Digital infrastructure priorities for scaling cash transfers toward ending extreme poverty

Roundtable co-hosted by Brookings Center for Sustainable Development and Co-Develop
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Summary note

This roundtable brought together domain experts on cash transfers and on digital infrastructure, including digital public infrastructure (DPI), to explore opportunities for scaling digital cash transfers (DCTs) to help end extreme poverty. The conversation was informed by a proposal for a new global funding instrument to support the scaling of scale of DCTs to reach all people living in extreme poverty (e.g., Lawson, Stewart et al., 2023), in addition to a background note estimating the status of relevant DPI ingredients in relevant countries.

The roundtable considered relevant issues in three parts:

1. Stocktaking around evidence for cash transfers and the status of country-level scale-up of DCTs targeting people in extreme poverty.
2. Identifying the priority digital infrastructure and policy preconditions for scaling DCTs targeting extremely poor people, and the relative importance of a "DPI approach."
3. Considering next steps to advance more systematic global efforts to expand country-level DCT programs for people in extreme poverty.

 Key discussion points emerging from each of these topic areas are described below.

1. **Stocktaking around evidence for cash transfers and the scale-up of DCTs targeting people in extreme poverty.**

    - **The efficacy of unconditional cash transfers (UCTs) for alleviating extreme poverty is increasingly clear**. A recent meta-analysis of 72 randomized evaluations of UCT programs in 34 low and middle income countries (LMICs) suggests a positive and persistent impact on alleviating multidimensional poverty (with some evidence of effects of lump sum programs dissipating modestly). Open empirical questions include how to do cash transfers better; to what additional programming can they be attached ("cash plus"); and how to get better at targeting those who need cash transfers, including programs directed at women.

    - **A first-order operational priority is to identify, on a country-by-country basis, how many people in extreme poverty have access (or need access) to the necessary digital infrastructure preconditions for DCTs.**

i) The status of DCTs targeting extreme poor in **Nigeria**—a country with an estimated 70M people in extreme poverty—is illustrative of this point. Nigeria's National Social Safety Nets Project (NASSP; an $800M DCT program supported by World Bank and IDA) has reached 5M households and is aiming to reach 10M households. But it has encountered difficulty reaching the poorest potential recipients due to lack of penetration of national digital ID and bank account numbers (preconditions for verified receipt of transfers). Technical workarounds to this challenge exist (such as relaxing a recipient's KYC requirements to receive cash) but could be informed by more granular analysis of who needs what technology where.

ii) A similar approach could help IDA-eligible countries such as **Bangladesh, Ethiopia, Kenya, Uganda,** and **Zambia** (each in different stages of DPI development) to attract international support for DCTs as a frontrunning use case to drive DPI rollout and adoption.

2. **Identifying the priority digital infrastructure and policy preconditions for scaling DCTs targeting extremely poor people, and the relative importance of a "DPI approach."**

- **There was general acknowledgement that the preconditions for DCTs are (i) digital ID, (ii) dynamic social registry, (iii) enrolment programs, and (iv) payment systems. Some of these are more challenging than others, depending on the context.**
  i) To meet poor people where they are, multiple access mechanisms (including providing phones, debit cards) and other workarounds (e.g., lowering KYC requirements for recipients without digital ID) are needed to create on-ramps to DCT programs.
  ii) Enrolling the extreme poor in biometric digital ID and updating a social registry to understand who should be included in (or excluded from) DCT programs remains a difficult challenge for which more innovation is needed.

- **Amid evolving understanding of what should be classified as DPI, the specific implications of a DPI approach to scaled DCTs requires ongoing clarification – even if DPI represents a first-best option for a country's digital infrastructure.**
  i) DPI-enabled DCT programs promise greater responsiveness and reach (e.g., via a real-time payment system interoperable across mobile carriers) and lower leakage and fraud.
  ii) Open questions remain relative to DCTs, including to what extent DPI can help with targeting and inclusion/exclusion and the overall cost savings/benefit of a DPI approach (relative to full-stack/stove-pipe solutions).

- **A DPI approach to digital infrastructure rollout requires a combination of ingredients**, **including:**
  i) Political leadership to mobilize a whole-of-government and whole-of-society approach to building digital infrastructure

ii) <u>Policies</u> to enable scaled programs (e.g., eKYC legislation and workarounds) and heuristics to support policymakers and regulators [manage trade-offs](#) between policies (e.g., between data privacy and data liberalization).

iii) <u>Partnerships</u>, including public-private partnerships, to incentivize and accelerate rollout and scale.

iv) <u>Innovations</u> around [targeting recipients](#) (e.g., using [novel ML methods](#) to move beyond geographical or demographic targeting to individual-level targeting of beneficiaries as in Togo) and enrollment (e.g., provisioning mobile devices or using an agent-model to provide access to payments in low connectivity environments).

3. Considering next steps to advance more systematic global efforts to expand country-level DCT programs for people in extreme poverty

- **Several strategic questions surfaced for a global effort to expand DCTs toward ending extreme poverty, such as**:
  i) How can nationally scaled DCTs for the extreme poor function as an accelerant for broader sustainable development efforts, e.g., by providing a focused use case to spur development of DPI and social protection infrastructure simultaneously?
  ii) How could a pooled global fund have an adequate scale of both financial and technical resources to support lower-income countries both to build their DPI and deliver DCTs? When considering IDA funds, for example, does the country-level presence of DPI enable adequate access to resources scaling G2P [government-to-person] transfers?

- **Some international forums could be opportunities to advance dialogues around the design and potential formation of the proposed fund for scaling DCTs. These include**:
  i) The G20 [sprint on cash transfers](#), launched as part of the "[Global alliance against hunger and poverty](#)" (The Alliance). The Alliance, with participation from 40+ countries and other organizations including the World Bank, IDA, ADB, and Give Directly, is designed as a delivery mechanism for country-owned, government-led program implementation. Alliance members could consider the opportunity for the proposed fund to help accelerate country-level progress on cash transfers.
  ii) In 2025, the [Fourth International Conference on Financing for Development (FfD4)](#) in Seville, Spain will include an emphasis on digital transformation for accelerating progress on the SDGs, including as follow-on to the recently established [Global Digital Compact](#). The conversation around DCTs and the proposed global fund could usefully inform relevant intergovernmental deliberations.

Other links shared

1. Research on Uganda's social protection system
   - [How does Uganda Measure Up?](#)

- [You do not qualify! Experiences of older persons' access to social protection in Uganda](#)
2. World Bank research on G2P transfers
    - On the different building blocks and design principles to enable outcome-driven G2P payments, including digital cash transfers: [Next Generation G2P Payments: Building Blocks of a Modern G2P Architecture](#); [On disaster preparedness/responsiveness and DPI](#)

Participant list

Gabi Adotevi	Modular Open Source Identity Platform (MOSIP)
Elizabeth Atori	Initiative for Social and Economic Rights (ISER)
Hilda Barasa	Tony Blair Institute
Chris Burns	US Agency for International Development
Han Sheng Chia	US Agency for International Development
Anir Chowdhury	Government of Bangladesh, UNDP Bangladesh
Julia Michal Clark	World Bank Group
Stefan Dercon	Oxford University
Ahmed Dermish	UN Capital Development Fund
Jamie Drummond	Sharing Strategies
David Eaves	UCL Institute for Innovation and Public Purpose (IIPP)
Gabriele Erba	UNICEF
Jordan Fabyanske	Dalberg Catalyst
Susanna Gable	The Gates Foundation
Clément Gévaudan	World Bank Group
Tarek Ghani	Washington University in St Louis, Brookings Institution
Renato Domith Godinho	Government of Brazil
George Ingram	Brookings Institution
Moses Jere	Government of Zambia
Agathamarie John	FSD Tanzania
Tina George Karippacheril	World Bank Group
Dean Karlan	Northwestern University, US Agency for International Development
Homi Kharas	Brookings Institution
Cathal Long	ODI
CV Madhukar	Co-Develop
Marcus Manuel	ODI
Laura Martinez	Brookings Institution
Eric Massinda	FSD Tanzania
Juliet Mburu	FSD Kenya
John McArthur	Brookings Institution
Clea McElwain	Brookings Institution
Chola Milambo	Government of Zambia
Michel Mouchiroud	OpenSPP
Isabelle Pelly	GiveDirectly
Charlotte Rivard	Brookings Institution
Jordan Sandman	Co-Develop
Jacob Taylor	Brookings Institution
Minita Mary Varghese	World Bank Group
Zouera Youssoufou	Aliko Dangote Foundation