



FISCAL AFFAIRS

Universal Transfers and Reachability Issues During COVID- 19

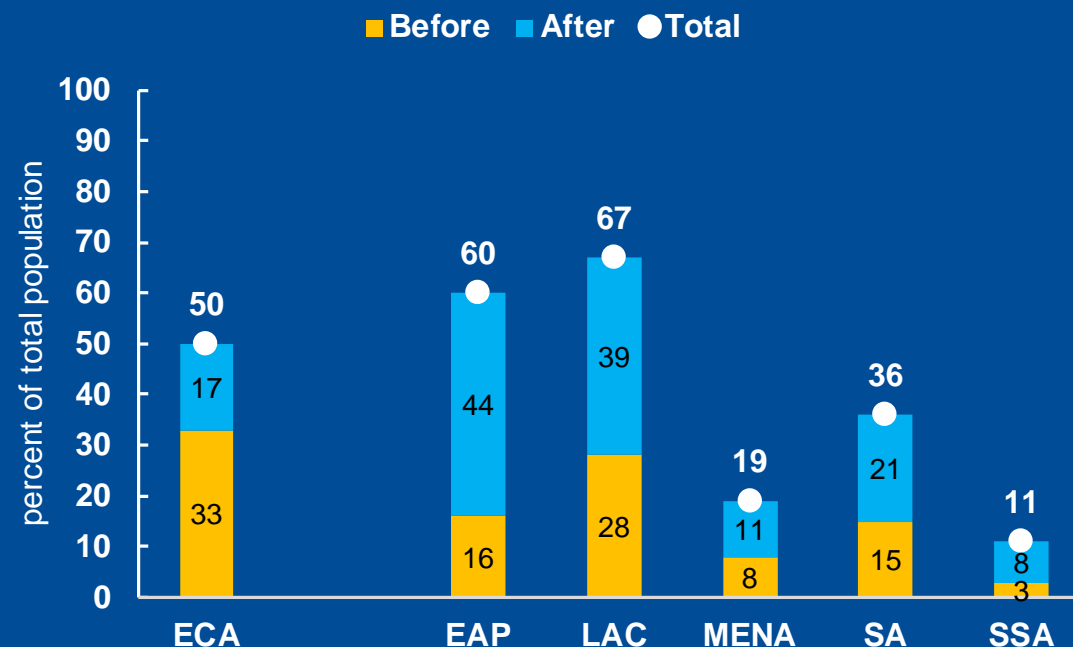
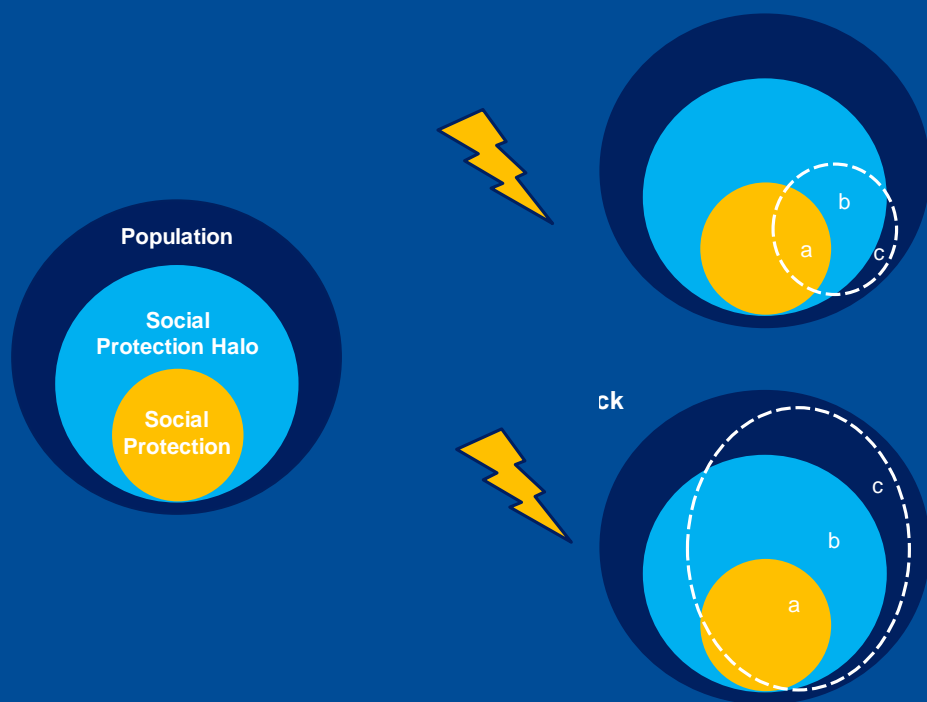
JVI COURSE

JULY 14, 2020

Delphine Prady

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

Coverage of Cash Transfers before/after COVID-19

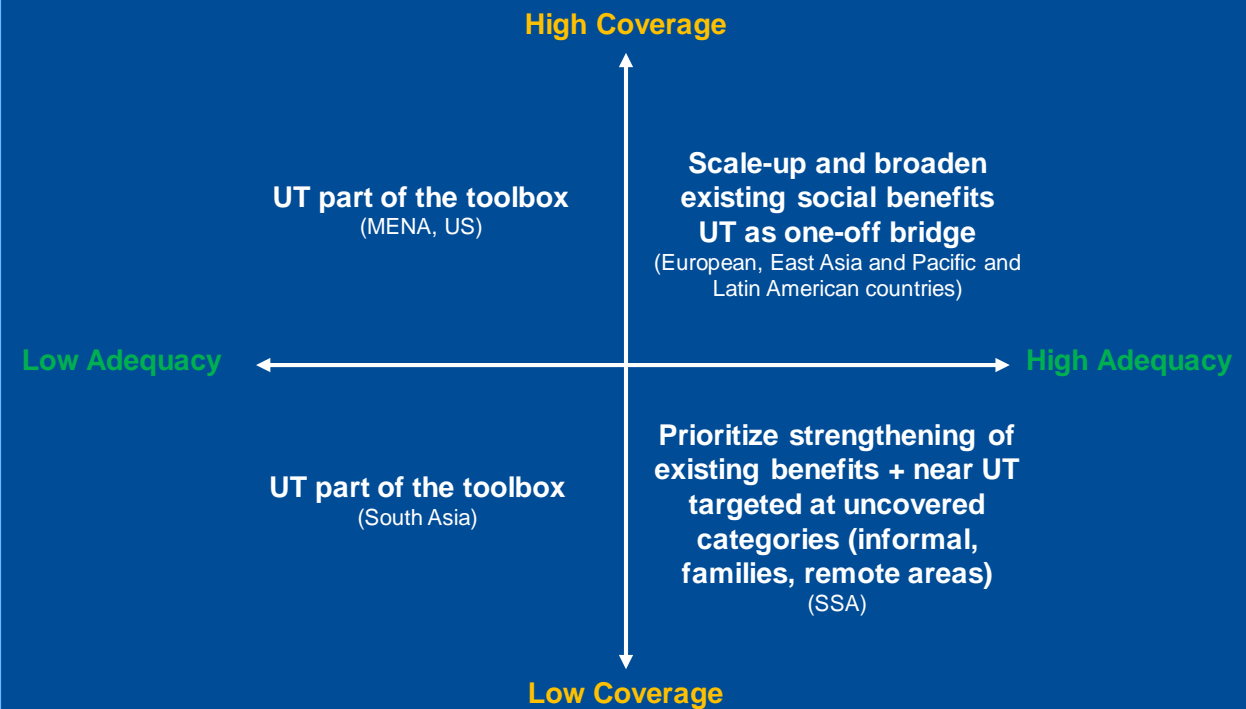


Source: IMF staff and Gentilini et al. (2020), "Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures".

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



Two country examples

Russia

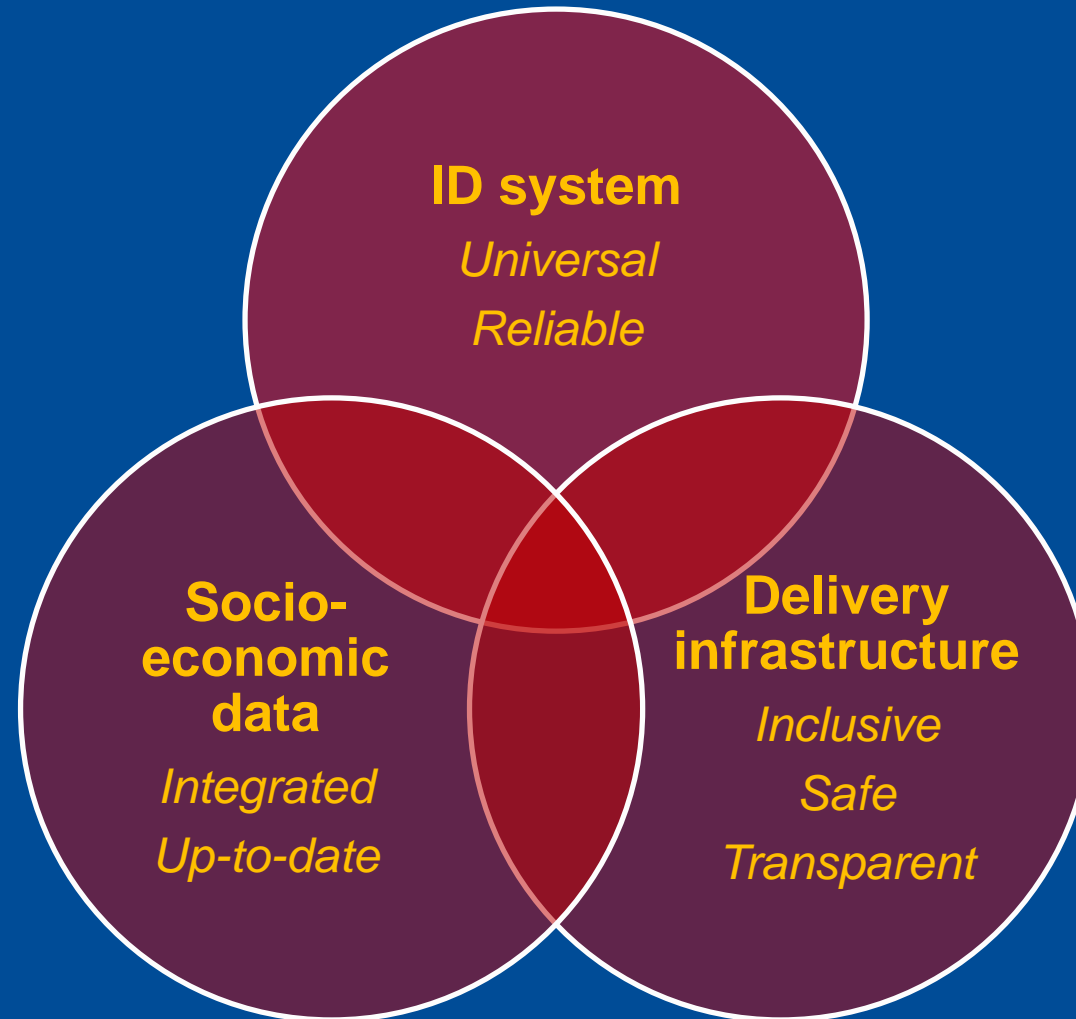
- **Objective:** provide lifeline support to families
- One-off cash transfer of USD 136 to all children aged 3–15 irrespective of the family income + one-off cash transfer of USD 68 to all children under 3
- Complementary to existing targeted child allowances
- Application online or at public services 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

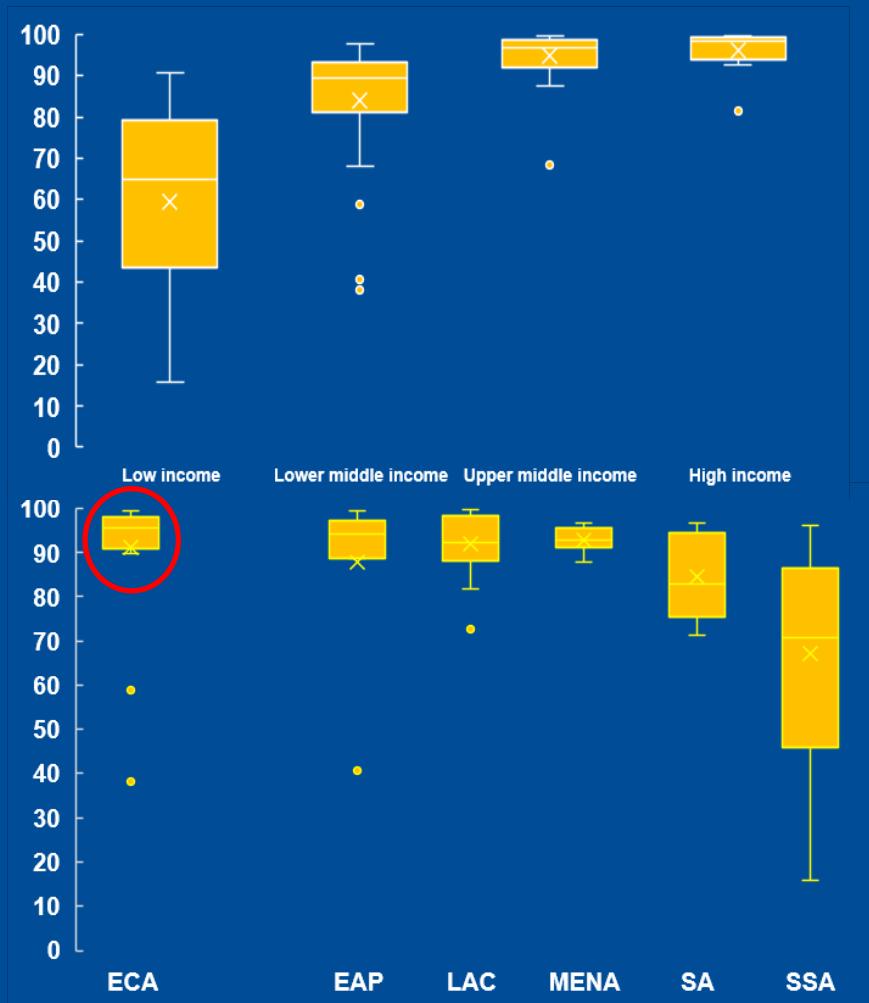
A large premium on capacity to reach people

Basic Trinity of Reachability

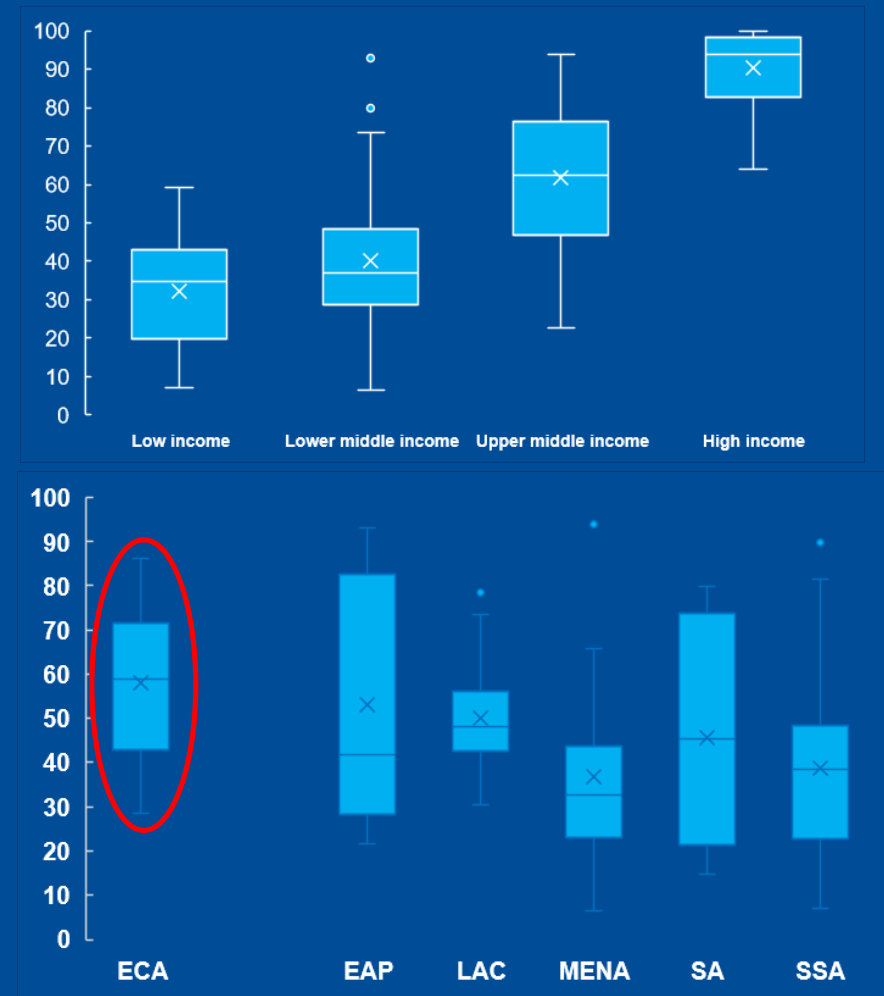


Many EDEs cannot immediately leverage this trinity (1/2)

ID coverage of population over 15



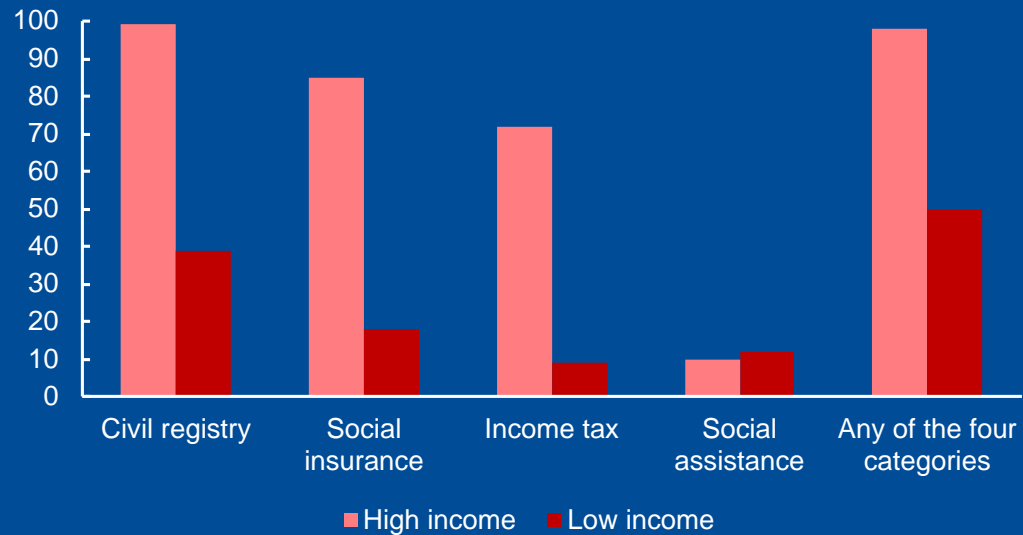
Financial access of population over 15



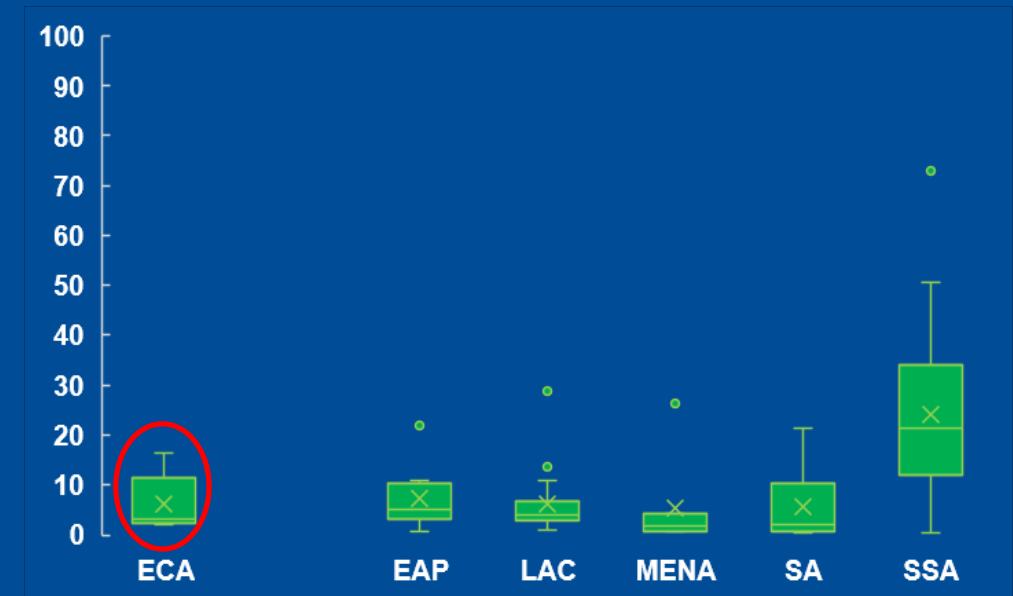
Source: IMF staff on World Bank Findex 2017.

Many EDEs cannot immediately leverage this trinity (2/2)

Income data available to public agencies



Population over 15 with mobile money account



Source: IMF staff on World Bank Findex 2017 and World Bank 2019 report [Protecting All: Risk-Sharing for a Diverse and Diversifying World](#).

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

