Universal Transfers and Reachability Issues During COVID-19

JVI COURSE

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The scale of support to households through social protection measures is unprecedented

Coverage of Cash Transfers before/after COVID-19

The choice of (near)-universal coverage expansion depends on initial social protection mix and balance between generosity and inclusiveness

Initial social protection mix:

- What **coverage**?
- What **mix insurance/assistance** (i.e., automatic stabilizers vs. guaranteed minima)?
- What **shock-responsiveness**?
  - Built-in triggers that ensure continuity
  - Piggybacking response (top-ups/additional recipients)
  - Aligning emergency design with future design

High Coverage

Scale-up and broaden existing social benefits
UT as one-off bridge
(European, East Asia and Pacific and Latin American countries)

Low Coverage

Prioritize strengthening of existing benefits + near UT targeted at uncovered categories (informal, families, remote areas)
(SSA)

Low Adequacy

UT part of the toolbox
(South Asia)

High Adequacy

UT part of the toolbox
(MENA, US)
Two country examples

Russia

• **Objective:** provide lifeline support to families

• One-off cash transfer of USD 136 to all children aged 3–15 irrespective of the family income + one-off cash transfer of USD 68 to all children under 3

• Complementary to existing targeted child allowances

• Application online or at public services center

• Boost to social pension

Japan

• **Objective:** promote “the nation’s sense of unity”

• One-off cash handout of USD 930 for every person listed on the Japan’s Basic Resident Register

• Option to opt-out (intended for self-selection out by the rich)

• Application online (but requires a 12-digit number not mandatory and with coverage of 16 percent of population) and by mail
A large premium on capacity to reach people

Basic Trinity of Reachability

ID system
- Universal
- Reliable

Socio-economic data
- Integrated
- Up-to-date

Delivery infrastructure
- Inclusive
- Safe
- Transparent
Many EDEs cannot immediately leverage this trinity (1/2)

ID coverage of population over 15

Financial access of population over 15

Source: IMF staff on World Bank Findex 2017.
Many EDEs cannot immediately leverage this trinity (2/2)

Income data available to public agencies

Population over 15 with mobile money account

Countries are finding workarounds to scale up their coverage of households

Relax ID requirements and authentication process:
- In Togo, individuals can apply to a new cashless transfer using their voting card
- In Peru, use of one-time-passwords to access simplified mobile banking service

Increase availability of transfer cash-out points and ease use of financial services:
- In Ecuador, number of authorized agents doubled in 2 weeks
- In Malaysia, mobile internet is free during the crisis
- In Nigeria, Rwanda, Uganda mobile money fees are reduced or waved

Identifying vulnerable groups using alternate data sources:
- In Nigeria, collaboration with mobile network operators to identify vulnerable informal workers in urban areas through airtime purchase pattern
Exiting with stronger social protection systems

- Exiting the crisis intervention mode includes
  - Aligning emergency programs with sustainable social protection systems:
    - Exclude out and stack complex-targeted over simple-broad programs ("gradual universalism")
    - Adapt design features, e.g., higher transfers to women, complementary support programs
  - Reducing social protection coverage gaps and building new capacity to reach people:
    - Increase take-up (digital tools, simplified application/recertification processes)
  - Transparently communicating on program’s objectives, features and impacts

- In advanced economies
  - Let market support channels (liquidity and job market matching) gradually replace lifeline support to firms and job links

- In emerging and developing countries
  - Scale up coverage and adequacy of safety nets and build the infrastructure and institutional environment for the trinity
Concluding remarks

• If enter lockdown-easing cycle in the short-medium term, it is important to
  • Continue to clearly motivate the objectives of measures and their design
  • Undertake impact assessment of measures (cost and effectiveness)
  • Strengthen capacity to monitor and adjust (e.g., computing capacity, interoperability across public administrations and agencies, variety of delivery platforms)
  • Transparent communication of measures

➢ Develop clear medium-term financing plan consistent with development strategy and fiscal sustainability
Resources – Policy and Guidance Products

IMF Special Series note on COVID-19
- “Expenditure Policies in Support of Firms and Households”
- “Managing the Impacts of the Coronavirus: Guidance on Health Spending Policies”
- “Reaching Households in Emerging and Developing Economies: Citizen ID, Socioeconomic Data, and Digital Delivery”
- “Managing the Impact on Households: Assessing Universal Transfers”
- “Food Markets During COVID-19”

IMF blog June 2020: You’ve Got Money: Mobile Payments Help People During the Pandemic

IMF Spring 2020 Fiscal Monitor
- “Chapter 1: Policies to Support People During the COVID-19 Pandemic”
- “Chapter 2: IDEAS to Respond to Weaker Growth”

IMF Policy Paper 2019 “A Strategy for IMF Engagement on Social Spending”
EXTRAS
A resilient mobile money transfer program goes beyond the technology