Topic 6

The Challenge of Cash Transfer Implementation in Remote areas

Context and Experience from Liberia, Kenya and El Salvador and Indonesia

Prepared by

Fisca Aulia - Ministry of Development Planning Indonesia
Lilian Karinga - Ministry of Labour and Social Protection
Haleem, Kashkol – World Bank Iraq
Andy Koticula - World Bank HQ
Elia Martinez - WFP El Salvador
Natalia Millan - World Bank HQ

Justina Dwi Noviantari - Ministry of Social Affairs Indonesia
Juul Pinxten - World Bank Indonesia
Williametta E. Saydee-Tarr - Minister of Gender, Children & Social Protection
Sulistyaningsih - Ministry of Social Affairs Indonesia
D. Zeogar Wilson - Minister of Youth and Sports
Quiwu Yeke – Liberia Agency for Community Empowerment
Why Cash Transfers

Population: 4.5m (67.84% rural)

Population Growth Rate: 2.1%/annum

Poverty: 68.6% (2.2 million)

Extreme poverty: 47.9% (1.7 million)

Informal employment: 68%

Vulnerable employment: 74%

Stunting: 32% children

Disabled: 3.25%
Major challenges with cash delivery in remote areas

**Cash-in-Transit**
- Low turn out for cash distribution on some pay days
- Increased risk for cash in transit
- Increased risk for beneficiaries
- Accountability challenges with regard to managing the payment process – risk of connivance/organized fraud

**Mobile Money**
- Some beneficiaries, especially the old and illiterate, faced challenges reading the messages and operating the phone, resulting in some of them initially failing to access their cash
- Some vendors registered with the Mobile Money service for actual delivery of cash were overwhelmed by the increased number of pay outs
- Some beneficiary phones were either lost or damaged resulting in temporary lack of access to benefit
- Some beneficiaries had challenges charging their phones thus leading to delay to receive the text messages for their transfers
- Heavy logistical burden
Poverty is more prevalent in rural areas. The Liberia Social Safety Net will build a Household Social Registry to enhance targeting and implementation of social transfers and will provide cash transfers to about 10,000 extremely poor households in the 4 poorest counties that are predominantly rural (Maryland, Grand Kru, River Gee and Bomi).

**Soft Conditions:**

- Supply may not always be adequate to justify conditional cash transfer, particularly in the poorest areas targeted by the project
- The program will therefore utilize soft conditions, namely:
  - Backyard gardening activities to encourage nutrition and productive inclusion of households
  - Information Dissemination Sessions on nutrition and parenting to improve human capital development among beneficiaries.
• 6.5 million of habitants (2007) living around 262 municipalities
• 32.7% household in poverty (2016)
• National register (RUP) created in 2010 and implemented in 81 municipalities. In process to be updated and increase the coverage of the implementation.
• Coverage of SP program in 100 out of 262 municipalities, targeting the poorest people.
• CCT and UCT
• New SP strategy launched at the end of 2017. The aim is to increase the coverage and include an exit strategy

**Challenges:**
• Financing
• Coverage
• Amount and mechanism of transfer
• Follow families.
• Security issues in rural and urban areas

Remote areas in terms of access and security
Background & context of SP

Population is approximately 46 million
Percentage of population below poverty line is 46%
Percentage of extremely poor population 19%
Estimated number of orphans 2.6%
HIV/AIDS preference 6%

Background & context of SP in Kenya

Three Cash transfers are implemented in all the 47 Counties while Hunger safety net is implemented in only four Counties.

These Cash Transfers are;
- Cash Transfer for Orphans and Vulnerable Children-353,000 HHs
- Persons with severe Disability-47,000HHs
- Older Persons Cash Transfer 850,000 HHs
- Hunger Safety Net Programme- 100,000 HHs
Challenges in the remote areas

• Vastness of the regions—high transport cost for the beneficiaries
• Poor infrastructure coverage—poor road network, internet and social amenities
• Nomadic way of life—move from one place another in search of pasture sometimes are not there to collect the stipend
• Terrain and floods—some areas are not accessible during the rainy season
• Security—there are some element of insecurity in theses regions
DEEP DIVE – EXPERIENCE FROM INDONESIA IN IMPLEMENTING A CCT IN REMOTE AREAS
**BACKGROUND**

**Indonesia**

**Demographics:** 256 million people living across 17,000 islands, 34 provinces, 514 districts, 6790 sub-districts and 82,000+ villages

**Spending** on four main targeted SP programs: 0.8% of GDP

**Coverage** of the four main Social Protection (SP) program:

1) 40% health insurance fee waiver – National Health Insurance
2) 25% non-cash food assistance program – Rastra/BPNT
3) 20% cash transfer for poor and at risk students – PIP
4) 18% cash transfer for poor and vulnerable families – PKH (Family Hope Program)
THE NEED FOR EXPANDED SOCIAL PROTECTION

- Slowing decline in poverty rate, high inequality and lingering gaps in human development outcomes between the rich and the poor
- Highest poverty rates found in remote areas such as Papua and Maluku
- In response the Government has expanded the coverage key SP programs such as the flagship conditional cash transfer program, PKH.
PKH IS A CONDITIONAL CASH TRANSFER PROGRAM
which aims to alleviate short term poverty and increase investments in education and health for poor and vulnerable families

Program created in 2007 and Starting 2016 PKH has expanded the beneficiaries including person with disability and elderly

Average is around $145.5/year/family

<table>
<thead>
<tr>
<th>PREGNANT MOTHER</th>
<th>CHILDREN UNDER 5 YEAR OLD</th>
<th>SCHOOL-AGE CHILDREN</th>
<th>PWD AND ELDERLY WITHIN A FAMILY</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 4x Regular check up of pregnant mother</td>
<td>• 0-11 y.o.: complete immunization &amp; weighing.</td>
<td>• Enrolled in school.</td>
<td>• Health check up (2x/year) for PwD and elderly (above 70 y.o).</td>
</tr>
<tr>
<td>• Delivery at health facility.</td>
<td>• 6-11 y.o.: supplement Vit-A.</td>
<td>• Min. attendance 85%.</td>
<td>• PwD: 312.446 people</td>
</tr>
<tr>
<td>• 2x health visit for &lt; 1 month-y.o baby</td>
<td>• 1-5 y.o.: additional immunization &amp; monthly weighing.</td>
<td>• Elementary: 6.379.675 people</td>
<td>• Elderly: 894.983 people (percentile 11, UDB)</td>
</tr>
<tr>
<td></td>
<td>• 5-6 y.o.: weighing/mo, vitamin-A/2x per year.</td>
<td>Junior High School: 2.771.822 People</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total: 218.163 people</strong></td>
<td>HS: 3.684.514 people</td>
<td></td>
</tr>
</tbody>
</table>

Additional Intervention

Family Development Session (FDS): healthy life behavior, parenting education, child protection, & basic financial management

Facilitators

Complementarity Programs (e.g. Income generating program, and other non-cash assistance programs)
AN EXPANDED PKH PROMOTES WELFARE ALL ACROSS INDONESIA

• PKH has expanded from 3.5 million to 10 million families in two years,
• For four key remote areas, over the last four years, coverage has increased four times.
SOME AREAS
REMOTE AREAS:

PAPUA AND WEST PAPUA

MOROTAI ISLANDS

SELAYAR ISLANDS
CHALLENGES: SUPPLY OF HEALTH AND EDUCATION SERVICES

HEALTH

- The supply of local health centers and mid-wives is often very low.
- If supply is available, health equipment and medicine are of low quality or are low in stock.
- There is also a lower availability of health professionals.

EDUCATION

- Similarly, schools are rarely available at a reasonable distance from remote locations.
- Teachers are less likely to live nearby or to travel to the schools that are available.

These factors both health and education, lead to worsened human development outcomes such as:

- Higher maternal mortality and
- Higher rates of school drop outs.
CHALLENGES: TRANSPORT AND INFRASTRUCTURE

- **Transportation costs** are high for beneficiaries, facilitators and payment service providers and as such affects the quality of implementation.

- **Lack of infrastructure** also leads to problems with payment withdrawal as it requires:
  - the availability bank branches at a reasonable distance from the beneficiaries
  - the availability of a mobile phone network and electricity for the EDC and ATM
Transportations Constraints:

Arfak mountains, Papua

Kab Digul, Papua

Beneficiaries in Yahukimo
Access areas consist of islands and the difficulties to reach beneficiaries in these islands is the **eastern wind season** in Papua and West Papua.

The wave height can be 5 to 7 meters and this season will last around 3 to 6 months. That is why it is very difficult to do verification and payment to other islands on this season.
<table>
<thead>
<tr>
<th></th>
<th>Regular PKH</th>
<th>PKH in Remote areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Validation of potential beneficiary data</td>
<td>Validation takes maximum 3 weeks use of a mobile application to capture and upload data</td>
<td>Validation takes maximum 40 days, use of forms by facilitators, uploaded by operator at district level</td>
</tr>
<tr>
<td>Salary of facilitators</td>
<td>Basic honorarium starts at IDR 2.3 million (per month)</td>
<td>Basic honorarium between IDR 3 – 4 million</td>
</tr>
<tr>
<td>Recruitment of facilitators</td>
<td>Online recruitment system open to those with a bachelor degree</td>
<td>Offline recruitment, in coordination with local traditional institutions open to those with a high school degree.</td>
</tr>
<tr>
<td>Level, mode and Frequency of payments</td>
<td>IDR 1,890,000 (135 USD) per year, Payments via four state-owned banks (HIMBARA) Quarterly payments</td>
<td>IDR 2,000,000 (143 USD), payments via four state-owned banks, twice a year.</td>
</tr>
<tr>
<td>Application of usual PKH conditionality</td>
<td>General conditions apply</td>
<td>Soft conditionality applies. For those areas with low supply of services, communally defined conditions</td>
</tr>
<tr>
<td>Use of the Family Development Sessions</td>
<td>General FDS is implemented</td>
<td>Simplification of the presentation methods, optimized use of the posters and flipcharts (rather than the videos)</td>
</tr>
<tr>
<td>Verification</td>
<td>Use of forms by facilitators, data uploaded by operator. In future, use of mobile application to capture and upload data</td>
<td>Use of forms by facilitators, data uploaded by operator.</td>
</tr>
</tbody>
</table>
1. Create PKH “Akses” manuals that are specific to remote areas
2. Determination of locations for PKH beneficiaries can use local government recommendations to avoid social conflict

1. For areas where weather impacts travel to remote areas, bi-annual payment schedules are to be adjusted accordingly
2. For payments, allow the contracting of local banks in addition to the main state owned banks (HIMBARA)
3. Allow for the banks to innovate in the delivery of payments to remote communities including the use of an offline payment withdrawal mechanism (EDC)
4. Allow for the transfers to generate interest for the implementing bank and use the revenue to cover costs of delivery.

1. In the validation of potential beneficiaries, cooperate with local institutions and organizations as well as the national air force to support air travel
2. Strengthen coordination with Ministry of Health and the Ministry of Education to increase the availability of health and education services in remote areas
3. Increase the amount of human resources such as facilitators, supervisors and district coordinators, with higher salaries and specific financial support given to cover transportation cost
CONCLUSION: COMMON CHARACTERISTICS OF REMOTE AREAS

- Difficult transportation: high cost, poor quality roads (Indonesia, El Salvador, Kenya, Liberia) (vastness of the remote areas, no or poor road)
- Limited health and education services, on which CT is conditioned (Indonesia, El Salvador, Kenya)
- Lack of payment infrastructure or mobile network coverage (Liberia, Indonesia, El Salvador, Kenya).
- Security (El Salvador, Kenya (some regions), Liberia (when transporting cash or pay out)
- Nomadic population (Kenya)