Chronic Poverty Advisory Network

Getting to Zero

Chronic Poverty Report 2023
Pandemic Poverty

The responsiveness of social protection through the Covid-19 crisis

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Chronic Poverty Advisory Network

CPAN is a network of researchers, policy makers and practitioners across 15 developing countries (Afghanistan, Bangladesh, Cambodia, Ethiopia, India, Kenya, Malawi, Nepal, Niger, Nigeria, Philippines, Rwanda, Tanzania, Uganda, Zambia, Zimbabwe) focused on tackling chronic poverty and getting to zero extreme poverty and deprivation, and by sustaining escapes from poverty and preventing impoverishment. It is looking to expand this network to the 30 countries with the largest numbers of people in poverty. It has a 'hub', which is currently hosted by the Institute of Development Studies in the United Kingdom.

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Of course, responsibility for the contents of the report rests with the authors, and the report does not represent the views of IDS, the Covid Collective, or of FCDO.

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Key messages

Social protection coverage in LMICs was low going into the pandemic. Countries with well-functioning systems were in a better position to respond to the crisis, but funding for social protection is highly inadequate in these countries and a fraction of what HICs spend. Highly unequal investments in people's capacities to withstand and recover from the Covid-19 crisis through social protection will likely contribute to higher global inequalities.

There was a surge in social protection programmes in response to the Covid 19 crisis, but the majority were temporary – many lasted three months and most had concluded by the end of 2021 – and benefits in most countries were too low to prevent impoverishment and destitution among vulnerable households.

Support to businesses and other indirect wage support made up a large share of social protection measures, eclipsing programmes directly supporting individuals, households or informal workers who make up the majority of people in lower-income settings, and those who were worst affected by the pandemic.

Some countries mobilised social protection responses quickly and programme innovations were achieved – particularly in digital disbursement. Positive lessons can be drawn on how to adapt social protection measures in the event of a global pandemic or similar crisis.

The rapid expansion of existing programmes, and design of new programmes, often overlooked the needs of vulnerable groups. Many countries lack comprehensive and up-to-date registers of eligible social assistance beneficiaries and there is a dearth of information on groups structurally excluded from existing social protection schemes – there were some positive examples of effective targeting of harder-to-reach and vulnerable groups from which lessons can be drawn.

4.1 Overview

This chapter begins with a brief overview of the state of social protection globally leading up to the Covid-19 pandemic and the differential preparedness among LMICs. It then examines the range of social protection measures that were introduced, expanded, or innovated over the first two years of the pandemic. We found high heterogeneity in the types, scale and duration of social protection measures adopted during the pandemic, with an overall trend towards liquidity support for firms and short-term cash assistance. The chapter highlights countries that have made significant adaptations to their social protection coverage or delivery approaches and considers lessons that can be learned for medium- to longer-term structural improvements and improved preparedness in the face of future crises.

4.2 Social protection leading up to the Covid-19 pandemic

Social protection is now widely seen as an 'indispensable' means of tackling poverty and vulnerability (OECD 2019: 6). Most governments have been actively working on improvements to coverage and delivery of social protection alongside bilateral and multilateral donors, NGOs and community groups. A key informant from Cambodia observed that 'civil society has been advocating for increased social protection for years, but it took a crisis to create change and trigger attention'. The scale of the shock of the Covid-19 pandemic and its far-reaching health and economic consequences meant that even the best-designed systems would need to adapt to meet new needs and risks that had arisen. Some countries were in a stronger position than others to support people living in poverty and those at greatest risk of impoverishment.

Going into the Covid-19 pandemic, LMICs had significantly lower social protection coverage than HICs and were therefore confronted with a far greater challenge to protect their populations from direct and indirect effects of the pandemic. Global inequities are likely to increase if vulnerable people in LICs continue to be pushed further behind by global crises or smaller-scale shocks that threaten livelihoods and overwhelm coping strategies. As of 2020, only 8.7 per cent of people in LICs had at least one social protection benefit (excluding health insurance), compared with 24 per cent in lower-MICs and 45 per cent in upper-MICs (based on ILO 2022a).

These gaps in coverage are mirrored by gaps in public spending on social protection. HICs spend 16.4 per cent of GDP on social protection on average (excluding health), twice what upper-MICs spend (8% of GDP), six times as much as LMICs (2.5%) and 15 times as much as LICs (1.1%) (ILO 2021a). People in lower-MICs were also more likely to incur direct costs associated with treatment of Covid 19, given that out-of-pocket spending on health is significantly higher in LMICs (WHO 2018). The risk of impoverishment and destitution linked to Covid-19 was therefore greater in these countries, whether through direct health costs from the pandemic or through the many indirect effects against which most countries had no formal protection.

Some countries have gone against these wider trends. Countries that had achieved higher than average social protection relative to income show that broad-based social protection coverage is possible under diverse constraints. Among lower-MICs, Zambia and Togo had coverage comparable to the lower-MIC average in 2020, with 24.6 per cent and 23.2 per cent of their populations, respectively, having access to at least one benefit (ILO 2022a). Bolivia and Vanuatu, both lower-MICs, had coverage above the upper-MIC average; and Mongolia, also a lower-MIC, had universal pension and disability coverage in 2020. Brazil and China had 100 per cent social protection coverage for people living in poverty in 2020, as did the Dominican Republic (ILO 2022a).

Emerging evidence on the effects of pre-existing social programmes indicates that well-established programmes cushioned people living in poverty from some adverse effects of the pandemic, at least in its early phase. A survey in Ethiopia's highlands in June 2020 found that recipients of the flagship social protection programme, the PSNP, were less likely to face food insecurity or reduce expenditures on health, education, and agricultural inputs compared to non recipients (Abay *et al*. 2020). Indonesia's expansion of social protection to encompass vulnerable groups was largely done through existing mechanisms, with evidence suggesting that targeting processes were largely effective, building on earlier improvements (see Box 4.A). Existing components of Rwanda's social protection programme were significantly scaled up during the pandemic, particularly the Nutrition Sensitive Direct Support transfer that was extended to 200,000 beneficiaries by the end of 2021, up from 30,000 in 2020 (World Bank 2023).

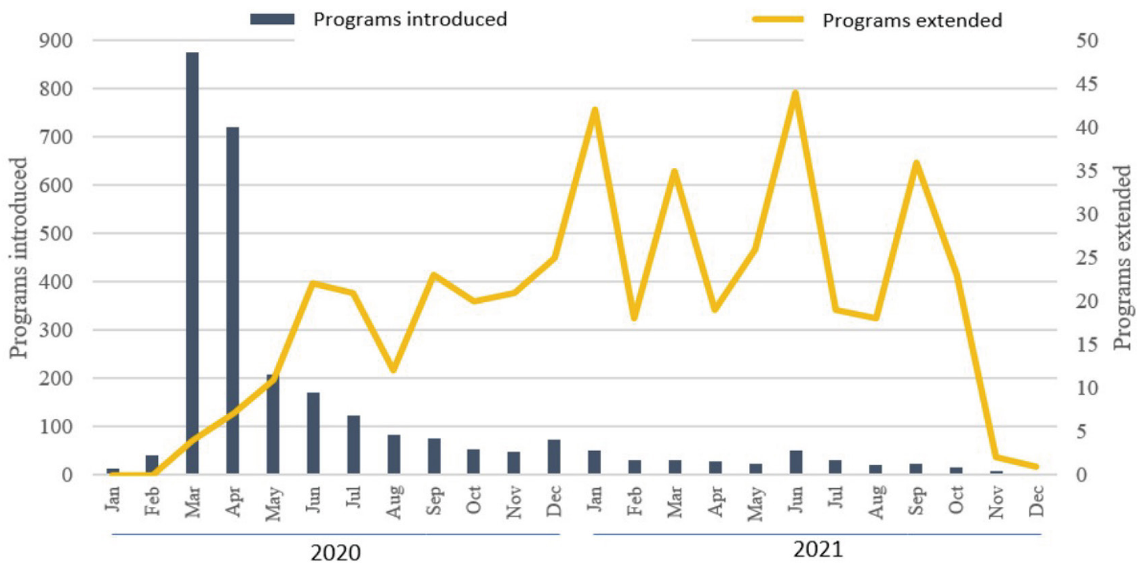
Countries with limited social protection systems in place struggled to respond to heightened needs, which has been found to be the case in most fragile contexts (Bastagli and Lowe 2021). However, the Covid-19 crisis prompted efforts to improve social protection provision in some fragile and conflict-affected contexts. In Niger, for example, international actors working on social and humanitarian assistance have been exploring ways of joining up interventions in the longer term (BASIC 2021). And Nigeria's Rapid Response Register, set up in response to Covid-19, has improved access to social protection for displaced people and refugees (*et al.*).

4.3 Overview of the global social protection response

> **"To distribute money from Dastarkhwan-e Meli [a government programme], a team came to our village, listed the people, and registered them in a biometric system. Later, people who had been registered could go and get their money. This was the only support after Corona Virus. We did not get any other support."**
>
> (LHI, Afghanistan)

There was a rapid upsurge in social protection programmes globally between March and April 2020, though the window of new interventions was short relative to the duration of the pandemic. Most new interventions were introduced in March and April 2020, tapering off significantly from May onwards (see Figure 4.3.1). Some programmes were extended into the pandemic, though only a small number of the total programmes introduced (note the difference in the right- and left-hand scales in Figure 4.3.1). Some programmes were announced but were

Figure 4.3.1: New social protection programmes introduced and extended since the Covid-19 pandemic (no. of programmes, 2020/21)

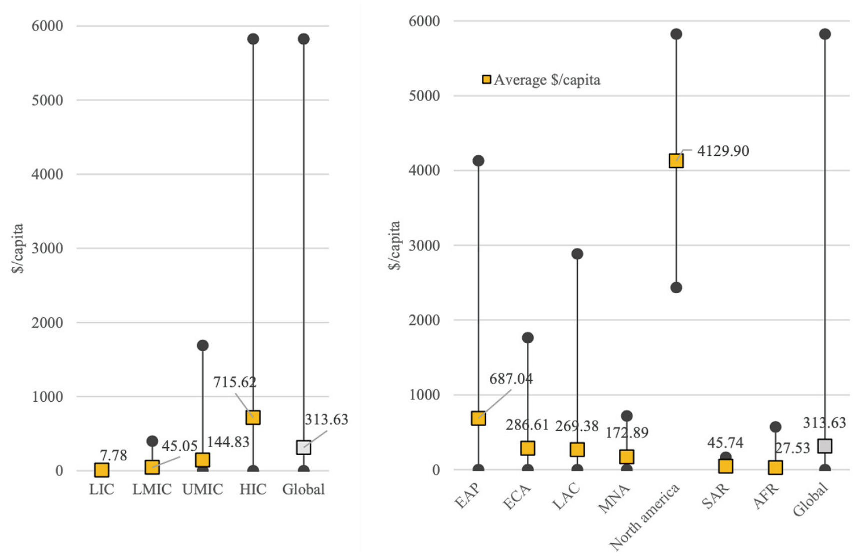


Source: Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures. 2022. World Bank. Used under CC-BY-3.0 IGO.

either not implemented or implemented at a smaller scale than was planned. By December 2021, most social protection programmes introduced in response to the pandemic had largely concluded. The social protection response period was therefore short, despite economic and social disruptions continuing well into 2021, and many households still struggling to recover from the initial disruption.

Social protection and labour spending in the first two years of the Covid-19 crisis varied widely, with a clear relationship between spending and country income status (see Figure 4.3.2). LICs spent 1.3 per cent of GDP on social protection and labour measures between 2020 and 2021, compared with 1.7 per cent in lower-MICs, 2.5 per cent in upper-MICs and 2.1 per cent in HICs (Gentilini *et al*. 2022: 8).

Figure 4.3.2: Social protection and labour spending ($US per capita, 2020/21)



Source: Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures. 2022. World Bank. Used under CC-BY-3.0 IGO.

These averages are skewed slightly by exceptionally high spending in some countries such as Fiji (a UMIC), which spent 35 per cent of GDP on social protection and labour measures; or Micronesia (a lower-MIC), which spent 11 per cent of GDP on social protection and labour measures (*et al.*).

Social protection coverage increased overall in the early phases of the pandemic; however, disruptions to existing programmes also occurred. A survey in Somalia in September 2020 found that 80 per cent of respondents had experienced a decrease in or stoppage of their transfers largely because cash for work and training activities were suspended due to Covid-19 containment measures that prevented in-person gatherings (Ground Truth Solutions 2020a). School feeding programmes in many countries were also disrupted, exacerbating threats to food security for many children (see Chapter 6).

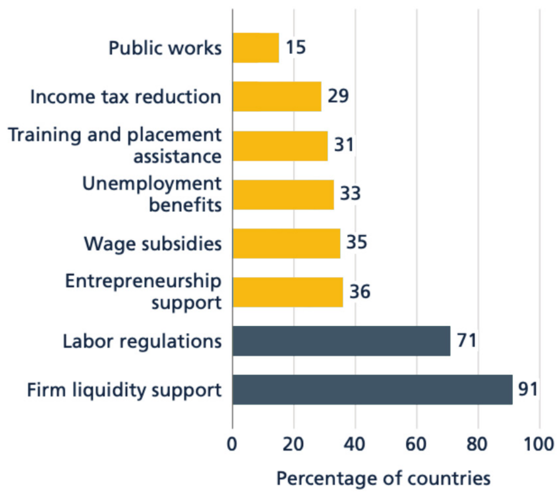
4.4 Labour market measures

"If the government only thinks about the factory owners and not about the common people like us, things will only go south. Not everyone got support and relief during corona; 2–3 people out of every 10 got support."

(LHI, Bangladesh)

Support to businesses eclipsed direct support to workers in many countries, raising critical questions around how governments support different segments of the economy during times of crises. One review (De la Flor *et al.* 2021) found that 55 per cent of all social protection measures targeted the labour market, followed by 38 per cent targeting social assistance and 7 per cent social insurance. Among labour market support measures, liquidity support for registered firms in the form of loans and credit guarantees, tax relief and postponement of social security contributions were the most widely applied measures across LMICs (see Figure 4.4.1). Changes to labour regulations involved permitting flexible working arrangements (such as teleworking) and modifying labour regulations to increase workplace health and safety (*et al.*: 4). Regulations on dismissal, compensation and leave policies were more mixed, with some policies introduced to prevent firms from dismissing workers or decreasing remuneration, while others allowed temporary cancellation of contracts and remuneration decreases (*et al.*).

Figure 4.4.1: Distribution of labour market measures, by type (%)



Source: Taking Stock of COVID-19 Labor Policy Responses in Developing Countries. 2021. World Bank. Used under CC-BY-3.0 IGO.

Unemployment benefits were largely absent in LICs leading up to the pandemic and there appears to have been little progress made in extending these critical protections for workers. Only 3 per cent of LICs and 13 per cent of lower-MICs had unemployment protections in place prior to the pandemic, compared with 76 per cent of HICs (Djankov and Georgieva 2020). No new unemployment insurance schemes were identified in response to Covid-19, though some existing schemes expanded coverage to previously excluded workers, including domestic workers in Argentina and self-employed people in Jordan.

In the absence of unemployment benefits, many countries introduced wage subsidies to stabilise workers' incomes, though these mainly applied to jobs in the formal sector. The Government of Bangladesh provided wage subsidies to companies in the ready-made garment sector to pay three months' wages. The Government of Cambodia extended payments to workers in the garment, textile and footwear sector to the end of September 2021. South Africa's Temporary Employer/Employee Relief Scheme was limited to formal workers, though emerging evidence suggests lower-wage workers benefited most (Köhler, Hill and Bhorat 2022).

Vietnam and Morocco are notable exceptions, where wage subsidies were extended to some informal workers. The Government of Vietnam extended social assistance support to informal workers equivalent to that made available to formal workers (1m dong per month for up to three months). Targeted informal workers included street vendors, passenger motorbike and pedicab workers, rubbish and scrap collectors, and self-employed people (World Bank 2021a). However, only around 948,000 of the 5,000,000 eligible informal workers received support, likely because informal workers were not previously on an existing social protection registry, and because of barriers to joining the registry, such as proof of income and place of work (*et al.*).

Public works programmes were a small portion of labour market measures introduced following the outbreak of Covid-19, but many existing programmes were adapted or expanded to provide temporary work opportunities. India's MGNREGS increased wages and supported returnee migrants who had lost their jobs at the outset of the pandemic. One study estimated that around 7.5 million migrant workers benefited from MGNREGS during lockdowns, securing 28 per cent of the daily income they received before the pandemic (Lokhande and Gundimeda 2021).

The Government of Cambodia introduced a new cash-for-work programme, creating work opportunities in rural infrastructure and agriculture for around 1 million people. Some public works programmes were disrupted during the pandemic, and the crisis has highlighted the need for revisions to long-standing programmes. Key informants from Ethiopia, for example, suggested the PSNP be re-analysed and modifications be made in light of inflation and increasing demand for cash-for-work programmes.

> **"The only source of income for our household is the money we get from the PSNP [public works programme] and some small fruit we sell from the garden."**
>
> (LHI, Ethiopia)

Many of the labour market measures introduced in response to the pandemic appear to be broadly designed, overlooking longstanding and well known labour market disparities that were exacerbated through the crisis.

Young people were disproportionately impacted by rises in unemployment during the pandemic, but few measures were introduced to extend social protection to this group. People aged 15–24 have experienced higher losses in employment than older workers since 2020 (ILO 2022b). It is estimated that 6 million more young people were unemployed in 2022 compared with 2019, and their rate of inactivity in the labour market have risen significantly (*et al.*). Young people were overrepresented in sectors badly affected by travel restrictions and lockdown measures such as tourism; and weak labour market institutions, such as those supporting transitions from school to work, were ill-equipped to respond to the crisis (Rinne *et al.* 2022). Rinne *et al.*'s review found that many labour market measures introduced in response to the pandemic lacked an explicit focus on young people.

The Covid-19 pandemic had multiple gendered dimensions with widespread impacts on women's participation in the labour market. Like young people, women were over represented in sectors the pandemic affected such as tourism, domestic work and garment manufacturing. Women also bore a disproportionate share of caring responsibilities, including looking after children out-of-school, caring for vulnerable family members or those that became ill which disrupted their labour activity. These factors contributed to more women leaving the labour market than men, even in countries where men's unemployment was higher before the pandemic (ILO 2021c).

According to the United Nations Development Programme's Covid-19 Global Gender Response Tracker, most labour market measures introduced have not been gender responsive. The tracker shows that of the 875 labour market measures adopted in response to Covid-19, only 158 were gender sensitive (UNDP n.d.). Emerging evidence on labour participation as countries have begun to recover indicates that women are being left behind, with women's employment growth lagging behind that of men (ILO 2021c).

Box 4.A: Philippine youth employment strategy adopted as part of the Covid-19 recovery

The Philippines stands out as one of the few countries to adopt a youth employment focused Covid-19 recovery strategy based on the ILO's advised policy framework for responding to the crisis (Rinne *et al.* 2022). Youth unemployment in the country doubled between 2019 and 2020, the result of one of the most stringent lockdown policies, which disrupted jobs, education, and training opportunities. The focus of the youth employment recovery strategy has been on building human capital, with a major component being the extension of training and learning opportunities through distance and blended learning.

The government's JobStart Philippines Program funds ten days of life skills training and includes a daily allowance, and a grant to employers to cover training and administration costs and pays trainees' accident insurance. The programme pre dates the pandemic but has since been modified by moving many functions online, including virtual engagement with trainees and employers. The life skills training component was also adapted into an online course, adding modules on mental health, digital literacy, health and safety, and women's empowerment (ADB 2022).

As the pandemic recedes, governments will need to turn their focus to active labour market policies that get people back into work. It is also an opportunity to implement critical legislative changes and investments in improved labour protection programmes. Improved legislation and attention to workers' rights was largely absent from most government responses to the pandemic, beyond adjustments including shorter working hours, severance payment obligations, modification to leave policies, occupational health and safety, and strengthened rights for remote and teleworking.

At the 109th Session of International Labour Conference hosted by the ILO in 2021, 181 countries unanimously adopted a Global Call to Action for Human-centred Recovery, with a pillar on protection for all workers. It calls for redoubling efforts on adequate wages, limits on working time, occupational safety, and health measures, advancing gender quality, and combating violence in the workplace (ILO 2021b). It also calls for universal access to comprehensive, adequate, and sustainable social protection, including for self-employed people and informal workers (*et al.*). The ILO also developed detailed guidance on the sequencing of policies during Covid-19 and through the recovery period (ILO 2022c).

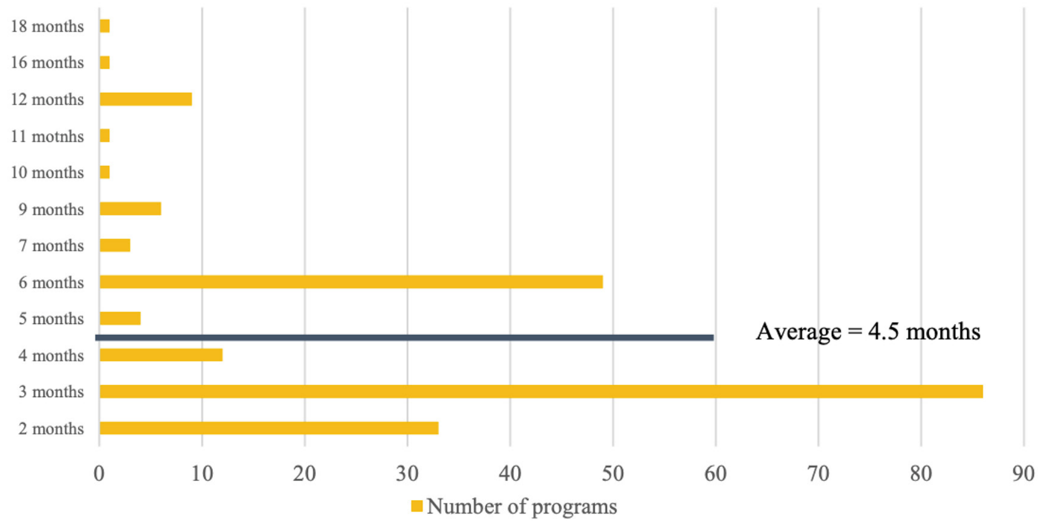
4.5 Social assistance

> **"I received 1,000 Kenyan shillings [US$9] as a covid reprieve from the government and got flour, sugar and soap from well-wishers. I was not on any cash transfer programme before the covid reprieve. I am happy I got this because I could not have managed to line up for food during this time."**
>
> (LHI, Kenya)

Social assistance in the form of cash or in-kind transfers, social pensions, school feeding, and utility payment waivers or postponements were adopted in most countries as a direct form of support to eligible households. Transfers are one of the most direct and expedient ways to support people through times of crisis, which evidence from the pandemic has begun to confirm. Cash transfers are now the preferred option for many humanitarian assistance providers because they facilitate choice and dignity, allowing people to tailor assistance to meet their individual priorities and multiple needs (EU 2022).

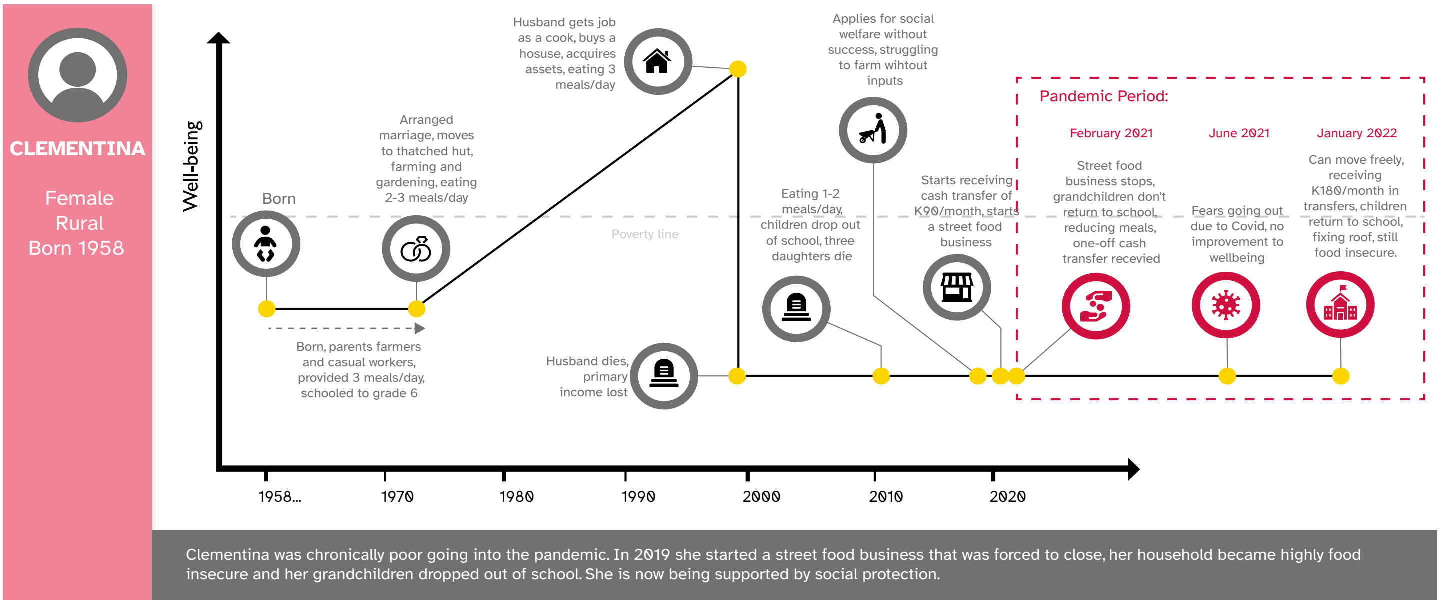
Cash transfers were the most common social assistance programme introduced in response to the pandemic, followed by utility and financial obligation support waivers and postponements, in-kind food and voucher schemes, school feeding and social pensions (Gentilini *et al.* 2022: 10). Most programmes seeking to reach new beneficiaries were new initiatives, with a smaller share of existing programmes expanding coverage (*et al.*: 12). This may be because new programmes or add-ons would be easier to end, thus containing the financial commitment. Around half of all new programmes globally were one-off cash transfers—as the life history example from Zambia in Life-History Figure 3 also illustrates— while the overall duration of cash transfer programmes was 4.5 months (Figure 4.5.1) (Gentilini *et al.* 2022). Most programmes of longer duration were found in HICs; however, some were extended well into the pandemic, such as Brazil's Auxílio Emergencial cash transfer programme, which provided payments of decreasing size up to the end of 2022. Brazil's early success in reducing poverty through the emergency cash transfer programme has also prompted national discussions about social protection expansion in the longer term.

Figure 4.5.1: Duration of cash transfer programmes (months)



Source: Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures. 2022. World Bank. Used under CC-BY-3.0 IGO.

Life-History Figure 3: Clementina, Zambia

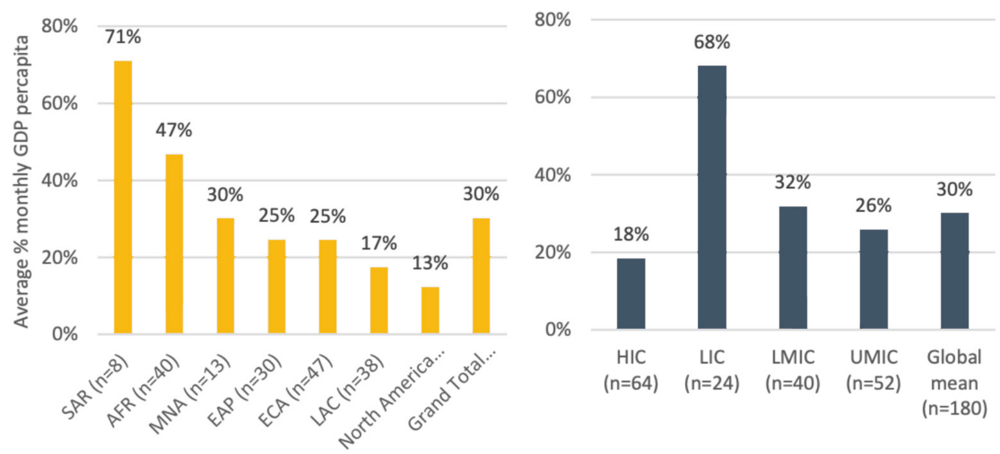


Clementina was chronically poor going into the pandemic. In 2019 she started a street food business that was forced to close, her household became highly food insecure and her grandchildren dropped out of school. She is now being supported by social protection.

Source: Authors' own.

The value of cash transfer programmes varied widely. Benefit size as a percentage of GDP per capita is one dimension of social protection coverage in which LICs performed well. The average value of transfers in LICs was 68 per cent of monthly GDP per capita, whereas the global average transfer was 30 per cent of monthly GDP per capita (see Figure 4.5.2).

Figure 4.5.2: Size of cash transfer benefits (% of monthly GDP per capita)



Source: Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures. 2022. World Bank. Used under CC-BY 3.0 IGO.

> **"We couldn't work for living, but the government supported ...us by providing food."**
>
> (LHI, Rwanda)

In-kind transfers, particularly food transfers, were a key feature of many social assistance responses in LMICs. Food insecurity rose dramatically in 2020, in part driven by Covid-19 lockdown measures, but also due to other crises such as climate shocks and conflict, making food less available or more expensive. The prevalence of undernourishment increased from 8.4 per cent in 2019 to around 9.9 per cent globally in 2020, the first significant increase in five years (FAO 2021). And while moderate or severe food insecurity had been slowly increasing since 2014, the increase in 2020 is estimated to be equal to that of the previous five years combined (*et al.*).

Multipronged approaches that address food security, livelihoods, gender and children have been promoted as highly impactful social protection interventions. Home-grown school feeding initiatives are one such approach. These are designed to provide children with nutritious food sourced from local smallholders. Rwanda's Vision 2020 Umurenge Program is another promising approach, which employs poor beneficiaries with caring responsibilities as caregivers in home-based early childhood development centres, who are also trained in promoting nutrition and better parenting knowledge and practices (World Bank 2023).

A small number of countries introduced new universal social assistance programmes, but outside wealthier upper-MICs, Timor-Leste stands out as the only country to do so. The Government of Timor-Leste provided a nearly universal monthly basic income for 318,527 households earning less than US$500 per month, which a representative survey found was primarily used to buy food and clothing, or for health or education purposes (UN Timor-Leste 2021). The survey also found that people were generally happy with the universal approach the government took. The programme was financed through a wider Covid-19 Fund of US$250m established in April 2020 and involved a transfer from Timor-Leste's Petroleum Fund.

Peru's Bono Familiar programme also stands out as nearly universal, aiming to reach households that did not receive any income during the country's state of emergency, reaching 88 per cent of the population (Gentilini *et al.* 2022: 14). An expansive social register in place prior to the pandemic helped facilitate rapid extended coverage in Peru, and the government collaborated across ministries and with the telecommunications supervisory body to communicate with people about eligibility for the programme (Beazley, Marzi and Steller 2021).

Box 4.B: South Africa's big push to expand social protection during Covid-19

The Government of South Africa's social protection response stands out as one of the broadest responses, seeking to expand both vertically (benefit size) and horizontally (new beneficiaries). Rather than relying on one signature cash assistance programme of limited duration, as many other governments did, the government adopted a multipronged approach to its social protection response.

In May 2020, the government introduced a special Covid-19 Social Relief of Distress grant worth R350 per month to expand social assistance coverage. This was the country's first digital cash transfer programme, and the first social assistance grant informal workers and long-term unemployed people were eligible for. Nearly 10 million applications were received for the grant, 6 million of which were approved (10% of the population of South Africa) (Atkins 2021). The government also increased the existing monthly Child Support Grant from R440 (US$31) to R740 (US$52).

The Presidential Employment Stimulus was also introduced in April 2020 to augment existing government commitments to employment creation. This employment generation agenda involved the Expanded Public Works Programme (EPWP), Strategic Integrated Projects for infrastructure and the Presidential Youth Employment Intervention (Rinne at al. 2022: 30). Demand for the EPWP increased when the national lockdown was imposed and quickly mobilised participants at community level, expanding existing projects and identifying new ones, including public health activities and care work for vulnerable populations (FAO 2020). However, implementation challenges during lockdown measures meant that the EPWP created fewer work opportunities between April and December 2020 than during the same period the previous year (South African Labour News 2021).

Evidence and perceptions of the Government of South Africa's social protection response have been mixed. A rapid assessment of the Covid-19 Social Relief of Distress Grant found that most recipients found the application process accessible (as did most people whose application was rejected), though some who were eligible reported not applying due to the perception that they needed a smartphone to apply. Targeting concerns have also been raised, with more men qualifying (67.6%) than women (32.1%), and people who completed high-school or above more likely to apply than people who achieved a lower level of education (Department of Social Development, Government of South Africa 2021). Another study identified indirect costs associated with accessing the grants, such as transportation costs to reach a post office to access the funds or corruption among post office workers taking a percentage of the transfer (Megannon 2022). Design features of the grant have been criticised for posing barriers to people living in poverty, which prevented them from applying or being eligible: the grant targeted people who were not receiving another form of government support; it required an ID number, which has associated hurdles; and many eligible people were rejected based on out of date government data (Atkins 2021). The programme was also relatively slow to roll out and payments were often delayed. One key informant indicated that delays in administering the Social Relief Distress Grant 'meant that the grant wasn't able to address the problem it was introduced for'.

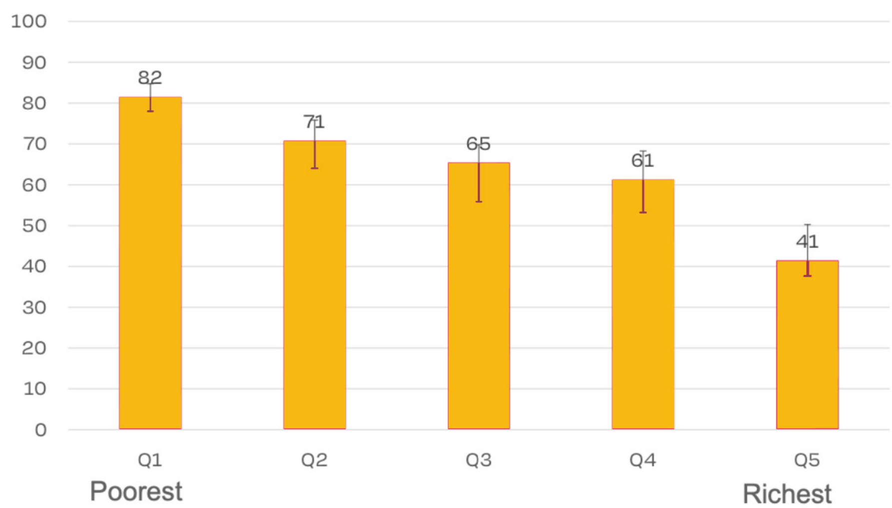
Evidence collected during the pandemic found no universal preference for cash over other forms of support, though cash generally appears to have been the preferred modality, at least in cases where markets were functioning and accessible (Lawson McDowall, McCormack and Tholstrup 2021). Analysis of post-distribution monitoring by the United Nations High Commissioner for Refugees (UN Refugee Agency) in 13 countries, for example, found that 80 per cent of respondents preferred cash assistance and that 88 per cent could find what they needed in their local market (UNHCR 2020). A survey in northern Nigeria, however, found that in-kind support and vouchers were the preferred modality in some areas, largely due to reduced spending power in those areas (Ground Truth Solutions 2020b).

Box 4.C: Broad and efficient targeting of cash transfers in Indonesia

Social protection through cash assistance formed a large part of the Government of Indonesia's Covid-19 response under the National Economic Recovery (PEN) programme. In 2020, the government allocated 230tn rupiah (US$15.1bn) for expanded social protection programmes under the PEN programme, with new efforts to include vulnerable groups not previously reached by other social protection programmes. The government's budget for social protection further increased between 2021 and 2022, from 148tn rupiah (US$9.7bn) in early 2021 to 153tn rupiah (US$10bn) in July 2021 (UNICEF 2022). It is estimated that Indonesia added around 50 per cent of the population as new beneficiaries (World Bank 2021b).

Emerging evidence indicates that social protection coverage was more likely to reach the poorest people than other wealth groups (see Figure 4.5.3). Two recent surveys found that 86.7 per cent of households received at least one form of social assistance in 2020 and 80.2 per cent received some form of assistance in 2021 (UNICEF 2022). People in the poorest quintile were identified as the main recipients of transfers, though one in three households in the bottom 40 per cent did not receive any cash assistance in 2021. Problems with disbursement were also identified by one in four households eligible for assistance (*et al.*).

Figure 4.5.3: Proportion of Indonesian households that received any social assistance or subsidies, by wealth quintile (%, May 2020)



Source: Indonesia High-frequency Monitoring of Covid-19 Impacts. 2020. World Bank. Used with permission, CC-BY-NC. Source: World Bank (2020)

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Studies on the impact of social assistance programmes in Indonesia suggest they have been effective in mitigating impacts of the pandemic on vulnerable households. Comparing household-level outcomes among social assistance recipients and non-recipients, the United Nations Children's Fund (*et al.*) found that social assistance mitigated the potential increase of moderate and severe food insecurity by 57.1 per cent, with the greatest impacts observed among households with family members with a disability, female-headed households, households with children and urban households (*et al.*: 53). Another study examining household expenditure changes between September 2019 and September 2020 found that households in the poorest quintile faced a significantly lower decline in expenditure than expected, based on estimations from growth incidence curves (Suryahadi, Al Izzati and Yumna 2021). One factor attributed to Indonesia's success in rapid and broad expansion to cover vulnerable groups has been the government's earlier learning on community targeting for social protection. Research in 2008 found that over half of all households living below the poverty line were being excluded from existing social protection programmes (J-PAL n.d.). Based on this finding, the government and its partners trialled three different targeting methods – proxy means testing, community targeting and a hybrid method. An evaluation of these targeting approaches found that proxy means tests were more effective at targeting based on pre-determined categories, but community targeting improved satisfaction and the disbursement process, and improved targeting of people who self-identified as poor. The decision to adopt community-based targeting as part of Indonesia's Covid-19 response was reportedly based on these earlier learnings (J-PAL 2021).

A range of social assistance measures were adopted to address impacts of the pandemic on children and households caring for children. A small number of upper-MICs introduced targeted support for parents of new-borns to mitigate the cost of raising a child during the pandemic (Gentilini *et al.* 2022: 27). One-time cash transfers for pregnant women and women with children below three years old were implemented in 16 countries, and 82 other countries provided childcare benefits to parents with children below 18, with various additional criteria (*et al.*). Some countries introduced transfers targeted at maintaining children's education through lockdowns and school closures. The Government of Malaysia provided cash assistance to purchase digital technologies to enable online learning; and the Government of Botswana provided transfers to cover student's living expenses (Gentilini *et al.* 2022: 27).

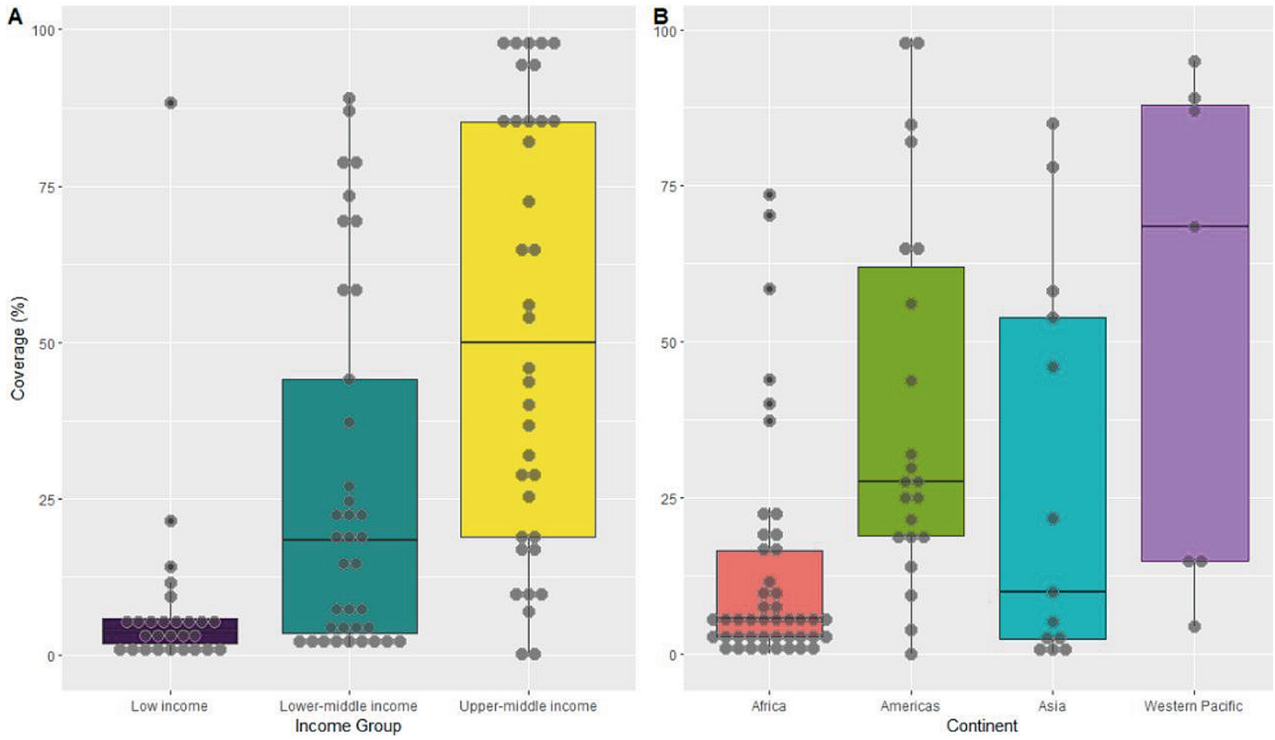
4.6 Social insurance

"I had a business of selling fish... They put us in the third category of ubudehe [welfare categorisation that is not eligible for support] so we had to pay for community-based health insurance. The business stopped, the land I had I sold it so my child could go to school. In general, those things made us fall backwards."

(LHI, Rwanda)

Insurance mechanisms such as health insurance, paid sick leave, and pensions, in addition to unemployment insurance, as noted above, are critical policy measures needed to prevent impoverishment and promote sustained escapes from poverty. Health insurance and paid leave were particularly important in the context of a public health emergency. Many governments have been working on developing or improving social insurance schemes in recent years; however, coverage by nascent or limited schemes was so low going into the pandemic that most individuals and households in LMICs were not able to rely on these schemes. A recent review of health insurance coverage, for example, found that 7.9 per cent of the population in LICs is covered by health insurance, 27.3 per cent in lower-MICs and 52.5 per cent in upper-MICs (Figure 4.6.1) (Hooley *et al.* 2022). According to Gentilini *et al.* (2022), only 51 countries adopted health insurance support measures in response to Covid 19, making these one of the weakest responses among the measures studied by their review.

Figure 4.6.1: Health insurance coverage, by country income category and region (%)



Source: Health insurance coverage in low-income and middle-income countries: progress made to date and related changes in private and public health expenditure. 2020. BMJ Health. Used under CC-BY-NC 4.0

It is unlikely that any significant health insurance measures could have been introduced as an immediate response to the pandemic to extend support to people affected by the disease; however, the pandemic should be a stark reminder to governments that have yet to prioritise and invest in universal health insurance. The onset of the pandemic marked 20 years since African governments committed to spend 15 per cent of their national budgets on health, a target only a small number of countries have met, though none have maintained this level of investment over any significant period.

Some countries with limited health insurance coverage did introduce temporary insurance-like measures in response to Covid-19 that, while not systematic, may be indicative of commitments to prevent impoverishing health costs due to Covid-19 and beyond. The DRC, for example, extended free treatment for Covid-19, though health service provision has deteriorated, with the country facing multiple health crises (World Bank 2022). However, treatment costs in many contexts were passed on to Covid-19 patients. In some countries, such as Nigeria, Ghana and Cameroon, Covid 19 patients were required to pay for oxygen (Davies, Mednick and Onwuzoo 2020).

Countries with health insurance schemes in place going into the pandemic were in a better position to rely on existing schemes or adapt them to reach vulnerable groups affected by the pandemic. In Thailand, one of the only upper-MICs with universal health coverage and with strong health service provision, financial protection against health expenses was extended to both nationals and legal residents, including migrant workers. This enabled patients to seek treatment at public or private hospitals free of charge (ILO 2021a). The Government of Indonesia issued 3tn rupiah (US$ 66m) to finance contributions to the national health insurance scheme for 30 million non-salaried workers (Gentilini *et al.* 2022). The Government of Cambodia extended access to free public health services for households that were identified in poverty categories 1 and 2 (Box 4.D).

Box 4.D: Building on efforts towards universal social protection in Cambodia

When the Government of Cambodia, led by the President's Office, developed its social protection measures under the Master Plan for Covid-19 Response, it had recent institutional developments to build on. In 2017, the government had outlined a commitment to provide universal social protection (both assistance and insurance). The National Social Protection Policy Framework set out an expansive set of priorities, including emergency relief, school feeding and workplace injury compensation; and sought to coordinate the complex social protection landscape in Cambodia, which had become a patchwork of policies and programmes. A National Social Protection Council was formed to create a high-level interministerial body responsible for delivering social protection (GIZ 2022).

One area that the government had been working on was improved social protection targeting instruments. The Ministry of Planning in 2006 launched the IDPoor Programme as a mandatory standard tool for targeting pro-poor measures. The programme involves a combination of community-based targeting and proxy means testing, with an elected village representative group responsible for implementing the proxy means test. The programme regularly updates information on households living in poverty and makes the information available to the government and NGOs, which provide services and assistance. Households are categorised into four poverty levels: Poor Level 1 (very poor), Poor Level 2 (poor), At risk and Non-poor. Poor Level 1 (very poor), Poor Level 2 (poor), At risk and Non-poor.

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Adaptations to the IDPoor categorisation system contributed to the speed and reach of the government's Covid-19 social transfer scheme. The Ministry of Health authorised a separate ID questionnaire that was administered in health posts to determine if patients were poor but had not previously been assigned to an IDPoor category. If patients were identified as poor at a health centre, they would be eligible for free health services, transportation costs and a daily food stipend (*et al.*). An on demand process was also introduced, whereby households could request to be assessed for social protection coverage outside of standard targeting updating cycles. Health insurance provision was also extended to some informal workers by a 2017 regulatory change, though many were still not covered in 2020 (Kolesar *et al.* 2020).

In Rwanda, the government made amendments to health insurance to remove the processing period for accessing medical services through the Community Based Health Insurance Scheme (Box 4.E).

Box 4.E: Rwanda's health insurance coverage – a safety net during Covid-19

Rwanda had the highest rate of health insurance coverage in Africa going into the Covid-19 pandemic, estimated to cover 78.7 per cent of the population in 2014 (Barasa *et al.* 2021). The Community Based Health Insurance Scheme, which is centrally organised, is mandatory for all informal workers and contributory, with the highest contributions of US $8 per member, and the lowest at $2, with the cost subsidized for the two poorest categories of the population. Rwanda's investments in health and coordination of health insurance are unique among LICs and have been attributed to the dominant political settlement in Rwanda, with the ruling party making access to health care a central feature of its core ideology (Chemouni 2018).

Of course, health insurance is only meaningful to the extent that services are available for people to access. The Government of Rwanda's recent investments in health infrastructure have also helped households access treatment. Health posts have been expanded throughout the country to reduce the distance people have to travel to access advice and treatment. This proved significant during Covid-19 lockdown measures, as the number of visits to local health posts increased by 260 per cent between July 2019 and June 2020 compared to a 15 per cent decline in visits to the smaller number of more widely spaced health centres (UHC-Partnership 2021).

Pensions made up a slightly larger share of social insurance measures compared with health insurance measures adopted globally in response to the pandemic. Older people were recognised as highly vulnerable to Covid-19 infection and among some of those most affected by lockdown measures, which restricted social interaction and upset informal support networks on which many vulnerable older people rely. According to Gentilini *et al*. (2022), 63 countries introduced social pension measures in response to the pandemic. Countries such as Peru and Chile provided early access for the withdrawal of pension savings to provide immediate relief; some countries provided one-off top-ups and one-off payments through existing pension schemes; and four countries (Cameroon, Egypt, Georgia and Uzbekistan) introduced permanent pension increases (Gentilini *et al*. 2022: 17). Access to pension support was uneven in many contexts. In India, for example, migrant workers from scheduled castes, scheduled tribes and other backward classes faced barriers to accessing pensions (Naik and D'Souza 2021).

4.7 Innovations and improved targeting of vulnerable and hard-to-reach groups

Despite the many shortcomings of social protection measures introduced in response to the pandemic, some areas of innovation and expanded coverage offer insights into what is possible in times of crisis, and learning for social protection more broadly.

4.7.1 Immediate response

A critical factor determining whether social protection measures effectively support those living in poverty and those at risk of impoverishment through periods of crisis is timeliness of implementation. Transfers and subsidies need to reach individuals and households quickly to avoid people resorting to negative coping strategies such as reducing food intake, selling assets or taking out loans to meet basic needs. Some programmes announced shortly after the pandemic was declared took months to implement, leaving individuals and households with no support during the most stringent lockdown period. Others were introduced remarkably quickly and with positive effects. Gentilini *et al*. (2022) found that new programmes took 26 days on average to move from announcement to implementation, but with significant variation in range either side of this. Paraguay's top-up to the existing Tekoporã programme was implemented the same day it was announced, whereas the longest delay identified was 119 days (*et al*.: 16).

A review by Bastagli and Lowe (2021) identified examples of programmes that moved quickly from announcement to implementation. These included Togo's Novissi cash transfer programme (targeting informal workers, which was introduced less than a week into curfew restrictions and began making payments within a day of the programme launch (Box 4.F). Peru's Bono Yo Me Quedo en Casa emergency cash transfer programme was announced the same day as a nationwide lockdown and payments were made within ten days. In India, the state of Kerala's community kitchens, which aimed to ease the caring burden on women, were operational within a week.

An important factor driving the immediacy of responses was the presence of existing systems on which to build, even where new programmes were introduced.

Countries with an existing register responded within 11 days on average (Gentilini *et al*. 2022: 15). But programme design and the rollout of new programmes or new targeting approaches took months in some cases. The Government of Nigeria announced its intention to provide cash transfers to urban areas using a new targeting approach in April 2020. However, due to implementation challenges, it was not rolled out until January 2021 (Lowe *et al*. 2021). Malawi's Covid-19 Urban Cash Intervention was announced in April 2020, but payments were not made until February 2021 (UN 2020).

4.7.2 Technological innovations

Both out of necessity and efficiency, the Covid-19 pandemic prompted many social protection providers to adopt technological options to communicate with recipients and support remote identification, registration, verification, data collection and monitoring (Lawson-McDowall *et al*. 2021). Countries with digital systems already in place were in a stronger position to scale up existing platforms.

While technological adaptations present an opportunity to roll out transfers and information quickly and efficiently, these approaches risk exacerbating the digital divide, given that the poorest households are those least likely to have a mobile phone, adequate mobile signal coverage and access to a bank account. Digital programmes also need to be aware of gender dynamics, given that fewer women have access to mobile phones or bank accounts than men (*et al.*).

4.7.3 Informal workers

Extending social protection coverage to informal workers became a key area of intervention for many governments during the pandemic, as this group – the majority of whom were from lower-income settings – were particularly vulnerable to the health and socioeconomic impacts of the pandemic, and tended to be excluded from existing programmes. Many positive examples can be noted. Peru's Bono Independiente and Bono Familiar Universal cash transfer programmes targeted households with independent and informal workers. South Africa' Social Relief of Distress grant was the country's first social assistance grant made eligible to informal workers and the long-term unemployed. The Government of Togo introduced the Novissi mobile transfer programme (Box 4.F), which used a mobile phone app to reach half a million workers within one month (ILO 2021a), although a national election scheduled for 2023 may have helped drive this intervention.

Box 4.F: Togo's Novissi emergency cash transfer – quickly reaching informal workers

The Government of Togo's technological innovation and remarkably rapid rollout of the Novissi emergency cash transfer programme has garnered global attention. In April 2020, immediately following its declaration of a national state of emergency, the government announced a new monthly unconditional cash transfer programme to support informal workers, representing 90.4 per cent of the total workforce (Debenedetti 2021). The base-level benefit was benchmarked against the minimum wage. The first phase was financed primarily through the National Solidarity and Economic Recovery Fund, which predated the pandemic but which the government

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used to mobilise significant resources. Further multilateral funding and a partnership with NGO GiveDirectly allowed the programme to be extended in October 2020. The first phase provided cash transfers to 572,852 workers in the informal sector, 65 per cent of whom were women (World Bank 2021c).

Novissi was implemented using a newly designed contactless platform that combines mobile money, high resolution satellite imagery, nationally representative data and machine learning. The system was designed to select the poorest villages and neighbourhoods using high-resolution satellite imagery and nationally representative household consumption data. Within those locations, the poorest households were identified using machine learning algorithms, mobile phone metadata and phone surveys (*et al.*). The algorithms were trained to predict consumption for 5.7 million people, based on which 57,000 new beneficiaries were identified and issued cash transfers. The government also engaged in citizen outreach to inform the public about how to register for the programme, advertising it through various media channels and partnering with the post office, whose staff could act as extension agents, converting transfers into cash (*et al.*).

The rapid mobilisation of the programme has been attributed to a dedicated team, headed by a senior economic advisor to the president and the minister of digital economy and digital transformation, who worked with an interministerial committee that was set up to coordinate the emergency response to Covid-19 (*et al.*). The government worked with mobile phone providers to upgrade their platforms, and within one week 450,000 eligible beneficiaries received payments (*et al.*). The World Bank, GiveDirectly and academic partners provided financial and technical support (World Bank 2021c). In an opinion piece in the Financial Times, President Faure Gnassingbé wrote, ‘other African leaders could also use similar mobile-based, cash transfer schemes. Enrolment is quick. Funds can be transferred rapidly. The system is transparent and easy to audit’ (Gnassingbé 2020).

4.7.4 Urban expansion

Before Covid-19, social assistance in urban areas covered 39 per cent of the poorest quintile, compared with 46 per cent in rural areas (Gentilini, Khosla and Almenfi 2021). The Covid-19 pandemic prompted a renewed focus on the need to expand social protection in urban areas. Urban residents were highly vulnerable to Covid-19 transmission due to overcrowding, and poor hygiene and sanitation, as well as loss of livelihoods and increased costs of housing and basic goods. Some government interventions targeted urban areas directly with new social assistance programmes. The Government of Nepal in 2021 introduced the Nepal Urban Governance and Infrastructure Project as part of its economic recovery plan, bringing labour-intensive public works, small-scale community infrastructure and rehabilitation employment through cash-for-work schemes. Peru’s Bono Yo Me Quedo en Casa cash transfer programme targeted urban households negatively affected by lockdowns. Nigeria’s Rapid Response Register used satellite imagery and SMS (text message) communications to identify eligible social protection beneficiaries in high-poverty urban neighbourhoods (Roelen, Archibald and Lowe 2021).

4.7.5 People with disabilities

Going into the pandemic, one in five people with a significant disability globally did not have access to disability benefits (UNPRPD 2021). Being among the most vulnerable to Covid-19 itself, as well as its social and economic effects, social protection responses explicitly targeted people with disabilities in around half of all countries that introduced new measures (*et al.*). Most measures involved temporarily increasing benefit levels in the first few months of the pandemic, though some countries expanded horizontally to reach more people. The Government of Sri Lanka expanded its disability allowance programme to 35,000 people with disabilities who were on a waiting list prior to the pandemic. Rwanda expanded coverage to include families of people with disabilities, those experiencing critical illness and older people. The Government of Kenya expanded social protection for people with disabilities vertically and horizontally. A one-off top-up of 8,000 Kenyan shillings (US$74) was made to existing recipients, and an additional 33,000 people with disabilities received a three-month transfer (UNPRPD 2021: 11).

4.7.6 Migrant workers

Migrant workers face additional barriers to accessing social protection and were among those most affected by early disease containment measures due to job losses and measures that required the workers to return to their country of origin or left them stranded in destination countries (ILO 2021d). According to Gentilini *et al.* (2022), 28 per cent of labour market policies they reviewed were aimed at migrants. Mauritius and Panama, for example, extended employment permits for migrants for up to one year, while Mongolia, Senegal, Timor Leste and a few other countries supported stranded citizens with financial assistance (*et al.*: 28). The Government of India in June 2020 launched the Garib Kalyan Rojgar Abhiyaan rural public works scheme to provide livelihoods opportunities for returnee migrants. The scheme aimed to give 125 days of employment to 670,000 workers across six states (Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Odisha and Jharkhand). The state of Bihar introduced a cash transfer programme for migrant workers using a digital app, verification and payment approach, reaching over 2 million people (Lawson-McDowall *et al.* 2021). While no longer-term targeting strategies for migrants were identified, 'the pandemic has underlined the need to extend labour and social protection through integrated approaches that include migrant workers in national social protection responses' (ILO 2021d: 4).

4.8 Conclusion

Effective, comprehensive, and adaptive social protection has proven to be an indispensable component of pandemic preparedness. In contexts where social protection was present or introduced in a timely and proficient way, governments were in a better position to mitigate some of the most damaging health and economic effects of the pandemic for the poorest and most vulnerable people.

Perhaps no other policy area speaks more explicitly to the trade-off between lives and livelihoods; social protection can address both simultaneously and thus avoid having to make this trade-off. Comprehensive health insurance (coupled with well-financed and accessible health systems) means people have access to potentially lifesaving treatments, while also avoiding catastrophic health spending in the event of infection. Labour market protections that include health safety measures, as well as unemployment and wage protections, ensure people are not forced to work in conditions that risk exposure to disease to maintain their livelihoods. And cash or in-kind transfers that support people struggling to meet basic needs through crises mean that people are not forced into economic conditions that risk their health or require them to sell assets or take on debt, or engage in other negative cop[ing strategies, which could lead to longer-term impoverishment.

The Covid-19 crisis has reinvigorated the global conversation on universal social protection. While questions remain around appropriate and effective system design, targeting and inclusion strategies, modes of implementation and adaptability, the need to move quickly towards universal coverage has never been clearer. Lessons learned from the wide variation of experiences across countries studied in this section include the following.

Well-established social protection systems in place prior to a pandemic are better equipped to respond quickly and effectively. Adaptions will most certainly will be required to respond to new or overlapping crises (see Chapter 6), but having well-functioning and adequately financed systems ready to respond is critical. Countries should start to work on building, expanding or deepening their social protection architecture and coverage now to be ready to act in the event of future crises. Financing these changes now, in times of relative stability, will help to avoid damaging trade-offs between lives and livelihoods later.

Universal coverage is non-negotiable; with some exceptions among the extremely wealthy, everyone's lives and livelihoods are at risk during a pandemic. Needs will differ across country contexts depending on the structure of the economy, demography, exposure to the disease and other factors, but protections are potentially needed for all segments of the population and across geographies to protect lives and livelihoods through social protection measures.

Targeted measures are also required to address the needs of vulnerable groups and those that fall outside of existing social protection measures, at least in the short to medium term, as systems move towards universal coverage. In the case of Covid-19, targeted measures were needed to support people with disabilities and older people who were disproportionately at risk of the adverse health effects from the disease. Targeted measures were also needed for women and young people, whose livelihoods were disproportionately affected, or for those who faced greater caring responsibilities. Migrants who were not previously eligible for health coverage or employment protections required targeted measures that facilitated their inclusion into wider social protection programmes.

Social protection systems need regular updating, and technologies are available that can help to overcome some of the administrative and practical hurdles that continue to exclude people from accessing protection or make delivery costly and inefficient. The expansion of mobile phone access over the past decade has meant that registration and payments can be more easily facilitated, bearing in mind the poorest people are still less likely to have mobile access or data coverage. Examples of good practice in extending social protection to informal workers and micro-business owners are more readily available than ever before, based on experiences from the pandemic, showing that countries that have struggled to do this in the past should revisit their approaches. The pandemic also revealed how urgently outdated targeting systems need to be updated to avoid excluding those most in need of social protection as and when crises occur.

Chronic Poverty Advisory Network
Getting to Zero

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