in 2018. After the successful piloting, the implementation process has scaled up and will be completed by the year 2020. The experience of piloting of digitization of three social safety net programs was shared by Farid Ahmed Mollah from the Department of Social Safety Net Program. So far, more than 24 million beneficiaries from 11 social safety net programs under 6 implementing ministries across the country were covered under digitized G2P payment architecture. But the challenges remain in implementing choice architecture for beneficiaries as the process held up due to the lack of capacity at both government and beneficiary level.

Another milestone was achieved on March 2017 as more than 12 million beneficiary families of Primary Education Stipend

Digitization Coverage

11 SOCIAL SAFETY NET PROGRAMS | **24** MILLION BENEFICIARIES

Project in Bangladesh received their digital payment directly into own account from the government using mobile phone. This payment is one of the largest payment services of its kind in the world. Md. Gias Uddin Ahmed, Ministry of Primary and Mass Education, believe that the development of the database of these largest beneficiaries was possible due to the government's willingness and support from the highest level as well as public-private partnership and collaboration with Ministry of Primary and Mass Education, Ministry of Posts, Telecommunications and Information Technology, Rupali Bank, SureCash, Teletalk.
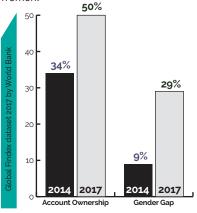
Lastly, Abu S. Shonchoy from Florida University highlighted some of the findings of the behavioral insights study conducted in Bangladesh among the beneficiaries. The study revealed that illiterate person memorizes the number as a picture and this technique was used to teach them how to use a mobile for financial transactions by providing hands-on training. After a year when the impact was measured, it was found that these trained people were actively using the mobile account as well as transferring remittance. Though poor people are illiterate, they are smart enough to understand this technique.
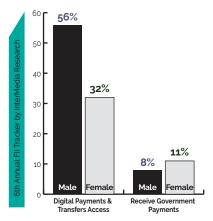
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Bangladesh's Financial Inclusion Landscape:

Despite increases in digital and financial infrastructure, many women are still left out

Bangladesh has achieved remarkable progress in terms of creating access in the last couple of years largely due to the rise of mobile money in the country. Saniya Ansar from World Bank has highlighted key facts regarding Bangladesh from the recent Global Findex data set of 2017. Despite accelerating in terms of creating access to finance from 34% to 50%, the gender gap has widened over the years from 9% to 29%.

According to 6th annual FII tracker survey by InterMedia research, there was a 24 percent-age-point gender gap on access to digital payments and transfers. However, a greater proportion of women (11%) who accessed digital payments or transfers received government payments through digital accounts than did their male counterparts (8%) in 2018. This is likely a result of the government's efforts to get more women financially included through G2P digitization. Overall financial inclusion is rising in Bangladesh with the help of digital technology, especially because of the spread of mobile phone and internet connections to access various digital financial services. To reach the underserved community at the last mile, digitizing the G2P beneficiaries can unlock the opportunity for financial inclusion for marginalized man and women.

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The introduction of Agent Banking & MFS guidelines by Bangladesh Bank has facilitated the financial inclusion initiative. Bangladesh Bank will continue to push and instruct commercial banks to reach to the unbanked population."

Gazi Md. Mahfuzul Islam
Financial Inclusion Department, Bangladesh Bank

SESSION

Addressing unique needs of diverse beneficiary populations:

Aim for beneficiary convenience and communication, not just efficient distribution

Drawing from the evidence from different research conducted in rural India, Neeraj Trivedi of Evidence for Policy Design revealed that transferring G2P benefits to individual financial accounts can improve savings, increase usage as well as an increase in women's participation in the labor market.

Digitization is not just switching from paper to electronic, it is supposed to be ensuring utmost convenience in terms of user experience. From Fundacion Capital, Dr. Ana Pantelic pointed out that the focus should be given on user-centric design to incorporate feedback collected from user experience during the implementation of the digitization process. Capacity building programs are also a prerequisite for the digitization of cash transfer delivery model for both the service provides and for the end users.

Caroline Pulver, an Independent Consultant, believes the primary agenda of the digitization is to improve efficiency in the process and often overlooked the agenda of financial inclusion. This is the primary reason why people tend to withdraw the whole amount and use cash instead. The two most important areas for program designing should be communication and capacity building as well as governance and incentive mechanism to achieve true financial inclusion.

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Foundational ID as a G2P Gamechanger:

Easy access can facilitate financial inclusion and effective beneficiary enrollment

G2P or any service delivery starts with identifying beneficiaries. Thus, ID plays a decisive role. Without proper identification system, government lacks a fundamental platform to deliver the service. Jonathan Marskell from ID4D specified three fundamental issues regarding ID system.

Provide unique and legal Identity to everyone

Authoritative source of data

Facilitating ID authentication anytime, anywhere

In India, biometric identity system called Aadhaar has generated more than 1.2 billion biometric identities and enabled to open 330 million new bank accounts. Aadhaar based biometric systems combined with simplified payment addressing and market-wide digital payments interoperability have brought dramatic changes in payment, insurance, credit, and other financial services. For Rajesh Bansal of BFA, Digital ID in G2P architecture will enable beneficiaries to change the bank account without any hassle when they need to change the providers and giving consumers a choice.

On this note, Brig Gen. Md. Saidul Islam, Director General of NID wing of Election Commission of Bangladesh, elaborated government's plan regarding NID and its core purpose to contribute to effective service delivery in Bangladesh. Service providers are already connected with NID system and in the last 36 months, more than 325 million identity verifications completed successfully. Bangladesh has introduced smart 10-digit NID number to protect data privacy in service delivery with the feature of offline authentication.

Recommendations
for improved G2P digitization

1 Building beneficiary financial capability

Majority of the G2P beneficiaries are not digitally literate to operate a mobile phone efficiently and operate mobile banking. To develop the capacity of the end users, use cases can be considered and customized according to the status quo of the beneficiaries to bring the literacy program to their level.

Suggested Action:

A2i will undertake an assessment study regarding financial literacy to perceive the current progress and further requirement in Bangladesh. Based on the findings, a collaborative approach will be developed to build the capacity of the providers as well as to promote technology-driven solution to enhance the capability of the end users.

2 Supporting beneficiary choice

Quality of service and accessibility at the agent point determines the need for recipients regarding changing providers. Ecosystem enabled payment architecture allow recipients to choose their own payment methods and providers.

Suggested Action:

Ministry of Finance will develop guidelines on commission for financial service providers and implementing programs to establish guidelines for updating beneficiary choice.

3 Monitoring beneficiary experience and satisfaction

A central grievance redressal system should be developed and linked with individual program rather than different grievance systems for every line ministry to get feedback from the beneficiary to improve the user experience. The communication has to be outbound rather than relying on waiting for beneficiaries to call for a grievance.

Suggested Action:

A2i will pilot a rapid feedback system in partnership with Department of Social Services and otherG2P implementing ministries or department.

4 Bundling financial products with G2P programs

G2P digitization furnish every beneficiary with a financial account that could be integrated to provide other financial services like microfinance or insurance.. Besides, the linkage of ID system with G2P programs will facilitate the possible integration for beneficiaries to avail other financial products

Suggested Action:

Better coordination among the implementing authority of the different programs will enable to integrate different financial products with G2P programs.

For more details and presentations, Scan the QR Code

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