

Enhancing the Conditional Cash Transfer Experience in Lao PDR

The Beneficiary Feedback Survey, 2021

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Executive summary

The Lao People’s Democratic Republic (Lao PDR) introduced its first Conditional Cash Transfer (CCT) program, called “Helping Hand”, in 2021. This program provides cash grants to poor and vulnerable households that include pregnant women or children under 2 years old across four provinces where poverty and child stunting rates are high. The program aims to alleviate immediate poverty and malnutrition among children by addressing their consumption needs, while also improving human capital and thus breaking the intergenerational cycle of poverty.

The program promotes financial inclusion among unbanked poor families, especially women. Enrollment of beneficiaries started in February 2021, followed by distribution of the first payment in April 2021. The first payment was made in-cash directly by the contracted Payment Service Provider (PSP). Beneficiaries can choose from in-cash or digital payment options (opening PSP accounts or receiving payments in their existing accounts) for subsequent payments.

This study has two objectives: 1) to capture lessons from the initial implementation of Helping Hand to inform policies and procedures for operations in Laos and beyond, and 2) to assess opportunities and challenges in introducing and expanding digital payment options among Helping Hand beneficiaries. Specifically, this note summarizes the key findings and lessons learned from the beneficiary experience

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survey conducted in August 2021. This consisted of a quantitative survey of 504 female beneficiaries who received first payments by June 2021, and a qualitative survey of beneficiaries, district and village level program implementers, and PSP staff.

The findings show high satisfaction among beneficiaries on program enrollment and the first payment with subsequently increasing household investment in their children. However, awareness of program eligibility and conditions are moderate, while the long waiting time for the first payment, due to delayed arrival of PSP, implies a limited scalability for in-cash delivery as the program expands.

There is potential for digital payments to be used more in target villages, but there are several challenges. Most beneficiaries do not have bank or mobile money accounts and therefore choose cash payments. The options are influenced by geography: bank transfers are preferred in accessible villages and mobile wallets in remote villages, probably due to a higher coverage of mobile money agent networks in remote communities. Lack of mobile data networks, low mobile phone ownership, limited digital literacy and awareness of financial transaction points (e.g. ATM, Point of Sale (POS)) are major barriers to digital payment delivery.

In this vein, the study proposes the following recommendations:

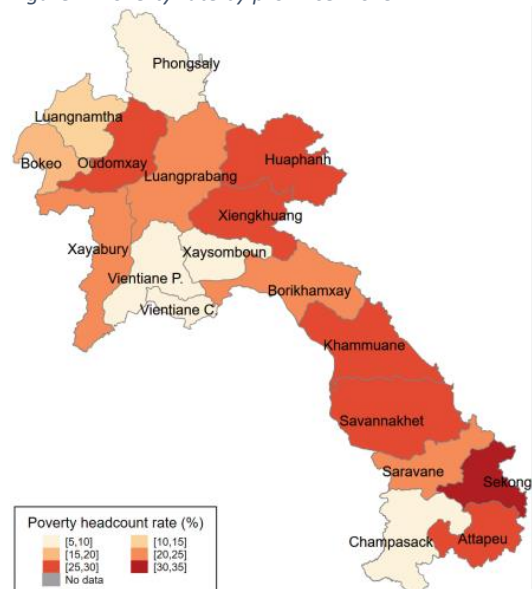
1. Strengthening information communication on the program and its conditions.
2. Promoting digital payment and improving beneficiary readiness by:
 - Raising awareness of digital payment options
 - Providing financial and digital literacy training
 - Bearing some transition costs for beneficiaries
 - Prioritizing digital payment in pilot villages (those with better access to financial transaction points)
3. Empowering women through gender-smart program design and service delivery.

Introduction

The Lao PDR is a lower-middle-income country in East Asia Pacific with a population of 7.2 million. Although steady economic growth made rapid poverty reduction possible (from 24.6 percent to 18.3 percent between 2012/13 and 2018/19) (Figure 1), rural areas are still home to the overwhelming share of the poor (Lao Statistics Bureau & World Bank, 2020) and the COVID-19 pandemic is expected to increase poverty. Compared to a non-COVID-19 scenario, the poverty rate (measured at the lower-middle-income poverty line or \$3.2 (2011 PPP) a day) is expected to increase by 1.5 percentage points in 2020 and by 2.4 percentage points in 2021 (World Bank, 2021). Malnutrition continues to be a critical issue, with about 33 percent of children under five stunted.² The maternal mortality rate is also high, at 185 per 100,000 births. Stunting rates are higher in the northeast and some southern provinces (Figure 2).

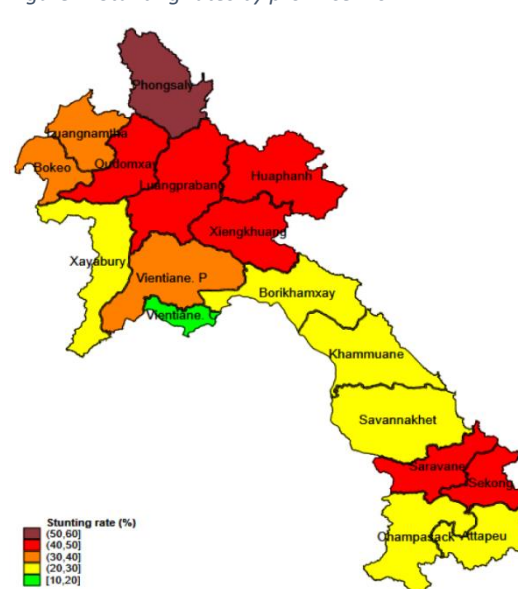
² Stunting is a reflection of chronic malnutrition as a result of failure to receive adequate nutrition over a long period and recurrent or chronic illness. It is measured by height-for-age. Children whose height-for-age is more than two standard

Figure 1 Poverty rate by province: 2019



Source: World Bank, 2020

Figure 2 Stunting rates by province: 2017



Source: Laos Social Indicator Survey (LSIS). (Lao Statistics Bureau, 2017)

The National Nutrition Strategy 2016-2025 and Plan of Action 2016-2020 (NNSPA) and the Laos Social Protection Strategy 2025 (NSPS)³ provide fundamental principles on nutrition and social protection in Laos. The NNSPA sets a goal of reduced malnutrition, especially among women and children and disadvantaged groups (National Nutrition Committee, 2015). The NNSPA focuses on achieving sufficient food consumption and safety from the start of pregnancy until the child turns two years of age, emphasizing the first 1,000 days of life. It also aims to reduce the prevalence of diseases caused by contaminated food and indirectly transmitted infectious diseases, which impair the body's ability to absorb food consumed.

Aligned with the NNSPA, the NSPS recognizes the lack of systematic social welfare services and benefits provided to young children (Ministry of Labor and Social Welfare, 2020). It establishes support for the poor and vulnerable, including poor children under five years old, in addition to other vulnerable groups such as children with special needs, persons with disabilities, and older adults living alone or not receiving a pension. Under Strategic Objective 3.1. Activity 1, the government commits to providing services and benefits to pregnant women and children, particularly those from poor households, to ensure necessary nutrition during the first two years of life.

deviations below the median of the reference population are considered short for their age and are classified as moderately or severely stunted. Those whose height-for-age is more than three standard deviations below the median are classified as severely stunted. Lao Statistics Bureau. 2018. Lao Social Indicator Survey II 2017, Survey Findings Report. Vientiane, Lao PDR: Lao Statistics Bureau and UNICEF.

³ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_757945.pdf

In alignment with NNSPA and NSPS, the Lao government, with support from the World Bank, introduced the first Conditional Cash Transfers (CCT) program, Helping Hand, in 2021.⁴ The program is implemented in 12 districts from 4 provinces with high poverty and stunting rates: Phongsaly, Oudomxay, Huaphan, and Xieng Khuang (World Bank, 2019).⁵ Helping Hand contributes to poverty reduction and human capital investment by providing cash grants to poor and vulnerable households with pregnant women or children aged 0-2 years old. The program is designed to alleviate current poverty, addressing the immediate consumption needs of the poor by supplementing their income, while also promoting behavioral change and improving human capital to break the intergenerational cycle of poverty. To encourage expansion of digital financial services in target villages, and the financial inclusion of marginalized communities, Helping Hand includes digital payment options whereby beneficiaries can receive their grants in a mobile wallet or through existing bank or mobile money accounts. To qualify for the grants, which are worth 180,000 kip (about \$18) per month, beneficiaries must undertake certain activities to improve their maternal and children's health and nutrition.

This study summarizes the key findings from the Helping Hand beneficiary experience survey conducted in August 2021. The survey was conducted with two objectives:

- 1) Enhance program implementation by understanding the experiences (including potential challenges) of beneficiaries and local implementers during the initial stages of the program: program communication and enrollment, and first payments of the Helping Hand grants.
- 2) Advance recipient-centric Government to Person (G2P) payments by assessing the readiness for more digital payments.

Overview of the Helping Hand Conditional Cash Transfer program

Helping Hand follows a three-stage targeting (prioritization) strategy (Ministry of Agriculture and Forestry, 2021). First, households need to reside in one of the 879 predetermined villages from 12 districts in the four target provinces. Second, a household must be classified as poor or vulnerable (below the 60th percentile) based on the proxy means test, a statistical tool that determines a household's economic condition (or welfare) based on observable socio-demographic characteristics such as household composition, assets, housing conditions and tenure, education, and access to basic services. From 2020 to 2021, the Ministry of Agriculture and Forestry (MAF) conducted a census-sweep survey in four provinces, storing data in its registry.⁶ The survey was completed in 80 percent of the target villages by

⁴ See Lao PDR - Reducing Rural Poverty and Malnutrition Project about the World Bank support: <https://www.worldbank.org/en/news/loans-credits/2019/04/08/lao-pdr-reducing-rural-poverty-and-malnutrition-project>

⁵ World Bank takes multi-sectoral convergence approach, implementing implements several operations, including health, education, social protection, WASH (water, sanitation and hygiene) and agriculture and rural development, to reduce malnutrition in these 12 districts [World Bank, 2019].

⁶ The MAF is planning to implement the survey in other provinces, but not yet conducted as of November 2021. The MAF is responsible for managing the registry produced through poverty assessment and the information in the register may be used for other programs in future.

June 2021, and the result validated in 486 villages (55 percent).⁷ A total of 64,281 households were assessed, of which 52,487 are categorized as poor and vulnerable. After this census-sweep survey, non-beneficiaries can request on-demand inclusion in the registry or re-assessment of their proxy means test score. The third step is individual targeting to identify pregnant women or children 0 to 2 years old living in poor and vulnerable households. By June 2021, 15,789 eligible individual beneficiaries (5,697 pregnant women and 10,092 children) were identified.

The program requires beneficiaries to comply with two types of conditions: 1) health and nutrition and 2) Social and Behavior Change Communication (SBCC) sessions.⁸ Health and nutrition conditions apply to pregnant women and children under two years old, while attendance to SBCC sessions is required for pregnant women and mothers (caregivers) of children under two (Table 1). The SBCC sessions, implemented by the Ministry of Health (MOH), are village-level sessions conducted at least once a month to support improvement of nutrition outcomes.⁹ Provision of nutrition counseling and growth monitoring and promotion are core activities at the monthly SBCC sessions.

Table 1 Current design of program conditionalities

Health and Nutrition			SBCC
Pregnant Woman	Child 0-2 years old		Pregnant woman or mother (caregiver) of child
	Growth monitoring and promotion	Immunization	
4 Antenatal care check-ups	Every month at SBCC or at health facilities	Age-specific immunization according to schedule ¹⁰	Attend SBCC sessions every month

The program involves multiple national and local government agencies. MAF is the lead implementing agency for Helping Hand. To achieve an effective multi-sectoral convergence approach, MAF collaborates with government agencies involved in the convergence approach at national and sub-national levels,

⁷ The survey completed by the end of 2021. In each village, a validation committee, consists of district officer, village staff, and community members, validates the list of eligible and non-eligible beneficiaries. The output of the validation is the categorization of applicants into: 1) validated/accepted; 2) rejected; and 3) suggested for inclusion. The list of families categorized to 2 and 3 will be shared with the district and central office for final decision.

⁸ The conditionalities are not yet enforced. MAF decided to focus on the program registration and payment at the initial stage of the program roll out. Nonetheless, the MAF started monitoring compliance to conditions in some villages to assess beneficiaries' awareness of conditionalities.

⁹ The SBCC session is supported by one of the World Bank convergence project "Health Governance and Nutrition Development Project". Specifically, the SBCC session aims at contributing to improvements in: (a) maternal nutrition and related caring practices; (b) infant and young child feeding and caring practices; (c) appropriate sanitation and personal as well as environment-related hygiene behaviors; (d) Household Air Pollution (HAP) through use of near smokeless cookstoves; (e) dietary diversification; and (f) other determinants of nutrition at the village level. [World Bank, 2015]

¹⁰ The immunization schedule is indicated in the Maternal and Child Pink Book or in the child's vaccination card.

particularly the Ministry of Planning and Investment¹¹ and MOH^{12, 13}. Leveraging its geographic reach, MAF established program offices at provincial and district levels and created a Village Project Coordinating Committee to support program operations in each target village. District Community Mobilizers (CMs) and Village Facilitators (VFs) are the focal points implementing the program and supporting beneficiaries at local level (Box 1).

Box 1 – Community Mobilizers and Village Facilitators: the Helping Hand frontline workers

District CMs and VFs are the frontlines of the program, the point at which the program and beneficiaries meet. CMs, with the assistance of VFs, implement the program at local level. CMs are hired and trained by MAF to implement and support program processes, including outreach, enrollment, verification of conditions, beneficiary updates, payments, and grievance redress and resolution. In addition, CMs play an essential role in increasing program awareness and building the capacity of VFs. Both CMs and VFs hold important roles as they conduct social mobilization activities by reinforcing SBCC contents to enhance parenting knowledge, encourage healthy behavior, and generate demand for use of health services among beneficiaries (encouraging women to complete perinatal care and to take children for preventive check-ups).

Helping Hand employs existing VFs hired by MOH to support service delivery at village level. VFs are trained and supervised by MOH to (i) deliver monthly SBCC sessions, (ii) measure, assess, and record children's anthropometric status in the maternal and child health book (Pink Book) (iii) conduct home visits to households without toilets, or with malnourished children and with pregnant women, (iv) perform cooking demonstrations, and (v) conduct cleaning days in their villages. MOH hired 2,126 VFs (1,370 female VFs and 756 male VFs), covering 715 villages (as of November 2021). The program leverages the presence of VFs in target villages to disseminate program information, identify new potential beneficiaries (e.g., new pregnant women), support payment delivery by notifying payout information, and support grievance recording.

Program enrollment is open and continuous based on program eligibility criteria. The first program enrollment after the census-sweep survey is conducted through “community assembly” in each village, where all identified eligible households are invited to participate. Eligible households who could not participate in the community assembly and those identified after the community assembly can ask CMs for on-demand enrollment, where CMs visit their houses for the enrollment process. During program enrollment, participants receive orientation to learn about the program features. They then submit an enrollment form with i) the Oath of Commitment to comply with program conditions; and ii) proof of their identity and eligibility by showing identification documents (IDs) such as Family Book,¹⁴ national ID, and/or Pink Book. Alternatively, they can show a certificate from Village Leaders (VLs) to verify their identity. The enrollment form requires applicants to register mothers and pregnant women as grantees (i.e. designated

¹¹ The Ministry of Planning and Investment leads coordination, monitoring and evaluation of nutrition convergence interventions in collaboration with the National Nutrition Committee and the National Nutrition Committee Secretariat.

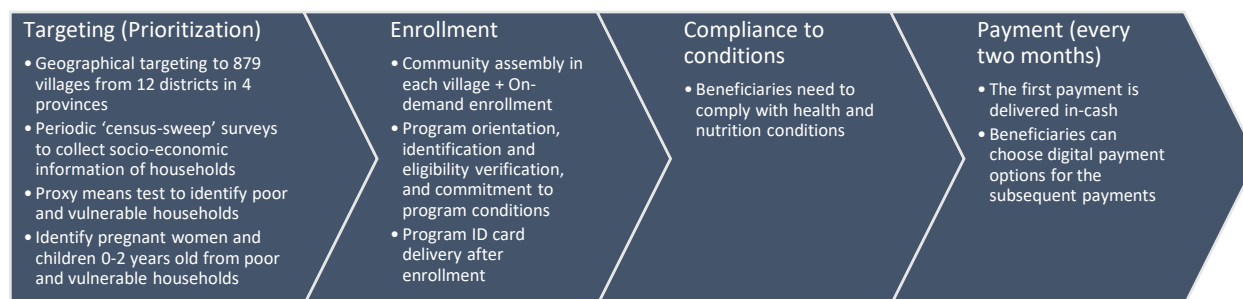
¹² MOH in partnership with district government units, ensures supply of preventive and primary health services and nutrition interventions at the local level. Moreover, health workers and Health Village Facilitators provide data to monitor compliance with the program conditionalities.

¹³ Other collaborating agencies include Ministry of Education and Sports, Ministry of Public Works and Transport as well as with the Bank of the Lao PDR.

¹⁴ Following the Family Registration Law enacted in 1990 and amended in 2009, all families are supposed to have a Family Book as an ID document, but it is not always the case. The birth registration coverage in Family Book was estimated at 39% in 2018 (World Bank, 2020). The MAF coordinated with Ministry of Public Security so that eligible families can have Family Book before enrollment date of Helping Hand.

recipients of the cash benefits). Grantees can also register a proxy (i.e. a person who can represent the grantee) if desired. CMs verify completeness of information and validity of IDs before encoding in the information system.¹⁵ Finally, upon further verification of information and documents, program management approves the enrolled beneficiaries list, triggering distribution of the Helping Hand ID card. As of June 2021, Helping Hand had enrolled 11,006 beneficiaries. Figure 3 summarizes the process from targeting to payment delivery.

Figure 3 Delivery Process of Helping Hand



MAF contracted U-Money, an electronic money issuer (EMI), as a PSP to distribute grants to Helping Hand beneficiaries. The PSP was selected through a competitive quality and cost-based selection.¹⁶ Two banks and two EMIs expressed their interest and submitted technical and financial proposals. Evaluation of the technical proposal confirmed that bank financial transaction points are mainly limited to cities, whereas EMIs have better coverage of payment networks in the target provinces.¹⁷ Based on the evaluation of both financial and technical proposals, U-Money was selected as a PSP for the first year with a possible extension in case of satisfactory performance. MAF and U-Money agreed on three payment options: 1) direct cash payment; 2) digital payment to beneficiary U-Money accounts (mobile wallets); and 3) digital payment to beneficiary account in partner banks or EMIs. Beneficiaries are first requested to choose their preferred option during enrollment, and they can change it anytime by contacting program staff. For the second option, U-Money can provide a SIM for free (as requested by beneficiaries) and help open an account. The third option is enabled by a robust intrabank platform (LAPNET) and bilateral agreements between U-Money, other banks and mobile money issuers.¹⁸ For the second and third

¹⁵ Lao PDR does not have a back-end information system for digital identity authentication (verification of identity documents). The current process is limited to the CM manually checking whether the identity document seems correct, where some risks of fraud and duplications remain. The government, with the support from the World Bank under Civil Registration and Vital Statistics Project, is in the process of establishing a Civil Management Information System.

¹⁶ MAF requested interested firms (e.g., banks and mobile money issuers) to propose optimal cash delivery mechanisms combining in-cash (manual/direct) and digital (account-based) payment solutions.

¹⁷ For instance, one candidate bank has payment service points (i.e. ATMs, bank branches) in four of 12 target districts only while U-money has 179 master agents and 12,000 POS nationwide, and 570 POS in the target villages (235 in Huaphan, 80 in Oudomxay, 122 in Phongsaly, and 133 in Xieng Kuang).

¹⁸ Transfer service through the Lapnet interbank platform: Lao Development Bank (LDB); Agricultural Promotion Bank (APB); Aceda Bank Lao Ltd (ACLEDA); Sacombank Lao (Sacom); ST Bank Ltd (STB); VietinBank Lao (VTB); Industrial and Commercial Bank of China (ICBC); Bank of China (BOC); Indochina Bank Ltd (Indochina); BIC Bank Lao Co., Ltd (BIC); Public Bank Berhad (PBB); and Kasikornthai Bank Limited (KBANK). In addition, u-money has direct bilateral agreements with Banque Pour Le

options, beneficiaries may bear cash-out and account maintenance fees,¹⁹ while beneficiaries can make electronic payments using U-Money e-wallet at agents without any cost.

The first payment is made in cash, while subsequent payments (the payment is delivered every two months) allow beneficiaries to receive grants digitally in their bank or mobile money accounts. PSP staff visit each village to deliver the first payment in cash, where beneficiaries need to show the same IDs used for enrollment along with their Helping Hand ID cards, and sign the payroll list. The PSP validates the consistency of scanned ID documents (photocopy) from the enrollment process (shared by MAF) with originals presented by the beneficiary, along with the Helping Hand ID card: this enables the PSP to run a proper Know-Your-Customer (KYC)²⁰ as mandated by the Bank of Lao PDR. Implications of the KYC process for subsequent payments are: 1) Direct cash payment: the Helping Hand ID card will be accepted as a proxy for original official IDs to receive grants; 2) Digital payment to U-Money wallet: beneficiary's account status becomes authenticated. CMs help organize and coordinate payment dates and time and oversee payment delivery, while VFs attend the cash payment to witness the payment process.

Survey design and methodology

This analysis makes use of both quantitative and qualitative data collection. The quantitative beneficiary survey gathers data on the profile of sample beneficiaries, program awareness, beneficiary feedback with enrollment and first benefit payment, and access to financial services, at the onset of Helping Hand. In addition, qualitative interviews with program implementers (CMs and PSP) and focus group discussions (FGDs) with VFs and beneficiaries were conducted to deepen understanding of the experiences of beneficiaries and implementers. Both surveys were conducted by Indochina Research Laos between August 20 and September 2, 2021.²¹ Quantitative data collection employed a table-based survey platform.

SAMPLING DESIGN

The study sampling framework was based on 3,642 households in 231 villages included in the program's first payment delivery. According to the program's beneficiary operations management system,²² 3,918 individual beneficiaries (i.e., pregnant women or children 0-2 years old) from 3,642 households in 231 villages from 12 districts in four provinces received their first benefit payment. Program implementation started in February 2021, so the households in our sample had been exposed to the program for six months. The study is designed to capture program experience and access to financial services in early program rollout across all four target provinces.

Commerce Exterior Lao Public (BCEL); Joint Development Bank (JDB); Maruhan Japan Bank Lao (MJBL); Laos-Vietnam Joint Venture Bank (LVB) and Lao Mobile Money Sole Co. (fully owned subsidiary of Lao Telecom Company operating M-Money).

¹⁹ Fees depend on the banks and EMIs. U-Money does not charge anything for account maintenance, but charges 1,000 kip for withdrawal (cash-out) below 100,000 kip, and 3,000 kip for below 500,000 kip.

²⁰ KYC is "Regulation that requires all financial institutions to ensure that they validate the identity of all of their clients" [Pazarbasioglu, et al., 2020]

²¹ Enumerator training included COVID-19 Prevention Protocols. The beneficiary survey questionnaire was pilot tested on 19 July 2021 in Kham district, Xieng Khuang province.

²² Program administrative data accessed in June 2021. On average, each village had 24 beneficiary households.

The distribution of sample households by province depended purely on the number of beneficiaries paid in each province. The first step for sample selection was to remove villages with less than 15 beneficiary households as these created logistical problems for enumeration.²³ Secondly, one district was sampled randomly in each province except in Phongsaly, which required two districts given its larger program coverage, yielding five sample districts. Among the 62 villages in the sampled 5 districts, 40 villages were randomly selected, 6 from each district in Phongsaly, 8 from each district in Oudomxay and Xieng Khuang, and 12 from Huaphan. As a final step, in each of the sampled villages, 13 households were randomly selected from villages in Phongsaly and Huaphan, and 12 from Oudomxay and Xieng Khuang.²⁴ A total of 504 households were sampled across 40 villages in five districts in four provinces. Table 2 provides the number of villages and respondents (See Annex 1 for detail). Of the 504 households sampled, 31 percent were in Phongsaly and in Huaphan, while 19 percent were sampled from Oudomxay and Xieng Khuang. The sample covers beneficiaries who received the first payment by June 2021 and does not necessarily represent program beneficiaries in early program rollout or from a geographic area.²⁵

The study conducted qualitative interviews in Phongsaly and Oudomxay provinces. Two FGDs with eight beneficiaries and two FGDs with four VFs were conducted in two villages of each province. In addition, district CMs and PSP staff were interviewed individually in these two provinces. The FGDs and interviews included questions on experiences in program implementation and feedbacks from beneficiaries on key delivery processes – e.g., communication, enrollment, payment.

Table 2 Survey location and sample size

Province	District	Village	No. of respondents per Village	Total number of respondents
Xieng Khuang	Kham	8	12	96
Huaphanh	Sone	12	13	156
Phongsaly	Bountai	6	13	78
	Samphanh,	6	13	78
Oudomxay	La	8	12	96
Total		40		504

PROFILE OF BENEFICIARY SURVEY RESPONDENTS

All survey respondents were female program grantees, with an average age of 25. Most grantees were mothers (92 percent), as the program mainly supports mothers of young children, while 8 percent were pregnant during enumeration. Almost 90 percent of beneficiaries live in rural areas based on urban/rural categorization by the government. To discern trends across geographic locations, the study employed the location variable described in Annex 2 (i.e. accessible, rural, and remote) for further analysis. Around 80 percent belong to non-Lao ethnic groups (ethnic groups are proxied by their spoken language at home) and four other ethnic groups are represented in the sample (Khmu, Hmong, Lao, and Akha).²⁶ Educational

²³ A total of 2,716 households across 109 villages in 12 districts of the four target provinces remained after the first step.

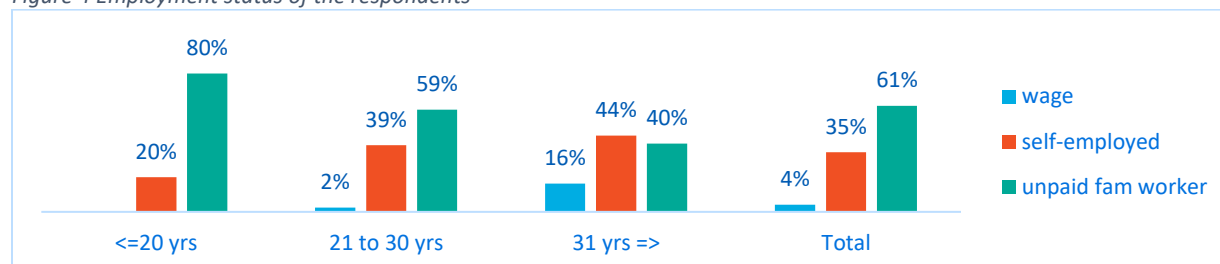
²⁴ At least three households in each village were available for replacement.

²⁵ The MAF started rolling out the program enrollment and payment in the villages, where the beneficiary targeting/prioritization is completed.

²⁶ Few beneficiaries (5 percent) speak Yang, Tai, or Phong

attainment of grantees is very low with only 15 percent of respondents having finished secondary education. All 504 grantees hold a job, but most (61 percent) are not remunerated (i.e., unpaid family workers) (Figure 4). Among those working for pay, nearly 90 percent are self-employed and 10 percent hold wage employment.

Figure 4 Employment status of the respondents

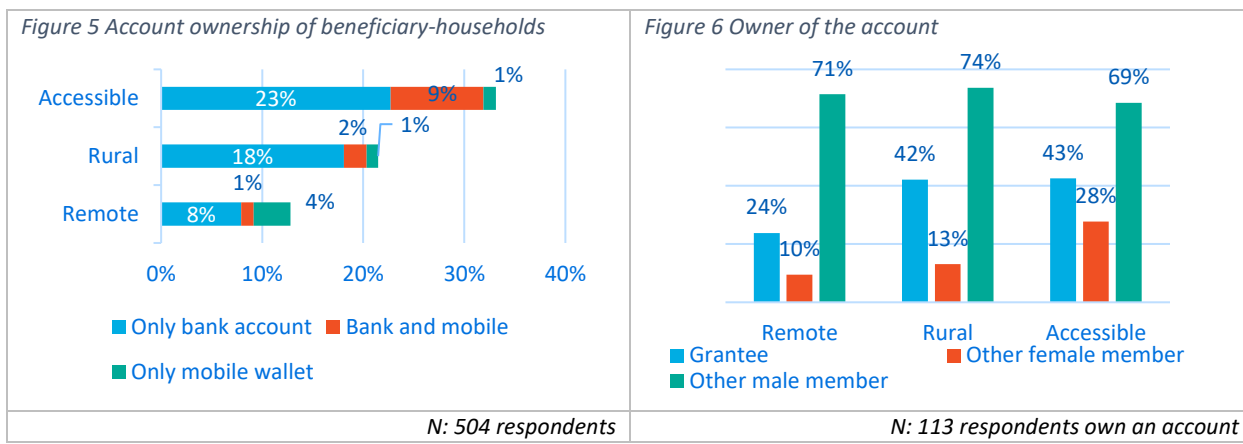


N: 504 respondents. 135 are less than 20 yrs old, 283 aged between 21-30 yrs, and 86 are aged 31 to 47.

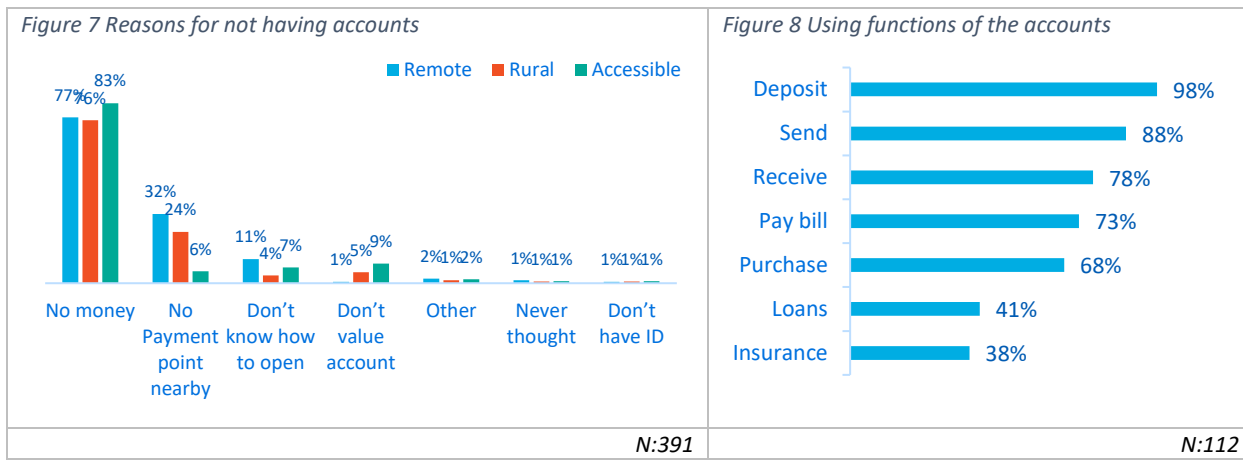
There are important recognizable characteristics at the provincial level in the study sample. Among beneficiaries sampled in Xieng Khuang, most beneficiaries (63 percent) live in villages with access to bank branches or ATMs. One in three grantees has completed secondary education, 60 percent of grantees speak Lao, and over half of those working for pay (57 percent) hold a wage job, the highest share of wage employment among the four provinces.²⁷ Sampled beneficiaries in the other three provinces have lower levels of human capital and less accessibility to financial services. For example, nearly 50 percent of beneficiaries in Phongsaly did not attend school, most beneficiaries belong to non-Lao ethnic groups (Hmong, Akha, and Khmu), access to financial services is not optimal (in Oudomxay, 63 percent of beneficiaries live more than two hours away from the closest bank branch/ATM), and remunerated economic activities are mainly self-employed (95 percent).

Account ownership among beneficiary households is low, especially for grantees. Only 22 percent of total beneficiary households have an account at a bank, EMI, or other financial institution (Figure 5). This is consistent with the national average - as of 2017, 17 percent of the bottom 40 percent adult population (over 15 years) held bank or mobile money accounts in Laos (Demirgüç-Kunt, et al., 2017). Account ownership is lower in remote communities (13 percent) than in accessible villages (33 percent). Among households with accounts, most households (96 percent) in accessible villages own bank account, and 31 percent have a mobile wallet. In remote communities, a slightly higher share of households with accounts own mobile wallets, relative to in accessible and rural villages. Among households with accounts, ownership of accounts by grantees is low (39 percent) relative to male household members, who predominantly own these accounts (71 percent) (Figure 6). Given limited account ownership, especially for grantees, the support available for opening bank or mobile money accounts for grantees will be critical to promoting digital payments for most beneficiaries.

²⁷ Interestingly, Xieng Khuang also has the largest share (76 percent) of unpaid family workers among the four provinces.



The limited account ownership ratio is mainly due to a lack of money, while account owners use their accounts for multiple purposes. Most beneficiaries (78 percent) report not having an account because they lack money to deposit, while 32 percent of respondents in remote communities cited no payment points nearby, and 7 percent reported lack of knowledge (Figure 7). This is consistent with employment status, as most grantees do not receive any labor income. Beneficiaries in the FGD also reported that they need to travel to cities to find financial transaction points. Account owners (112 respondents) use their accounts for multiple purposes, such as deposits, sending and receiving money, bill payment, purchases, loans, and insurance (Figure 8).



Beneficiary experiences

This section presents the results of the surveys in relation to program implementation. It aims to describe the experience of beneficiaries through three key program phases — outreach, enrollment, and payment delivery, assess the level of awareness and understanding of program features, and identify challenges that can inform program adaptation and scale-up. The analysis relies mainly on the quantitative survey, but it is also complemented by insights from the qualitative interviews conducted with beneficiaries and program implementers. It is important to note that these results represent very early program implementation (i.e. after six months of program inception) and that program operations were disrupted by COVID-19 lockdowns and other limitations in 2021.

PROGRAM OUTREACH, COMMUNICATION, AND AWARENESS

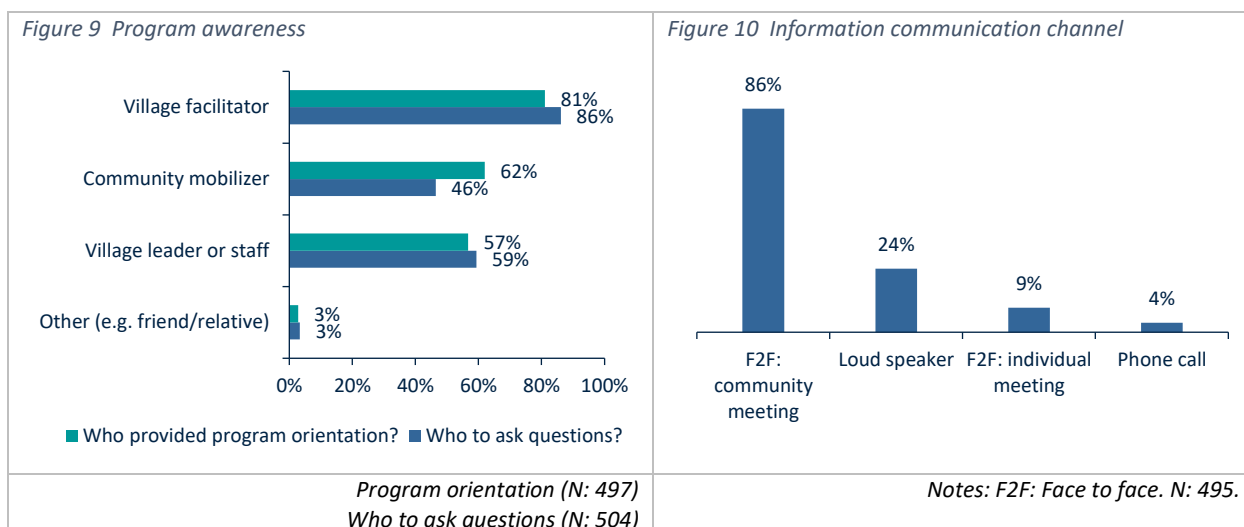
Program outreach and communication are critical to timely inclusion of the target population and effective and efficient program delivery. Outreach and program communication involve informing the intended and wider population about the Helping Hand program and its delivery processes. Program communication helps build awareness, understanding, support, and ownership among key stakeholders. The risks of weak communication are significant. Critically, the target population may be unaware of program eligibility criteria or of how to register, delaying or impeding program enrollment among newly eligible people (e.g. newly pregnant women). For delivery systems, misinformation can cause confusion among implementers and stakeholders, impede implementation, waste resources, generate inefficiencies and errors, and reduce the effectiveness of interventions (Lindert et al., 2020). This section examines the extent to which beneficiaries are aware of program design, including eligibility criteria, conditionalities, and payment modalities.

Nearly all grantees (98 percent) received program orientation from a combination of district and village level representatives. Most program beneficiaries received program orientation through VFs (81 percent), CMs (62 percent), and VFs or village staff (57 percent) (Figure 9). Most beneficiaries (76 percent) report receiving orientation from at least two staff, typically a combination of VF, CM, or VL.²⁸ The survey reveals that CMs work closely with village representatives to conduct program orientation and that beneficiaries rely on VFs and village staff to ask questions about program design and implementation. For most beneficiaries, orientation took place in a community meeting (87 percent). Nearly one in four beneficiaries (24 percent) report listening to program information through loudspeakers,²⁹ while 10 percent were introduced to the program through an individual meeting.³⁰ A small number of beneficiaries (4 percent) received phone calls with program information (Figure 10). Interestingly, around 20 percent of beneficiaries cite learning about program features through two channels, a combination of meetings, loudspeakers, and/or phone calls. Importantly, the program information provided was verbal only —no beneficiary received any program leaflets or posters.

²⁸ 26 percent of all beneficiaries received orientation by all three CM, VF, and VL.

²⁹ Beneficiaries in 21 out of the 40 sampled villages report receiving information through loudspeakers

³⁰ 72 percent of grantees who received program orientation through individual meetings live in Xiengkhouang province



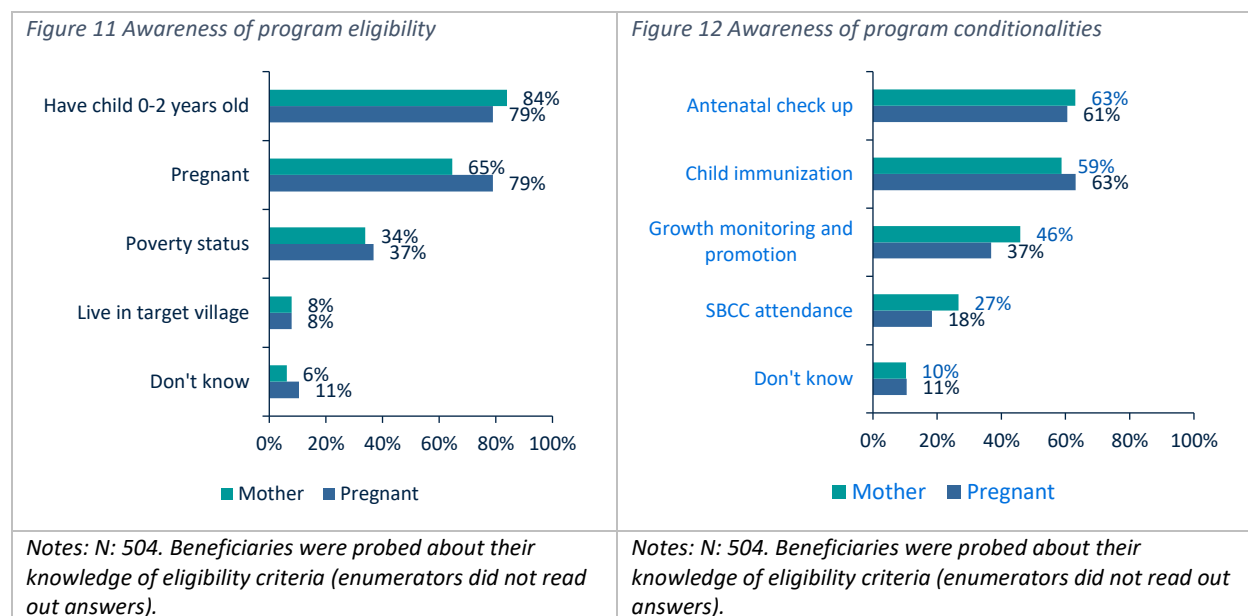
Although most respondents reported learning about the program’s eligibility and conditionalities, only a moderate level of understanding of program requirement was found. While most grantees received program orientation,³¹ when probed only 23 percent can name more than two of the eligibility criteria (See Annex 3). On average, respondents are aware of 1.9 (out of four) criteria, commonly the criteria which allow them to be part of the program, although not all pregnant women and mothers cited being pregnant or having a child 0-2 years old.³² Most respondents (83 percent) cited having a child 0-2 years old and being pregnant (65 percent) as a basis for being eligible for Helping Hand, while fewer recognized poverty status (34 percent) or living in a target village (8 percent) as a requirement (Figure 11). Around seven percent did not know any of the eligibility conditions. Similarly, grantees are not yet well versed with program conditionalities (Figure 12). Use of antenatal care check-ups (63 percent) and child immunization (59 percent) are the most well-known program conditionalities. Less than half of grantees (45 percent) were aware of the growth monitoring and promotion check-ups. Only 26 percent were aware that attendance at SBCC meetings is a program condition. Around 10 percent reported that they are not aware of any of the conditionalities.

Among sampled beneficiaries, some provincial heterogeneity was identified in program awareness. These provincial differences are not large but are noticeable. In terms of awareness of eligibility and conditionalities, sample beneficiaries from Xieng Khuang province seem to be slightly less aware than beneficiaries from the other provinces while sample beneficiaries in Huaphan seemed to know slightly more, although differences are not large. For instance, the share of grantees in Xieng Khuang who know no conditionalities is five times more than that of Huaphan (22 and 4 percent respectively). As a result, when probed, on average grantees in Huaphan are aware of almost one more conditionality than grantees in Xieng Khuang (average of 2.2 and 1.4 conditionalities respectively). This pattern also holds for eligibility

³¹ Almost all grantees (99 percent) cited that they received information on program eligibility and payment frequency, health conditionalities and benefit amount (98 percent), how to receive payment (97 percent), SBCC (96 percent), and on how to submit grievances (90 percent).

³² 79 percent of pregnant women cited being pregnant as eligibility criteria while 84 percent of mothers recognized that having a child under two years old qualifies them for Helping Hand.

criteria. The analysis shows that grantees have better awareness when they receive program orientation by all program implementers, and when more than one method of program communication is used (e.g. meetings and use of loudspeakers).

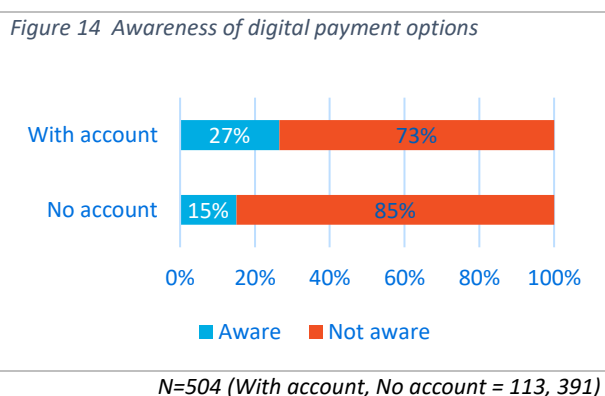
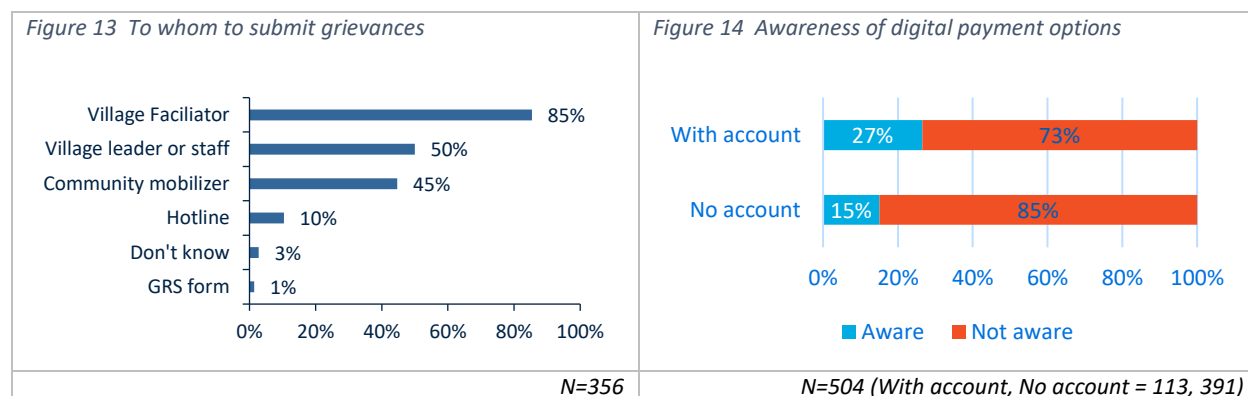


Awareness of the grievance redress mechanism is moderately high, although a significant proportion of grantees are not aware of submission channels. Around 71 percent of grantees are aware of the grievance redress mechanism³³ established by the program to submit feedback and complaints. Local program implementers are the preferred channel for submission of grievances (Figure 13). Among those aware of the grievance process, most grantees (85 percent) state they would reach out to VFs, half would contact VLs, and 45 percent would report the feedback or complain to CM. Only a few beneficiaries report knowing about the hotline or grievance form (10 and one percent, respectively), while about 3 percent do not know how to submit feedback or a complaint.

Beneficiaries are well aware of payment amounts and frequency, but not aware of the digital payment options available to them for the next round onwards. Almost all beneficiaries (99.6 percent) know the exact benefit amount (i.e., kip 180,000 per month) and most beneficiaries (91 percent) are aware that benefits are delivered every two months. However, communications on digital payment options seem limited. Although registrants should have been asked about their preferred payment modality for the second and subsequent payments during enrollment, only 74 percent of respondents said that they were asked about their preference. Awareness of digital payment modality options is even lower. Only 18 percent of grantees (27 percent of households with accounts vs 15 percent of those without accounts)

³³ Beneficiaries and non-beneficiaries can submit their grievances through three channels: 1) in-person to CMs/VFs using a grievance redress form; 2) sending Short Message Service (SMS) test message to the program MIS; and 3) hotline to the district office.

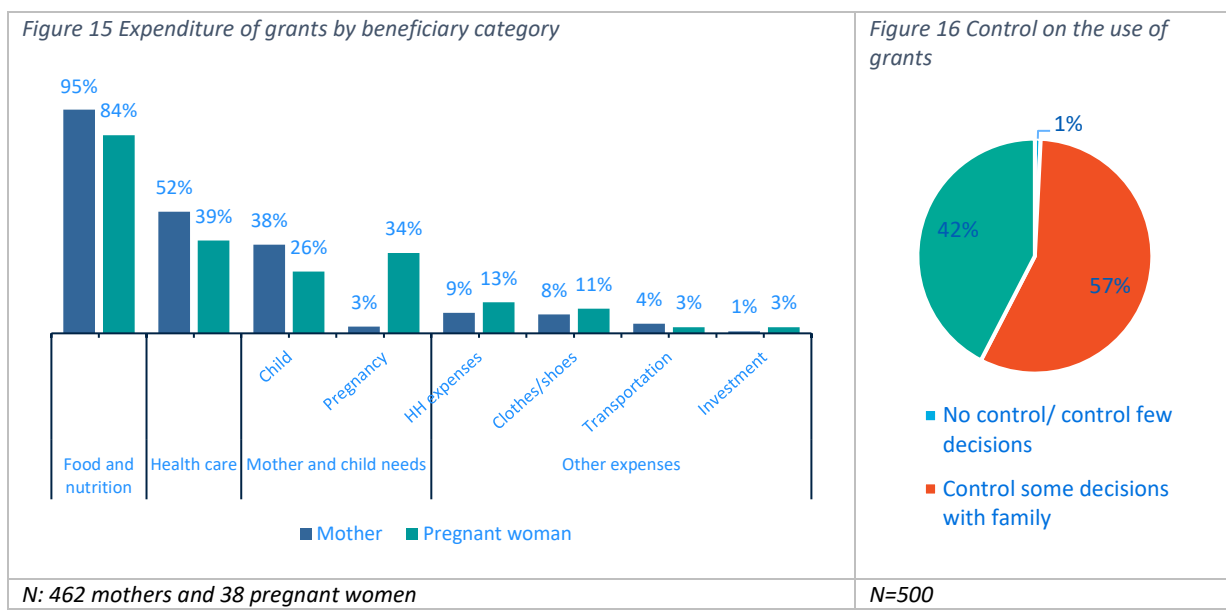
know that they can receive their benefits through a bank or mobile money account (Figure 14). Similarly, only one in five grantees are aware that they can open a U-Money account to receive their benefits.



The program is meeting the objective of increasing beneficiary households' investments in their children, as evidenced by the spending patterns for the first payment. Almost all sampled beneficiaries (99 percent) received their first benefit payment and used it for intended program objectives (e.g., health and nutrition). Most grantees (94 percent) report using their grants to increase food consumption and nutrition (Figure 15). Nearly half of grantees used their benefit for health and medical care, 37 percent on baby needs, and 5 percent on pregnancy needs. Around 20 percent of beneficiaries report using their benefit for other expenditures such as household expenditures (9 percent), clothing or shoes (8 percent), transportation (4 percent), and livelihood investment (1 percent). Overall, there are few differences between the spending patterns of mothers and pregnant women, except for the higher expenditure on pregnancy needs by pregnant women.

An important aspect of the survey was to measure women's decision-making, since this is a key dimension of women's economic empowerment. Survey results revealed that most recipients (women) reported at least some or all control in household decisions on the use of the Helping Hand grants: 4 in 10 beneficiaries control most or all decisions on how to spend the program benefit, while 57 percent have some control and make decisions with other family members (Figure 16). Overall, almost all women (99%) report at least some control over household decision-making. This is a favorable result and can serve as a useful baseline for women's decision-making in subsequent research.³⁴

³⁴ This is a positive result, but since we only asked one question about women's decision making, further data collection and analysis may be needed to confirm the finding.



PROGRAM ENROLLMENT AND FIRST PAYMENT DELIVERY

This section focuses on the experience of beneficiaries regarding enrollment and the first payment. One of the critical steps in enrollment is the verification of identity and eligibility. Eligible registrants are required to show their ID documents, which are used not just for enrollment, but also for opening accounts and collecting benefits. The main output of enrollment is a roster of beneficiaries, which feeds into payment delivery. This section also delves into the experience of beneficiaries during the initial provision of benefits. It examines if grantees were able to receive their first payment, if they encountered any challenges, and the (travel and time) costs associated with collecting their benefits.

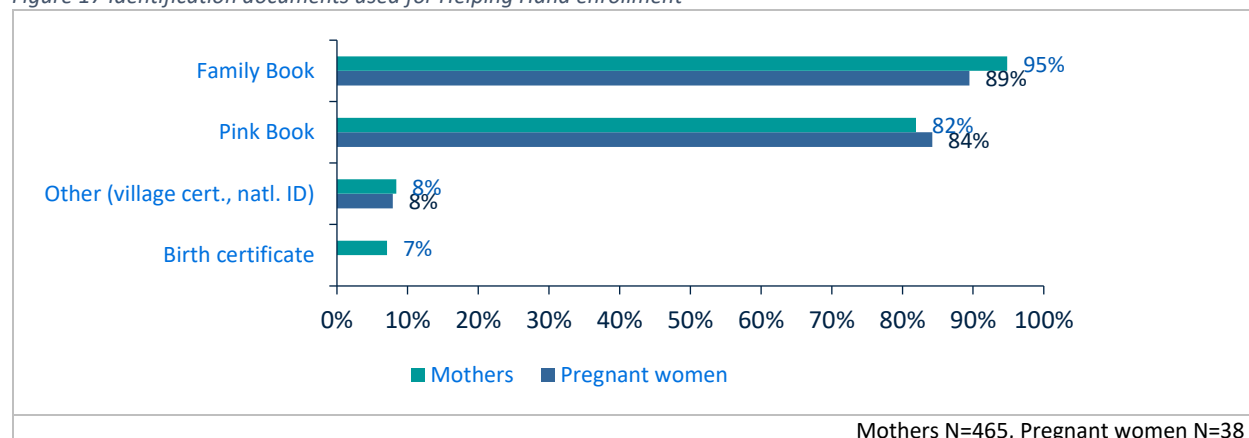
Program enrollment was successful, with full participation of grantees and few reporting difficulties. Almost all grantees attended enrollment, commonly with a family member. Enrollment was conducted successfully and only 5 percent of grantees reported difficulties. Moreover, almost all beneficiaries feel high satisfaction with the support provided by CMs and VFs during program enrollment. Among the few who encountered difficulties, almost all were mothers, except for one pregnant woman. The three main difficulties faced by mothers were challenges related to conflict with work and childcare (36 percent), waiting time at the enrollment site, (32 percent), and lack of identification (20 percent).³⁵

Most beneficiaries were able to provide the required identification documents to prove their identity and eligibility. Beneficiaries used Family Books and Pink Books widely to identify themselves and prove their eligibility requirements. Mothers, who need to provide documents to enroll themselves and their infants, frequently brought Family Books (95 percent) as proof of identity and Pink Books (82 percent) to corroborate their infant’s date of birth. Access to birth registration seems low as only seven percent of mothers were able to present the birth certificate of their infants. Pregnant women also relied on Family

³⁵ The only pregnant woman who faced a challenge during enrolment stated long duration (waiting time)

and Pink Books to register in the program (89 and 84 percent respectively). Most pregnant women (76 percent) were able to provide both Family Book and Pink Book to identify themselves and corroborate their pregnancy status. Around one in five (21 percent) presented only one ID source (either a Family Book, Pink Book, or other ID such a village certificate), while a few (3 percent) sourced a village certificate to complement their main ID (e.g., Pink Book) to enroll. Overall, only 8 percent of both mothers and pregnant women used other IDs such as a village head certificate or national ID to prove their identity and enroll in the program.

Figure 17 Identification documents used for Helping Hand enrollment



Benefits were successfully distributed to grantees, most of whom brought their program (Helping Hand) ID as identification.³⁶ Only 4 of 504 were not able to receive their benefits.³⁷ Nearly all grantees (98 percent) collected their grants either by themselves (74 percent) or accompanied by a family member (24 percent), typically fathers of children. A small number of grantees (2 percent) report that they could not be present when picking up their grants. In these cases, other family members (mainly fathers of children) were able to receive the benefits. To receive their benefits, around two-thirds of respondents (65 percent) brought at least two forms of ID to their payment site, typically their program ID and Family Book.³⁸ Among the 35 percent of beneficiaries who were able to provide only one ID, the majority (84 percent) brought their program ID, followed by Family Book (13 percent), Pink Book (2 percent), and other IDs (1 percent) such as village head certificate.

Regardless of location, most sample beneficiaries had convenient access to payment sites resulting in low travel time and cost. Most sample beneficiaries (81 percent) spent less than 15 minutes to reach their payment site, 16 percent travelled 15-30 minutes, and only 3 percent spent between 30 minutes to one

³⁶ Program IDs are only provided after enrollment into the program. The front side of the program ID display a photo of a grantee, beneficiary name, location (province, district, village, unit), issue date, expire date, beneficiary type (pregnant women or children under 2), proxy's name, household ID number, and QR code. The back end of the ID includes instructions: 1. this Card verifies the identity of CCT beneficiary; 2. Present the card when attending SBCC sessions, visit health center and receive cash with PSP; 3. If lost, please contact the VF or CM for replacement.

³⁷ All four were mothers. Two beneficiaries state they were not informed about pay schedule, one was working away from village, and one faced an administrative issue at payment site ("same grantee name")

³⁸ Among those who brought at least two IDs, 92 percent brought their program ID and 94 percent presented their Family Book

hour. Interestingly, a larger share of beneficiaries living in accessible villages spent more than 30 minutes to get to their payment site relative to rural/remote beneficiaries (22 percent vs. 17 percent).³⁹ Overall, the payment locations were closer than their closest shopping site and financial transaction points (bank branches, ATMs, and mobile money agents⁴⁰), implying that payment locations offered good accessibility to grantees (Figure 18).⁴¹ With respect to transportation mode, nearly 80 percent of beneficiaries walked to their payment site, incurring no cost. Beneficiaries in remote/rural villages commonly walked to their payment site (91 percent). While those in accessible villages also commonly walked (56 percent), they were also more likely to use a vehicle (typically a motorbike) (44 percent) to get to payment sites. As a result, more beneficiaries living in accessible villages incurred a transportation cost than those living in rural/remote villages (69 and 31 percent respectively). In addition, among those who used a vehicle to reach their payment location, beneficiaries living in accessible villages spent more on transportation relative to rural/remote beneficiaries (roundtrip mean 8,200 vs. 7,000 kip on average). No beneficiaries, regardless of their location, were charged a withdrawal fee to receive their benefits.

Figure 18 Self-reported travel time to the first payment site and other locations

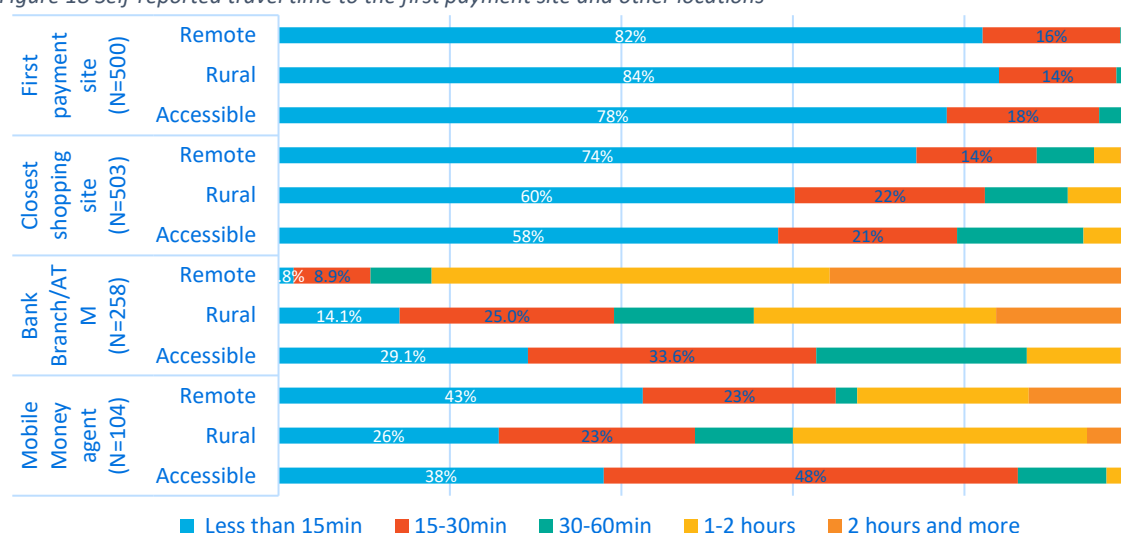


Table 3 Travel modalities and fees incurred by beneficiaries

³⁹ This seems puzzling given beneficiaries from accessible villages are expected to have greater connectivity to payment sites. This finding may be a result of inaccurate categorization of accessible village or a reflection that accessible villages are large in size (making beneficiaries travel for longer periods of time to payment site).

⁴⁰ 64 percent, 18 percent, and 36 percent of respondents reported that they are within 15 minutes to the closest shopping site, bank branches/ATMs, and mobile money agents, respectively. There are some geographical heterogeneities. Same as the travel time to the first payment site, remote villages seem to have better access to the closest shopping site. In contrast, bank branches/ATMs are less accessible in remote villages than rural and accessible villages, while remote villages has comparable access to mobile money agents with rural and accessible villages.

⁴¹ Only those who received the first payment were asked about their travel time to the first payment site. Similarly, the respondents who answered that they know the nearest bank branch/ATM and the mobile money agent were asked about their travel time to bank branches/ATMs and mobile money agents, respectively.

	Walk	Motorbike	Other ⁽³⁾
Travel mode (distribution)	79%		20%
Travel fee mean in kip (round trip)			1%
Accessible	0	7,985	11,250
Rural	0	7,111	
Remote	0	6,200	
<i>Total</i>	0	7,657	11,250
Withdrawal fee	0	0	0

Notes: (1) Travel fee (mean) for accessible villages is 8,169 kip, travel fee for rural/remote village is 6,968 kip. (2) Travel mode N=500. Travel fee N=103: Motorbike N=99: Accessible 67, rural 27, and remote 5. Other N=4: Accessible 4. (3) "Other" category includes beneficiaries who took a combination of motorbikes and car/bus to reach payment site.

Although few reported payment challenges, waiting time to receive benefits was significant for some.

For those who reported challenges when receiving benefits (13 percent), overwhelmingly a major challenge was related to waiting time (75 percent) at the payment site. A smaller share of grantees (28 percent) report travel distance as a challenge, while a few (5 percent) had issues related to identification. Waiting time to receive payments was significant for 16 percent of beneficiaries, who waited for more than one hour to receive their benefits.⁴²

Some challenges around in-cash delivery with fixed payment dates were raised during the qualitative interviews. CMs and PSP report that they could not deliver payment as planned in some villages, especially in the areas far from the bank branches used by the PSP to withdraw cash. Due to security reasons, the PSPs only withdraw the amount needed for distribution on the payment day, then travel to the assigned villages, and return to the bank to deposit any unpaid balance in the evening. Consequently, PSPs can stay in each village for only a limited time, and not always at a convenient time for some beneficiaries. Even more challenging is the unpredictable time of PSP arrival. Due to the tight payment schedule, interviewed CMs reported that PSPs sometimes arrive late in villages, meaning beneficiaries need to wait for a long time or may even miss the payment. In some cases, PSPs even change the payment date as there is not enough cash at the bank when they try to withdraw in the morning. As VFs oversee the cash payments, their waiting time and increased workload may be a concern. Beneficiaries who participated in the FGDs also raised concerns about fixed payment dates, because some beneficiaries who live outside the village center (e.g. in upland fields), those without a phone, or those traveling to other villages for work could miss payments. While beneficiaries can assign a proxy, these are also not available in some cases. As the program expands to serve all 879 target villages, further challenges in manual payment delivery may arise.

⁴² 36 percent of paid beneficiaries waited less than 15 minutes, 25 percent waited 15 -30 minutes, 23 percent waited 30-60 minutes, 13 percent waited 1 to 2 hours, and 3 percent waited more than 2 hours.

Readiness for digital payment

This section examines the extent to which beneficiaries are ready to receive their benefits through digital channels such as bank accounts and mobile wallets, instead of cash delivery. As the survey confirms, many Lao people do not hold bank or mobile money accounts. Helping Hand could provide a strong entry point for poor and vulnerable households to learn about financial services and open accounts, promoting financial inclusion. Nevertheless, various barriers prevent beneficiaries from using financial services. This section dives deep into the challenges and opportunities beneficiaries face in transitioning to digital payment delivery.

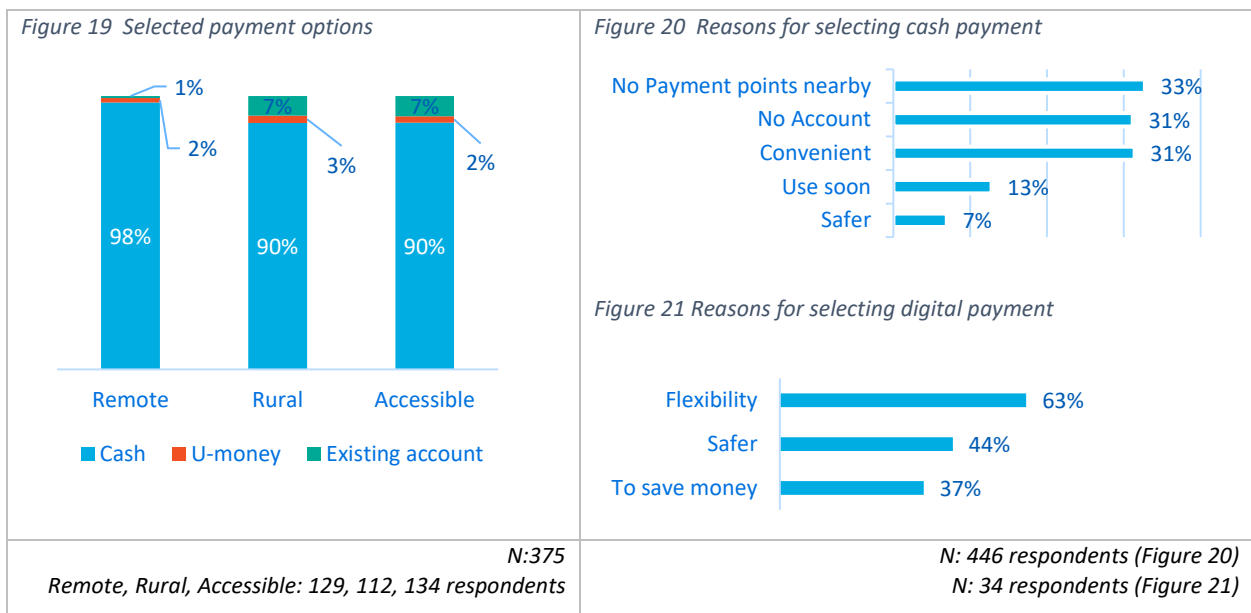
Although beneficiaries had the option to receive their benefits through digital channels, most selected cash payment, due to lack of accounts, convenience, and travel distance to financial transaction points.

Among those who were asked about their payment modality preference (74 percent of respondents), 93 percent chose direct cash payment (Figure 19). In rural and accessible areas, households with existing accounts are more likely to choose digital payments.⁴³ The top three reasons for preferring cash are no payment points nearby (33 percent), no account ownership (31 percent), and convenience⁴⁴ (31 percent) (Figure 20).

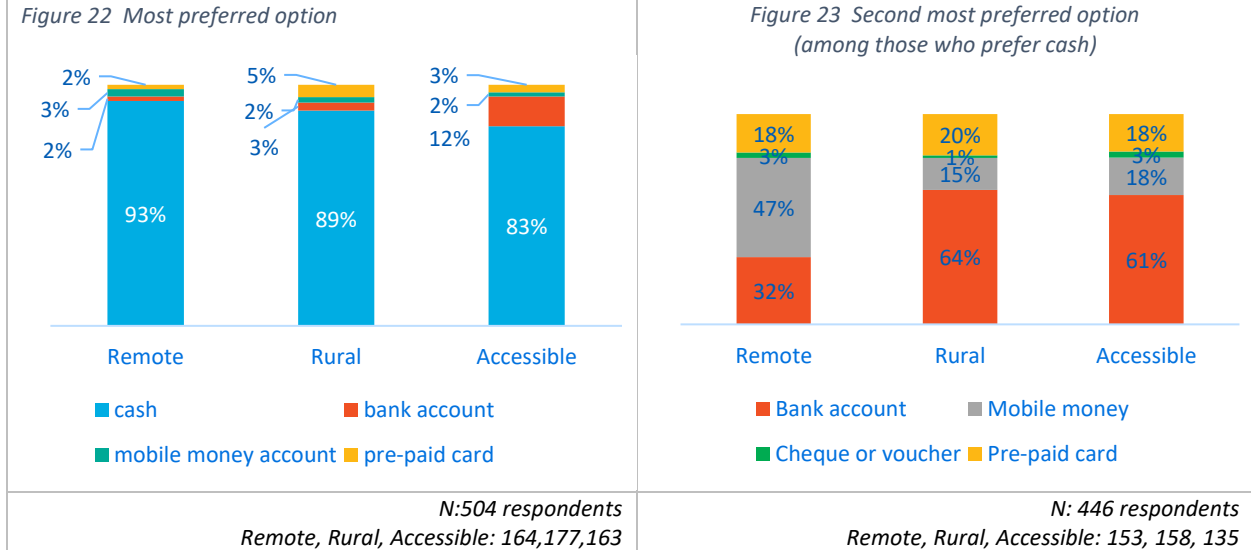
Some beneficiaries chose digital payment options for reasons of flexibility, security, and saving. Among those who selected digital payment options (34 respondents), 63 percent cited flexibility, 44 percent safety, and 37 percent the ability to save money (Figure 21). During FGDs, some beneficiaries also mentioned flexibility as a reason for digital payments as they do not need to travel to the payment site. They also noted that digital payments would be convenient if no fees are incurred when they withdraw their benefits.

⁴³ Among households with existing accounts, 15 percent chose digital payment options in rural and accessible villages. There is no difference in remote villages.

⁴⁴ For instance, they can use cash in most places in their communities, including for food and health expenditure.



The second preference selected by respondents for receiving benefits differs by geography: Transfers to bank accounts are preferred in accessible villages, while remote villagers choose mobile money wallets. The survey asked respondents to choose their first and second preferred payment modality from the following options: cash, bank transfer, mobile wallet, and pre-paid card (Figure 22). Among respondents in accessible and rural areas who selected cash as their first option, over 60 percent selected bank account as their second option. Among respondents in remote areas who selected cash as their first option, almost 50 percent selected mobile money payment as their second option (Figure 23). Around 20 percent of those who preferred cash selected a pre-paid card as their second option. Pre-paid cards have some advantages, such as no or lower KYC requirements (often a barrier for the poor), but they often do not allow savings, or do not offer interest if they do. Overall, the result confirms that there is no one-size-fits-all solution. When promoting digital payment, it is essential for beneficiaries to have multiple options so that they can choose the most convenient method.



OPPORTUNITIES AND CHALLENGES OF INTRODUCING AND EXPANDING DIGITAL PAYMENTS

Digital payments to individual mobile wallets have huge potential for expansion, especially in villages with financial transaction points. Although only 13 out of the 879 target villages (equivalent to 1.5 percent of target villages) have bank branches or ATMs, 211 villages (24 percent) have a U-Money Point-of-Service (POS).⁴⁵ The number has increased dramatically in recent years as only 24 villages (10 in the program target villages) in four provinces had U-Money POS in 2019 (Phetthany, 2019). Mobile money is also used for payment of government salaries in some target areas, as the government signed a memorandum of agreement with Star Fintech to pay salaries to village level staff via U-Money, replacing cash payments from 2020 (Laotian Times, 2020). The travel time simulation shows that 102 villages (11 percent) are located within 30 minutes on foot of those villages with U-Money (Figure 24).⁴⁶ With a car or motorbike, 462 villages (52 percent) can access U-Money within 30 minutes.⁴⁷ While a 30-minute journey may be longer than the beneficiary experienced for the first payment in cash, reduced waiting time and flexibility in the timing of withdrawal would outweigh the slightly longer travel time for many beneficiaries. It is important to note that accessibility to agents may be challenging for some beneficiaries even within those villages with U-Money agents. Among respondents in villages with U-Money POS (although the sample size is small), only 40 percent reported being within 15 minutes of the closest mobile money agent (Figure 25). One explanation for this could be that respondents only recognize master agents (who maybe outside their village) as POS. Further investigation is needed to understand intra-village travel time.

Figure 24 Estimated inter-village travel time to the village with U-money agents

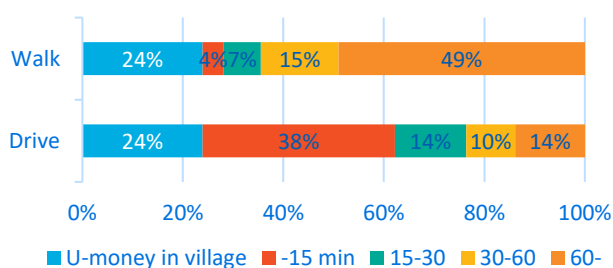
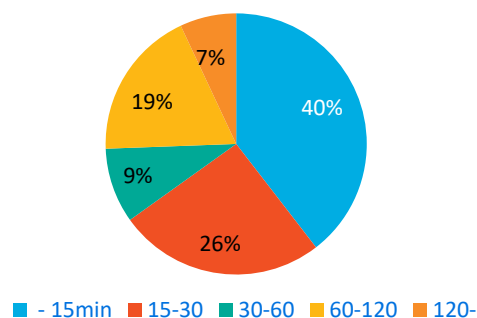


Figure 25 Intra-village travel time among villages with U-Money agents



N=43

Five major barriers prevent beneficiaries from using mobile wallets: 1) mobile data coverage; 2) access to mobile phones; 3) digital literacy; 4) fees; and 5) financial transaction points. According to U-Money,

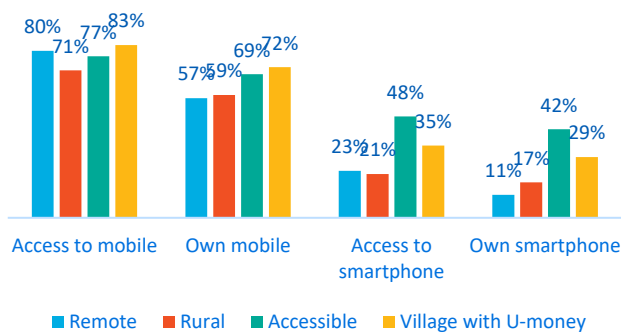
⁴⁵ U-money developed a tiered network of agents (179 master agents and 12,000 POS that provide low value cash-in/cash-out) harnessing its salesforce to ensure liquidity (UNESCAP, 2020). In 211 villages, there are 570 POS in total.

⁴⁶ 4 percent of the target villages are within 15 minutes, 7 percent between 15 and 30 minutes, 15 percent between 30 and 60 minutes, and 49 percent over 60 minutes on foot.

⁴⁷ With a car or motorbike, 38 percent of the target villages are within 15 minutes, 14 percent between 15 and 30 minutes, 10 percent between 30 and 60 minutes, and 14 percent over 60 minutes.

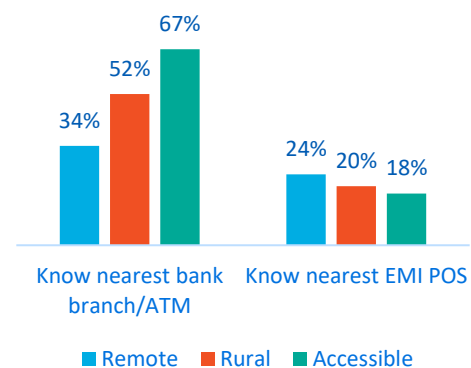
64 percent (560 of 879) villages have mobile data coverage, where 101 villages have 4G, 69 villages with 3G, and 151 villages are only with 2G network. All villages with U-Money POS have mobile signals and U-Money mobile wallets can be used even with a 2G network (e.g. by sending messages or via Unstructured Supplementary Service Data (USSD)). Among the four target provinces and based on mobile coverage of villages, data coverage is higher in Xieng Khuang (73 percent) and lower in Phongsaly (56 percent). The second barrier is low mobile phone ownership (Figure 26). 75 percent of respondents have access to mobile phones,⁴⁸ but ownership by grantees is lower (62 percent).^{49,50} Thirdly, digital literacy is insufficient for many mobile phone users to use a mobile wallet. In Laos, social media usage among women is lower by 30 percent than among men (GSMA, n.d.). The survey shows that most beneficiaries who own a phone use them for simple functions such as dialing and answering a call (100 percent), or sending and receiving a message (76 and 96 percent respectively). Only 38 percent of mobile phone owners use an app or browse the internet. Since mobile wallets will require either an app for smartphones or USSD for feature phones, digital literacy training on these services will be needed. Fourth, cash-out fees amounting to around 1,000-3,000 kip per withdrawal are additional costs for beneficiaries, as they need to cash out grants to pay for food, health expenditures etc. Finally, awareness of financial transaction points (e.g. ATMs, mobile money agents) is limited (Figure 27). Half of the respondents are aware of the nearest bank/ATM while only 21 percent of respondents know the location of the closest mobile money agent.

Figure 26 Mobile phones ownership



N=504
Remote, Rural, Accessible: 164,177,163

Figure 27 Awareness of financial transaction points



N=504
Remote, Rural, Accessible: 164,177,163

⁴⁸ “access to mobile phones” in this study mean that the grantee has a family member who owns a mobile phone.

⁴⁹ This is consistent with the country trend on gender gaps in mobile ownership: mobile ownership among women is 12 percent lower than men (GSMA, n.d.).

⁵⁰ For those who own a mobile phone, 38 percent own a smartphone (higher in accessible villages). Phone owners spend on average 36,555 kip per month on phone services, and more among those who own smartphones.

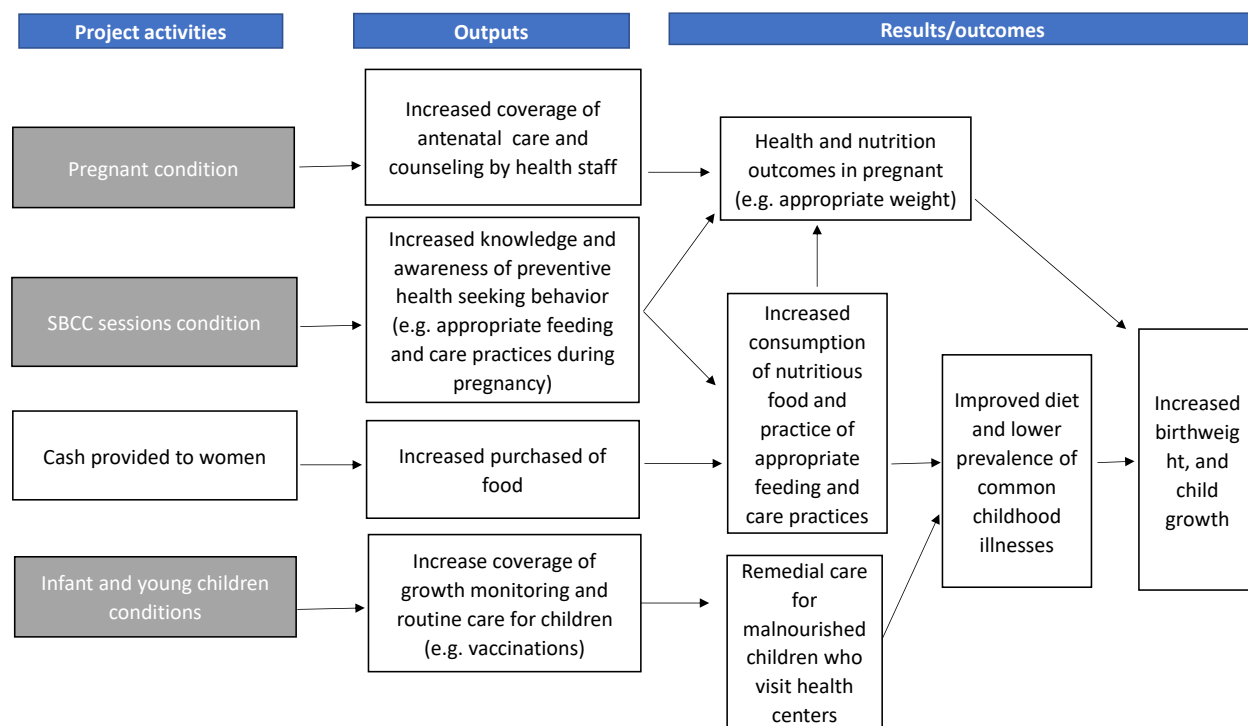
Conclusions and way forward

The study finds the introduction and first payment delivery of Helping Hand to be successful. Yet it also identifies areas where further enhancement will be needed, particularly when expanding digital payment options.

1. Strengthen program communication, emphasizing key program features (e.g., eligibility criteria, conditionalities)

Implementing program conditionalities that are well understood by beneficiaries is critical to the program objectives of addressing poverty and malnutrition. Despite high satisfaction among beneficiaries on communication, their understanding of program conditions was low. Many beneficiaries are not aware of major health and nutrition conditions, such as attending monthly SBCC sessions, child growth monitoring and immunization, and antenatal care for pregnant women. As summarized in the proposed Helping Hand Theory of Change (Figure 28), providing cash alone may be insufficient to bring about the intended results and outcomes. It is important that beneficiaries are aware of and understand the program conditions in order to comply with them, receive cash benefits, and ultimately change behavior. Successful implementation of program conditions and regular delivery of program benefits are key to achieving the long-term goal of addressing poverty and malnutrition among children. As the program conditions will soon be enforced, it is critical that the government raises awareness among beneficiaries.

Figure 28 Proposed Helping Hand Theory of Change



Beneficiary awareness of eligibility, especially through pregnancy, is important to newly pregnant women being able to benefit from the program at an early stage. Fewer beneficiaries recognize “being pregnant” as one of the eligibility criteria compared to “having children 0-2 years old”. Helping Hand is designed to focus on the first 1,000 days of life (from conception to a child’s second birthday), which are the most critical for human development. What happens in those first days profoundly affects the course of a child’s life – his or her ability to grow, learn, work, succeed – and, by extension, the long-term health, stability and prosperity of the society in which he or she lives (Thurow, 2016). However, early enrollment of pregnant women from poor and vulnerable households is not easy without a high level of awareness among the target population. This is because the program relies on self-registration from potential beneficiaries, except for during the mass registrations planned every two years.

Overall, the program needs to strengthen its communication to beneficiaries through more channels, and continuous sensitization of local stakeholders. The study found that beneficiaries received program information only verbally (e.g. through community meetings, loudspeakers). Although it is important to continue sensitizing stakeholders verbally, the program may also consider distributing program information in visual formats to raise awareness.

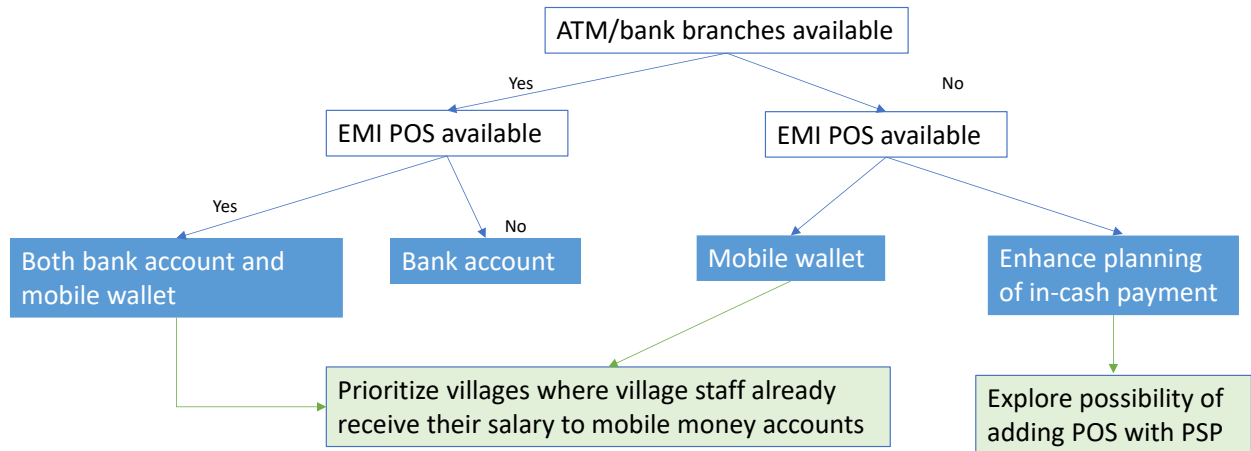
2. Promote digital payment as beneficiary readiness for transition improves

Prioritize digital payment in villages with better access to financial transaction points

The program could consider piloting digital payments in villages with access to payment service points. Figure 29 summarizes a proposed decision tree for identifying villages for a digital payment pilot. The first step is to check whether a village has direct or close access to bank branches or ATMs. Then the availability of the EMI POS is checked. If both financial transaction points are present, the villages can be prioritized for piloting digital payments to both mobile wallet and bank account options. Those villages with either a bank or EMI can pilot that respective digital payment option. Villages where the village staff already receive their salary in U-Money accounts can be also prioritized. In villages without any accessible financial transaction points, payments will need to continue in cash. By promoting digital payments in pilot villages, the total workload for payment delivery can be reduced, and as a result, the government and U-money will be able to focus more on these remote and challenging villages. In the medium term, the program could contract other PSPs (beyond U-Money) to locate financial transaction points in remote villages by providing additional/tiered transaction fees.

A digital payment pilot requires three steps before actual implementation of digital payment delivery. The initial step, as already discussed, is to raise awareness of digital payment options. The program shall then provide financial and digital literacy training. CMs may work together with PSP and VFs to develop tailored financial and digital literacy modules based on the village context (e.g. providing specific information on available PSPs and payment modalities in each village). To remove further bottlenecks, the program could consider bearing some costs (e.g. for obtaining phones; cash-out fees – as discussed above).

Figure 29 Decision tree for prioritizing villages for digital payment



Raise awareness of digital payment options

The introduction and expansion of digital payments in some villages will promote timely, predicted, and secure payment delivery while allowing beneficiaries to choose the most convenient option for them.

Helping Hand has digital payment options which would not only reduce the workload of PSPs and local implementers, but also improve the beneficiary experience by reducing waiting time and providing flexibility on how and when to withdraw and use money (e.g. using PIN and QR codes to pay at shops). A study in Niger found that relative to women who received direct cash payments, mobile money recipients spent less time traveling to payment points and waiting for transfers, and were generally more likely to be engaged in productive economic activities and spent more on their children (Aker, et al., 2016). However, only one-fifth of the survey respondents know digital payment options, and most selected the direct cash payment modality. The program needs to collaborate with PSPs (beyond U-Money) to increase public awareness of the available financial transaction points and services in target villages.

Leverage the SBCC platform to promote financial and digital literacy

Transition to digital payment cannot happen without addressing beneficiary constraints. First and foremost, financial and digital literacy are critical for beneficiaries to understand the value and process of receiving cash grants digitally. As Helping Hand can help beneficiaries open accounts and transition them to the digital payment modality, the program shall provide essential training on financial literacy (e.g. the importance of saving, consumer protection, insurances, and remittances) and digital literacy (e.g. how to use different mobile phone functions, including mobile wallet), where the contents of training shall be tailored to the local context. Monthly SBCC sessions can be a venue to disseminate such information and training —VFs could invite PSPs and village staff who already receive salaries into U-Money accounts to demonstrate the process. The timing of the training also needs to be carefully considered. It should be close to the payment date so that the information is relevant at that point in time and beneficiaries can retain it better and have an immediate point when they can act on their new knowledge.

Consider bearing some costs for beneficiaries

Digital payment, in general, could reduce the cost for cash transfers, but the initial cost for introducing it can be high. As the study found limited mobile phone and account ownerships among grantees, the cost of buying and keeping a mobile phone would be an obstacle to switching to digital payments. In Zambia, a Girl's Education and Women's Empowerment and Livelihoods Project provided mobile phones to female beneficiaries, with which they can receive program information and payment. In Niger, although the initial cost of the mobile transfer program was higher due to the purchase of mobile phones, its pre-transfer cost was approximately 20 percent lower than that of physical cash distribution (Aker, et al., 2013). Helping Hand, in collaboration with PSPs, could also consider providing or lending mobile phones to beneficiaries in pilot villages. This could also help address the digital gender divide.

Withdrawal fees can be another cost incurred by beneficiaries when receiving their benefits through digital means. Although beneficiaries can pay with U-Money at POS without any fees, beneficiaries in program villages are usually unable to use mobile money or bank debit cards to purchase food or pay for health expenditure. In such cases, they need to withdraw cash at the POS and are subject to cash-out fees.⁵¹ To ease this burden, the program could consider three options: 1) allow PSPs to earn float revenue; 2) pay a fee to PSP; or 3) pay a top-up to beneficiaries (Box 2). In the Philippines, the government takes the second approach, bearing the cash-out fee when CCT beneficiaries withdraw cash from non-government banks (every two months). Zambia takes the third approach, with beneficiaries receiving a top-up to cover the withdrawal fee.

Box 2: How can fees be structured?

There are several options for cash transfer programs when paying fees to financial service providers. One important aspect a program designer needs to consider when choosing the option is how to provide incentives to financial service providers for better service. Not paying the providers, or offering a float, is problematic as this approach does not reward good service, but rather encourages slow delivery. Incentives should reward efficiency and encourage geographic reach. Programs can pay fees to encourage expansion to underserved areas or specialized services for vulnerable recipients. Alternatively, instead of paying financial service providers to offer free cash-outs, programs can top up grants with the amount of the market's highest cash-out fee. This approach empowers recipients and allows them to make cash-out choices depending on their individual circumstances.

(This box's content is based on a CGAP presentation on "The Future of G2P Payments. Setting Fees: Options for Program Designers" September 2019)

3. Empower women through gender-smart program design and service delivery

As the program mainly targets women as grantees, it has potential for empowering women, reducing the financial and digital divides between men and women, as well as achieving the main objectives of reducing poverty and malnutrition among children. It is important that program design addresses any

⁵¹ In case of U-Money POS, cash-out fees depend on the amount: e.g. 1,000 kip (\$0.1) for sums below 100,000 kip, and 3,000 kip (\$0.3) for under 500,000 kip.

risks that Helping Hand might trigger by exacerbating underlying tensions in households or communities, for example by exposing beneficiaries to gender-based violence. A growing body of evidence suggests that cash transfer programs, especially when the cash is transferred into the individual accounts of female grantees, can lead to abatement in violence by reducing poverty-related stress, empowering women by giving them more control over use of grants, promoting their financial inclusion, and strengthening their social networks (Botea, et al., 2021) (Zimmerman, et al., 2020). A recent impact evaluation of the Lao Poverty Reduction Fund shows that the program increased women's income and empowerment, without disturbing household equilibrium (World Bank, 2020). However, there are also studies showing that some women receiving transfers experience a rise in emotional violence from their partners. In Mexico for instance, a subsample of Prospera Program beneficiaries suffered increased emotional abuse and threats of physical violence (Bobonis, et al., 2013).

Specifically, the transition to digital payment needs careful monitoring in terms of impacts on intrahousehold decision-making. The study reveals a positive result in that 99 percent of female grant recipients decided how to use their first payments. Global evidence, although the cases are limited, suggests that digital payments may be less burdensome and more likely to allow women to maintain control over resources (Garz, et al., 2020), (Botea, et al., 2021). While promoting transitioning from manual to digital payment, it is important to monitor the possible changes in decision making pattern, ensuring women will have continuous control over the use of grants. To further strengthen the gender aspect of Helping Hand, it is important that operations in each village continues to include a representative from the Lao Women's Union, as planned in the operations manual. These local representatives can help ensure program implementation is friendly to female beneficiaries through its communications and grievance submission channels, content, and delivery methods for financial and digital literacy training.

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Annex 1: Profile of respondents

	Xieng Khuang	Phongsaly	Huaphan	Oudomxay	Total
Sample distribution	19.0	31.0	31.0	19.0	100.0
Beneficiary type					
Pregnant	6.3	12.2	6.4	3.1	7.5
Child	93.8	87.8	93.6	96.9	92.5
Characteristics of grantee					
Female	100.0	100.0	100.0	100.0	100.0
Age (average)	27.2	25.7	23.6	24.5	25.1
Education attainment					
Lower than primary	14.6	34.0	21.2	20.8	23.6
Primary	29.2	28.9	32.7	38.5	31.2
Secondary	22.9	11.5	21.8	17.7	18.1
High School	16.7	5.1	7.1	12.5	9.3
College or higher	16.7	5.1	2.6	1.0	5.8
Main spoken language					
Lao	60.4	13.5	11.5	3.1	19.8
Hmong	25.0	0.0	62.2	12.5	26.4
Akha	0.0	48.7	0.0	25.0	19.8
Khmu	8.3	25.0	25.6	59.4	28.6
Other	6.3	12.8	0.6	0.0	5.4
Employment status					
Family work (no wage)	76.0	66.0	48.7	59.3	33.9
Self-employ	8.3	30.1	50.0	39.6	61.3
Employee	13.5	3.9	0.6	0.0	4.0
Others	2.1	0.0	0.6	1.0	0.8
Village location category					
Accessible	62.5	25.0	33.3	12.5	32.3
Rural	37.5	33.3	41.7	25.0	35.1
Remote	0.0	41.7	25.0	62.5	32.5

Notes: All the numbers except for age are in percentages. Number of observations is 504.

Annex 2. Creating location variables based on accessibility to banking

The topography in northern Laos is largely mountainous and characterized by steep terrain, which makes the availability and access to services vary among villages. The government urban-rural categorization classifies only 4 of the 40 sampled villages as ‘urban’. In order to capture the implication of different access to services to beneficiary experiences, as well as readiness for digital payment, the study assigned three location variables (accessible, rural, and remote) to each village, using estimated travel time to bank branches and ATMs. The study expects that the location of these financial transaction points is optimized, considering the cost and return of investments for banks, and thus valid as a proxy for creating location variables. For instance, banks do not often establish ATMs and branches in remote and low population density areas, where the cost of building and maintaining access points is higher than the expected benefits.

- Data: The name of villages with ATMs and bank branches are collected from the UN Capital Development Fund (UNCDF) (Phetthany, 2019) and georeferenced using the representative village point based on village boundary data from Lao Decide info (Lao Decide info, n.d.).
- Methodology: The study used Python to access Global Friction Surface 2019 (Nelson, et al., 2019) and cumulativeCost() function⁵² of Google Earth Engine to estimate travel time⁵³.

Table 4 summarizes the distribution of sampled villages and beneficiary households by location type. The map shows the location of villages with bank branches or ATMs, surveyed villages, and all other program target villages.

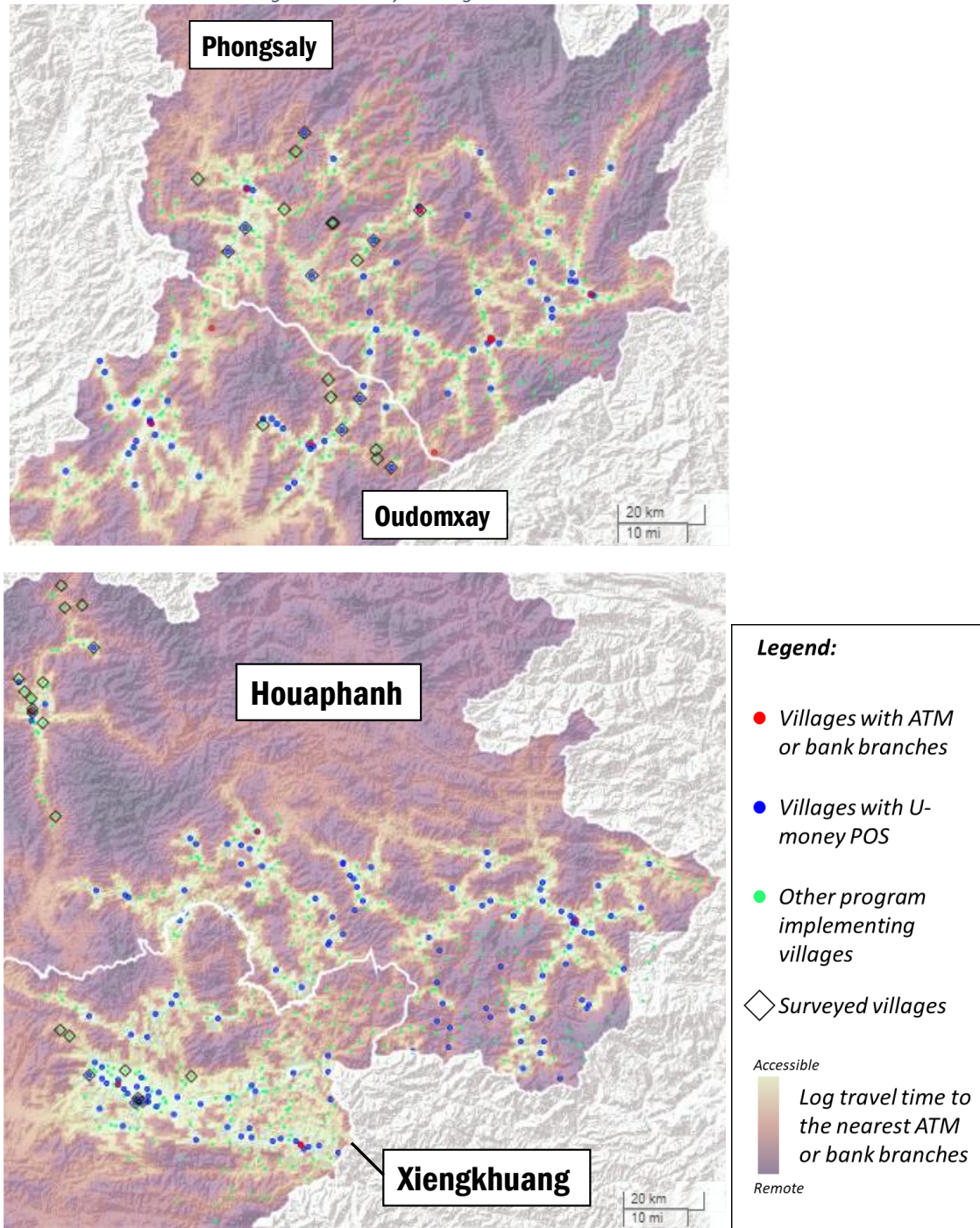
Table 4 Distribution of villages and beneficiaries by location type

	Access to ATM/Bank	No. of sampled villages	Sampled Beneficiary
Accessible	Less than 30 min	13	32%
Rural	30 min – 2 hours	14	35%
Remote	Over 2 hours	13	33%

⁵² The algorithm computes a cost map where every pixel contains the total cost of the lowest cost path to the nearest source location. In this case, the cost of each pixel is assigned from Global Friction Surface 2019 and the village representative points are used as source locations.

⁵³ The travel time is calculated assuming that people use a motor vehicle on road and walk off road. The accessibility index is assigned at village level and thus cannot take account different levels of accessibility by households within a same village. In a large village, households may be located in very remote areas even if the village is categorized as accessible, and vice versa.

Figure 30 Surveyed villages and access to bank branches and ATMs⁵⁴



⁵⁴ Light Green dots represent the location of the 879 target villages. Red circles are the location of villages with ATM or bank branches, and blue circles show the location of villages with U-Money Points of Sale (POS). The black diamond shapes are the 40 surveyed villages. Background color is the estimated travel time (using a car on road and walk off road) to ATM/Bank in log scale. Darker background color means remote from the ATM/Bank, while lighter color shows comparatively accessible areas.

Annex 3: Awareness by province

Indicators	Xieng Khuang	Phongsaly	Huaphan	Oudomxay	Total
Received orientation on program eligibility	96.7	98.1	99.4	100.0	98.6
Distribution: # eligibility criteria known (max 4)					
None	14.6	7.7	1.9	4.2	6.6
One	21.9	21.2	25.6	8.3	20.2
Two	41.7	51.9	60.9	40.6	50.6
Three	21.9	16.0	11.5	41.7	20.6
Four	0.0	3.2	0.0	5.2	2.0
Received orientation on program conditionalities	96.7	100.0	99.4	100.0	99.2
Distribution: # conditionalities known (max 4)					
None	21.9	10.9	4.5	7.3	10.3
One	36.5	15.4	16.0	22.9	21.0
Two	28.1	39.1	44.2	35.4	37.9
Three	10.4	30.1	30.8	30.2	26.6
Four	3.1	4.5	4.5	4.2	4.2
Aware of exact amount of benefit	97.9	100.0	100.0	100.0	99.6
Aware of payment frequency	86.5	95.5	86.5	97.9	91.5
Aware of grievance redress system	60.4	66.0	73.7	83.3	70.6

Notes: All estimates in percentages. Number of observations for all indicators is 504, unless noted otherwise. (a) N=497