

## #7 Social Protection Responses to Covid-19

*Expanding and upgrading social protection measures for informal workers*

### Introduction

The emergence of Covid-19 represents an unprecedented challenge for governments around the world. Initially no one knew the magnitude of the crisis or the extent of the interventions required to respond to the broad range of problems created, from health to production, finance and through to labour. As far as social protection is concerned, dozens of countries have launched emergency cash-grants programmes to protect the livelihoods of the vulnerable, in particular informal workers - reaching such workers, often for the first time. As the months have passed, the long-term impact and extent of the crisis has become increasingly evident, exposing the limitations and lack of viability of short term, emergency responses. This has pushed authorities to rethink their approach and upgrade their policy. In this brief, we will look at cases where the sustainability of emergency government relief has been enhanced by extending the duration of initial short term grants, as in the case of Colombia, Singapore and Brazil, or by thinking about making them permanent, as in South Africa, or by changing the nature of the relief offered (from a loan to a grant), as in the case of Sri Lanka, as well as how these movements have provided opportunities to push for further changes in policy.

### Converting loans to grants

In March the **Sri Lankan**, [government announced a credit line of Rs 10,000 \(US\\$ 55\)](#) to the beneficiaries of the country's flagship poverty alleviation and rural development programme, Samurdhi, which includes a cash transfer component. This was structured as an interest free loan under a six-month relief period repayable in one and half years and was provided in two instalments of Rs 5,000 (US\$ 27), each. However, the challenge imposed by the Covid-19 crisis quickly proved to be much greater than anticipated. The Samurdhi programme, which normally benefits almost 2 million people, found itself having to accommodate 400,000 more beneficiaries, or a 20% increase on the demand in just a few weeks. As a result, less than two weeks after the announcement, the government decided that both Rs. 5,000 advances [would be converted from loans into grants](#). This represented a particularly important increment on the benefit of the programme, which varies from Rs. 1,500 (US\$ 8) to Rs. 3,500 (US\$ 19), depending on the number of people in the household.

### Extending and turning emergency grants into permanent cash transfers

In **Colombia**, the government [announced an emergency cash grant of COL 160,000 \(US\\$ 40\)](#), that would take place in March 25<sup>th</sup>. The announcement provided that the so-called Ingreso Solidario would be a one-off payment targeted at 3 million poor informal workers and their families. A few weeks after the announcement, the government decided that the programme would be in place for three months. In June, when the programme was originally scheduled to end, the government again decided to extend the cash-grant initiative until December. And, finally, in August, the Colombian Government has [announced that the emergency cash-transfer grant would be extended until June 2021](#), which would mean 15 instalments altogether. This long extension has, in turn, triggered pressure from civil society and politicians to transform the emergency intervention into a permanent policy.

**Singapore** has also extended their Covid-19 Support Grant programme. The emergency initiative was launched in May and it was initially planned to run until September. By August, the scheme had disbursed more than \$90 million to over 60,000 people, when the [government announced that the scheme would be extended for another three months](#), until December. This was because the government anticipated the negative effects on the job market to linger for several months, especially in the case of the self-employed.

It is important to recognise that the removal of lockdown measures does not mean informal workers no longer need cash grants to support themselves, even if they are able to return to work. Take street vendors for example, they might be able to return to their marketplaces, but often they require capital to purchase stock to restart their businesses. Customer numbers are likely to be reduced, as is customer spending capacity. In all likelihood vendors will be earning less than they were before. Grants therefore provide an important buffer, securing income while vendors slowly rebuild their businesses and economies start to get off the ground again.

In **Brazil** emergency financial aid aimed to provide protection during the crisis was provided for informal workers, individual micro-entrepreneurs (MEI), the self-employed and the unemployed. To be eligible recipients could not be receiving any other social benefit, with the exception of the Family Grant, and the monthly income per person could not exceed half of the minimum wage (R\$ 522,50, or US\$ 94) or the total family income more than three minimum wages (or R\$ 3.135,00 or US\$ 554). This took the form of a grant in the amount of R\$ 600.00 (US\$ 120), first paid in April and initially for a period of three months, for up to two people from the same family. For families led by single women, the value paid monthly was stipulated in R\$1,200 (US\$ 240), with the possibility of one more family member, who fits the rules of the program, receiving one more quota, totalling R\$ 1,800.00 per family. The doubling of the amount for women heads of family is significant because it recognises the overlapping vulnerabilities and needs that women face as caregivers and income providers.

People registered in the Cadastro Único, the national registry that contains information about families in situations of poverty and extreme poverty, who met the program's rules, were able to receive this assistance without having to register. Those who were not registered with the Cadastro Único were able to apply for this assistance by registering on the website or application of the program until July.

At the end of this period, the benefit was extended for a further two months until August, maintaining the value of R\$ 600.00. In September 2020, the program was extended once again for another four months until December 2020, but with a reduction of the benefit to R\$ 300.00 per month, and R\$ 600.00 per month for women heads of family. This reduction was justified by the federal government as necessary in order not to generate greater pressure on the national debt. At the same time, there are several bills currently under discussion for the creation of a basic income program, and there is a discussion taking place now to transform the emergency grant into a permanent programme, with the benefit kept at R\$ 300.00, according to the government proposal. The movement in favour of the implementation of a universal basic income has gained traction, and many candidacies for local election city halls are including some sort of grant complement in their platform.

Government officials, on the other hand, [have discarded the continuation of the emergency grant as initially designed](#) for 2021. The policy currently reaches 65 million people, and it was targeted mainly towards informal workers who lost their income. Instead, the government is pushing for the expansion of Bolsa Família (Brazilian flagship cash-grant programme), both in the amount of the benefits (currently at US\$ 30, on average) and outreach (currently 13 million families). The main point of debate is regarding the way this future permanent programme will be financed, and no consensus has been reached until this date

### **Turning emergency grants into basic income: the debate in South Africa**

In the case of Brazil, the introduction and repeated extension of emergency financial aid in the face of the COVID crisis created a space where activists could begin pushing for policy change, calling for such interventions to become part of the social assistance infrastructure of the country. A similar development has been seen in **South Africa**, where the government recently indicated that it may consider converting the emergency Covid-19 Special Grant into a Basic Income Grant (BIG).

In April 2020, as part of its COVID relief measures, the South African government introduced top-ups for existing cash transfer recipients, and an emergency “special grant” of R350 per month for six months, aimed at informal workers unable to work during the lockdown and unemployed individuals not eligible for the contributory Unemployment Insurance Fund. This was much needed. Despite the impressive reach of South Africa’s social grant system, which covered 44 per cent of households, economically active adults had up until this period been excluded.

In mid-July the Minister of Social Development announced the government’s intention to implement a basic income grant (BIG) from October 2020, the last month the coronavirus grant was available. This would be implemented gradually, building on the country’s existing grant system. The grant would first be provided to those economically active and unemployed between the ages of 19 and 24 and 50 and 59. A next stage would be to extend the towards coverage of those between the ages of 19 and 59, approximately 33 million people. A political

commitment however does not guarantee implementation, and the government has moved back on this commitment, saying such a grant would not be implemented in 2020. .

## ABOUT WIEGO

Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global network focused on empowering the working poor, especially women, in the informal economy to secure their livelihoods. We believe all workers should have equal economic opportunities, rights, protection and voice. WIEGO promotes change by improving statistics and expanding knowledge on the informal economy, building networks and capacity among informal worker organizations and, jointly with the networks and organizations, influencing local, national and international policies. Visit [www.wiego.org](http://www.wiego.org).