

## #5 Social Protection Responses to Covid-19

The role of digital technology in COVID social protection responses

### Introduction

Bureaucrats and international development agencies alike emphasise the potential of digital technology to enhance speed and efficiency, by-pass time consuming bureaucracies, and reduce corruption. This potential has been highlighted by the COVID-19 pandemic, where digital technology has been important in facilitating the delivery of welfare benefits in a number of countries during the time of physical distancing and lockdown. Here the impact has been greatest in the area of government cash transfers and grants; from the identification, authentication and enrolment of beneficiaries, through to distribution and the handling of complaints and grievances.

Digital technology has also had an impact on the delivery of food security mechanisms. For example, in South Africa and Argentina, governments have been able to send food e vouchers via SMS to beneficiaries, redeemable at local stores. In the case of StreetNet International's Rwanda affiliate, Syndicat des Travailleurs Indépendants de l'Économie Informelle (SYTRIECI), SMSs were used to raise awareness amongst their members about the availability of government food relief and to coordinate when it would be available for beneficiaries to collect from their local villages.

But there is a real danger in presenting digital technology as a magic solution. Such technology is not neutral, nor does it exist in a vacuum. It requires social processes and physical infrastructure and will only work as well as the systems in which it is embedded. In this respect, grassroots organisations are crucial in enabling technology to work more favourably in the interests of the poor. If not, it can easily amplify power imbalances, and lead to new exclusions, often of the most vulnerable.

In this brief we look at how digital technology is being used in the delivery of government grants and cash transfers to informal economy workers, and assess the extent to which it has been able to by-pass some of the traditional barriers the sector faces in terms of engagement with, and recognition by the state and the formal sector. We also reflect on how it has created new barriers, and look at how the delivery of social protection through digital technology platforms can be made to work optimally for informal workers, what needs to be in place for this to happen, and how governments can best support this.

### **Providing access to those outside the formal banking sector**

Using mobile phones to deliver grants and cash transfers through e vouchers or e money means that no physical transfer of cash is required, hence the need for a bank account is by-passed. For example, to enable the delivery of Namibia's Emergency Income Grant (EIG) once-off payment of N\$750 (US\$ 41) targeted at workers in the informal economy, a token was issued by one of the following banks; FNB Namibia, Bank Windhoek or Standard Bank, for an e-money product to beneficiaries' cell phones. This could then be redeemed using the cardless services at that bank's ATM or be used to transact directly via the value-added services provided by the various wallets. With Guatemala's emergency cash-grant of GTQ 1,000 (US\$ 130) to informal and self-employed workers, payment was also made electronically. The beneficiary then received a code through their phone, which allowed them to access the benefit: either by withdrawing from an ATM without a card or withdrawing the money at an accredited supermarket. Alternatively, they could withdraw the money at a bank agency.

Mobile technology also holds the potential to facilitate the expansion of the formal banking sector to those on the margins, by removing some of the traditional barriers associated with opening a bank account. For instance, access to a bank branch, having a certain level of literacy, the cost of transportation to get there and opening hours conflicting with working hours. etc. In the first phase of Colombia's Ingreso Solidario<sup>1</sup>, less than half of the 2.5 million intended beneficiaries had access to the grant, precisely because they did not have bank accounts. This in itself is a clear indication of how many informal workers remain outside the banking system. The policy makers of the Ingreso Solidario did not restructure the grant to facilitate delivery outside of the formal banking sector, as Namibia and Guatemala have done. Instead they streamlined the process of opening a bank account. A person could apply to open one at the same time she applied for the grant and could do so via her cell phone. Through a simplified process, the applicant would be required to provide only a few key pieces of identification information, such as type of ID, ID number, place and date of issue, full name of the beneficiary, and place and date of birth.

### **Allowing for remote application and delivery**

Mobile and internet application processes mean that beneficiaries can apply remotely from the safety of their own homes without putting themselves at risk or having to waste time and money travelling. They can remain at work and not lose valuable time on the job. With the Thai government's emergency grant of 5,000 baht (US\$ 152) for three

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<sup>1</sup> This grant consisted of a first benefit of COL 160,000 (US\$ 40) and a second one of COL 80,000 (US\$ 20), aimed at targeting 3 million poor families of informal workers.

months, targeted at informal workers, applicants were able to apply online via a dedicated website. Alternatively, they could register with the Government Savings Bank, the Bank for Agriculture or the Krungthai Bank. HomeNet Thailand reports that all of its 7,000 members joined up. However, about 50 percent of these workers had to ask for help from family members or the organization to sign up on the website.

Applicants for the Namibian Emergency Income Grant were able to apply via SMS to the call centre of mobile provider Mobile Telecommunications Limited (MTC) free of charge. MTC then sent out a trigger SMS to all MTC SIM card holders to prompt the application process via applicants' cell phones; An applicant did however have to have a valid Namibian ID and access to a mobile phone registered with mobile provider Mobile Telecommunications Limited (MTC), in order to do so. In Morocco, to apply for the government assistance informal economy workers who were members of the country's National Medical Assistance Program were required to send their RAMED<sup>2</sup> registration number to a toll-free number. Non-RAMED informal workers were required to register on a digital platform filling out their personal details including an ID number, phone number, and evidence of their occupation.

### **Flexibility of forms: different paths to registration and delivery**

By opening up several channels through which to apply for, and receive grants and cash transfers, digital technology can play an important role in creating choice for beneficiaries, which enhances inclusion. With the Bangladeshi government benefit, for example, workers can apply through three different avenues, online, through a website, or by phone, calling a hotline, or by sending an SMS request to start the application.

Choice is also enhanced by combining technology with more traditional avenues of access. Online registration is a good option, but there must also be other options available, for example, combining online and manual options. This is the route taken by Thailand. Here workers were able to apply for the government grant either online via the website, or by going into one of the government listed banks. In the case of South Africa, it was a good idea to have registration available at South African Social Security Agency (SASSA) offices, so that informal traders who did not have access to phones were still able to register for the government's special COVID grant.

### **Identifying and targeting vulnerable workers in need of state support**

Mobile phones have played a crucial role in making it easier to identify and target vulnerable populations. In the case of the Bangladesh government's cash grant to

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<sup>2</sup> REMED or *Régime d'Assistance Médicale* is a non-contributory basic coverage scheme complementary to the national health insurance scheme in Morocco.

informal workers, targeting was done using QR code (mobile app), national ID, and lists from unions, who listed about 5 million newly vulnerable people (informal workers who lost their livelihoods).

In Colombia, waste pickers have been identified as one of the categories of people living in poverty conditions, and hence, at risk. The Colombian government worked with the Mobile Network Operators (MNO) to link potential beneficiaries with mobile numbers and identify the type of connectivity they have in place. Beneficiaries then received an instruction via SMS. Those who already had bank accounts were told that they would receive confirmation that their payment would be made directly into their accounts. For workers who did not have a bank account, instructions were sent providing the information on how to open a bank account. These instructions would be sent either through the app or through a text code (USSD), depending on what kind of device the beneficiaries had. However, applicants in Colombia must have access to a mobile phone to request the benefit, which might exclude some of the most vulnerable workers.

But identifying beneficiaries, and delivering resources through mobile numbers, will only work if data lists are accurate and up to date. In the case of Bangladesh, for example when grants started to be paid discrepancies between National Identification Card numbers and corresponding mobile numbers, hindered the programme effectiveness. This meant that grants were disbursed to less than 2 million out of the 5 million intended beneficiaries. As a result of this data mismatch, a list of 2.3 million people was sent back for verification, while others were considered non-eligible. In other words, less than half of the targeted population benefited.

With India's Pradhan Mantri Street Vendor's Atmanirbhar Nidhi (PM SVANidhi) scheme,<sup>3</sup> beneficiaries were required to enter their phone number-linked Aadhaar card (ID card) details in order to apply. For many vendors however, their Aadhaar cards are not linked with their phone numbers or their contact details have changed over the years.

### **Enhancing communication between social security systems and beneficiaries**

Effective welfare provision is about building a relationship between people and the state. Digitization can impact this relationship, both positively and negatively. It is a

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<sup>3</sup> The PM SVANidhi is a special national micro-credit facility for street vendors in India, launched to provide access to affordable working capital loans to enable them to resume their livelihoods activities, after lockdown. Under the scheme eligible vendors are able to access loans of up to Rs. 10,000.

huge mistake to think that digitization can replace this relationship - rather technology needs to be used in such a way to enhance this relationship.

Digital technology can provide access to assistance and advice when applying for grants or awaiting outcomes of applications. It can also be used as an avenue for grievances and redress. In one response to COVID-19 Guatemala, approved an emergency cash-grant Bono Familia hotline so that people could make inquiries about the status of their applications and have their questions answered. The success of such hotlines, however, depends on the underlying infrastructure and resources available to manage them. Kenya has a toll-free number where applicants can follow up on their applications, but people complain that this line is always congested, and they never get back to you. In South Africa applicants who applied for the government's COVID grant received impersonalised generic automated rejections on their cell phones without getting a full explanation. In such instances technology can further alienate citizens from the mechanisms of the State.

### **Not everyone has access to digital technology or knows how to use it effectively**

Possibly the most crucial criticism of digital technology is the fact that it creates new kinds of exclusions, as not everyone has the resources to access it, or the skills to use it effectively. With India's Pradhan Mantri Street Vendor's Atmanirbhar Nidhi (PM SVANidhi) scheme, online application was compulsory, significantly limiting vendors' access. In other cases, it left vendors at risk of being charged exorbitant amounts when they used local cyber cafes, reports Dharmendra Kumar of the New Delhi chapter of Hawkers' Joint Action Committee. In the case of Colombia's Ingreso Solidario, despite offering flexibility in terms of application and delivery options, many informal workers had difficulty accessing the payment because of a lack of internet access, mobile devices and challenges related to technology literacy.

Using technology requires resources. In the case of cell phones airtime and/or data is required, as well as access to a cell phone network. In the case of a computer, electricity and an internet connection are necessary. Navigating and using digital technology also requires a certain level of literacy and education. Women and older people, who in many countries tend to have lower levels of literacy and education, can be disproportionately impacted as a result. It is workers most on the margins who face the greatest risk of exclusion.

For waste pickers in South Africa, who often earn less compared to fellow workers in other sectors of the informal economy, applying for the government COVID grant via phone was not really a viable option. Many are without phones (90 percent) and not

literate; if they do have a phone, then they often have no data or airtime to continue doing the follow up work on the applications beyond the initial application. The poorer and more marginal informal workers are, the less likely they are to have access to phones and other digital technology; hence an online system only amplifies their vulnerability and exclusion. Furthermore, access to technology depends on infrastructure, such as electricity, phone lines, cell phone networks, banking networks and ATMs, which need to be present and in reliable working order.

On the African continent and elsewhere in the global South, technology clearly favours the urban areas. Take for example the social cash transfer program Livelihood Empowerment Against Poverty (LEAP) in Ghana, which has been partly digitized, and where people can now register with mobile phones. This is fine in the cities, where access is adequate, but in rural communities it is a problem as there is less access. This is a reminder that technologies are only as effective as the human resources and systems underpinning them.

### **Who benefits most and who does all the hard work?**

The use of digital technology in the delivery of cash transfers and grants tends to require partnerships between the private sector and the government - who lack the capacity and infrastructure to deliver. But what does this mean when governments outsource to private companies? Private sector contractors can easily make large profits off their involvement in digitization, while worker organisations who spend much of their human resource capacity collecting the mobile numbers of their members for databases remain uncompensated for their labour, and unrecognised for their efforts. With the private sector involved, issues around data privacy and security are also brought to the fore.

The challenges that digital technology poses for ensuring inclusion and justice remain as great as the possibilities this technology holds for breaking down barriers and enabling. What is key is how this technology is put to use, and the human and infrastructural systems in which it is embedded. Much work remains to be done to ensure that the use of digital technologies in the provision of social protection is harnessed to respond to the needs and context of the working poor.

These briefs are in draft form, as they are a work in progress. If you would like to cite please contact the WIEGO team at: [laura.alfers@wiego.org](mailto:laura.alfers@wiego.org)



## ABOUT WIEGO

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