

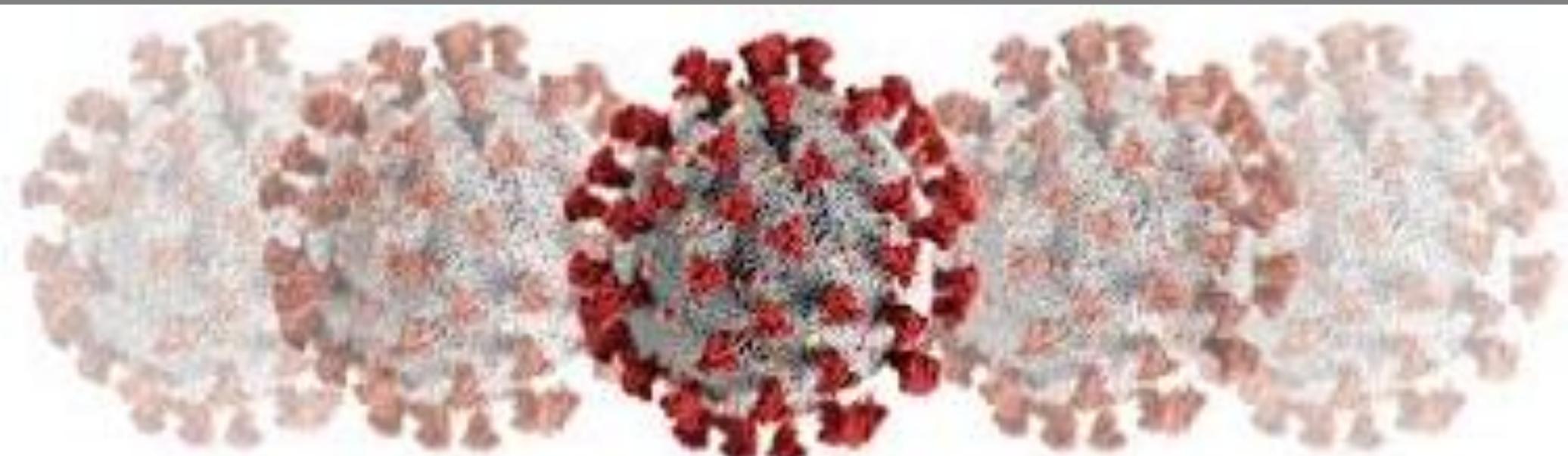


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# COVID-19: Africa Cash Transfers Guide

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*Prepared with input from GiveDirectly*





# Cash transfers are essential to support containment efforts

The challenge Covid-19 creates for the livelihoods of economically vulnerable groups (e.g. the poor and informal workers) means that they are unlikely to subscribe to counter-virus containment measures like stay-at-home orders. Cash transfers – together with food access – are therefore an essential component of successful containment measures. Livelihoods need to be protected.

## Vulnerable households/workers economic behaviour patterns

### How people consume

- Vulnerable households with little to no savings or day-to-day income tend to buy small amounts of food regularly. This increases their likelihood of contagion in public marketplaces.

### How people earn income

- Most of the informal sector tends to rely on large amounts of transactions with low margins (e.g. petty traders). This increases the workers' chances of contagion.

## Cash transfer effect

By increasing cash in hand, households can make a large purchase and refrain from shorter trips to the public marketplaces.

With cash in hand, workers are less tempted to go outside to continue their economic activity.



# Various countries are already rolling out Covid-19 cash transfer programmes



## NIGERIA

The government is paying a cash transfer to 10.7 million of the country's poorest, using various criteria. One of **disclosed criteria is airtime consumption**. People who purchase 100 naira of credit are considered poor, and thus are sent **5,000 naira via mobile money**.



## TOGO

The "**Novissi**" universal solidarity income programme is aimed at anyone of Togolese nationality or residents in Togo, aged 18 or over, with a voter card who have lost their daily income due to response measures. They will receive a minimum **monthly financial support of 12,250 FCFA for women and 10,500 FCFA for men**.



## KENYA

The National Treasury appropriated an additional Ksh10B (equivalent to **\$100 million**) for supporting the **elderly, orphans and other vulnerable** members with cash transfers. Kenya is partnered **with GiveDirectly for mobile money cash transfers**.



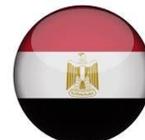
## PHILIPPINES

**Affected workers**, regardless of status (i.e. permanent, probationary, or contractual) employed in private firms whose operations are affected by the Covid-19 pandemic will receive P5,000 from the **Department of Labour and Employment (DOLE)**.



## GHANA

A **10Ghs (\$1.72) daily** cash transfer for head porters in Accra for three months. Head porters are among the most visibly poor working groups in Ghana. They are mostly homeless women who depend on their daily proceeds from carrying people's load at open food markets. This cash will be paid mainly via **mobile money transfers**.



## EGYPT

A **one-off payment of EGP 500** is planned for **informal workers** registered in the workforce directorate's databases of governorates. Cash is distributed via **electronic transfers**.



## SPAIN

Measures to support families include guaranteeing the basic right to food for **vulnerable children** who are affected by school closures. Specifically, a total of **Euro 25M** is established to provide income support (**wallet cards, wire transfer, voucher in supermarkets**).



## MALAYSIA

**One-off payment of RM600 (US\$144) to taxi, tourist and trishaw drivers and tourist guides**. 120,000 e-hailing drivers will be given a one-off cash transfer of RM500 (US\$125). Cash transfer **will most likely be undertaken via electronic means**.



# Four key elements of a cash transfer programme

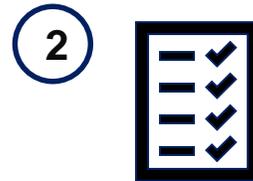
Cash transfers can provide income to populations who otherwise may be unable to take preventive measures against Covid-19, and/or withstand income shocks caused by Covid-19 suppression/containment measures. This is a three-step framework for governments who are considering adopting a cash transfer programme as one of their social protection measures against the Covid-19 pandemic:

## Target



Targeting determines how individuals and households who are eligible for cash transfers are identified and reached in practice

## Enroll



Enrolling implies registering beneficiaries on the programme while collecting from them enough information to distribute the cash and verify that they received the benefit

## Distribute



Distribution involves utilizing the most efficient, reliable and risk-free method to deliver the cash to identified eligible persons

## 4 Evaluate

Evaluate to improve targeting, enrolment and distribution of the programme

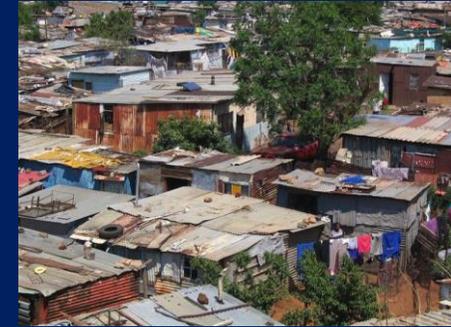


# 1. Targeting: Three key groups to target

## Low-Income Households



Most poor households are unable to cope with the loss of income stemming from containment measures – i.e. they are vulnerable to famine so therefore may disregard containment regulations to seek a livelihood or staple goods. They can also be more vulnerable to infection due to cramped living quarters, lack of access to running water and to protective materials.



## Informal Workers



Three in four Africans are in the informal sector, so suppression measures for Covid-19 mean that many people will lose their livelihoods. Most of these people live day to day. Where little savings exist, workers and their families will be unable to cope with the loss of income and will be more tempted to go outside by skirting containment measures.



## Formal Sector



Many formal sector workers are being laid off or paid lower salaries, while self-employed workers are going out of business due to both containment measures and the global demand downturn. Formal sector workers, likely leveraged in the financial system, risk losing assets (like housing) and are therefore at risk of eviction.

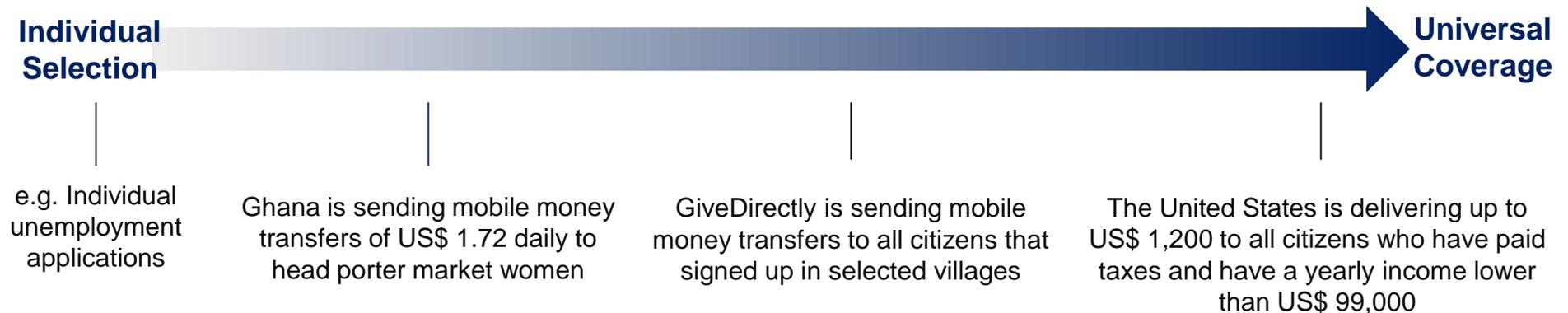




# 1. Targeting: Programmes can target people narrowly or broadly

Targeting is a continuum: on one side there is thorough selection of each individual beneficiary, accompanied by regular verification mechanisms; and on the other is universal coverage (i.e. all citizens). A cash transfer programme needs to locate on this continuum.

Barring universal coverage, it is also possible to “saturate” a specific region, locality, or demographic (e.g. everyone older than 65 years of age) which may be the best alternative when time is of the essence.



*This is also known as “saturation” and can be applied to specific regions, localities or demographics (e.g. those aged 65 years or older). Saturation may present a good option when time is of the essence, when information is not available or is unreliable, or when there is a risk of creating social tensions by targeting smaller subsets of the population.*



# 1. Targeting: Where verification of people is weak, it may be easier to saturate than to target

## Targeting

Basing inclusion in the programme on indicators or proxies of the individual characteristics selected by the programme. Often requires a robust verification mechanism.

- **Pros:** Minimises “false positives”, i.e. beneficiaries that don’t meet the requirements established by the programme; can save governments cash.
- **Cons:** Can be very costly over the long-term; elongates the design period of the programme (before beneficiaries get the cash).

- **Cost of targeting:** depends on available information for targeting and cost of gathering new information (e.g. surveys); also it can delay the programme significantly.
- **Expected incidence:** if you expect the great majority of the population to be targeted then sifting out the “underserving” could require verification mechanisms that, in turn, can be expensive.

or

## Saturating

Basing inclusion in the programme on a single or basic set of characteristics (**often inhabitants of a certain area**) with minimum or no verification mechanism.

- **Pros:** Minimises “false negatives”, i.e. excluding citizens that do meet the requirements but are not admitted; design stage can be much quicker.
- **Cons:** can give the impression of underserved benefits; resources are devoted to people that don’t “need” them.

- **Social tolerance to “false positives”:** “undeserving” beneficiaries can cause considerable unrest among a population who deem it to be unfair.
- **Expected incidence:** if you expect only a small part of the population to be “deserving” then many resources could be wasted by benefiting all.



# 1. Targeting: A common option is to target people with a certain income

	Targeting a demographic	What does this mean in practice?
<b>Overview</b>	Basing inclusion in the programme on verified indicators of the individual characteristics selected by the programme (e.g. poverty or income level):	A cash transfers programme set up to provide cash to all poor households in a region for a certain period.
<b>Trade-offs</b>	<ul style="list-style-type: none"> <li>● <b>Pros:</b> minimises beneficiaries that do not meet the requirements established by the programme; exclusions save the programme cash.</li> <li>● <b>Cons:</b> gathering information and sifting through beneficiaries is time and money consuming.</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Pros:</b> only provides cash to poor households so the government is not using resources for those who don't need it.</li> <li>● <b>Cons:</b> the cost of screening the beneficiaries is large, and will take several weeks to sift through applicants, in a context of urgency to provide cash now.</li> </ul>
<b>Influencing factors</b>	<ul style="list-style-type: none"> <li>• <b>Cost and timeliness of selection:</b> depends on available information on potential beneficiaries and cost and time investment of gathering new information (e.g. surveys).</li> <li>• <b>Expected incidence:</b> when the majority of the population has the characteristic sought (e.g. poor) then sifting out the “underserving” can also increase costs.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Cost of targeting:</b> there is very little information on poor households or how to reach them; it will take weeks to rally potential poor households and screen them through questionnaires.</li> <li>• <b>Expected incidence:</b> with 95% poverty rates it will be costly to find those who are <i>not</i> poor.</li> </ul> <p><i>If this cost is too high, the government could decide to not invest in sifting out non-poor households, instead saturating the region – i.e. provide cash to all households living there.</i></p>



# 1. Targeting: Sources of data to compile your target list (1/3)

## Potential sources of targeting information

## Opportunities and risks

### 1. Employee benefits/ obligations registries

- Social security registry; income tax registry



Formal employees will have been registered as tax or social security contributors. Employers can point to those who have been laid off through income tax retention declarations and government can target them for cash transfers.



Risk of selection bias: SMEs (the most in need) are less likely to have this information than more established firms (likely is less need).

### 2. Official government registries

- National ID, voting registry, lists from government entrepreneurship programmes; municipal commerce permits



Informal workers will usually have a point of contact with government institutions. These can include municipal permits for their trade; government-sponsored entrepreneur programmes; and, in the best case, national ID and/or voters registries.



This information often doesn't include addresses or other contact information that would allow government to reach out for registering them.



### 3. Community lists

- Workers associations and unions such as traders, hawkers and transport unions



Workers are usually organised in some way or have recognised leaders, these organisations can offer lists of members and support in calls to register beneficiaries.



The reliability of the information from these organisation can vary widely and therefore requires devoting resources to verifying it.

*Good for the informal sector!*



# 1. Targeting: Sources of data to compile your target list (2/3)

## Potential sources of targeting information

## Opportunities and risks

### 4. Proxy registries or data

- Existing utility data like electricity and/or water consumption levels



Utility consumption level will usually indicate income level which can be used to trace poor households. Utility companies may be willing to share their information (which would include addresses) in this time of emergency.



Potential selection bias: those who can afford to pay utilities might be better off than those who do not.

### 5. Ongoing government programme registries

- Registries from other public social programmes operated by the government



Bundling cash with other benefits already granted (and hence targeted), like school feeding, is always good option to always consider.



"The current situation has made a lot of people vulnerable. For many it will be the first time they have been in this position. This will require an expansion of most benefits; in addition to reallocating benefits that may have been suspended due to containment measures, such as school feeding.



### 6. Development partners' beneficiaries lists

- Development partners, NGOs, philanthropies' beneficiaries lists

*Good for expanding household benefits!*



Ongoing non-governmental social programmes will have lists of beneficiaries. In this time of emergency they could share the lists.



Rallying development partners, NGOs, and philanthropies can require massive amounts of coordination, and often authority. Privacy issues will also likely be raised in regards to sharing the lists.



# 1. Targeting: Sources of data to compile your target list (3/3)

## Potential sources of targeting information

## Opportunities and risks

### 7. Banking institutions

- Existing accounts use information from banks (micro-lenders when possible). Government could use eminent domain to temporarily waive privacy issues



Level of consumption, savings, income, or expenditure will be a clear proxy for socio-economic status. Existing information provides a direct way of providing the cash transfer.



Potential data privacy issues might impede the use of the information.

### 8. Mobile carriers

- Existing account information from mobile carriers, including consumption patterns. Government could use eminent domain to temporarily waive privacy issues



Level of mobile services use, or use of mobile money, will be a clear proxy for socio-economic status. Existing information provides a direct way of providing the cash transfer.



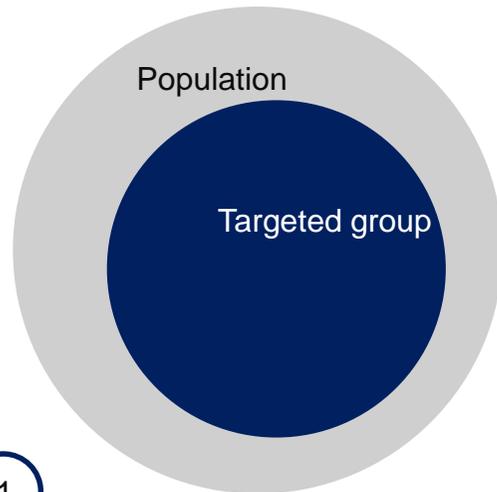
Potential data privacy issues might impede the use of the information.

***One of the criteria for Nigeria's announced cash programme is airtime consumption. People who purchase 100 naira of credit are considered poor, and thus are sent 5,000 naira via mobile money.***



## 2. Enrollment: A key challenge will be creating a system for identity verification that matches with payment method

### Target



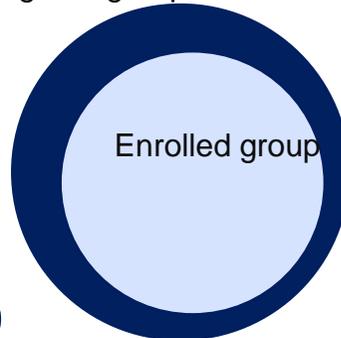
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Targeting will discern the subsection of the population that you aim to enroll. This includes the lists gathered in the first phase which are now used to reach out to potential beneficiaries

### Enroll



Targeted group



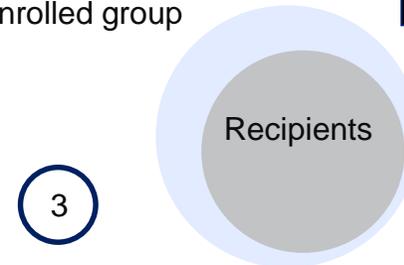
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Enrollment will then work to: (i) verify requirements (e.g. requirements); (ii) explain what beneficiaries should expect; and (iii) make the link with payment method

### Distribute



Enrolled group



3

The selection of the distribution method will be key to maximising effectiveness (i.e. that beneficiaries receive the cash)

**This will carry many implementation challenges as potential beneficiaries are not banked and/or fluent in the use of mobile money and, in addition, verifying identity before payment can be challenging in the absence of national IDs**



### 3. Distribution: Electronic and in-person transfers

The distribution of the cash can also become a binding constraint to the programme. The design should balance the constraints of social distancing with a distribution scheme that is accessible and practical to beneficiaries.

	Electronic Transfers	In-Person Transfers
<b>Overview</b>	Cash is transferred to the beneficiary through either the banking system or mobile money.	Cash is handed directly to the beneficiary either through delivery or the beneficiary picks it up at a designated location.
<b>Trade-offs</b>	<ul style="list-style-type: none"> <li>● <b>Pros:</b> withstands social distancing; transfer is immediate and easily verifiable.</li> <li>● <b>Cons:</b> ultimately constrained by whether beneficiaries use mobile money or financial services for essential transactions.</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Pros:</b> beneficiary can use cash immediately for essential transactions.</li> <li>● <b>Cons:</b> ultimately constrained by social distancing and the logistics of access to different areas.</li> </ul>
<b>Influencing factors</b>	<ul style="list-style-type: none"> <li>• <b>Use of mobile money/financial services:</b> if most essential transactions (e.g. buying food, paying for rent) cannot be carried out over mobile money or bank debit cards, beneficiaries will cash out which can cause another social distancing problem at the agent's booths or bank agencies.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Country/region accessibility:</b> the logistics of transporting large amounts of cash to different areas can be very challenging. From lack of infrastructure, to security issues, all may make the endeavour impossible. Also creates a social-distancing problem at the moment of distribution.</li> </ul>
<b>Mitigating measures</b>	<ul style="list-style-type: none"> <li>• Coordinating with cash-out agents to maintain strict social distancing measure in cash out booths.</li> <li>• Staggering transfers in the same local (e.g. some people paid on Mondays, some Tuesdays)</li> </ul>	<ul style="list-style-type: none"> <li>• In order to reduce the number of times in-person contacts occur, governments may combine payments for multiple pay periods into one payment and have them delivered door-to-door</li> </ul>



## 4. Evaluation: Understanding whether the transfers are reaching the intended beneficiaries

The evaluation stage is essential to determine the overall impact of the cash transfer programme and if there is a need to augment it with other social protection schemes. In the context of Covid-19, a phone survey (or text message survey, depending on population) will be the best option – especially when using mobile phone transfers. In addition, a hotline could be set up for beneficiaries to voice any issues with their transfers.

### Sample information gathered through survey

Q1

Beneficiary's receipt of cash payments within stipulated timeframe.

Q2

Beneficiary's ability to meet all nutritional needs of themselves and their dependents after receiving cash.

Q3

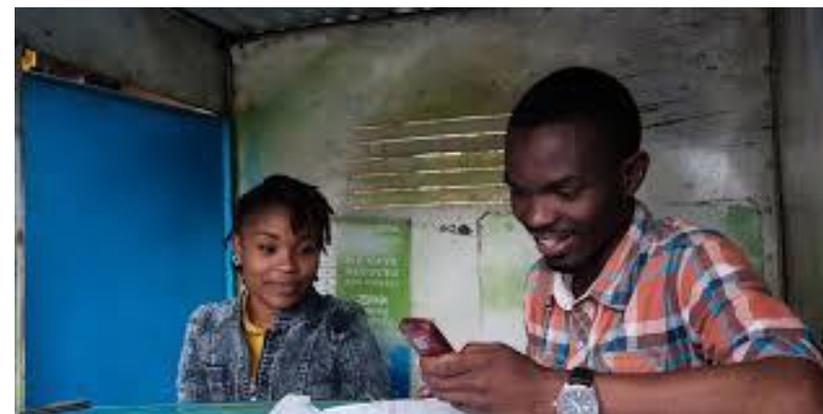
Beneficiary's ability to procure safety/protective material or health supplies for themselves and dependants after receiving cash.

Q4

Beneficiary's perceived accessibility and affordability of food items and protective material after receiving cash.

Q5

Beneficiary's other pressing needs which are unmet even after cash receipt.



*GiveDirectly provides cash transfers via mobile money over 6,000 beneficiaries in Liberia. They have a hotline for beneficiaries to report issues, such as forgetting a PIN code or an agent requesting unauthorised fees. GiveDirectly, working with mobile carriers, can quickly resolve such complaints.*



# Six practical steps to set up a cash transfer programme

- 1 Identify vulnerable groups who are eligible for cash transfers, and source detailed lists of such groups from organisations and donor partners.
- 2 Centralise data into a single database and control for duplications or inclusion errors to avoid double payments or payments to ineligible individuals.
- 3 Match names with appropriate methods of payment, based on information available in database; link recipients who do not have access to a financial account to the appropriate methods of payment.
- 4 Create public awareness around pending payments using all available communication channels and multiple local dialects.
- 5
  - a) Make payments into existing mobile money wallets and bank accounts.
  - b) Conduct door-to-door cash delivery for individuals without mobile phones/bank accounts, or in areas with no network coverage.
  - c) Test alternative distribution channels like vouchers.
- 6 For evaluation purposes, set up infrastructure and mobilise the human resource required to conduct phone call (or text message) surveys.



# Mobilising resources for cash transfer programmes

- 1 Identify development partners: (i) already funding transfers; (ii) with transfers on the pipeline; (iii) open to transfers.
- 2 Request: (i) expansions of ongoing transfers projects; (ii) acceleration of approval of transfers projects on pipeline; (iii) inclusion of cash transfer programmes in the design of upcoming projects.
- 3 Ensure development partners are coordinating their programmes with government, if running their own, to avoid duplication of beneficiaries and ensure fairer distribution.
- 4 Be specific about aggregate target. Some options include:

**30%** of all development partner budget support/debt forgiveness will go to cash transfers

**30%** of all stimulus funds will go to cash transfers

**75%** of informal workers hit by containment efforts remains will receive cash transfers from government during the time the containment