

# Delivery systems

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The objective of this chapter is to provide information regarding the implementation of social transfer systems, with a focus on the systems required for management information, registration and the determination of eligibility.

### Introduction

Delivery systems are increasingly recognised as central to the effective implementation of social transfer programmes. This chapter covers the core delivery systems for which governments usually take responsibility – the management information systems and the registration systems. The next chapter discusses payments systems. Different countries adopt varying strategies to implement the programme design. In some cases countries begin with a pilot programme, and then scale up delivery once the design features have been tested and refined.<sup>1</sup> Other countries immediately implement on a national or sectoral scale, building on or adapting existing scheme or starting from scratch, and revising and sometimes expanding over time.

The design plan indicates what groups of beneficiaries will be targeted, how much will be paid, and what and how conditionalities (if any) will be imposed. Turning this design into an actual programme requires systems – for identifying the particular beneficiaries and making payment to them, and for monitoring any conditionalities. The implementation process may encounter bottlenecks or uncover design flaws. Even with reasonable foresight and a well-formulated programme design, the implementing team may run into unexpected problems – budgets are cut, natural disasters increase the number in the targeted population, information systems prove incompatible. The

implementation process may also uncover flaws in the programme design that are not amenable to simple correction. Given the complexity of social transfer programmes, no design plan will be perfect – flexibility in the face of bottlenecks and design flaws is essential.

Implementation involves building systems and putting them into operation, as well as overcoming bottlenecks and correcting design flaws in the process. Flexible and adaptable procedures will expedite implementation. While detailed programme specifications reflect thorough planning, locking implementation into a fixed blueprint impedes the learning and flexibility required for success.<sup>2</sup> However, once systems are in place, they can be difficult to change; future modifications in procedures that enforce rights to social security are more likely to be evolutionary.



Figure 12.1 The independent components model for delivery systems

### Implementation systems<sup>3</sup>

Once the social analysis and political decision-making process determines the defining features of the social transfer programme, the managing institution must begin the technical process of building delivery systems. While a number of approaches are possible, this chapter discusses the most effective practices common to many successful programmes around the world. The first step is establishing a registration process that captures relevant information concerning the targeted groups and consolidates it into a single registry, a national database including information on all households considered for the programme. The second step is the identification of eligible individuals or households, based on the established criteria. The third step enrolls participants in the programme, and notifies the beneficiaries of their rights and responsibilities. The fourth step delivers the social transfer to the participant. These steps are illustrated in Figure 12.2. Subsequent steps include monitoring, evaluation and impact assessment, and these are addressed in chapter 15. Conditional programmes will also require additional systems for the monitoring of compliance with conditionalities. In addition, systems of

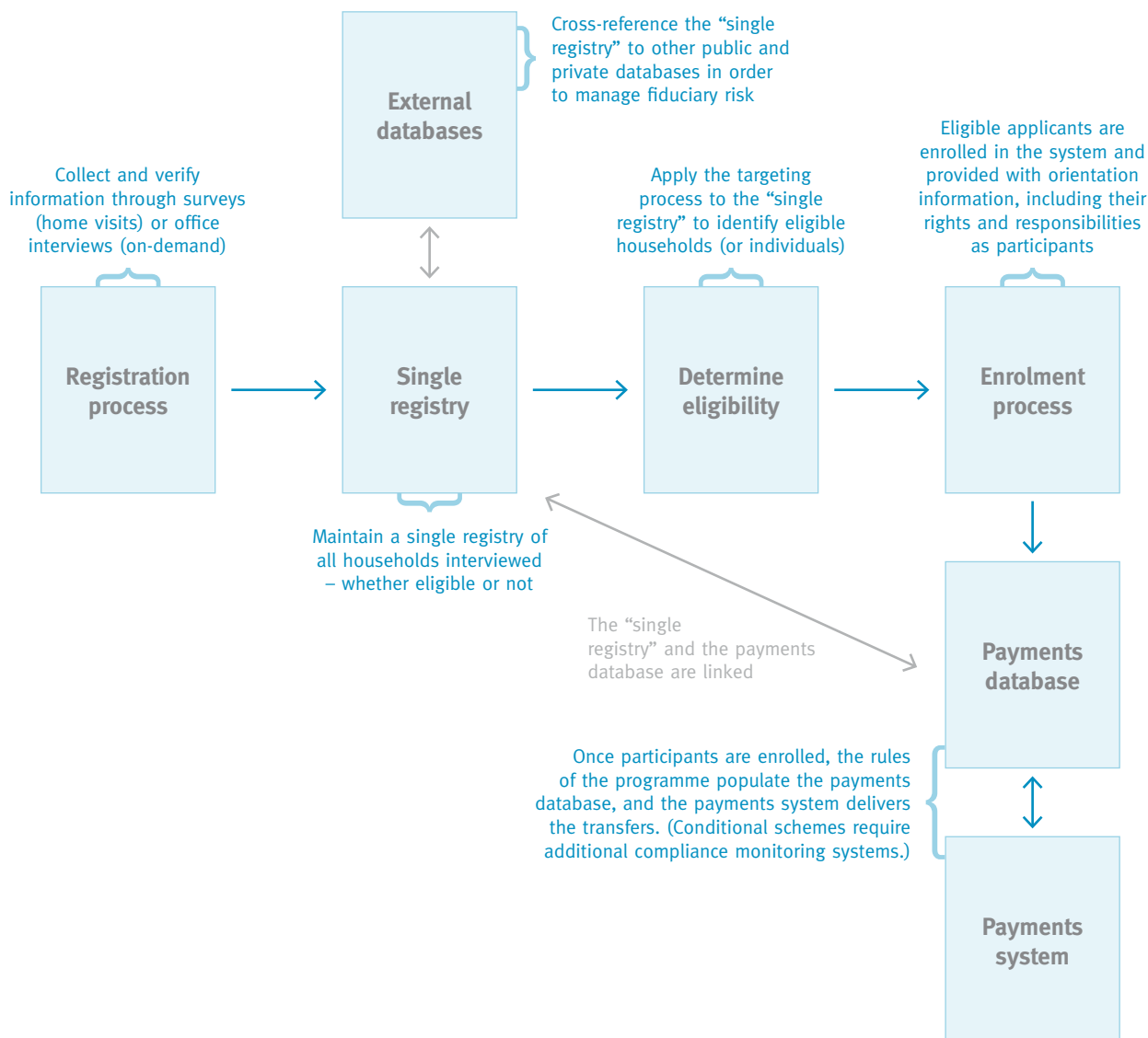


Figure 12.2 A flowchart for major systems required to implement a social transfer programme

SOURCE: Castañeda and Lindert (2005).

accountability run parallel with these operational components. For example, an appeals process serves as a check on the system that determines eligibility. Fiduciary risk systems monitor the payments process.

## The management information system

There are several essential purposes for a social transfer programme’s management information system:

- Provide a single registry of all beneficiaries
- Automate programme components and provide a seamless and efficient transfer of data between and among programme components
- Provide a central store of information and ensure its integrity, accuracy and security
- Minimize use of paper-based processes and duplication of efforts
- Provide levels of interaction and integration with existing system initiatives to harmonise databases and better coordinate programmes

The management information system can serve to fulfil several functions:

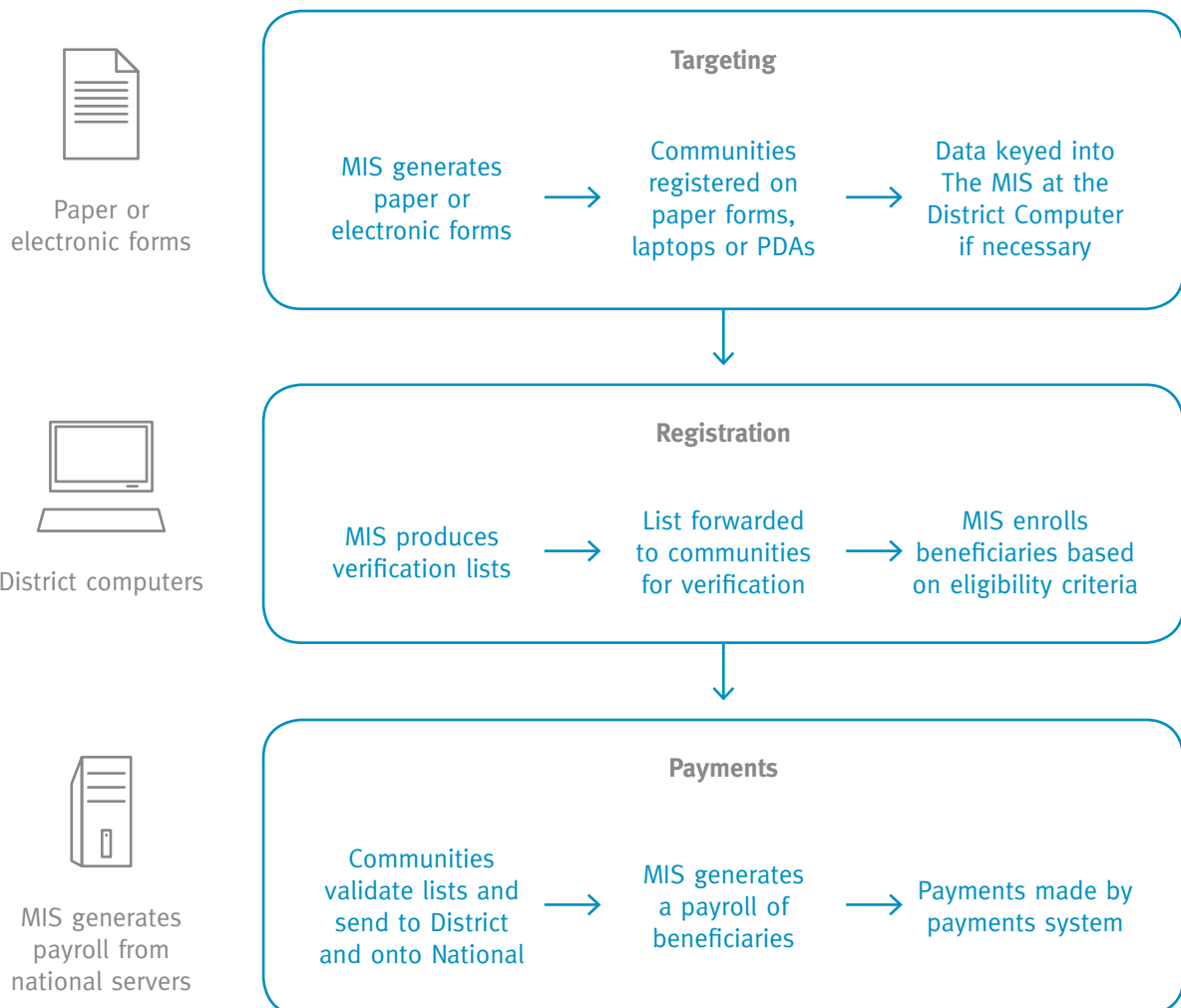


Figure 12.3 The role of the management information system in delivering the programme

- Selection of beneficiary families
- Payments management
- Case management
- Base for the control and monitoring processes
- Rights and grievance management
- Integration of complementary programmes
- Selection of beneficiaries for other public policies
- Identification of the various poverty dimensions and vulnerability

## Information systems and the “single registry” (Cadastro Único)

Appropriate and effective information management systems provide an essential tool in implementing a successful social transfer programme. Many of the features of Brazil’s “single registry” (known as the “Cadastro Único”) provide a relevant model to consider, even for unconditional programmes. A household must register in Brazil’s Cadastro Único before to participating in Bolsa Familia. The Cadastro Único contains data representing approximately 50 million people, comprising an estimated 10 million families.<sup>4</sup> A single national registry for determining and monitoring programme eligibility offers many advantages, including controls on duplication of benefits, efficiencies in administrative costs and systematic management of exit criteria.<sup>5</sup> A sketch of the system is provided in Figure 12.4.

In the process of designing an effective management information system, two ingredients are essential. First, the system’s design team must involve the programme staff members, who are responsible for entering operational data and maintaining the system. This brings critical stakeholders on board with the new system and tends to improve the quality of the system’s operations. Second, the design team must involve the end-users of the system in the design of appropriate reports and analytical tools.<sup>6</sup>

The main interface between the applicant and the single registry takes the form of a questionnaire, either on paper or a computer screen. The amount of information depends on programme requirements – in Brazil’s, case the questionnaire includes 13 pages of questions capturing names, identification numbers, addresses, household characteristics (particularly those of the dwelling that reflect living standards: construction materials, water sources, vital services), incomes and expenditures as well as other information.<sup>7</sup> Universal programmes within categories (such as Lesotho’s social pension) require substantially less information – name, proof of age and residency, and a mailing address or bank account number.

The database can serve a multitude of functions in addition to registering claimants. It can serve as the basis for future monitoring and evaluation processes and potentially support other development projects. This potential should be considered in designing the data requirements for the system.

The technology of data entry can reduce the cost and improve the accuracy

of the database. Electronic data capture during field interviews simplifies and speeds up communication and database updates, but the cost of this more capital-intensive technique may be high and require substantially more training than a paper-based approach.<sup>8</sup> The feasibility of this approach will depend on the country context, the human resources and the technology available. For a one-time “big push” to roll out a new programme, a survey-based approach may require large numbers of temporary interviewers. In Brazil’s case, municipalities set up and trained the interview teams, hiring school teachers, community health workers, municipal staff members from the departments of health, education and social development, workers from other social transfer programmes and non-governmental organisations, students, volunteers and trainees. In the absence of consistent high-quality training, the interviews provided data of uneven reliability.<sup>9</sup>

Once the questionnaires are collected, data entry processes capture the results into the single registry. With Brazil’s Bolsa Familia, municipalities entered the information and transferred it to the local office of the national banking partner (Caixa Econômica Federal) using disks or the internet, from where it was consolidated on the bank’s mainframe computer, with assigned unique social identity numbers, and distributed in encrypted form to the appropriate government agencies.<sup>10</sup> In cases where existing databases hold useful household-level information, it may be possible to automatically migrate the records to the new registry.

Data validation is essential. At the household level, survey team managers should randomly cross-check the accuracy of the survey instruments, including revisiting the selected households to verify that the interviewer actually surveyed the household members. Consistency checks can provide a measure of the quality of a questionnaire’s data. If expenditures vastly exceed reported income, for example, there’s a higher likelihood of income under-reporting, particularly if the household is aware that eligibility depends on reported income. Tests across entries within the database can identify duplications. With Brazil’s Cadastro Único, an audit uncovered thousands of entries with more than one identity number, and nearly half a million cases where an identity number was registered more than once. Duplications arise from field entry errors, poor municipal-level coordination that causes multiple teams to repeatedly survey the same areas, and identity verification problems.<sup>11</sup>

Without real-time data entry – during which the person entering the data has immediate access to all previous entries – it is not possible to verify with certainty that an applicant has not registered previously. In this case, consistency checks internal to the registry provide a critical check on fiduciary risk. (See the section on enrolment later in this chapter for more examples of fiduciary risk management.) The World Bank has linked loan conditionalities for Bolsa Familia to improvements in data quality addressing some of these issues.<sup>12</sup>

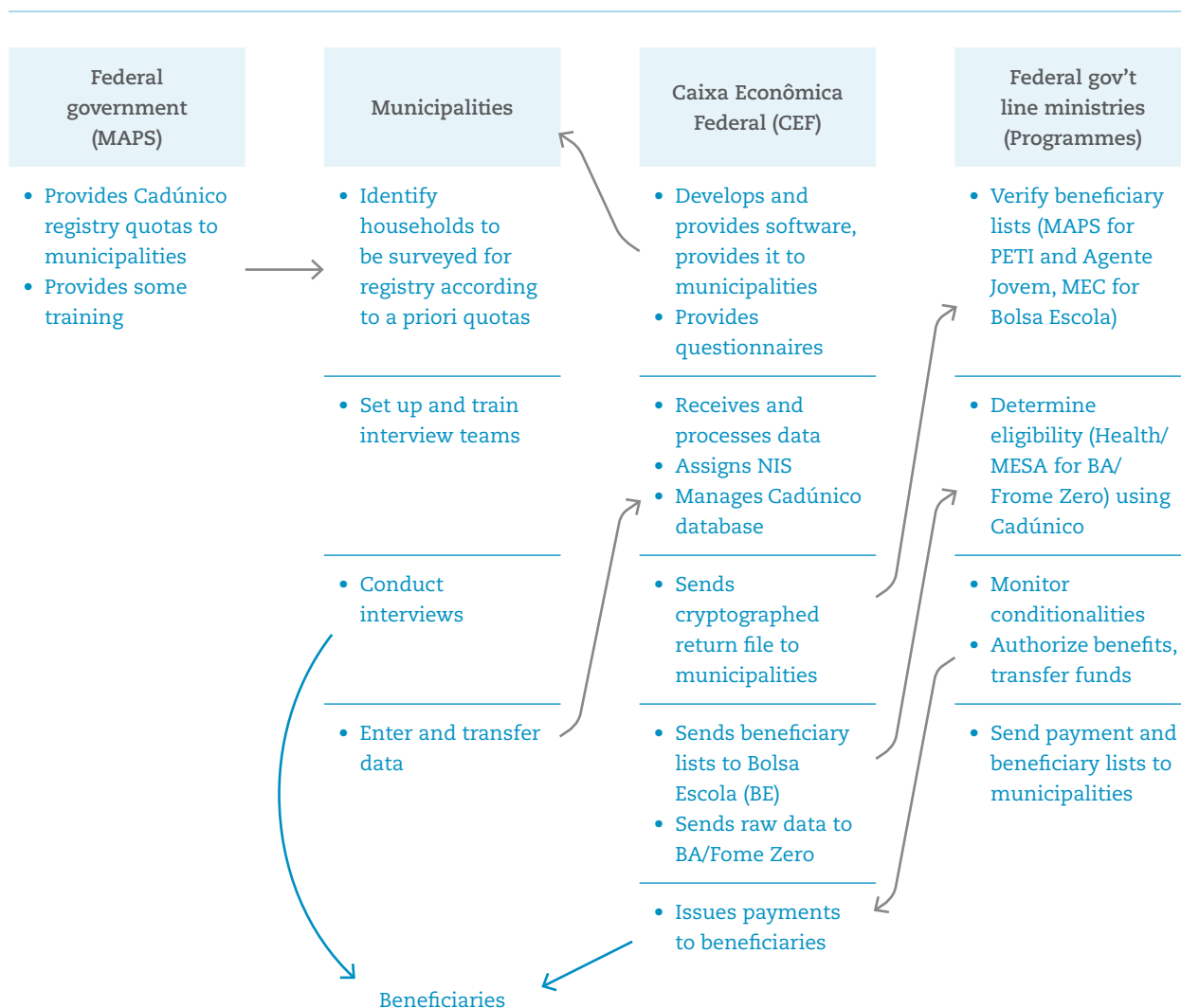


Figure 12.4 Brazil's single registry (Cadastro Único)

SOURCE: de la Brière and Lindert (2005).

## Registration

The registration process is the first point of official contact between the social transfer programme and the potential participant. This usually takes the form of either a social worker visit to the home of a potential beneficiary as part of an expansive survey (survey approach), or else a visit by a household member to a designated enrolment site or government office (on-demand approach). Either approach requires complementary outreach and information campaigns, which should employ media that best reach the poor – radio announcements

and shows, public notices, outreach through religious institutions, broad-based advertising campaigns and other channels. The survey approach provides more immediate results and is well-suited for areas with high poverty rates, while the on-demand approach is less expensive and better institutionalises a registration process.<sup>13</sup> Both approaches can be used simultaneously, with the survey approach geographically targeted to areas where it is most appropriate. The advantages and disadvantages of the two approaches are outlined in Box 12.1.

Many programmes – both conditional and unconditional – limit the registration process to specific periods during the programme cycle, often with arbitrary limits for the number of eligible beneficiaries. Zambia’s Kalomo cash pilot enrolls participants and then closes the registration process until the next enrolment period. In addition, the number of beneficiaries is limited to the poorest 10% of households in an area, even though many more are critically poor and otherwise eligible.<sup>14</sup> Brazil’s sophisticated management information system effectively prevents households from registering for multiple grants, but has repeatedly excluded eligible beneficiaries because a particular municipality had met its quota for beneficiaries.<sup>15</sup> The ideal registration system is universal and open-ended – any potential beneficiary can apply at any time, and programme officials will assess eligibility for immediate access to social transfers. Registration should not be limited to fixed survey or enrolment periods or subject to arbitrary limits.<sup>16</sup> It is important to stress that access to social security is a right, and social transfers aim to protect that right. Systems of registration should ensure that claimants understand their rights and are treated accordingly.

For the registration process to succeed, the poor must have information and access to the registration process. Jamaica’s television advertisements depicting the pregnant spouse of a cabinet minister registering for a social transfer programme raise awareness while reducing the exclusionary impact of stigma.<sup>17</sup> While the very poorest may not have access to television, these types of publicity campaigns can have important indirect effects – beneficiaries frequently cite relatives, neighbours and friends as the main source of information about social transfer programmes. Information alone will not suffice to guarantee success, however; the cost of registration must be affordable to the poor. The survey approach can reduce the cost to the poor, while the on-demand model can involve transportation costs that prove prohibitive, particularly when the poor fear that they may not qualify for the grant. Box 12.4 discusses implementation problems in India that undermine the poor’s access to social protection.

With either the survey approach or on-demand interviews, the officials should always treat potential participants with respect and in a culturally appropriate manner, informing them of their rights and responsibilities in the programme, particularly with respect to the terms of confidentiality. Interviewers should provide their clients with an opportunity to ask questions and with contact information (for example, a toll-free telephone number where appropriate) for later queries and so that they can follow up on the status of their application. Interviewers should speak the language of the



## Box 12.1: Alternative approaches to registering beneficiaries

The survey-outreach method (Social workers survey of poor areas)	On-demand application method (Potential beneficiaries apply at offices)
<b>Disadvantages</b>	
<ul style="list-style-type: none"> <li>• Total cost of registry may be higher, especially if survey covers many non-eligible, non-poor families</li> <li>• Static database that is difficult to update and manage, and that can deny ongoing (permanent) access to registry (between survey updates)</li> <li>• Quota-based (rather than exhaustive) surveying can result in non-transparent decisions being made about which families get registered before data are collected</li> <li>• The poor may not be home at the time of the survey, or they might not trust the surveyor and provide misinformation</li> </ul>	<ul style="list-style-type: none"> <li>• Those that apply may not be the poorest (may live closer to urban areas, be more informed, have higher education and or have money for transport costs, etc.);</li> <li>• May exclude the poorest of the poor who are less informed or face higher transport costs</li> <li>• Per unit costs are higher (repeated travel costs of making separate and repeated home visits in specific neighbourhoods as families apply).</li> <li>• There are problems with locating addresses of poor.</li> </ul>
<b>Best suited when:</b>	
<ul style="list-style-type: none"> <li>• Poverty levels are high (over 70%), poverty areas are homogeneous (rural areas, urban slums), low average education levels</li> <li>• There is a need to start a large programme quickly and government needs to be proactive in reaching the poorest.</li> </ul>	<ul style="list-style-type: none"> <li>• Poverty levels are moderate or low, and areas are heterogeneous;</li> <li>• People have higher education levels and outreach campaigns to encourage programme participation can be implemented.</li> </ul>
<b>Examples of use:</b>	
<ul style="list-style-type: none"> <li>• Colombia's SISBEN (exhaustive census-surveying of pre-identified poor areas)</li> <li>• Brazil's Cadastro Único (quota-based surveying)</li> <li>• Chile's Ficha CAS until the early 1990s</li> <li>• Mexico (Progresa programme) in poor, rural areas</li> <li>• Costa Rica (surveying of poor areas)</li> </ul>	<ul style="list-style-type: none"> <li>• Chile's Ficha CAS since the early 1990s</li> <li>• Mexico (Progresa programme) in urban areas</li> <li>• Costa Rica</li> <li>• Colombia</li> </ul>

potential beneficiary, or at least provide translation services. It is important to communicate clearly the purpose and limits of the interview: that the programme is assessing the individual's (or household's) eligibility for a social transfer programme, that the interview itself does not guarantee eligibility, and that the applicant has the right to appeal if denied the benefit. The interviewer should provide clear information about the appeals process, as well as other information about social services and other benefits to which the applicant might be entitled.<sup>18</sup>

## Box 12.2: Applying for a social pension in Namibia

In a rural village in northern Namibia, a vehicle delivers the pension, N\$300 each month, which pensioners withdraw with their pension card. There are still older people who do not have a card and hold out their identity documents or birth certificate in the hope that they will be informed about their application. Unfortunately the officials travelling with the vehicle do not accept application forms or comment on their status. Applicants must travel to Tsumeb, the local town about one hundred kilometres away, to visit the social development office in order to check their application status. If there are problems with application papers, people are sent to the local home affairs office. The application is not accepted if there is a contradiction between the age on the birth certificate and that on the identity document. The local office will send the papers to Windhoek

but changes are rarely granted. If they are granted, people are charged N\$50 for a new identification document. Since large numbers of people live on less than N\$10 per month, that amount can prove an insurmountable sum. Further, one has to pick up the identification document in person, which is impractical for older people or people afflicted with illness. If someone did not have his or her identification document, the government used to authorise doctors to estimate the applicant's age. Now, however, the government requires the individual to travel to Windhoek or Oshakati for medical x-rays that provide evidence of age. This requires money, time and energy and creates further barriers for many people in their quest to access social protection.

SOURCE: Widlok, T. (2005).

## Documents

Any registration or eligibility process will require processes for documenting a potential beneficiary's identity. This poses an initial stumbling block, as the poorest often have the least access to the necessary documentation. At the same time, lack of documentation often blocks the poor from accessing other government benefits, and the incentive provided by the social transfer programme to obtain the appropriate identification documents may help unlock access to these other public benefits. The success of the social transfer programme is likely to hinge critically on the processes that provide identification documents to the target population. This factor is further complicated because the government department that provides these documents is usually different from the one managing the social transfer programme.

In addition to identity, the documentation will need to substantiate other conditions for programme eligibility, such as age, relationship to other household members (such as a care-giver applying for child grants), income, health conditions (including disability or participation in health programmes), and education conditions (such as school registration).

## Determining eligibility

Once households have registered for the programme, the process of determining eligibility involves applying the targeting criteria to the data in the single registry.<sup>19</sup> For example, the eligible population for a universal pension

### Box 12.3: Nepal solves the missing identity documents puzzle

In 1994 the Nepalese Government announced the imminent implementation of the Old Age Allowance Program. Older citizens needed a Nepalese citizenship certificate, which verified their age, to apply for the pension. At the time of the announcement, many of the eligible older people did not possess these certificates. The government encouraged older people to apply for them, but supporting documents verifying age, place of birth, current address and father's name were required. It is very difficult to get an accurate proof-of-age, but the government was open-minded about the problem. During the previous electoral campaign

the Election Commission of Nepal had issued an identity card which included the age of the voter. These cards were allowed as proof of age, enabling some Nepalese to gain the pension. For those who did not have an identity card from the Election Commission, the government accepted a horoscope, which contained an accurate date of birth. Older people were not required to undergo expensive medical verification of their age, making the application process easier and dramatically improving take-up of the pension.

SOURCE: Rajan, S. I. (2002).

includes all those in the registry whose age is above the selected threshold. Means-tested programmes require more complex procedures (as discussed in chapter 7). The single registry may alternatively be used as a foundation for more accurate geographic targeting. After any one of these types of targeting mechanisms (or a combination) produces the list of eligible and selected beneficiaries, field testing and community validation can provide a check on the results.<sup>20</sup> In Brazil's case, the national banking partner (Caixa Econômica Federal) provides the database to line ministries, who make the eligibility determinations in accordance with national criteria, which are then validated by municipal councils – usually with the effect of reducing the number of beneficiaries.<sup>21</sup>

Chapter 7 addressed the defining questions for determining eligibility – whether to target at all, and if so, which targeting mechanisms to use. The answers to these questions establish the framework for identifying the programme participants. Making this framework operational requires considerable attention and care – targeting succeeds or fails as much due to implementation as to design.<sup>22</sup> An extensive study of targeting mechanisms concluded that no single blueprint provided the ideal targeting mechanism; rather, for any chosen approach, programme managers required more creativity and diligence, as well as improved and better-resourced administration. The study identified key themes for improving implementation:<sup>23</sup>

First, what cost-effective administrative improvements would reduce errors of exclusion and inclusion, and thus improve targeting performance? Many of the barriers to the poor arise in the first step of implementation – registration. For example, the poor do not always possess the necessary identity documents required to register for the programme. As discussed in Box 12.3, Nepal's flexibility in permitting alternative methods for proof of age demonstrates one strategy for improving take-up rates.<sup>24</sup>

Second, what cost-effective administrative improvements would reduce private and social costs? In South Africa, applicants visiting government social

development offices complained in 2001 that officials in the offices would initially provide minimal information regarding the eligibility requirements – and then provide just enough information on subsequent visits that multiple trips were required. Multiple visits increased the costs of administration as well as the time and travel cost burden on the poor applicants (and reduced take-up of the grants). The government implemented the Batho Pele (“Putting People First”) customer service programme to transform the service standards of bureaucrats, which contributed to lower private and social costs as well as substantial increases in take-up of social grants.<sup>25</sup>

Third, how can administrative costs be lowered and/or quality improved? Brazil’s implementation of Bolsa Familia’s single registry (Cadastro Único) aims to lower administrative costs and improve the quality of the targeting process by consolidating systems and applying fiduciary risk management techniques.<sup>26</sup> Zambia’s Kalomo cash pilot developed an effective procedures manual (and made it available on the internet as a public good). Effective manuals can help standardise procedures that guarantee high quality delivery and reduce costly administrative errors.<sup>27</sup>

Fourth, can other social programmes employ the same targeting mechanism? In 1999 Armenia consolidated 26 small cash transfer schemes into a single integrated programme that employed a unified targeting mechanism, improving targeting and benefits while reducing administrative costs.<sup>28</sup>

Fifth, does the targeting mechanism reflect sound practices? Unverified means testing can lead to under-reporting of income. Proxy means testing with poor statistical analyses can increase both inclusion and exclusion error and damage the credibility of the programme. Geographic targeting with outdated data produces potentially biased and inefficient results. Community targeting without appropriate appeals processes can lead to widely varying standards across regions.

Sixth, does effective monitoring and evaluation aim to improve the implementation processes? The Mexican government has legislated requirements for external evaluations of the Oportunidades programme.<sup>29</sup> Increasingly, governments recognise the value of monitoring and evaluation to not only assess the programme’s impact but also to contribute to improving the delivery of social protection. Chapter 15 will explore this issue in greater detail.

## Enrolment

The enrolment process formalises the selection of the eligible beneficiaries, and the degree of formality this requires varies from programme to programme. Enrolment in a universal pension programme can take place at the same time as registration – the eligibility criteria are completely transparent. With more vigorously targeted programmes, enrolment may follow the registration process because of the need to process the data. These lags increase the cost of the programme – in terms of administration costs, private costs to the participant (for example time and transportation), and the delay in terms of

## Box 12.4: Implementation pitfalls in the delivery of social transfers in the state of Maharashtra

Field research from October 2003 to June 2004 in two villages in the the Indian state of Maharashtra provides examples of implementation problems with the government's social transfer programmes, including the National Social Assistance Programme and the Maharashtra Employment Guarantee Scheme. Evaluating implementation processes can illuminate potential reforms that can improve delivery, particularly with respect to application procedures, eligibility determination processes and payment mechanisms.

The application process for social transfers in the state of Maharashtra in India can prove time-consuming, costly and haphazard. Applicants often cannot freely obtain the necessary forms at the appropriate government offices (tehsil office) and must purchase them at photocopy shops. The form typically contains 14 pages, many of which require certified statements from village government officials. Applicants with low literacy levels may require assistance – available for a fee from private “writers” (karkhoons) or “agents”. Agents cost several times what writers charge, but use their political connections to obtain the required official certifications.

Applicants must provide proof of age, either through a school-leaving certificate or a certified record from the birth register. These are often difficult to obtain and frequently an applicant must pay a government medical officer to certify age. The village revenue office (Talathi) must provide an income/property certificate as well as a certificate of residency, which can also be provided by the village council president. Applications for disability grants require additional certification and create further opportunities for corruption.

Improper submission of an application can jeopardise prospects for success. Often the receiving official requires a small bribe, and failure to pay can consign the application to

the dustbin. No receipts are normally provided, leaving applicants with little recourse for “lost” applications. In some cases, officials refuse to accept the applications because of minor errors, avoiding the work of processing the application and imposing additional costs onto the applicant while reducing the effective demand for the programme. The local Social Security Committee meets bimonthly to review applications. The process is fairly informal, with little recourse for rejected candidates, providing rampant opportunities for favouritism and corruption.

Employment Guarantee Schemes also suffer from process deficits. There are few mechanisms by which a worker can protect his or her right to a guaranteed job, and supervisors sometimes require bribes. The failure to appropriately register all those who need jobs prevents the establishment of the required number of projects. Wage payments are sometimes delayed by two or three months, creating particular hardship for the poorest and creating vulnerability to usurious credit traps.

These examples of implementation problems in Maharashtra's social transfer programmes underscore the need to understand informal mechanisms that work side-by-side with official institutions, many of which can make social transfers more regressive than necessary. Additional bureaucratic procedures that protect rights – like providing receipts for submitted applications and monitoring outcome indicators – can improve delivery. In other cases, reducing or relaxing administrative requirements can support improved effectiveness. Providing an independent advocate to support the interests of the applicants – through structures independent of local politics – can help to reduce corruption and inefficiency.

SOURCE: Pellissery, S. (2005).

providing the household with resources.

Enrolment processes for conditional cash transfer programmes can be more demanding on administrators and beneficiaries. Depending on quotas, the processing of proxy means tests, and the role of community participation, there may be a big delay between registration and eligibility determination. Enrolment begins with a letter or community notice announcing the selection of participants. In some cases, eligibility documents are verified after the eligibility determination has been completed. Given the complexity of conditionalities, the programme may require orientation and information meetings to convey the rules of the programme – these can take place during the enrolment process. Often, given the contractual nature of conditional programmes, the enrolment process will include the signing of a formal agreement.<sup>30</sup>

## Implementing payment systems

The implementation phase of the programme culminates in the payment of cash to the beneficiary. Once a participant formally enrolls, the payments process ensures that the payments database reflects authorisations to pay the participant – subject to possible conditionalities. The payments database is linked to the single registry, but contains records only for enrolled participants. With conditional cash transfer programmes, the payments database must also receive data feeds from the line ministries or other agencies responsible for monitoring compliance with conditionalities.

Cash can be delivered through government-implemented payment processes, the private banking system, postal banks, private payment contractors and electronic systems using smart cards (which can be integrated with any of the other options). Greater reliance on information and communications technologies (ICTs) – including computers, telephone networks, the internet and other technologies – will usually require large initial investments, but will save money and time in the long-term.<sup>31</sup> In particular, the second-order benefits of ICTs are likely to be important – but if they cannot be leveraged, the investment might not be warranted. For example, the use of a smart card to deliver social transfers requires expensive technology, but it also offers a savings vehicle for poor households and a secure means of making cash transactions at the local shop. Visits to paypoints can be eliminated – the social transfer materialises automatically on the smart card each month. If these features cannot be implemented however, the cost of the smart card might not be warranted.

The first step in identifying the appropriate strategy is to consider all the available and feasible options. For example, is there a banking system or post-office system which reaches rural areas? The options will vary from country to country, as will the relative costs and benefits. If a single one of these options is unable to deliver cash cost-effectively, a combination of measures may provide more efficient coverage. Government cash distribution systems

offer the advantage of a service delivery mechanism that is completely under government control, but does not provide a built-in check of service quality and can prove costly. Lesotho's delivery system for the social pension provides an example of this option: it uses a collaborative arrangement among the post office, the Lesotho Defence Force and the Lesotho Mountain Police, with military helicopters used to access remote areas.

The private banking system can often offer a competitive alternative. Banks leverage private sector experience in cash handling and payments, and they often provide broad-based geographical coverage, tested systems for risk management and access to appropriate technology. However, in many countries the poorest are excluded from access to the banking system, and this option may prove costly if competition is weak because banks may demand high fees. Nevertheless, this option may still be cheaper than having to carry and distribute money over large distances on a monthly basis. The costs may differ for rural areas where populations are often spread out and urban areas where populations are concentrated. Mexico relies cost-effectively on the banking system to provide payment services. The involvement of banks in Mexico may promote an improvement in banking services for the poor. In Somalia, the United Kingdom's Department for International Development contracts with Western Union, an international private money transfer company, to deliver social transfers. A 24-hour service anywhere in the country costs only 4% of the transferred amount.<sup>32</sup>

Smart card services offer a modern, efficient and administratively efficient payment vehicle with substantial potential for spill-over benefits (savings vehicles, payment facilitation). However, no country has yet implemented a national electronic social transfer payment mechanism, so its performance in practice is difficult to assess. Smart cards are not easily implemented in communities that lack reliable electricity or access to telecommunications, because they often validate transactions over a computer network.

Mobile Automated Teller Machines (ATMs) can be employed to distribute funds supporting any of the above options. Some mobile ATMs are built into a vehicle, while others are carried in the back of a truck. In most environments, security in the form of armed guards is required. Armed guards travel with mobile ATMs in Namibia and South Africa, where cash-in-transit heists are a problem. In addition to standard Personal Identification Number (PIN) measures, the computer system managing the ATM could link to the social transfer programme's administrative data, thus verifying eligibility. They also can be equipped with biometric verifications systems, such as fingerprint scanners. Mobile ATMs are not dependent on electricity infrastructure because vehicle generators can power them. They can be loaded with beneficiary data before they embark on their rounds and then operate off-line, eliminating their dependence on communications infrastructure. Alternatively, telephone links, cellular connections or satellite communications can provide real-time payment updates. Mobile ATMs can operate using conventional magnetic strip cards or smart cards.<sup>33</sup> The advantage of this is that beneficiaries – who may be elderly or physically disabled – do not have to travel long distances for the money.



The next chapter discusses the lessons of global experience on developmental payments systems in greater detail.

## Summarising lessons for successful delivery systems

Decades of international experiences with social transfers – and with other forms of poverty reduction programmes – yield some general lessons to consider in formulating an implementation strategy.<sup>34</sup>

First and foremost, commitment and leadership from the political sphere is required. As discussed in the case studies in this guide, presidential support provided critical force in the success and expansion of social transfer programmes in Brazil, Mexico and South Africa – and most likely in many other countries. Effective programmes require significant institutional change – in rules, norms, behaviours, and organisations – which can be difficult and uncertain. Sustained commitment from political leaders, particularly when it includes a wide coalition of allied interest groups, provides important impetus for successful implementation.

There is no universal blueprint for appropriate social transfer programmes. The implementation strategy most likely to succeed encourages a mindset that is ready to continuously learn, take calculated risks, and closely monitor and evaluate results. Progress depends on a process of adaptation, and a willingness to learn from experimentation and adapt to new information. Brazil's Bolsa Familia continuously adapted: rooted in sectoral and municipal schemes, it evolved into an integrated national programme. South Africa's Child Support Grant began as a small and vigorously targeted quasi-conditional grant, and persuasive evaluations and assessments motivated the government to adapt and expand the programme into one of the country's most successful poverty reduction interventions, affecting the lives of more than half the country's poor.

Reliable information management provides the foundation for implementation success, from identifying the poor to targeting the beneficiaries all the way through to paying the cash, tracking the results and managing fiduciary risk. An integrated information management system should meet the needs of all the stakeholders and role-players. It is necessary to invest in building staff capacity, and in broad social institutions involved in making anti-poverty programmes work. These institutions may be governmental, private or nongovernmental. Institutional problems such as corruption or information backlog are a hindrance to the successful implementation of social transfer programmes.

The appropriate mix of centralised management and decentralised implementation requires finely balanced trade-offs. Local role-players often have critical knowledge about the needs of programme beneficiaries. Balanced decentralisation fosters greater programme flexibility – although sometimes it creates more fiduciary risk.

Good communication reinforces all dimensions of successful implementation. Particularly as local managers learn what is and is not



working, information must be shared – not only through the formal information management systems, but through open communication channels that reach the highest levels of programme management. Top officials must be open to criticism and even scandal – a transparent process that tackles the problem rather than obscures it will lead to long-term success. For example, South Africa’s Minister for Social Development is at the forefront of rooting out corruption when it crops up (at about 1.5% of total transfers, relatively low by international standards.)

Good communication supports the dissemination of lessons on what is working and what is not. It is useful to publicise early successes through the media, in order to keep beneficiaries and implementers informed about results, as well as encouraging the public and politicians to remain supportive of the programme and to encourage take-up. For example, it may be useful to produce documentaries (as has been done in Zambia with the Kalomo project) about the programme and its impacts, and broadcast these on national networks.<sup>35</sup>

## Endnotes

- 1 Devereux et al. (2005), page 62.
- 2 World Bank (2004d), pages 10–11.
- 3 For example, see Castañeda et al. (2005), de la Brière and Rawlings (2006).
- 4 Lindert (2005), page 6.
- 5 Ibid., page 7.
- 6 Lecuit et al. (1999).
- 7 de la Brière and Lindert (2005), page 8.
- 8 Ayala (2003), page 70.
- 9 de la Brière and Lindert (2005), page 15.
- 10 Ibid., page 11.
- 11 Ibid., page 11.
- 12 World Bank (2005c).
- 13 de la Brière and Lindert (2005), page 19; Castañeda et al. (2005), page 11.
- 14 Schubert (2005), page 12.
- 15 Britto (2005), page 11.
- 16 For a similar recommendation for Brazil’s single registry, see de la Brière and Lindert (2005), page 7.
- 17 Grosh (2005).
- 18 Castañeda et al. (2005), page 15.
- 19 Castañeda et al. (2005), page 19.
- 20 Ayala (2003), page 41.
- 21 de la Brière and Lindert (2005), page 9.
- 22 If the design question is which targeting mechanism to use, then implementation is much more important than design. In a World Bank study of targeting performance, 80 percent of the variability was due to differences within targeting methods (that is, how the chosen method was implemented) and only 20 percent due to differences across methods (where the method is the design choice). See Grosh (2005).

- 23 Grosh (2004), page 85; Coady et al. (2004), page 22. The following six themes are based on questions raised in their book and course presentation, with additional examples drawn from the case studies supporting the analysis in this guide.
- 24 Rajan (2002), page 15.
- 25 South African Department of Public Service and Administration (2007); see also Samson (2002).
- 26 de la Briere and Lindert (2005).
- 27 Schubert (2005).
- 28 Coady et al. (2004), page 25; Harutyunyan (undated), page 1.
- 29 Fernald et al. (2008), page 830.
- 30 Ayala (2003), page 45.
- 31 Gallaher (2005).
- 32 Kidd (2006), page 6.
- 33 Gallaher (2005).
- 34 This section draws general lessons from World Bank (2004d), as well as from the case studies undertaken for this guide.
- 35 Schubert and Goldberg (2004), page 9.