

COVID 19: Social Protection Innovative Practice Responses

Government grants and cash transfers to informal workers

This week's innovative practices brief focuses on government grants and cash transfers. We assess the strengths and weaknesses of these social protection measures, looking at:

- level of coverage
- eligibility criteria
- appropriateness of targeting; and
- accessibility and delivery methods

In the case of both Brazil and Cape Verde, *critical to the ability to move quickly has been the presence of large databases through which many informal workers have already been registered under the social system*. By drawing on pre-existing social assistance databases, these countries have been able to target vulnerable groups directly, including informal workers, and save valuable time in terms of collection and verification of recipient data. This is a lesson for developing social systems over the longer term which are inclusive of informal workers.

In the case of Namibia, by excluding those already registered with formal social security and social assistance systems, the Namibian grant also aims to target informal workers specifically. However exclusions tend to overlook multiple and overlapping vulnerabilities, and have a gender bias built into them. More universal options are more likely to reduce exclusion errors. Ideally countries should adopt a mix of strategies to ensure maximum reach (for example in South Africa the special COVID-19 grant which aims to reach informal and unemployed workers has been combined with supplements to child support, old age pension and disability grants).

In assessing the suitability, delivery and impact of government grants and cash transfers country context also needs to be taken into consideration. In the case of Brazil, Cape Verde and Namibia, all three countries are building on an already robust social security system. With much smaller populations, compared to Brazil, the Cape Verde and Namibia systems have an advantage in that there are fewer beneficiaries and hence the system is less complex to manage.

Brazil

The lower House of the Brazilian Congress has approved the concession of R\$ 600 (US\$ 115) to each informal worker and R\$ 1.200 (US\$ 230) to single parent households led by women and men, for a period of 3 months. Overall, the emergency cash-grant programme, primarily targeted at informal workers, is anticipated to reach 60 million people - 50% more than what the government expected. The Brazilian population is 210 million people.

Innovative aspects:

1) Identification of informal workers:

As the cash-grant uses a pre-existing social assistance database (CadÚnico), with more than 73 million people registered - amongst which are 13 million households beneficiaries of the Bolsa Família - there was a delivery system in place to quickly reach and validate the information of the most vulnerable people. This would already include some informal workers. Others, who are not on the database, would need to register. This represents an advantage in terms of the timing for the actual delivery to be undertaken. Also, those who contribute to the public pension, as a self-employed person or as a so-called “individual micro-entrepreneur” are automatically eligible to receive the grant, but need to register;

- 2) **Registration:** One feature of the Brazilian programme is the existence of multiple channels through which workers can receive the benefit. Registration can be through the internet (a hot site was created) or through a smartphone app¹. After completing the form with personal information, the system will check the eligibility, and will send a confirmation after analysis. Those without internet access or smartphones can request their registration at a federal bank agency (Caixa bank) or lottery agencies. A hotline for queries was also set up;
- 3) **Delivery:** the delivery is done through bank transfers, to an existing savings account of the beneficiary. Beneficiaries of Bolsa Família (almost half of the potential beneficiaries) already have an account at Caixa. For new applicants who do not have a bank account, the registration system also offers the possibility to create a “digital account” at Caixa, so they can receive the grant.

By April 23rd, 33 million people had received the first installment of the emergency grant, three weeks after the bill was sanctioned, in a total of almost R\$ 20 billion (US\$ 4 billion) in disbursements.

Cape Verde

Despite having a small population - around 545,000 people - Cape Verde is one of the few countries in Africa that implemented an emergency cash-grant programme targeted at informal workers, with innovative features that might provide elements for policies in other countries in the region. Informal workers who have a monthly income of less than CVE 20,000 (US\$ 196) will be granted an emergency income of CVE 10,000 (US\$ 98). The government is also undertaking food security measures, including the distribution of staple food baskets to 22,500 poor families. The goal is to reach 30,000 informal workers.

Innovative aspects:

- 1) **Identification of informal workers:** Similarly to the case of Brazil, Cape Verde has a social assistance database - with a similar name (“Cadastro Social Único”), created in 2016, which follows the Brazilian model, and encompasses a wide range of vulnerable social groups. The database contains over 150,000 people, in a country of 545,000 inhabitants;
- 2) **Registration:** the government has established two ways to apply for the grant: by applying online, creating a provisional social registry (“Cadastro Social Único Provisório”) or through a toll-free hotline;

¹ Over 30 million downloads of the app were made on the first four days after it was launched.

3) **Delivery:** the delivery of the grant is done through bank transfers.

One problem regards the delivery: since the grant is distributed through bank transfers, the beneficiary must have an account. However, the system does not provide an option to open an account (or a “digital account”) upon registration. The beneficiary must open an account before applying.

Namibia

The government of Namibia has implemented an Emergency Income Grant (EIG) targeted at workers in the informal economy, intended to cover the lockdown period. This once-off payment of N\$750 (US\$ 41) is open to all Namibians, between the ages of 18 to 59, who have lost jobs or income in part or full-time in the informal sector as a result of the COVID-19 outbreak. It also covers those who are unemployed in the same age category. Students, people already receiving social grants on behalf of others, and those who have lost jobs or experienced reduced wages in the formal sector are excluded (Provision has been made for those in the formal sector to be covered by the Namibian Social Security Commission and/or other support measures).

Particularly innovative about the Namibian model is the use of banking and mobile technology which has allowed for easy application of the emergency grant under lockdown conditions, and has extended access beyond the formal banking sector.

Innovative aspects:

- 1) **Identification of Informal Workers:** This approach excludes those who are registered with formal social security and social assistance systems, in order to locate informal workers;
- 2) **Registration:** Use of mobile and e-wallet technology broadens access beyond the formal banking system, and allows people to apply under lockdown conditions. An applicant must however have a valid Namibian ID and access to a mobile phone registered with mobile provider Mobile Telecommunications Limited (MTC). Applicants nominate themselves and apply via sms to the call centre of MTC free of charge. MTC then sends out a trigger SMS to all MTC SIM card holders to prompt the application process via applicants’ cell phones;
- 3) **Verification:** MTC submits the information collected to MobiPay (a service provider in Namibia for mobile wallets and cardless transactions) to validate, who then forwards it to Deloitte Namibia, which will audit the information for final checks and sends it to the banks. This allows for rapid verification and issuing of the grant within days;
- 4) **Delivery:** After the approval, a token is issued by one of the commercial banks; FNB Namibia, Bank Windhoek or Standard Bank, for an e-money product. This is redeemed using the cardless services at that bank’s ATM, or can be used to transact directly via the various value-added services provided by the various wallets. Utilisation of ATM infrastructure means that the grant is widely and easily accessible in urban areas.



Out of a total of 327,528 applications received, 146,974 people benefitted from the first batch of grants which were paid out to beneficiaries on the 14th of April, and 180,554 rejected for various reasons, including fraud and not meeting the beneficiary criteria.²

A number of valid concerns remain, over who qualifies for the grant, the application and implementation processes, and the limited and stop gap nature of the grant. One of the most pressing of these is the fact that applicants who are already receiving social grants on behalf of vulnerable children and other relatives, do not qualify. This exclusionary practice disproportionately affects women as the primary caregivers and sole breadwinners in many households. Such applicants have been told that they need to wait for an appeal opportunity that will be provided through the regional councils, details of which however, have yet to be announced. Meanwhile their families go hungry. These individuals have access to existing government cash grants precisely because they are vulnerable and have specific care responsibilities. The new emergency grant is because of a new temporary and specific crisis on top of the existing vulnerability.

ABOUT WIEGO

Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global network focused on securing livelihoods for the working poor, especially women, in the informal economy. We believe all workers should have equal economic opportunities and rights. WIEGO creates change by building capacity among informal worker organizations, expanding the knowledge base about the informal economy and influencing local, national and international policies. Visit www.wiego.org.

² These figures were quoted by the chief public relations officer at the ministry of finance, Tonateni Shidhudhu, as reported by the Namibia Sun 'More than N\$110 mln paid out in income grant', 15 of April 2020
<https://www.namibiansun.com/news/more-than-n110-mln-paid-out-in-income-grant2020-04-15/>