

Technical Considerations in Analysing & Advocating for Cash Benefit Schemes for Informal Workers during COVID-19¹

| | Key Considerations | Country / programme examples |
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| <p>Coverage</p> <p>To what extent does the benefit provide adequate coverage for workers in the informal economy?</p> <p><i>Targeting refers to the methods that are used to identify a specific group of people to benefit from a social protection programme. The most common method of targeting is a “means-test” - so that it is only those who earn below a certain amount who qualify for the benefit. Another type of targeting is categorical targeting, which targets certain groups - for example children, older people etc.</i></p> <p><i>Targeting too narrowly can be hugely expensive in terms of the administration required</i></p> | <p>Universal options – which attempt to cover everyone – reduce the chance of exclusion errors and are more likely to reach the people who most need the benefit. However, they do tend to come with a higher <i>direct</i> price tag, which can make it difficult for governments to accept.</p> <p>*NB: Also important with the universal system, is HOW the benefits are made universal. In some of the examples cited here, the TAX system was used to determine beneficiaries, which would largely exclude most informal workers (so that they are not in reality universal benefits).</p> <p>However, if the <i>indirect costs</i> of targeting (e.g. administrative costs, the costs of not reaching intended recipients) are taken into account, universal options are a more cost-effective solution. Allying with researchers to determine the indirect costs of targeting may be one way to convince governments to move towards more universal options.</p> <p>Outside of a universal grant, there are a number of options which governments have adopted in order to extend cash benefits to informal workers:</p> <ul style="list-style-type: none"> • Targeting out those who are already covered by formal social security, students & social assistance systems, and then providing benefits to everyone else – <i>note that this may cause a gender bias if women are not eligible for support because they receive support for children IF not accompanied by vertical expansion of existing grants (e.g. Namibia).</i> | <p>Hong Kong, Singapore, Serbia and Japan have provided a one-time universal basic income grant.</p> <p>Bolivia, Namibia and South Africa & Thailand have all used “targeting out” methods to reach informal workers. South Africa has also vertically expanded its Child Support Grant, which will also reach a number of women informal workers specifically.</p> <p>Peru, Brazil and Colombia have drawn on existing social registry data and increased the means-test threshold for support. In Brazil and Peru this has been complemented with an open registration system. Peru has also targeted geographically to provide benefits for those in the most vulnerable urban areas.</p> <p>Argentina has used a combination of records from its simplified monotax system and the membership</p> |

¹ This table is adapted for use by organizations of informal workers from the work of [Social Protection Alternatives for COVID-19](#), in particular Barca, V (et al). 2020. [SPACE Strategy Decision Matrix](#). DFID/GIZ and Alferts, L (et al). 2020. [Informal Workers and Social Protection \(SPACE\)](#). DFID/GIZ.

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| <p><i>and has been shown to have high exclusion errors (i.e. too many people are excluded who should be included; India's Below Poverty Line lists are a case in point).</i></p> | <ul style="list-style-type: none"> ● Targeting in by locating groups of vulnerable informal workers – by using databases of worker organizations, existing social security system databases, health insurance databases, collaborating with non-formal social protection systems, drawing on social registry data, and/or a mixture of all of the above. In many countries, the lists of beneficiaries have been developed through a COMBINATION of national databases, innovative uses of technology (QR codes, mobile phone data, algorithms, geolocation to find people in badly hit/poorest areas) and information from unions and organizations of informal workers. <p>Targeting is also often a <i>political</i> process about who gets listed and who does not, whether or not the targeting process uses low or high technology options. It is important that informal worker organizations are able to have voice in these processes. Push for the implementation of feedback mechanisms so that issues of mis-targeting may be discussed with the state.</p> | <p>databases of organizations of informal workers (such as UTEP) to reach different groups of workers, including domestic workers.</p> |
| <p>Financing</p> | <p>In many middle and low income countries, emergency grants are being financed through the state with a combination of domestic funds, loans from private creditors or other governments, IMF and World Bank loans, and funds from various bilateral donors (in Africa, DFID and Irish Aid provide a lot of funding for cash programmes).</p> <p>What are some of the longer term implications of financing agreements?</p> <ul style="list-style-type: none"> ● Taking loans to finance the emergency response will increase government debt burdens. Many low and middle income countries were facing high debt levels before the pandemic. Unless this debt is cancelled, governments will be spending | <p>The Institute for Economic Justice in South Africa has proposed a set of innovative financing mechanisms to fund an economic and social protection relief package.</p> <p>Public Services International has a special series of worker education materials on the global debt crisis and why it is important to the workers movement. There is a specific brief in the series on debt and covid-19.</p> |

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| | <p>revenue they earn in 2021-22 to repay their loans rather than investing in public services and social protection.</p> <ul style="list-style-type: none"> ● IMF and World Bank loans come with conditionalities - these are conditions governments must agree to before receiving the loan. In many low income countries, these loans have strict conditionalities that encourage targeting social protection programmes to the poorest and most vulnerable - such as children, people living with disabilities and the elderly. This will put additional pressure on governments to stop grants that are reaching informal workers once the health crisis is over, even if they are still facing an economic crisis. ● Civil society groups and trade unions are calling for debt cancellation in low and middle income countries so that governments do not spend most of their revenue on debt repayments and instead invest in public services and social protection. In addition they are demanding a global Marshall Plan to support low and middle income countries out of this crisis. <p>What should we be looking out for?</p> <ul style="list-style-type: none"> ● Following the immediate emergency response, governments will face a difficult political decision to stop or reduce the cash transfers reaching informal workers or find alternative sources of financing. One way to increase financing for social protection is to increase taxes on the wealthiest - such as income tax, corporate tax, wealth and inheritance tax and property tax. This would redistribute resources from the richest to the poorest, reducing inequality. A more progressive tax policy must also be accompanied by appropriate capital controls to limit tax | <p>Based on a dialogue with SEWA, the Tax Justice Network outlines progressive and gendered tax policies that can support all informal workers.</p> <p>WIEGO, PSI and hundreds of civil society organisations have signed onto a joint policy statement calling for greater investment in public care services and social protection.</p> |
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| | <p>avoidance and evasion. However, leaders are unlikely to take this step without significant pressure from broad civil society coalitions.</p> <ul style="list-style-type: none"> ● Economic relief packages financed by national funds, loans and grants may be directed to bailing out large companies rather than supporting informal enterprises and own account workers to start up their business through no-interest credit and cash transfers to buy new stock, pay rent and utilities, or licensing fees. ● Support to large companies may involve reductions in their social security contributions to their employees and allow for more flexible and short-term contracts. This undermines the social protection system overall as fewer companies pay their share of social insurance and more formal sector workers become informal and will be dependent on cash transfers at the next crisis. <p>Its important also to look push for contractor/employer responsibility as a source of additional financing for informal workers. Some of the examples we have seen so far:</p> <ul style="list-style-type: none"> ● working with employer groups to ensure paid leave for domestic workers ● using SMME support packages to promote payment of informal employees ● drawing on extended producer responsibility to secure additional benefits for waste pickers (e.g. Brazil). | |
| Adequacy | Some countries have set the benefit amount according to a predefined standard. E.g. the amount is equivalent to the monthly minimum wage, | The city government of Rio de Janeiro has added a supplement to a federal |

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| <p>To what extent is the benefit adequate to meet the needs of informal workers?</p> | <p>equivalent to the replacement ratio set for formal sector unemployment insurance, or to the cost of a basic food basket. Other governments have set the amount according to available budget – which can make the grant too low to be meaningful (e.g. Zimbabwe announced a \$5 grant for informal workers affected by the shut down).</p> <p>An important consideration is whether the grant is targeted at the individual, or the household. Grants targeted at the household level may be regressive in that poorer people tend to have bigger families.</p> <p>Some additional considerations in determining adequacy for informal workers include:</p> <ul style="list-style-type: none"> ● Inflation – with border closures, restrictions on movements and depreciating currencies the cost of basic supplies may have risen significantly. This should be built into the benefit amount. ● Even where some groups of informal workers are able to continue working as essential workers, they may be facing a significantly reduced income due to reduced demand, higher input costs, increased care burdens, and the costs of personal protective equipment. Essential worker status does not mean that workers should be excluded from benefits. ● Consideration should be given to the additional care burden that families may be facing, and this should be factored into the benefit. ● What is the longer-term outlook for the virus spread – will there be a series of “rolling lockdowns” throughout the year? How will the benefits provided be adapted to longer term interruptions? | <p>grant for informal and self employed workers, to ensure that each individual receives at least one minimum wage per month until the state of emergency is lifted.</p> <p>The city government of Campo Grande in Brazil is delivering additional food support to vulnerable families benefiting from Bolsa Familia to replace school nutrition programmes.</p> <p>The Self Employed Women’s Association in India has developed a detailed costing of support measures required by informal workers.</p> |
| <p>Registration & Delivery</p> | <p>It is important to understand how people will be registered to receive a grant. For example, with some countries who have announced basic</p> | <p>Pakistan shows that manual registration and payment can adhere to social distancing principles.</p> |

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| <p>How are people able to register and receive the benefit? What barriers to access does this set up for informal workers?</p> | <p>income support, in reality it is only those registered in the tax system who will receive the benefit.</p> <p>Outside of the basic income grant option, most other benefit arrangements require some form of registration in order to receive the benefit. ID-based registration may work well in countries with high coverage, but will exclude non-nationals. In countries with low ID coverage, it may be important to relax the ID requirements and include other forms of documentation such as election cards/voters roll.</p> <p>Within the practices around registration and delivery, globally there has been a strong emphasis on the use of online registration platforms, mobile phones and electronic bank transfers.</p> <p>While these are important options to minimize the risk of infection, they may have high barriers to access including limited access to information, illiteracy or minority language, less access to and ownership of mobile phones, bank accounts, less access to the internet etc.</p> <p>Informal workers should have CHOICE in the way that they may register and receive their benefits. These choices should include harnessing innovative technology but should also include manual forms of registration and delivery which adhere to social distancing principles, and which leverage the state's welfare bureaucracy.</p> <p>Some other considerations:</p> <ul style="list-style-type: none"> ● <u>Registration processes</u> which take up too much time will add to loss of income. ● <u>Interactions with informal workers</u> should be flexible so that where they continue to work, their schedules are not interrupted, for example by taking mobile cash disbursement | <p>The Self Employed Women's Organization in India has acted as a bridge between the state and informal workers to ensure that workers receive their entitlements.</p> |
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| | <p>units to informal workplaces or using door-to-door disbursement methods.</p> <ul style="list-style-type: none"> ● <u>Accessible communication and information is critical, and governments should be working with organizations of informal workers to ensure that this information reaches the ground.</u> ● <u>Where barriers to the use of technology exist, they should be lowered (e.g. very strict ID requirements in order to purchase as SIM card).</u> <p>An area that should also be interrogated is the use of Private Service Providers (PSPs) in registration and delivery of benefits (including mobile phone companies). In the Southern African context, PSPs have in the past negotiated contracts which ensure that they receive a disproportionate share of the available budget (Mozambique). In South Africa, Net1 (the PSP for the cash grant system) sold beneficiary data to private financial services with the result that many beneficiaries ended up in debt through the grant systems.</p> <p>It is important therefore to understand who the PSPs are, and what the terms of their contracts are with the contracting state, and how the data of those who receive benefits will be protected.</p> | |
| <p>Comprehensiveness of Support</p> <p>Is the social protection benefit embedded in a larger programme of support for informal workers?</p> | <p>Social protection alone cannot cover all multidimensional needs but should be seen as part of a wider system which supports informal incomes over a longer period than the immediate crisis.</p> <p>From an informal worker perspective, a package of measures to support informal workers could include social protection AND:</p> <ul style="list-style-type: none"> ● Livelihood re-starter fund ● State procurement policies include informal workers (e.g in local production of PPE) | <p>In Uruguay taxes and fees which apply to street vendors operating in public space have been suspended.</p> <p>Burkina Faso has announced measures to subsidise the water and electricity costs of market vendors.</p> |

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| | <ul style="list-style-type: none"> ● Freeze on rental payments and utility payments ● Freeze on workplace taxes, license fees and tolls paid to local authorities ● Freeze on small loan repayments ● A halt to all activities which compromise the infrastructure which supports informal work (e.g destruction of vending infrastructure in Zimbabwe) ● No/low interest start-up capital ● Integration with public works programmes/retraining and re-skilling programmes ● Access to health care ● Essential workers in the informal economy should have access to child care services and/or additional income support to pay for help. ● Personal protective equipment especially for informal workers who have been classified as essential workers. ● Access to water and sanitation in informal workplaces, as well as residential areas (e.g. informal markets that continue to operate as essential services). | <p>In Indonesia, vulnerable occupational groups in the informal economy (taxi drivers, self-employed, fishermen) have been exempted from loan repayments for up to 1 year.</p> <p>Rwanda has set up hand washing facilities in and around bus stations.</p> <p>Guidelines for health & hygiene for waste pickers and street vendors</p> |
| <p>Longer-term harmonization with social protection systems</p> <p>To what extent does the emergency intervention align with longer term plans to extend social protection to informal workers?</p> | <p>The COVID-19 crisis presents an opportunity to push for the inclusion of informal workers into social protection systems in the long-term.</p> <p>There are countries which have made some progress in extending social protection – usually health and pensions – to groups of informal workers. This is particularly the case in Latin America, but it is becoming more prevalent in Africa and Asia.</p> <p>Most often, the type of social protection offered to informal workers is through <i>contributory social insurance systems</i>, and rarely through the</p> | <p>Jordan has extended the benefits from its unemployment insurance scheme to informal wage workers previously unregistered with the scheme. Despite not having contributed, workers will receive an unemployment benefit. The intention is that when they are again employed, they will remain as contributors to the scheme.</p> |

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| | <p><i>non-contributory system</i>. However, for informal workers – who may sometimes be able to contribute, and sometimes not, or may never be able to contribute – contributory and non-contributory social protection systems should be aligned, coordinated and flexible.</p> <p>The fact that countries are now attempting to reach informal workers with non-contributory social protection, creates an opportunity to push for the alignment and coordination of contributory and non-contributory systems. In this way it is also possible to establish cross-subsidisation between formal workers and employers, and informal workers.</p> <p>The C-19 crisis is an opportunity to ask government’s for clarity on their plans to extend social protection to informal workers in the longer term and how current efforts align with those plans.</p> | |
| <p>Participation</p> <p>To what extent have organizations of informal workers participated in the design, oversight and roll-out of the intervention?</p> | <p>A key difference between anti-poverty-related social assistance and work-related social security schemes is that work-related schemes may be governed through social dialogue platforms constituted through formal workers, the state and employers.</p> <p>The emergency response to COVID-19 is an excellent opportunity to leverage existing social dialogue platforms, and to push for the inclusion of previously excluded groups such as organizations of informal workers, women’s collectives and civil society groups into these potentially powerful policy spaces, or to advocate for alternative inclusive spaces for the oversight of social protection schemes. In the longer term this will help to build a stronger social contract around social protection.</p> <p>In some contexts the distribution of social assistance may have become deeply politicized (for example in India and Ghana). This distrust can be greatly reduced by ensuring that informal worker organizations, and</p> | <p>A good example of this comes from Thailand where the Homeworkers Protection Act of 2010 is monitored by a tripartite committee which includes informal workers (i.e. is not limited to formal trade unions). In the longer term this can be an important step in building a stronger social contract between the state and citizens.</p> <p>Zambia has an Inter-Ministerial Technical Committee on Social Protection on which both SNI and IDWF affiliates sit, which brings together trade unions, organizations</p> |

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| | other civil society groups, are able to participate in the oversight of the intervention. | of informal workers and the various ministries working on social protection. |
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