



# Key Considerations And Policy Options For Emergency Social Assistance Payments

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# About

The G2Px Initiative was launched in early 2020 in partnership with the Bill and Melinda Gates Foundation. This initiative contributes to the broader agenda of improving government-to-person (G2P) payments through digitization by shifting the paradigm beyond program-specific efficiency gains to one that simultaneously accelerates critical development outcomes such as financial inclusion, women's economic empowerment, and government fiscal savings. Through this initiative, the World Bank Group seeks to establish a global framework, develop best practices and provide upstream technical assistance to radically improve G2P payments globally, ensuring that all G2P programs aim and design for broader inclusion and empowerment outcomes through a focus on digitization.

The G2Px Initiative seeks to refine the understanding of both the benefits and challenges in order to create a roadmap to ensure that governments and the technical advisors that support them are empowered to design G2P programs not only for short-term efficiency gains for single initiatives but also for government-wide efficiency gains, and, for recipients, a seamless user experience in the short-term and maximum empowerment benefits in the long-term. This roadmap, complemented by in-country case studies and technical assistance, will help to build a global movement for ensuring that all G2P specifically state financial inclusion and women's economic empowerment as objectives and design programs accordingly.

# Acknowledgements

This note was prepared July 2020 to synthesize policy choices and recommendations that have been rapidly drafted by World Bank country and Global Practice (GP) teams across several regions and primarily from Social Protection and Jobs (SPJ), Finance Competitiveness and Innovation (FCI), and the Consultative Group to Assist the Poor (CGAP) and the broader cross GP initiative, G2Px. It was prepared by Georgina Marin Espinosa (G2Px), Guillermo Galicia Rabadan (FCI), Robert Palacios (SPJ), Luz Rodriguez (SPJ), Harish Natarajan (FCI), and Lucia Hanmer (Gender). The compilation draws heavily from work done by Silvia Baur-Yazbeck (CGAP), Gregory Chen (CGAP), Jose Antonio Garcia (FCI), Ugo Gentilini (SPJ), Alessandra Heinemann (SPJ), Jonathan Marskell (ID4D), Peter McConaghy (FCI), Douglass Randall (FCI), Fiorella Risso (FCI), Emil Tesliuc (SPJ), Veronica Trujillo (FCI), and Mahesh Uttamchandani (FCI).



# Introduction

Government-to-person (G2P) social assistance payments are an important policy response being implemented by governments across the world to help vulnerable populations meet their needs in the context of the COVID-19 pandemic. As of May 22, 2020, over a hundred countries are scaling up social assistance programs either by increasing benefit levels, coverage or both.<sup>1</sup> Dozens of countries will spend unprecedented amounts to provide direct aid to households suffering from the health and economic effects of the pandemic.

Given governments' urgency to provide assistance quickly and with transparency and accountability, and the logistical challenges posed by lockdowns and social distancing norms, digitizing G2P payments and promoting choice and interoperability is more important now than ever and provides an opportunity to catalyze necessary reforms. Countries with advanced G2P payment ecosystems are able to push social assistance payments out rapidly and therefore roll out new programs with relative ease. In the midst of this crisis, scaling up G2P payments and provision of continued access to financial services will be more difficult. Countries with more nascent payment infrastructures, digital financial service (DFS) regulations and digital ID systems, will find it more difficult to rapidly deploy and digitize G2P payments.

In the face of the crisis, immediate and short-term targeted measures must be implemented to enable vulnerable populations to receive assistance in the fastest and safest way possible.<sup>2</sup> Ideally, these measures should contribute to the momentum of G2P payments digitalization while also establishing the processes and infrastructures to be better prepared for the next crisis.

In doing so, countries will face two separate, but related challenges:

- **Expanding the list of eligible beneficiaries:** Most countries are trying to provide social assistance not only to current social program beneficiaries but also to a broader set of individuals/families deeply affected by the crisis – many of whom are in the informal sector.<sup>3</sup> Identifying and targeting these individuals will be challenging for countries with identification systems that have low coverage or quality. While some will be able to leverage administrative databases (for example, social insurance, social assistance, income tax, vehicle registry, and so on), others may have to accept significant inclusion error while others are exploring alternative stopgap measures (for example, mobile network operator (MNO) databases).

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<sup>1</sup> Ugo Gentilini, et. al. (2020) Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures Living Paper Version 10.

<sup>2</sup> Not everyone will be affected by the pandemic in the same way. Women-only households, single mothers, widows, and female farmers are among the vulnerable populations that will need emergency support and support over the longer term. Pregnant women, women with disabilities, dependents of migrants stranded abroad, refugee women and girls, and adolescents who have lost their parents are other groups among the highly vulnerable.

<sup>3</sup> In lower-income countries, women are largely engaged in informal work and other vulnerable forms of employment (for example, self-employment in small subsistence businesses, domestic work), which often excludes them from formal social protection measures targeted to workers.

- **Making payments safely and securely in the context of the pandemic:**<sup>4</sup> Countries are trying to solve the problem of how to get money to people safely, minimizing contact and queues, while effectively reaching vulnerable populations.<sup>5</sup> Many of the reforms that made sense prior to the COVID-19 crisis to enable safe, efficient, and financially inclusive payments are now even more important in the context of the pandemic. The externalities of more efficient payments are now much greater. For example, enabling customer choice – a system where payments are made to the provider that is most convenient to the beneficiary – and depositing social assistance payments to a general-purpose transaction account, which would enable recipient to access the account using various channels at a location closer to them, significantly reducing congestion and the need to travel long distances. The transaction account design could vary based on the context and could include a basic bank account accessed through debit card or a e-money account accessed using a prepaid card or mobile phone (mobile money). In many cases, regulatory changes that would have been recommended before the crisis, such as allowing remote or simplified customer due diligence (CDD) and know your customer (KYC) for basic accounts, could now be fast tracked.

What is feasible within a short period of time will depend on the starting point in each country. Yet, decisions made in the midst of the crisis could have long-term implications for the social protection and financial sectors.

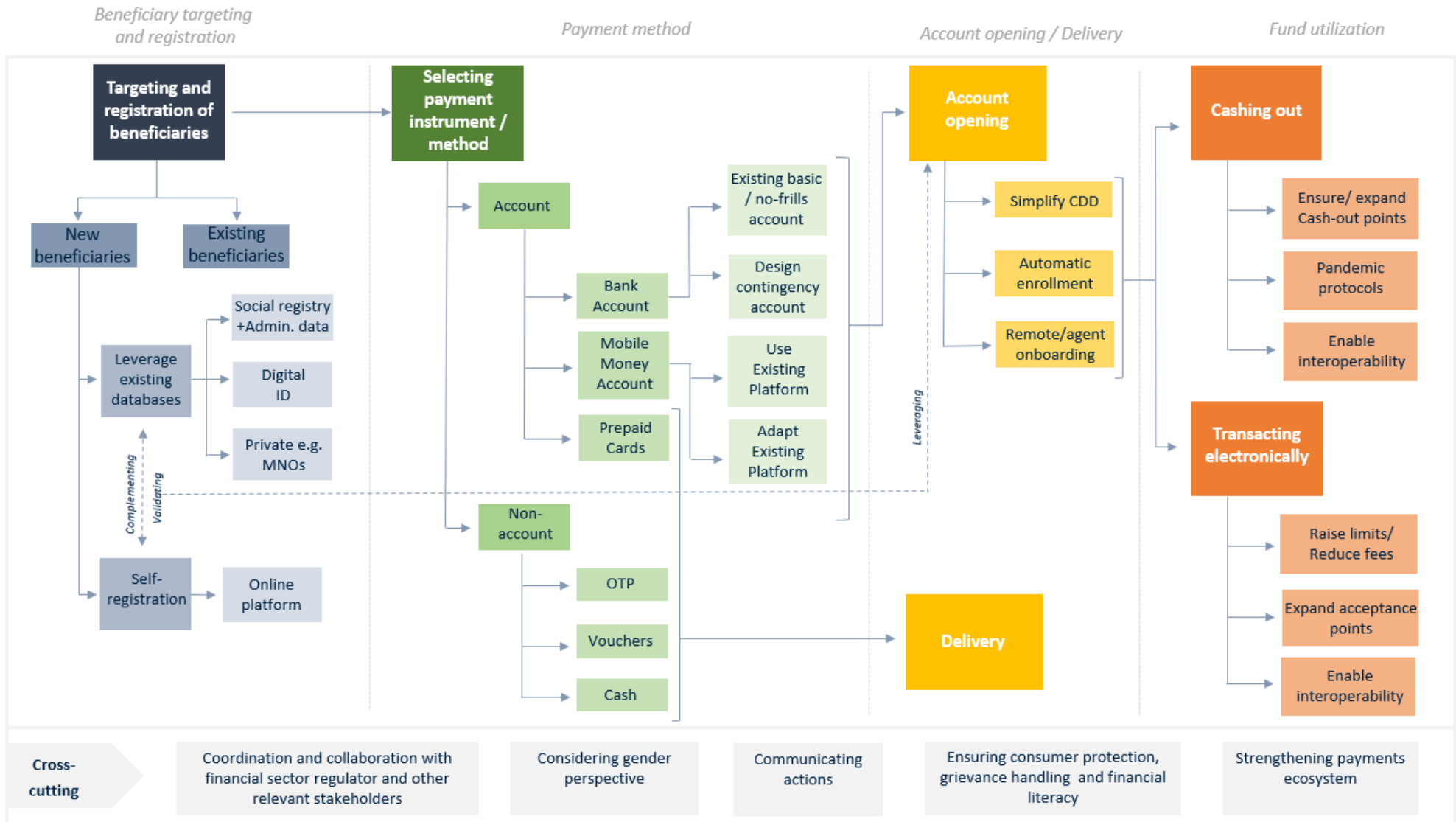
The options suggested in this document are not intended as recommendations but rather to offer general guidance for policy makers and the technical advisors that support them who are considering the most appropriate measures to scale up or implement a G2P emergency social assistance payment program. The note is organized as follows: the following section provides an overview of some of the main aspects that must be considered when scaling up or implementing a new social assistance payment program; appendix A provides a general assessment matrix to initiate discussions on the most appropriate solution given the country context; appendix B considers the advantages and disadvantages of different payment solutions in the context of COVID-19; and appendix C provides a list of immediate, short- and medium-term policy options that could be considered in the context of COVID-19 response G2P social assistance payments.

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<sup>4</sup> Importantly, changes are required whether or not new beneficiaries are included since the pre-crisis payment processes were not designed to minimize crowding or physical contact.

<sup>5</sup> While scaling up G2P payments in the midst of the pandemic, one also needs to ensure that this does not lead to even further exclusion of vulnerable populations, particularly those without access to technology, the elderly, the disabled, and people living in remote areas.

**FIGURE 1. Key Considerations and Options in Designing a G2P Social Assistance Payment Solution**





# Key Considerations When Designing an Emergency G2P Social Assistance Payment Solution

When designing an emergency social assistance payment solution, the end-to-end characteristics must be considered. Figure 1 provides an overview of some of the key aspects that should be considered in the process of discussing potential solutions for the social assistance payment delivery for existing and new beneficiaries in the context of a sanitary emergency. In figure 1, social assistance program design considerations are organized by design dimension and should not be interpreted as sequential in implementation. Instead, they should all be considered at the design stage and the available options and decisions made in a given aspect will narrow down the options in subsequent aspects. It must be noted that, for existing social assistance programs that are expanding their beneficiary base or are topping-up beneficiaries, not all design aspects will be relevant (for example, registering or selecting a payment method). However, even for existing beneficiaries, it will be necessary to consider how to adapt the current payment delivery method to make it safer in the context of the pandemic, ideally by considering how to transition to a digitalized solution that can provide longer-term developmental benefits.

An analysis of market conditions is necessary (see appendix A) and broad stakeholder participation is critical in identifying potential solutions that can be deployed rapidly and that can have long-term benefits. Governments might want to consider creating a government working group composed of representatives from the ministry of social development, ministry of telecommunications, and the ministry of finance, the central bank, the financial sector supervisor, and the identification agency to discuss desirable and feasible options. Payment service providers (PSPs) and other private stakeholders with access to key infrastructure or information should also participate in the discussions.

As shown in figure 1, the first challenge in the social assistance program design is the **targeting and enrollment of new beneficiaries** when a new program is introduced or when existing programs consider expanding eligibility beyond current beneficiaries. If eligibility is restricted to beneficiaries of current social programs, then their identification and enrollment is easier. However, to reach those most impacted by the pandemic, most countries are aiming to target individuals in the informal sector which are difficult to identify. This might especially affect women, who in lower-income countries are largely engaged in informal work and other vulnerable forms of employment (for example, self-employment in small subsistence businesses, domestic work). The way countries are able to tackle this challenge depends on the scale and depth of their population information, and the coverage and quality of their identification systems. Countries with up-to-date and robust social registries may be able to use these to identify new beneficiaries. Other countries are using administrative databases (for example, social insurance, income tax) to identify potential beneficiaries. As long as the country has a reliable identification system, countries can use digital platforms for citizens to self-register and verify their eligibility. Some of these platforms have been used to provide information on eligibility based on existing information held by the authorities (for example, El Salvador). Other countries have actually employed online platforms to collect information (that is, of informal sector workers) and determine eligibility. These online platforms are also a great

opportunity to collect and verify beneficiary information that can then be used to simplify the onboarding process to the payment delivery instrument. For example, Thailand created a website for individuals to request a US\$150 grant by providing personal information (including bank account) to determine eligibility.<sup>6</sup> Within less than a week after launch, the website had already registered 23 million Thais – one third of the population. The government will have to determine who will be eligible based on information provided and inform beneficiaries. Many countries will not have the necessary assets to identify or verify beneficiaries, and as a result, may opt to implement a universal CT.

After the beneficiary target has been established for new programs, or when considering new beneficiaries in existing programs, a **payment delivery mechanism must be selected**. For existing social assistance beneficiaries, authorities will have to consider whether their current payment delivery mechanism is suitable and assess whether transitioning to a different mechanism would be feasible to ensure safe and quick delivery of payments in the context of the pandemic.

There are two main types of payment delivery mechanisms: account- and non-account-based solutions. Account-based solutions, which comprise transaction accounts that allow people to receive and send payments such as bank, mobile money, and prepaid card accounts,<sup>7</sup> require onboarding beneficiaries (ideally remotely) and leveraging payments systems. These mechanisms provide the biggest potential benefits to beneficiaries (including financial inclusion and convenience) and to governments (including cost-savings, leakage reduction, and efficiency gains). Countries such as Peru, Colombia, Morocco, Brazil, and Thailand have opted for an account-based delivery option for their COVID-19 emergency social assistance programs. Brazil, for example, has decided to deliver their US\$120 social assistance payment through mobile money accounts. Citizens can register to receive the payment by registering via a website or an app. After their eligibility is verified against the social security register, those who are eligible can either provide an existing account number or are given the option to open a mobile savings account at one state-owned bank which provides basic functionality.<sup>8</sup> With 54 million beneficiaries as the target, this is expected to be one of the biggest and fastest financial inclusion drives registered.

However, account-based solutions might not be the most feasible option for some countries in the short term, depending on their payments ecosystem, financial infrastructure, and regulatory framework. Gender gaps in financial inclusion and, in some countries, ownership and access to mobile phones may also mean that it is hard to reach an important part of the intended vulnerable population with an account-based solution.<sup>9</sup> In these cases, a non-account-based solution might be a more realistic option during the emergency. Non-account-based solutions, including single-use prepaid cards, one-time passwords (OTP), vouchers, and cash, can be either electronic- or paper-based but, in common, an


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<sup>6</sup> <https://www.xn--12cl1ck0bl6hdu9iyb9bp.com/>.

<sup>7</sup> Prepaid cards that are single-use and limited only for withdrawing cash are not considered as an account-based solution in the context of this note, as they do not provide the same financial inclusion and convenience benefits to beneficiaries as an account that allows them to make deposits, save money, and transact.

<sup>8</sup> <https://www.forbes.com/sites/angelicamarideoliveira/2020/04/10/the-brazil-tech-and-innovation-roundup-largest-ever-financial-inclusion-scheme-begins-so-paulo-launches-surveillance-to-slow-coronavirus-spread-ifood-joins-forces-with-deliveryhero/#272adce173bd>.

<sup>9</sup> Delivering mobile phones directly to women can potentially address multiple issues that women might face in a COVID-19 context—such as access to mobile money transfers, other banking services, and information. Research has shown that access to mobile money accounts for women can lead to increased financial resilience, especially for female-headed households (Suri, Tavneet & Jack, William. (2016). *The long-run poverty and gender impacts of mobile money*. Science.) . Research has also shown that mobile payments can lead to an improvement in dietary diversity, as well as boost intrahousehold bargaining power for women (Aker, Jenny et. al. (2016). *Payment Mechanisms and Antipoverty Programs: Evidence from a Mobile Money Cash Transfer Experiment in Niger*. *Economic Development and Cultural Change*.; and Aker, Jenny et. al. (2011). *Zap It to Me: The Short-Term Impacts of a Mobile Cash Transfer Program - Working Paper 268*, Working Papers 268, Center for Global Development). Mobile phones can also potentially act as a mechanism to enable reporting of gender-based violence, as women are confined to an environment with heightened tensions and exacerbated economic stress.



account opening is not required. While this eliminates the challenge of opening accounts in countries with a less-developed financial sector, in most cases it requires physical delivery of the instrument creating logistical challenges during the pandemic in addition to not having the benefits associated to account-based solutions (including financial inclusion, women's economic empowerment and efficiency gains). Some countries have opted for non-account solutions, such as Ecuador (over-the-counter (OTC) cash delivery through banks) or have provided this option for individuals without an account, such as Peru (OTP used at automated teller machines (ATMs)), and Colombia (OTP used at ATMs).

To decide which is the most appropriate method for the country context, market aspects ranging from financial inclusion, mobile penetration, identification systems, regulatory framework, and payments systems, among others, must be considered. Appendix A provides an initial assessment matrix with some of the aspects that must be evaluated to initiate discussions on the most appropriate mechanism for a given country. Furthermore, appendix B compares the advantages and disadvantages of the different solutions to consider during the decision-making process. Finally, appendix C, section 1 provides some design considerations for each specific payment method.

If an account-based solution is selected, then beneficiary transaction account registration or **onboarding** must be conducted. As much as possible, beneficiaries should be given a choice in selecting the payment service provider (PSP) where they would like their social assistance payment sent and should have the option to switch provider when and if they decide to do so. PSPs will need to be remunerated by the government and providing choice will require working with multiple PSPs rather than procuring only one service provider. However, a choice-enabled system not only reduces travel time and potential agglomeration during the pandemic, but also has long-term benefits of increasing convenience for beneficiaries and promoting better quality service for customers through higher incentives to compete among PSPs.

The process of onboarding should be simplified as much as possible for beneficiaries. If they already own an account, then the program should aim to disburse the payment into their existing account. Countries such as Peru, Colombia, and Thailand are leveraging their program registration platforms to collect account information in this case. For beneficiaries without an account, information collected during the social assistance program enrollment could also be leveraged to streamline beneficiary onboarding if shared with the PSPs. For instance, the program unique ID could be used as the identification required for account opening. Authorities can also consider automatically opening accounts for beneficiaries through state-owned PSPs. Simplifying or deferring some of the validation aspects of the KYC/CDD process for low-risk accounts catering to beneficiaries can be considered as a way to ease barriers to account opening. Furthermore, remote CDD can be considered to enable account opening at agents or through mobile phones. A list of policy options to facilitate beneficiary onboarding are available in appendix C, section 2.

Regardless of the payment delivery method chosen, ensuring beneficiaries will be able to **easily and safely withdraw cash** is important. While ideally all transactions should be conducted electronically during the pandemic to reduce contagion, the reality is that few payment ecosystems in developing countries would be able to support such a model especially when considering beneficiaries are most likely to transact in the informal economy with lower acceptance of electronic payments. Authorities must therefore ensure sufficient access to the existing cash-out points (for example, by designating agents and bank infrastructure as “essential services”) and should also make an effort to expand the number of cash-out points especially in areas where beneficiaries reside (for example, by making groceries, pharmacies, and postal offices PSP agents) and make them interoperable. Liquidity in cash-out points must also be

monitored and addressed by the authorities. Finally, protocols to avoid overcrowding (including spacing out disbursements) and sanitary protocols should be established. Appendix C, section 3 provides a list of measures that can be implemented to make withdrawing cash easier and safer for beneficiaries.

In addition, **electronic payments should be promoted** to minimize cash withdrawal and to maintain social distance as much as possible. Several countries, including Rwanda, Kenya, Egypt, and Uganda among others, have already increased or lifted limits for daily or monthly mobile money transactions. Kenya has even waived fees for mobile money transactions up to a threshold. Fees for beneficiaries to access their social assistance payment should be waived or subsidized as much as possible. Expanding digital payment acceptance points is also key to promoting electronic payment usage. Deploying temporary point-of-sale (POS) terminals (or employing QR code-based solutions where available) to essential service merchants could increase use of electronic payments. Merchant CDD for electronic payments acceptance onboarding could also be simplified to enable a rapid expansion. Appendix C, section 4 provides a list of several policy options that can be considered to promote electronic payments during the pandemic.

Finally, to ensure a successful rollout of the social assistance payment delivery system there are supporting aspects such as payments infrastructure, communication, and consumer protection that must be considered in the design and implementation.

Proper **communication** of all actions throughout the implementation process is critical to avoid implementation setbacks which can create greater health risks. Lack of timely or proper communication can lead to individuals seeking information in-person at government offices (contrary to social distancing measures) or trying to anticipate distribution channels or other features of the program that could lead to undesired beneficiary actions. Appendix C, section 5 provides an overview of policy considerations regarding communication of the social assistance payment delivery method.

Distributing social assistance payments through financial products to beneficiaries who did not previously have these products creates particular concerns around **consumer protection**, given their lack of familiarity and trust in these products.<sup>10</sup> New technology users, in the case of digital transactions, are also especially vulnerable to cybercrime if targeted. Communication to increase awareness of the techniques used by online fraudsters as well as recourse mechanisms are necessary. Data protection should also be prioritized throughout the design and implementation of payment mechanisms. Appendix C, section 6 provides a list of measures that should be considered to ensure beneficiaries' consumer protection.

**Maintaining and strengthening the payments ecosystem** that will support the payment method is critical to a successful implementation. Connectivity and business continuity must be ensured for all transaction, clearing, and settlement systems involved. The payments system must be able to support the higher volume of payments and ideally should provide operational availability in a schedule as extensive as possible. Interoperability is also critical, not only to avoid overcrowding in specific cash-out points but also to promote broader use of electronic payments. A list of measures and considerations to strengthen the payments ecosystem to support the delivery of electronic payments can be found in appendix C, section 7.

Finally, stakeholders must **keep gender gaps in mind** throughout the design and implementation aspects of the social assistance payment mechanism. Some of the channels through which the COVID-19 pandemic impacts the poor makes women amongst them especially vulnerable. For example, most primary caregivers are women and girls and, especially in low-income countries, women are largely

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<sup>10</sup> In some situations, reducing the risk of gender-based violence is also a safety concern.

engaged in informal work, often self-employed in small businesses, domestic work, or marketing food. Scaling up digital G2P mitigates some of the gender-specific impacts of COVID 19. The effectiveness of social protection programs improves if these gender dimensions are considered. Digital social protection programs that successfully deliver benefits to vulnerable women reach male caregivers and male informal sector workers too, plus there are important gender equality gains. A growing body of evidence shows that digital payments to women's own accounts empower women, strengthening their household decision-making power and increasing their labor force participation. However, in many developing countries, not all have access to technologies needed for these payments and there is a gender gap in access to mobile phones and other forms of ICT. Delivering mobile phones directly to women can potentially address multiple issues that women might face in a COVID-19 context—such as access to mobile money transfers, other banking services, and information.

Examples of using digital G2P payments to reach vulnerable women and support caregivers in the context of the COVID-19 crisis include Argentina where an emergency social assistance program will target not only informal workers and self-employed but also domestic workers who are given a choice to receive the social assistance payment via an existing account, using an ATM network with an OTP, at a post office, or can even open a mobile account by using a photograph of their ID and themselves. Brazil has also recognized the gender-specific impacts of COVID-19 and their emergency social assistance payment is double the amount for households headed by a single mother. Similarly, in Mauritania, women-led households and those supporting the elderly and people with disabilities will be receiving an emergency social assistance payment. A list of measures and considerations to consider the gender perspective in the design and implementation of CT electronic payment delivery can be found in appendix C, section 8.

**Table 1. Market Aspects to Consider When Choosing Emergency Social Assistance Payment Options**

Market aspects		Account solution			Nonaccount solution		
		Bank accounts	Mobile money accounts	Prepaid cards	OTP	Vouchers	Cash
<b>Access points</b>  <i>Which option offers easier access to withdraw cash, transact, onboard?</i>	Bank branches	Bank branches widely available (critical if no remote opening available)	N/A	N/A			
	Agents	High access to agents to withdraw cash (urban and rural)	Mobile money cash-in/cash-out service points widely available (considering access to different PSP agents when agent interoperability is low)	Agents widely available (or other easily accessible cash-out point, i.e., ATMs)	N/A		
		Account opening possible at bank agents is important especially when bank branches are not widely available					
	ATMs	ATMs widely available (or other easily accessible cash out point, i.e., branches or agents)	N/A	ATMs widely available (or other easily accessible cash out point, i.e., agents)	For OTP at ATM solution: ATMs with appropriate technology widely available	N/A	
	Merchants	Wider acceptance of card payments than mobile money payments	Wider acceptance of mobile money payments than card payments	Wider acceptance of card payments than mobile money payments	Low acceptance of electronic payments (card or mobile)		
Other access points	Consider other access points in the country which could be leveraged for the different solutions based on current or feasible partnerships, connectivity, beneficiary acquaintance (e.g., post offices, remittances companies, etc.)						
<b>Account characteristics</b>  <i>Which option requires the least changes / innovation?</i>	Fee structure	- Basic/no-frill accounts are available in the market or could be created easily and offered by some banks (e.g., state owned banks)	- Mobile money accounts available without opening/maintenance fee or could be waived	- Prepaid card account without opening/maintenance fee exist or fee could be waived	N/A		
		- Cash-withdrawal fees are or could be waived for easily accessible points	- Access points available with low cash-withdrawal fees or could be waived	- Cash-withdrawal fees are or could be waived for easily accessible points			
		- Transaction with account (transfers/purchases) have low fees or could be waived	- Fees for mobile transactions (transfers/purchases) are low or could be waived	- Fees for card transactions (purchases) are low or waived			
	Payment card	Card included in traditional or basic accounts or fees can be waived/ subsidized	N/A	No fees to consumer for activation or use of prepaid cards	N/A		
KYC/CDD regulations	- Simplified KYC/CDD framework available or possible to implement  - Remote onboarding allowed	Remote onboarding allowed	Simplified authentication for prepaid card activation possible	N/A			
<b>Financial inclusion and literacy</b>  <i>Which option will provide the easiest take up?</i>	Relative awareness of bank accounts/ ATMs  Higher financial inclusion	Higher awareness of mobile money accounts  Higher financial inclusion	Relative awareness of cards/ATMs	Lower numeracy and low technology use  Lower financial inclusion  Lower financial inclusion			

<b>Payments System</b> <i>Which option is supported by the strongest payments system?</i>	Switch	Retail payments switch can support higher volume of transactions and higher settlement frequency	Mobile payments switch can support higher volume of transactions and higher settlement frequency	Retail payments switch can support higher volume of transactions and higher settlement frequency		
	Interoperability	Payment cards that could be provided are interoperable (open-loop) or cashout/acceptance network for closed-loop is extensive	Interoperability exists between the majority of mobile money accounts, or there is big penetration of the FSPs that will be used  Agents are interoperable	Payment cards that could be provided are interoperable (open-loop) or cash out/acceptance network for closed-loop is extensive	NA	
<b>Mobile phone ecosystem</b> <i>Which option is most feasible given mobile ecosystem?</i>	Penetration	N/A	High mobile phone ownership  (% of mobiles with technology aligned with existing mobile payments platform)	N/A	Higher mobile phone ownership	N/A
	Connectivity	N/A	High 3G/4G connectivity	N/A	High at least for 2G connectivity	N/A
	SIM registration	N/A	SIM cards registered using a unique identifier can simplify account opening and authentication	N/A	SIM cards registered using a unique identifier can facilitate authentication	N/A
<b>Existing partnerships</b> <i>Which option offers most feasible institutional arrangement?</i>	State-owned banks	Strong reach that can tailor/distribute accounts for beneficiaries	State-owned bank has mobile money solution or an arrangement with bank or MNO for other social programs exists or could be quickly deployed	Existing or possible partnership that can provide prepaid cards for beneficiaries	Existing arrangement with banks or agent network for other social programs (OTC, vouchers or accounts) that could be built on	
	Commercial banks	Existing arrangement with bank or agent network for other social programs (OTC or accounts) that could be built upon				
	MNOs		N/A			
	Agents / Post Offices		N/A			
<b>Public financial management system</b> <i>Which option is feasible using existing systems?</i>	Mechanism available to record account number and direct disbursements.					
<b>Identification management systems</b> <i>Which option is feasible given the IMS?</i>	<ul style="list-style-type: none"> <li>- Moderate to high coverage and quality (deduplicated and digitized)</li> <li>- Digital ID or identification authentication system available to FSPs</li> </ul>			- Moderate to high coverage and quality (deduplicated and digitized)	- Low coverage and/or quality (deduplicated and digitized)	
<b>Frequency of emergency social assistance payments</b> <i>Which option is best aligned to the desired frequency of the payment?</i>	Appropriate for all frequencies/durations. The higher the frequency/duration of social assistance payments, the higher the benefits to implementing an account-based solution.		Could be an option when constraints to setting up regular bank accounts are high in the short term and if the payment will be a single, one-off or multiple but limited to the crisis period. For recurrent indefinite social assistance payments and large amounts, accounts should be considered.		Should be considered <b>less</b> viable when the frequency/duration of the social assistance payment is expected to be (i) multiple but limited to crisis period; or (ii) recurrent indefinitely.	

# Appendix A. Market Aspects to Consider When Choosing Emergency Social Assistance Payment Options

Appendix A provides a general assessment matrix to initiate discussions on the most appropriate solution given the country context. Each row represents a market aspect that should be assessed in the context of each country. The cells in the table indicate which payment solution (column) could be more feasible for different situations in each market aspect. Not all market aspects are necessary conditions; some can be developed or amended as part of the solution. More details on how to potentially address them are provided in the body of this note.

## DEFINITIONS:

- **Mobile money accounts** – An e-money account where the record of funds is stored on the mobile phone or a central computer system, and which can be drawn down through specific payment instructions to be issued from the bearer’s mobile phone. They can be offered by banks or non-bank financial service providers.
- **Prepaid cards<sup>11</sup>** – Card delivered to beneficiaries which is linked to an e-money account, which can then be topped up for subsequent payment cycles and the customer can maintain a balance in the account. Can be used to withdraw cash at ATMs or using POS.
- **OTP** – One-time password delivered via mobile to beneficiaries to withdraw cash at ATMs or agents.
- **Vouchers** – Vouchers distributed to beneficiaries with which they can exchange for cash at affiliated points (agents, banks, post offices, and so on).
- **Cash** – Cash delivered in-person by public officials or OTC at affiliated points.
- **N/A** – Not applicable.

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<sup>11</sup> Prepaid cards that are single-use and limited only for withdrawing cash are not considered as an account-based solution in the context of this note, as they do not provide the same financial inclusion and convenience benefits to beneficiaries as an account that allows them to make deposits, save money, and transact.



# Appendix B. Advantages and Disadvantages of Alternative Emergency Social Assistance Payment Options

**Table 2. Advantages and Disadvantages of Payment Options**

Considerations	Account solution			Nonaccount solution		
	Bank accounts	Mobile accounts	Prepaid cards	OTP	Vouchers	Cash/OTC
<b>Advantages</b>	<ul style="list-style-type: none"> <li>Increases financial inclusion</li> <li>Offers a gateway to other financial services</li> <li>Potential to empower female beneficiaries</li> <li>Reduces leakages</li> <li>Disbursement cost reductions and efficiency gains for government</li> </ul>	<ul style="list-style-type: none"> <li>Increases financial inclusion</li> <li>Depending on the type of account, could offer a gateway to other financial services</li> <li>Potential to empower female beneficiaries</li> <li>Reduces leakages</li> <li>Disbursement cost reductions and efficiency gains for government</li> </ul>	<ul style="list-style-type: none"> <li>Increases financial inclusion</li> <li>Reduces leakages</li> <li>No need to open traditional bank accounts</li> <li>Familiarizes beneficiary with financial services</li> </ul>	<ul style="list-style-type: none"> <li>Reduces leakages</li> <li>Disbursement cost reductions and efficiency gains</li> <li>No need to open accounts</li> <li>Depending on voucher cash-out points can be easy for beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Reduces leakages</li> <li>No need to open accounts</li> <li>Depending on voucher cash-out points can be easy for beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>No need to open accounts</li> <li>Depending on OTC points can be easy for beneficiaries</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Account opening can be challenging during the crisis if identification and payments systems, and enabling regulations are not in place</li> <li>Crisis timeframe makes it challenging to properly educate beneficiaries on account usage</li> </ul>	<ul style="list-style-type: none"> <li>Existing mobile payments system might not support the higher volume of transactions</li> <li>Creating (or significantly modifying) a mobile payments system in the short term will be too challenging</li> </ul>	<ul style="list-style-type: none"> <li>Physical distribution poses a health risk and is time consuming</li> </ul>	<ul style="list-style-type: none"> <li>Providing OTP to consumers securely will require strong identification system</li> </ul>	<ul style="list-style-type: none"> <li>Physical distribution poses a health risk and is time consuming</li> <li>Will require double touch point (when receiving voucher and when withdrawing cash)</li> </ul>	<ul style="list-style-type: none"> <li>Physical distribution poses a health risk and is time consuming</li> </ul>

# Appendix C. Policy Options to Consider in the Context of COVID-19 Response

## G2P Social Assistance Payments

This appendix presents actions or considerations organized around eight main topics.

- Payment distribution design options
- Facilitating onboarding
- Making cash withdrawal easier and safer
- Promoting use of electronic transactions
- Communicating actions to beneficiaries
- Ensuring beneficiaries' financial consumer protection
- Strengthening the payments ecosystem
- Consider the gender perspective

Within each of these categories, policy actions are organized by the immediacy with which they should be considered and implemented by policy makers. Actions catalogued as **immediate** have the objective of adapting existing payments systems within two weeks to: (i) quickly increase the beneficiary pool (horizontal expansion of social assistance programs); and, (ii) facilitate social distancing, sanitation, and security at access points. Actions catalogued as **short-term** have the objective of upgrading existing disbursement systems within two to eight weeks to: (i) increase the share of beneficiaries receiving account-based payments; and, (ii) encourage social distancing through offering wider access point networks. Finally, actions catalogued as **medium-term** have the objective of overhauling existing disbursement systems within 2 to 12 months to: (i) migrate most payments to account-based payments; and, (ii) strengthen digital payments ecosystems.

These policy options are not recommendations but can assist policy makers and the technical advisors that support them consider the most appropriate measures when designing and implementing a G2P emergency social assistance program.

### 1. PAYMENT DISTRIBUTION DESIGN OPTIONS

#### BANK ACCOUNT OPTION

- When deciding which PSP to partner with to open or offer accounts for beneficiaries, the following should be considered:
  - Consider fast implementation feasibility – PSPs with existing partnerships for other social programs should be considered;
  - Consider accessibility when selecting partner providers – the more PSP options given to beneficiaries the more likely they will be able to select a bank that has infrastructure near them thus minimizing travel.
- In countries where basic or low-value accounts (that have simplified KYC and no opening, maintenance, basic transaction fees nor minimum balance requirements) exist, then these should be

offered to beneficiaries. All G2P-linked accounts should include a free debit card.<sup>12</sup> If the program has open choice to select PSPs, the provision of debit cards for basic or no-frills accounts should be funded if customers must pay for it.

- In cases where basic or no-frills accounts are not yet available in the market, authorities may want to consider implementing a contingency account. The following characteristics should be considered:
  - The contingency account should have transaction limits and simplified due diligence. Enabling remote enrollment should be considered. Also assess if ATMs or agents could be used to open remote contingency accounts.
  - For due diligence, authorities should consider using only national ID numbers. Where feasible, validation of ID numbers with a national database should be carried out. When even usage of ID numbers is not feasible, some other simple form of identification, for example, a letter from a prominent individual in the community, could be accepted.
  - Validity of the account could be limited to the contingency period with the option to extend usage on completion of simplified KYC/CDD requirements. This would obviate repeating the entire exercise and the same account can be used for various transactions (P2P, G2P, P2B, and so on) at a later date and would reduce costs and increase financial inclusion.
  - Contingency account fees should be waived. On this, authorities could use regulatory powers or moral suasion and negotiate that, once the contingency is over, PSPs could change the status of accounts to retain these users.

#### MOBILE MONEY ACCOUNT OPTION

- If authorities decide to implement payment delivery through mobile accounts, they have two options:
  - Use/adapt current retail payment systems (RPS) and other existing platforms; or,
  - Deploy a specific platform, for which resources and implementation times would likely be unfeasible for an emergency response.
- **If adapting existing RPS and/or platforms for a mobile account solution** the following should be considered:
  - **The mechanism should offer at a minimum essential functionality** (payments, balance, and notifications) to ensure rapid deployment and robust operation. On this, it must be considered if existing digital payments can be used or tailored for this purpose.
  - **Consider if a cash-out option could be made available in the first stages of implementation especially if acceptance of electronic payments is low.** For example, allow users to obtain an SMS containing a one-time password to be used in ATMs or agents for cash withdrawals.
  - **User experience should be simplified**, for which authorities should consider minimum authentication mechanisms and simple account identification. For example, a beneficiary's account could be identified by entering the mobile number of the beneficiary.
  - **The payments platform must ensure high levels of interoperability and availability.** For instance, authorities should consider mandatory participation of all relevant payment services providers or establish alternative arrangements.
    - **If possible, the payments platform should offer real-time crediting of the beneficiary's account.** If existing platforms will be used and they do not offer this feature, authorities

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<sup>12</sup> Authorities must evaluate if cards will be delivered ready to use or, if for security purposes, all cards should go through an activation process. If card activation is required as a security layer, authorities may also consider using the remote enrollment platform to activate the card, for example, by requesting information only known by the beneficiary that can be validated by the FSP, for example, the last 4 digits of an official ID.

- should consider increasing the number of settlement cycles when real-time settlement is not possible.
- **Authorities and stakeholders should designate resources to ensure the security and operational robustness of the platform.**
  - **Contingency digital payments fees should be waived.**
  - **Assess if there is a need to establish transactional limits to account for the risk from lower CDD and to maintain low financial exposure of the platform** and to smooth demands on liquidity. The system should aim to move up to a faster payments scheme in the medium term.

#### PREPAID CARD ACCOUNT OPTION

- Prepaid card accounts can be a viable option for countries with a regulatory framework that allows prepaid card accounts to be opened with few KYC/CDD requirements and where prepaid card accounts can be linked to an e-money account, which can then be topped up for subsequent payment cycles and the customer can maintain a balance in the account. Prepaid cards that are single use and do not allow for top-ups should be considered only as a nonaccount-based solution which would limit the long-term benefits of digital G2P payments to beneficiaries.
- When selecting a prepaid card method, authorities should consider the following features:
  - Physical distribution of prepaid cards can add a layer of logistical complexity during the pandemic. Distribution of cards should be carried out without creating agglomerations; this may require that cards are delivered by authorities to the homes of beneficiaries, as courier services may also become unavailable. If physical distribution is required, beneficiaries should be directed to specific locations at specific times to obtain their payment card. Leverage not only government offices, but also post offices and agent networks.
  - Solutions should allow for cash withdrawal at a reasonably accessible network of ATMs, agents or financial institutions. The prepaid card should also allow transactions at merchants for present and not-present transactions. Open-loop prepaid cards may be more suitable, particularly when lockdowns reduce the availability of merchants and cash-out points.
  - Beneficiaries must be able to check the balance on cards without attending a physical point and without cost. In this regard, several channels must be made available including call centers and online services. When possible and when information of mobile phone number or other remote contact information is available, consider delivering notifications of purchases and cash withdrawals and include new balance in these notifications; also consider delivering daily notifications of balance to beneficiaries.
  - Where available acceptance hardware has contactless features,<sup>13</sup> prepaid cards with this technology should be considered to reduce interaction of the beneficiary with acceptance hardware (mainly PoS) at merchants.
  - Information that should be handed to beneficiaries with the delivery of cards should include a description of how to activate and use the card, where to use it and fees. This material should also be made available by authorities through digital channels and other channels (for example, call centers).

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<sup>13</sup> In some cases, while acceptance hardware may feature contactless acceptance this has to be manually configured by the user, which may require authorities and private providers to guide merchants on how to activate this functionality.

- Activation of cards is an important layer of security that could help to ensure that the intended beneficiary is the user of the card. Activation mechanisms should be eased and should include remote activation mechanisms, particularly when the card's intended use is for e-commerce.
- Prepaid cards can be bundled with mobile money accounts operated through a mobile phone. This would increase the availability of payments services and acceptance networks for beneficiaries and facilitate use of digital payments in jurisdictions where the payments ecosystem is not interoperable, or where cash withdrawal is constrained by liquidity issues and cash-out point scarcity.

**NONACCOUNT OPTIONS** – In certain contexts, rapid account opening and onboarding of new beneficiaries is not feasible or preferable. In those cases the following options should be considered:

- **Maintain OTC (cash) payments for recipients without an account** for immediate disbursements, and as an alternative if payments into an account fails. However, in the short term, OTC payments should be disincentivized except for certain populations or areas with low connectivity or access points. In Ecuador, given the convenience of the payments infrastructure which allows financial service providers to use the switch to verify beneficiary eligibility, an OTC payment through banks was implemented.
- **Implement OTP as a way of disbursing payments on first iterations** with the possibility to withdraw funds fully or partially.<sup>14</sup> This could be done using OTPs and leveraging the beneficiaries' database owned by the government in alliance with banks and switches. In some countries, as noted above, agencies that manage social programs make available to banks (which serve as cash-out points) the information of the beneficiaries so they can deliver the benefit (this is done without using an account similar to the process employed by Western Union). The OTP in this case would be a security layer so the beneficiary not only provides an ID number (which could be held by agents for fraud) when withdrawing cashing. Where technology is available, mechanisms could be developed in the short term for the disbursement of OTC payments through the ATM network, with a token, without using cards.

## 2. FACILITATE ONBOARDING

### IMMEDIATE:

- **Identify if beneficiaries already have a bank or prepaid card or mobile money account.** Require beneficiaries with existing accounts to register accounts with the government. for example, through a social protection institution portal, establishment of a hotline, or online system. Consider partnering with FSPs to identify any targeted beneficiaries that already own an account. Establish criteria to evaluate which of these accounts remain operational. Require FSPs to waive account reactivation fees. If an account is deemed operational under the established criteria, the social assistance payment would be disbursed to this account.
- **For social programs currently disbursed by OTC cash-out points** (for example, in banks branches, agents, or post offices) **leverage contact points to obtain information** that can be used to onboard beneficiaries to digital platforms:

<sup>14</sup> OTP are a type of noncard present solution where the user receives a password that can be used during a specific period of time. The password is keyed directly in an ATM or with an agent to withdraw an authorized amount of cash.

- Obtain mobile phone number from each beneficiary as mechanism to transmit information or to deploy future methods for mobile payments. Inform beneficiaries of the importance of maintaining the same mobile phone number.
- Open an account on the spot to deliver social assistance payments.
- Deliver a payment mechanism such as a prepaid card (if this is the payment mechanism that will support future social assistance payments).
- **Simplify or defer KYC/CDD for account opening.** Consider the following options:
  - **Simplify KYC requirements for low-value accounts.** If a tiered KYC framework exists, consider simplifying KYC requirements for lower-risk accounts as much as feasible with money laundering (ML) and financing of terrorism (FT) risks considered.
  - **Enable CDD procedures to be conducted at agents** for low-risk, low-value accounts to open accounts quickly. It is important that KYC requirements are set with risk-proportionality in mind for anti-money laundering/combating the financing of terrorism (AML/CFT) purposes.
  - **Defer KYC/CDD on new basic or low-value account opening** on condition it is done once the crisis subsides (requiring only a proof of identity and signature for now).

#### SHORT TERM:

- **Automatically open accounts with a bank or nonbank payment service provider (PSP).** Options include:
  - **Opening basic, no-frills, contingency-specific or prepaid card accounts** for all recipients at a public retail bank or by partnering with large commercial banks (deferring formal KYC/CDD for three to six months) ensuring consumer protection and fair treatment and facilitating consumer choice as feasible.
  - **Opening mobile money accounts with a bank or nonbank PSP partner on behalf of beneficiaries** using enrollment information provided by the beneficiaries in an online system (only viable where connectivity is high and mobile money accounts can be opened remotely).
  - **Work with national telecommunication authorities** to evaluate if information in hands of mobile network operators (MNOs) could be used to set up accounts and mobile money services.<sup>15</sup> This was successfully implemented in the Democratic Republic of Congo (Vodacom M-PESA) and Afghanistan (M-PAISA) in 2010 to deliver wages to police and public officials digitally, where e-money accounts were automatically opened for recipients using MNO-provided information. This is also being implemented in Colombia in their COVID-19 emergency social assistance program.
- **Enable and promote remote account opening** (via agents or mobile)

### 3. MAKING CASH WITHDRAWAL EASIER AND SAFER

While exclusively using electronic transactions is safer during a pandemic than using cash, this is not feasible for most beneficiaries who must meet immediate needs and live in regions with low acceptance of electronic payments. For them, having access to convenient and safe cash-out points during a pandemic is critical. In this context, countries should consider the following potential measures.

<sup>15</sup> Share information of beneficiaries or nonbeneficiaries to the telecommunications authority -> Telecommunications authority validates information with MNOs and provides a list of beneficiaries that have a mobile service and for which they have carried out KYC -> Operator of social program validates if number is still in the hands of beneficiary (for example, sends SMS requesting last 4 digits of ID) -> If validated an account is opened at a designated institution, mobile money services could be rolled out to these users.

### 3.1 ENSURE SUFFICIENT ACCESS TO EXISTING CASH WITHDRAWAL POINTS AND EXPAND NETWORK

#### IMMEDIATELY:

- **Classify branches and ATMs as “essential services”** to ensure they remain open during the crisis (with adequate safeguards in place for social distancing).
- **Authorities should identify critical areas** where cash-out points need to remain accessible and ensure that cash remains available at all points.
- **Consider keeping agent locations open.** Discuss options with sanitary and other relevant authorities for keeping in operation at least some of the agent locations whose main line of business is deemed “nonessential” and which otherwise could be required to shut down during the COVID-19 contingency. Key objectives include ensuring that vulnerable population groups maintain reasonable access to cash services, and also avoiding the overcrowding (for sanitary reasons) of agent locations if only a few of them remain open. If agent locations are shut down during the contingency (for example, because their main line of business is deemed nonessential), authorities might consider using local government offices to disburse payments.
- **Provide real-time data to the general public on the location of branches, ATMs, and agents,** with information on whether they continue to provide cash withdrawal services by at least providing a mobile app or static document with location and numbers (if branch/agent) of the cash-out points. Collect and disseminate data to provide information to users on which days and times access points tend to be less crowded. Authorities must work with FSPs to obtain and consolidate data. If not yet available, implement a mechanism to collect data and make public in the short term.
- **Provide transaction fee advances or fee increases to incentivize scale-up by FSPs. Provide additional compensation to FSPs for OTC transactions** in remote locations to ensure access to cash-out points.
- **Ensure liquidity for cash-out points.** Possible measures include:
  - Consider the benefits and challenges from choosing delivery mechanisms that can be used to withdraw cash at agents. These include reducing crowding at cash-out points and liquidity constraints.
  - Provide credit lines/overdrafts to agents.
  - Put in place platform for merchants that act as agents (this is being done in some countries) and include a functionality to report cash shortages in order to help manage liquidity.
  - Assess working enforcement agencies and cash distribution companies to redistribute liquidity by using data compiled at agents and ATMs
  - Authorities must be also aware of the potential effect of fees for withdrawing cash through ATMs. In some cases, fees that are charged retrospectively may cause account balances to be negative.

#### SHORT-TERM:

- **Monitor the continued availability of physical branches, ATMs, and agents for cash withdrawals,** in particular those located in areas populated by vulnerable groups.
- **Consider recommending or, if necessary, mandate a temporary reduction of fees for withdrawing cash** at ATMs or through agents. In the case of ATMs, also consider temporarily eliminating the fees

for “off-us” cash withdrawals.<sup>16</sup> The potential side effects of these measures should also be analyzed (for example, that banks and/or other PSPs shift these costs elsewhere in the ecosystem).

- **Expand payment point options to “essential services” points** that will remain open. Ideally, in the short term or briefly after the crisis, implement regulatory measures to allow more businesses to provide agent services (regulating service not FSP type).
  - Mandate or provide incentives to all grocery stores and filling stations to serve as retail agents for FSPs.
  - For social programs disbursed OTC, options should be expanded to bank branches and bank agents as well.
  - Designate public offices (for example, post offices) as disbursement points for OTC payments.
  - Consider licensing new FSP (sub) branches including mobile bank branches.
- **Expand the set of FSPs in the program** to include all licensed FSPs with significant branch/ATM/agent network.

### 3.2 AVOID OVERCROWDING AND IMPLEMENT SANITARY PROTOCOLS AT CASH WITHDRAWAL POINTS

#### IMMEDIATELY:

- **If using an OTC payment method, designate some OTC disbursement points or specific hours for exclusive use by specific vulnerable groups** (for example, older people).
- **Avoid overcrowding of the distribution networks:**
  - *Identify normally overcrowded cash-out points and spread withdrawals.* To do this, authorities should direct beneficiaries to specific agents/access points and provide a specific timeframe to collect the money. Effective communication with beneficiaries is essential.
  - *Schedule disbursement dates* so beneficiaries receive their payments on different days of the month to avoid large gatherings during the first few days. However, the emergency context must be considered when assessing how long a beneficiary must wait for their social assistance payment.
- **Implement sanitary protocols at access points (OTC payment points, branches, ATMs)**
  - Establish protocols to frequently clean devices used at access points. For example, install floor indicators/signage at access points visually indicating appropriate social distance between customers;
  - Establish sanitation (for example, gloves, frequent hand washing) protocols for branch staff and agents;
  - Prohibit physical contact between beneficiaries and branch staff, agents, or, wherever possible, consider installing (plexiglass) barriers between branch staff and customers;
  - Increase staffing (including security) for branches where crowding is likely.

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<sup>16</sup> “Off-us” withdrawals refer to those that are made at an ATM belonging to an entity different from the one that issued the card that is being used in the transaction.



#### SHORT-TERM:

- **Enable and encourage proxy payments<sup>17</sup> for OTC payments** especially for recipients particularly vulnerable to COVID-19 by establishing and communicating the process for households to nominate a proxy.

#### 4. PROMOTING USE OF ELECTRONIC TRANSACTIONS

One of the benefits of receiving social assistance payments digitally is the possibility to transfer money and make purchases electronically using a payment card, a mobile wallet or online/mobile banking. Furthermore, digital transactions can support efforts of social distancing that are critical to manage the pandemic. While enabling digital transactions in the short term can be difficult if the payments ecosystem is not sufficiently developed, promoting digital transaction in countries where the payments systems infrastructure exists is desirable. To this end, countries could consider the following policy options:

##### 4.1 RAISE LIMITS AND REDUCE FEES FOR BENEFICIARIES TO TRANSACT ELECTRONICALLY

#### IMMEDIATELY:

- **Increase or lift limits for daily/monthly mobile money, prepaid and/or bank account transactions** within reasonable values that align with the account's risk-level.
- **Waive fees for mobile money, prepaid and/or bank account transactions up to a threshold** (which has already been implemented in Kenya). However, consider the risk of those costs being shifted elsewhere in the ecosystem and the cost that authorities will have to bear to compensate the operator of the payment service.
- **Subsidize/waive transaction fees for G2P-linked accounts** including receiving a debit card and withdrawing from a third-party ATM. For a period of three to six months, fees could be waived entirely. Even a small fee is sometimes a deterrent to a nonfrequent user. Service providers and networks have a way of adjusting these at the backend. The beneficiary should not pay anything for accessing their social assistance payment. This has been done before in products related to disaster relief, when the situation is not permanent.
- **Where contactless payment infrastructure exists, incentivize their use.** Authorities should seek that card transactions do not pose additional health risks. Consider increasing transaction thresholds for contactless payments. All Mastercard transactions (contactless or not) are signature free already. In many markets, the contactless feature is already built into existing terminals, it is just not turned on by the merchants as they do not know how to (for example, Egypt has 70 percent penetration of contactless technology, but activation rates are low). Consider opting for contactless payments.
- **Withdraw authentication requirement through PIN** (Personal Identification Numbers) for low-value payments in order to avoid contact with PoS terminals or other card-accepting devices.

#### SHORT-TERM:

- **Consider implementing a temporary elimination of data charges.** If mobile money payment services are considered critical, authorities could support users by engaging with MNOs to implement a temporary elimination of data charges specifically for mobile money payments. Also consider making payment functionalities available without phone airtime credit.

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<sup>17</sup> Proxies are individuals to whom the beneficiary provides powers to receive the cash-transfer on their behalf.

## 4.2 EXPAND DIGITAL PAYMENT ACCEPTANCE POINTS

### SHORT-TERM:

- **Consider simplifying onboarding requirements for merchants that will be accepting digital payments.** In addition to allowing their remote and immediate enrollment through simplified CDD procedures, consider also allowing the use of special contingency accounts that would enable merchants to receive digital payments immediately.
- **Expand interoperability of existing social assistance closed-loop payment cards** as the closed-loop design limits consumer choice for withdrawing cash and making digital payments. Alternatively, connectivity could be established between the ATM switch and an interoperable scheme.
- **Consider requiring all businesses offering “essential services” – pharmacies, hospitals, grocery shops – to accept digital payments** irrespective of the purchase amount and without any customer surcharge, at least during the contingency.
  - Distribution of free, temporary mobile PoS terminals or other transaction-accepting devices could be assessed. Consider solutions with contactless features if contactless is enabled in the ecosystem. Where QR code-based solutions exist, these could be prioritized.
  - Consider working with gateways and aggregators to promote interoperability.
  - Work with payment service providers and switches to develop easy to use services that can be conducted in line with “social distancing” norms – for example, an OTP<sup>18</sup> to use at merchants (it could be appropriate for in-person and ecommerce transactions).

## 5. COMMUNICATING ACTIONS TO BENEFICIARIES

An effective communication strategy and campaign to inform about all these policies and decisions is critical to smooth implementation. Among other key features, the communication strategy should aim at countering fake news that may lead to panic or irrational behavior from the population. The following should be considered.

### IMMEDIATELY:

- **Leverage all communication channels** – social media, websites, radio and TV, an SMS service (free of charge at least during the COVID-19 emergency) to communicate changes in a clear and concise manner. Coordinate carefully to avoid creating confusion. Prioritize channels which beneficiaries most use (for example, TV/radio).
- **Direct communication with beneficiaries** should be targeted by the communication strategy using, for example, SMS and automated calls, and public communication channels such as social networks, radio, and TV.
- **Communicating the availability of cash withdrawal points** must be prioritized. On this, authorities and stakeholders must use reliable data to constantly monitor if access points remain online and if cash-out points have run out of banknotes.

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<sup>18</sup> An example of the workflow would be as follows: Merchant communicates amount to pay to customer -> Customer requests OTP through SMS (For example, keying only amount and 4-digit PIN, for example) -> Customer receives OTP and shows it to merchant/inputs on website -> Merchant sends OTP through SMS (for example, keying “Pay” + OTP) -> Merchant and customer receive confirmation.

#### SHORT-TERM:

- **Develop digital (mobile, TV, radio) educational materials on how the emergency or contingency social assistance payments will operate and make them available for all users.** Materials could include short videos on how to operate all payment options that are made available to beneficiaries.
- **Payment service providers that collaborate in the distribution of social assistance payments must participate,** and they must use their contact information databases and communication channels (for example, phone lines, websites) to distribute educational material.
- **Establish a user portal to communicate eligibility,** direct beneficiaries to specific access points, and provide information on payment/cash withdrawal procedures.
- **Consider creating an attention hotline** to assist on the operation of delivery mechanisms and extend call-center hours.
- **Develop FAQ site** based on initial problems with disbursement mechanisms. Grant access to it through WhatsApp and other commonly used communication channels.

#### MEDIUM-TERM:

- **Develop and employ SMS-based chatbot for Q&A.**

### 6. ENSURE BENEFICIARIES' FINANCIAL CONSUMER PROTECTION

Distributing social assistance payments through financial products to beneficiaries who did not previously have these products creates particular concerns around consumer protection, given their lack of familiarity and trust in these products. New technology users, in the case of digital transactions, are also especially vulnerable to cybercrime if targeted. The following should be considered by the authorities.

#### IMMEDIATELY:

- **Communicate the likely methods of scams or frauds related to financial services that may arise during the crisis.** Many users, especially those previously financially excluded, may detect fraud easily.
- **Inform beneficiaries on how to report fraud and operational incidents,** as well as the measures that authorities will take to resolve them, by using public communication channels (television, radio, and social networks).
- **Establish a dedicated hotline** with existing alternative dispute resolution entity (for example, an ombudsman with a dedicated line for beneficiaries). The phone line should preferably be a short code or short number (for example, \*911), dedicated exclusively to the social assistance program. The phone line should be open/accessible to all beneficiaries of social protection programs and should not be restricted to having a balance on a prepaid mobile service or having a postpaid telecommunication service.

#### SHORT-TERM:

- **Implement procedures to quickly verify fraud reports.**
- **Resolution of operational incidents and fraud should be prioritized** by authorities, payment service providers, and other entities in charge of distribution of social protection programs.
- **Brief local field staff** on how to advise users and protect customer data as well as their own data.
- **Ensure that any enhanced use of data is accompanied with appropriate safeguards** that provide for transparency, accountability, consent, notification, and time and purpose limitations.

- **Establish specific triggers to shutdown access points with recurrent fraud reports.** Coordination with local enforcement agencies must be sought by authorities, and rapid intervention should be carried out in the event of recurrent fraud reports.

#### MEDIUM-TERM:

- **Employ mystery shopping** to ensure adequate service provision;
- **Strengthen capacity and resources for market conduct supervision** to ensure adequate service provision.

## 7. STRENGTHENING THE PAYMENTS ECOSYSTEM

### 7.1 ENSURE CONNECTIVITY AND BUSINESS CONTINUITY

#### IMMEDIATELY:

- **Ensure connectivity and business continuity of core aspects of national payment systems** – transaction, clearing, and settlement systems; (automated clearing houses (ACH), real-time gross settlement (RTGS), ATM network, small-value P2P and G2P payments, large-value interbank settlements). For example, by extending the operating hours of payment system operations (RTGS, ACH) and clearing of card transactions on more frequent cycles, ultimately moving to instant crediting of the payee's account.

#### SHORT-TERM:

- **Distribute mobile hotspots** where connectivity is low (with adequate safeguards for social distancing).
- **For mobile solutions, authorities should partner with telecommunications providers** to ensure that transfer instructions can be transmitted with minimum connectivity requirements.
- **Where feasible, expand operational availability of digital payments services.** For example, if not already available, allow funds transfers to be conducted and settled over weekends.

### 7.2 ENSURE LIQUIDITY

#### IMMEDIATELY:

- **Require FSPs to monitor and ensure liquidity for cash withdrawal surges** at branches and ATMs. Estimate liquidity needs by geography.

#### SHORT-TERM:

- **Maintain constant (in real time if possible) communication with the network operators** to oversee liquidity problems.
- **For agents, make funds available immediately after purchase** and reduce time for merchant accounts to be credited as much as possible.

### 7.3 STRENGTHEN INTEROPERABILITY

#### SHORT-TERM

- **Implement emergency regulatory measures to enable additional providers** (for example, mobile network operators, social network or e-commerce platforms) to disburse into e-wallets.

## MEDIUM-TERM:

- **Interoperability within and across payment instruments should be strengthened.** Interoperability should be possible across different types of digital payment instruments, accounts and cash-in and cash-out networks. When there is no interoperability across networks, authorities should collaborate with all relevant stakeholders to assess the technical feasibility of integrating them as well as evaluate removing any contractual or regulatory barriers that impede the integration of networks. On the assessment, authorities should detect which incentives and business models are essential to maintain the financial viability of the networks and payment instruments.

## 8. CONSIDER THE GENDER PERSPECTIVE

### 8.1 INCORPORATE GENDER-INTENTIONAL EXPANSION OF INTEGRATED SOCIAL INFORMATION SYSTEMS AS A KEY ENABLER OF ADAPTIVE SOCIAL PROTECTION

- Review/expand socioeconomic data in integrated social information systems (ISIS) to enable better gendered vulnerability analysis and more sophisticated targeting, as well as better monitoring/learning.
- Include dedicated outreach to ensure inclusion of the most vulnerable women in ISIS, such as informal sector workers (for example, waste-pickers, market sellers, domestic workers) working, for instance, through informal sector workers' associations.
- Remove gender biases in how ISIS data are organized, that is, using the concept of primary respondent for surveys, rather than household head as the organizing principle:<sup>19</sup>
  - Adapt targeting methodologies to ensure income for groups affected by COVID-19, especially ensuring women are well represented.
  - Remove or adjust any requirements that may prevent women from applying for benefits (for example, income verification or men's co-signature).

### 8.2 EXPLORE LAST MILE SOLUTIONS TO TACKLE MOBILE/DIGITAL EXCLUSION AMONG FEMALE SAFETY NET BENEFICIARIES

- Considering sex disaggregated data on literacy rates, access to mobile technology, economic decision-making, mobility restrictions, among others when changing delivery mechanisms;
- Ensure specific delivery mechanisms for pregnant women going into isolation, where applicable, given the program's target population.
- Explore options to make mobile phones available to (some) of the estimated 190 million women who lack access to mobile phones to enable not just financial inclusion, but also access to information and support services, and the ability to gather monitoring data remotely.<sup>20</sup>
  - Explore private sector partnerships to subsidize airtime for the poorest, make key information services and apps available for free.

### 8.3 COMMUNICATE EFFECTIVELY AND ENSURE GRIEVANCE REDRESSAL FOR FEMALE BENEFICIARIES

- Communicate benefits effectively to women using channels that can reach them (women's networks and civil society organizations, including microfinance and savings groups);

<sup>19</sup> <https://www.cgdev.org/event/household-headship-useful-concept-research-and-policy-conversation>.

<sup>20</sup> <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2019/02/GSMA-The-Mobile-Gender-Gap-Report-2019.pdf>.

- Ensure effective and inclusive grievance redressal (and more broadly, beneficiary feedback) mechanisms are embedded in social protection programming, that are designed to be accessible and inclusive of girls, women, people with disabilities, children, and older people, to ensure that the support is responsive to the needs of the most marginalized;
- Streamline processes for changing nominated representatives to collect payments as household situations change (for example, so that women are able to change their nominated representative if they become abusive).

#### **8.4 ENABLE THE DEVELOPMENT OF SYSTEMS/PLATFORMS FOR DIGITAL/MOBILE COMPLEMENTARY MEASURES**

- Foster innovation to enable more efficient targeting of beneficiaries with age- and gender-appropriate information and behavior change messaging, including messages related to the prevention of gender-based violence, school dropout, hygiene practices, more equal distribution of care burdens, and so on.
- Explore adding financial inclusion and literacy programs to extend the use of bank accounts used for G2P payments to use for savings and other financial services e.g. insurance products designed for the poor.





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