How India is securing its G2P beneficiaries from COVID-19—Lessons for other countries to create a G2P delivery platform

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As of 1st May, about 159 countries have planned, introduced, or adapted 752 social protection measures in response to COVID-19. Of such measures, 244 or one-third (32.4%) of the COVID-related social protection programs are on cash transfer. These include both pre-existing and new programs.
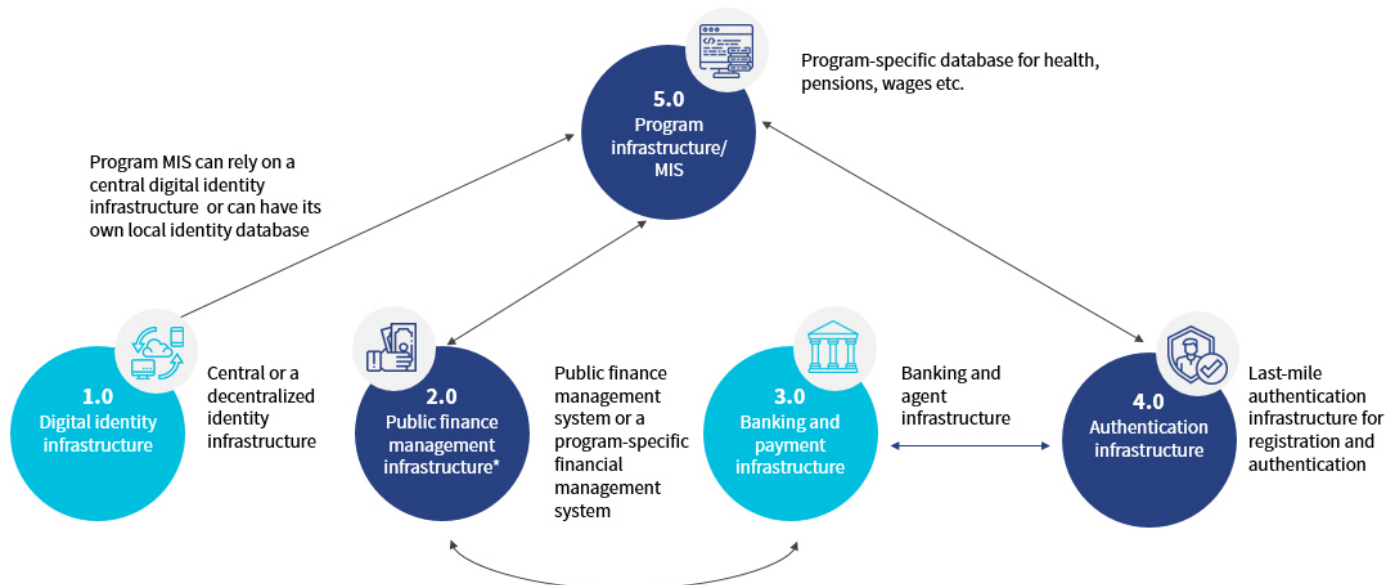
India was among the first few countries to announce a social protection package of USD 24 billion at the federal level. State governments have announced additional measures and continue to announce them. As per our last count, these measures amount to around USD 14 billion. Of the USD-24-billion package, about USD 10 billion is for cash transfer and the remaining is for in-kind support, primarily food grains.

Under the cash transfer package, INR 500 (USD 7) will be transferred to the bank accounts of 200 million women every month for three months, while 87 million farmers will receive an advance payment of INR 2,000 (USD 28) under a pre-existing income support program called PM-Kisan. Besides, 30 million poor senior citizens, widows, and the disabled will receive an ex-gratia of INR 1,000 (USD 14) under a pre-existing pension program called National Social Assistance Program (NSAP), while 80 million poor women will get advance payment of about INR 784 (USD 11) to buy LPG for household cooking for the next three months[1] .

The social protection measures will also include 800 million This system already delivers food grains to the beneficiaries every month at a highly subsidized cost.

The value of the Indian federal government's social assistance package is almost half of the combined package of all middle-income countries. Yet what is surprising is the speed at which the cash component of this package reached the beneficiaries. The Indian federal government processed about 400 million G2P payment transactions, disbursing USD 5 billion, within a few days of this announcement. Rest of the transactions will be done in coming months as per a pre-defined schedule. Challenges continue to plague the system, such as failures in payment transactions and issues in onboarding new people who have fallen into poverty due to the pandemic. Nonetheless, this is a remarkable feat that many other countries, both developing and developed, aspire to.

Over the past few years, many countries have shown an increased interest to learn from India's experience in digitizing its G2P program. The following figure illustrates various components of the G2P ecosystem that other countries that are interested in creating a digital, agile, and responsive G2P system must consider.

Program-specific database for health, pensions, wages etc.

5.0 Program infrastructure/MIS

Program MIS can rely on a central digital identity infrastructure or can have its own local identity database

1.0 Digital identity infrastructure

Central or a decentralized identity infrastructure

2.0 Public finance management infrastructure*

Public finance management system or a program-specific financial management system

3.0 Banking and payment infrastructure

Banking and agent infrastructure

4.0 Authentication infrastructure

Last-mile authentication infrastructure for registration and authentication

* Requirements of this component can come down significantly in case of a program specific payment system

[1]This is a conditional benefit and only those households who buy a LPG refill will get advance money for the next refill.

1. Digital identity and authentication infrastructure

A digital identity system can help to uniquely identify and enroll people into a G2P program. Countries have choices depending on whether they already have an existing digital identity database, are creating a new one, or can repurpose an existing database for this purpose.

A digital identity system can also serve as an authentication system that can reduce the cost of last-mile authentication infrastructure and overall transaction costs.

Design choices or decisions for other countries	Lessons from India
• Do you want or have a foundational ID or functional ID system?	• India chose a centralized foundational digital identity system called _Aadhaar_.
• Do you need biometrics or other technologies for a digital ID? If biometrics is opted, what kind of biometric technologies should be supported—fingerprint, face, or iris, among others?	• It helps to uniquely identify and authenticate G2P beneficiaries in real-time. This allowed the government to uniquely identify G2P beneficiaries, open bank accounts, facilitate payment transactions, and authenticate beneficiaries at the last mile.
• What kind of exception-handling mechanisms should be supported, such as contactless biometric, one-time password (OTP), among others?	• Read more about _Aadhaar_ here.
• Do you need a card-based or digital ID? If yes then what will be your decision regarding the type of card, cost, among others?	
• What kind of authentication mechanism should be supported—centralized or localized?	

2. Public finance management infrastructure

A digital public finance management system can increase the observability, efficiency, and targeting of G2P payments by several-fold. However, it is difficult to create and manage. The volume and value of G2P payments will also play an important role in deciding whether one should have a

centralized system to manage G2P payment or if a program-specific financial management system is sufficient.

Design choices or decisions for other countries	Lessons from India
• What is or should be the level of automation and digitization of public finance management?	• India has a centralized public finance management system (PFMS) that is used to transfer G2P payments to most of the beneficiaries.
• Is the G2P database linked to the state treasury, or should it be linked to the state treasury?	• PFMS is linked to the core banking system of banks and provides the ability to track payment status online
• What is or should be the level of integration with the banking system?	• Read more about PFMS here.
• What should be the mechanisms for traceability and reconciliation of payments?	
• Is a program-specific financial management system sufficient?	

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3. Banking and payment infrastructure

The penetration of banking and payment infrastructure is key to facilitate G2P payments. Three key factors that determine the robustness of the infrastructure—access to bank or mobile wallet accounts to G2P beneficiaries, integration of backend payment system, and availability of last-mile access points for transactions.

Design choices or decisions for other countries	Lessons from India
- What is the fastest way to provide accounts to every G2P beneficiary? - Can you use mobile wallet accounts for G2P payments? - Is an inter-bank funds settlement facility available or needed on a near-real-time basis? - How interoperable should the payment system be? - What is the existing or desired penetration of cash-in and cash-out (CICO) agents? - Do you need dedicated program-specific agents?	- India opened accounts for everyone under the Pradhan Mantri Jan Dhan Yojana (PMJDY). Read more about PMJDY here. - India used bank agents to improve access to last-mile CICO points. Read more about agent networks in India here.

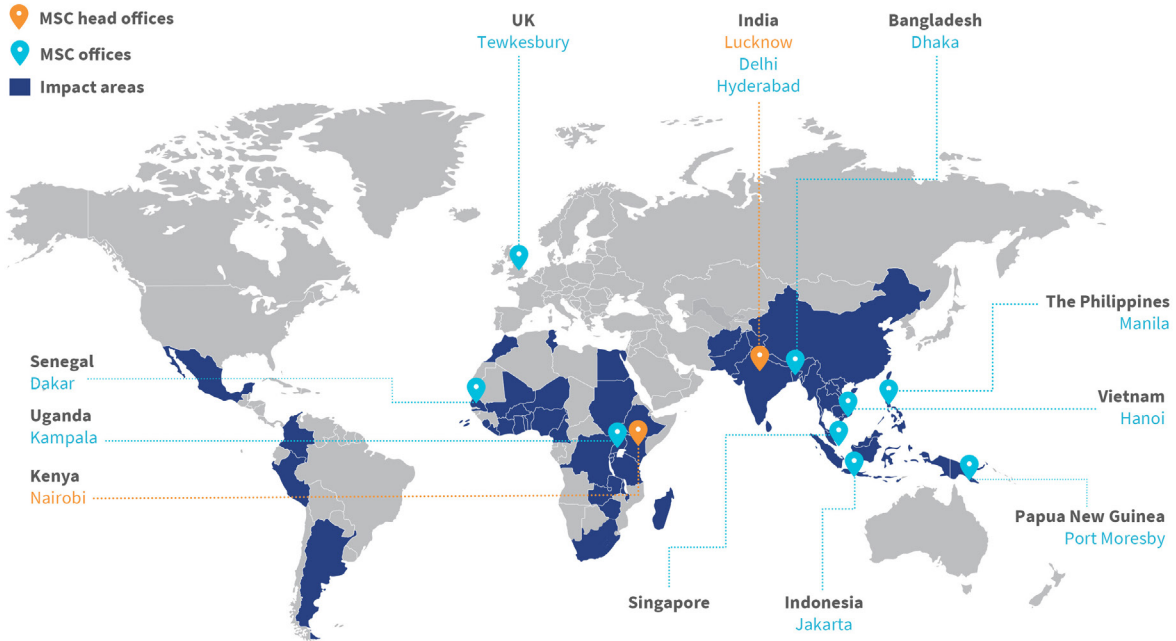## 4. Program infrastructure and MIS

A digital program database is a critical requirement to run a G2P program. The level of automation of this database can vary and has a direct bearing on the efficiency of the system. Designers of the program database have many design choices, depending on their requirements and budget.

Design choices or decisions for other countries	Lessons from India
- Should the program database be linked with an external digital ID system or should it have these capabilities within itself? - Should it be linked to external databases to determine conditions to pay, such as attendance for a scholarship program, number of vaccinations for a health program, etc.? - Should it be capable of computing the payment amount through algorithms? - What approvals are needed to make a payment?	- India had federated program databases for each G2P program that feed into a common PFMS for payment. - India invested heavily to create digital infrastructure in the past two decades that helped digitize most of the program databases. This made it possible to do G2P at such a large scale. Read about India's journey of digital governance here.

Every country will have its unique path to create a digital system that brings in efficiency, accuracy, and speed to G2P payments. Each such path will depend on the country's current situation, aspiration, budgets, legal and regulatory requirements, and many other conditions. India offers valuable lessons for other countries to learn and adapt these lessons to create their roadmap.

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