

Spreading the Social Safety Net: A Pressing Need during COVID-19

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In times of an unprecedented socio-economic and health crisis, like the one that has engulfed India and the world today, it becomes extremely valuable to draw meaningful insights from programmes around the globe that have demonstrated positive impacts in providing safety nets for the poor and vulnerable. As large portions of the country's population, especially those engaged in the informal sector, lose wages due to the outbreak of the coronavirus disease, the necessity of providing social safety nets becomes even more evident.

One of the biggest programmes in the world for Conditional Cash Transfers (CCT), *Bolsa Familia* of Brazil, has been widely recognized as an innovative instrument of social policy for redressing poverty and inequality. It was initiated in 2003 after merging four existing federal programmes, since the previous ones failed to make targeted impact due to fragmented efforts. Data systems were not interlinked, and one family could benefit from multiple interventions while another, in more abject conditions, might receive nothing. A unified cash transfer programme was therefore necessitated. A new Ministry for Social Development and Combating Hunger was created for administering it.

I had the opportunity of gaining valuable insights into the programme in my capacity as Mission Director of the Mission Convergence programme of the Government of Delhi during (2008-11), which was exploring good practices for improving the

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efficacy of various social welfare-oriented schemes meant for the poor and vulnerable.

The initial learnings were based on my visit to Brasilia in 2008 in response to the invitation for a seminar-cum-awards programme organized by the Government of Brazil for knowledge exchange and recognizing innovative practices at local levels. The second visit was facilitated by the World Bank as a study tour in which a number of senior officers from the Delhi Government, representing the departments of Social Welfare, Food and Supplies, Labour, Information Technology and Revenue, were nominated through the Mission Convergence initiative.

There is a lot of similarity in the goals between that of Mission Convergence and *Bolsa Familia*, primarily those related to poverty reduction, reduction of inequality and to bring improvement in the living conditions of the vulnerable groups, and a focus economic emancipation of women. There are many policy lessons which Mission Convergence gained from this program, such as consolidation of the central database of the poor and vulnerable, allowing it to be used for complementary programs, development of protocol manuals detailing the different operational aspects of the Mission. Performance-linked contracts were formalized between different stakeholders and incentivizing programs were also started- for instance an award program where all the Gender Resource Centre (GRC) NGOs were asked to submit nominations for awards in different categories, such as Self Help Groups, livelihood, health, awareness, other innovative strategies used for community mobilization through them.

An integration of schemes was done to some measure for schemes related with allowances for the specially-abled, and an integrated cash transfer was started in lieu of Public Distribution System (PDS) in the name of *Ann Shree Yojana* using the database of *Samajik Suvidha Sangam* (SSS). The money was transferred in the accounts of women head of the household. The following

sections provide an insight into the design of the *Bolsa Familia* program and describe its significance and the impact.

Significance: *Bolsa Familia* gained wide acceptance from the federal government, states and municipalities in Brazil as a coordinated strategy for social protection. It resulted in integration of multiple CCTs at the federal and sub-national level. Beneficiary families were also linked with complementary services, resulting in comprehensive interventions for social assistance and support services for labour.

The targeting accuracy of the programmes is demonstrated by the coverage and its rapid expansion. It started from 3.8 million families in 2003 as drawn from pre-reform programmes and reached 11.1 million families (46 million people) in 2006, i.e. a quarter of the population of Brazil and 13 million by 2010. Near universal coverage of the poor was attained. Direct cash transfer brought efficiency gains with extremely low transaction costs. Only 0.4% of the Gross Domestic Product (GDP) was the programme cost, with 97.4% being actual transfers to beneficiaries.

Programme Design: At the core of *Bolsa Familia* is direct cash transfer to a family so that a minimum level of sustainability is guaranteed to poor households. A fixed amount was provided as unconditional transfer. A variable amount based on income levels and the number of children was transferred as CCT having a maximum cap and subject to compliances like school enrolment and attendance, immunization, growth monitoring visits, pre- and anti-natal visits of pregnant and lactating mothers and participation of families in counselling programmes. Vulnerable groups were also linked with services like capacity-enhancement for livelihood, microfinance and job placement.

The key programme instrument was a single registry, ‘*Cadastro Unico*’, a nationwide central database of poor families.

The income level for entry to the Registry was higher than *Bolsa Familia* eligibility. The poverty line recognized for the programme was half the minimum wages. Families identified in extreme poverty level were eligible for a higher transfer amount. Cash was credited monthly preferentially to the female head of the household through an electronic benefit card managed by Caixa, the Federal Bank of Brazil.

Municipalities play a key role in programme design as they identify families that are to be enrolled in the registry, select the priority group for intervention, monitor compliances and link them with complementary social services in addition to the *Bolsa Familia* cash transfer, which by itself was a very basic level of income support. Formal agreements were signed by the federal government with the municipal bodies. A decentralized management index was instituted to measure the quality of implementation in various municipalities.

Impact: The programme resulted in rapid reduction of poverty and inequality. Between 2004 and 2014, more than 28.6 million Brazilians escaped poverty with 58% of decline in extreme poverty resulting from this programme. A decline in inequality during this decade witnessed the Gini Index of household incomes falling from 0.57 to 0.52. Targeting accuracy is evidenced from 73% of benefits going to the poorest 20% and 94% to the poorest 40% of the population. A United Nations Development Programme (UNDP) study reported over 80% of benefits going to poor families.

The programme also resulted in higher food consumption and dietary diversification. Beneficiary families engaged with public health systems in a more informed manner, leading to better utilization of preventive healthcare services, especially for children, higher school attendance, lower dropout rates and reduction in child labour.

These conditions served as positive reinforcement for social behaviour which was also in the interest of the families in consideration. It contributed to improving psycho-social health, including a reduction in suicide rates. Conditionalities built into the programme resulted in increased enrolment of children. An improvement in women's decision-making status and increased access to the financial system has been reported, too. A stronger federal-local government collaboration was another interesting outcome, enabling a direct relationship between citizens and the federal government. Fiscal incentives were useful in strengthening such a collaboration.

Social Safety Net and India

Even though *Bolsa Familia* itself has seen highs and lows due to changes in macro-economic conditions and political commitments, insights from its operations can inform social policies that seek to address challenges like deprivation, hunger and loss of jobs. Besides *Bolsa Familia*, CCT programmes in general have demonstrated positive results in improving the lives of people in poverty.

As has been the results of the *Bolsa Familia*, the Mission Convergence has proved to be best practice in expanding the social safety net in the NCT of Delhi. The latter has brought good results in terms of facilitating documentation, reducing corruption, improving PDS and increasing access to the financial assistance schemes like monthly pensions for widows, elderly, handicapped, etc. This single window approach for information and facilitation of services is found to have informed policy learning such as poverty criteria and methodology of identification of poor at the national level. The scheme has also helped in reaching the most marginalized communities such as sex workers. Various models adopted by the various state governments and central government such as '*Mahila Shakti*

Kendra, Village Convergence and Facilitation Service (VCFS), *Poorna Shakti Kendras* (PSKs) and State Resource Centre for Women (SRCW) shows that Mission Convergence is scalable across states and different levels of governance.

Such cash transfer programmes help the poor and augment national growth by pumping more money into the economy and enabling the purchasing power of the people. Linking transfers to certain desirable social behaviours fosters development of a social contract between the government and citizens. This is useful for improving development indicators in the long-term.

At the same time, it has been recognized that for such cash transfer programmes to make a substantive difference in the lives of people, a simultaneous investment in education, health and infrastructure is crucial. India already has the foundations of a robust service delivery mechanism in place with government interventions to provide universal identification and bank accounts, namely through Aadhaar and Jan Dhan accounts. The country is well-placed to create a seamless family income programme through convergence of existing schemes like construction worker welfare schemes, maternity benefits, scholarships, pensions, the Public Distribution System (PDS) and other social welfare programmes.

As we face complex economic challenges resulting from COVID-19, innovative and tested measures can be very effective in providing relief to those devoid of vital resources to tide over the crisis. It is imperative that migrants, daily wage labourers, construction workers, landless labourers in rural areas and other vulnerable groups are provided immediate relief. In the prevailing pandemic, the central and state governments are transferring relief packages through various welfare schemes such as conditional cash transfers under various schemes – for families who are below poverty line, for women under the Jan Dhan Yojana and for registered construction workers. There have also been advance

credits of pensions for widows and old-age pensions, subsidies under the *Ujjwala* scheme for gas cylinders and many more (Kulkarni, 2020). According to the Ministry of Finance, Government of India about 430 million transactions worth a total of Rs. 161,010 million were transferred via Aadhaar Enabled Payment System (AePS) during the lockdown. Over 80 million women Jan Dhan account holders withdrew funds from their accounts till May 5, 2020 (Palepu, 2020).

The Rapid Community Response to COVID-19 (RCRC) coalition conducted a rapid assessment survey among 10,992 women Jan Dhan account holders in 50 districts of eight states (Andhra Pradesh, Bihar, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Odisha, and Rajasthan), nearly 90% of them had an active Jan Dhan account. Of those who had active Jan Dhan accounts, 66% had received the cash transfer of Rs. 500 in their accounts. About 76% of the beneficiaries who had received the cash transfer said that they have already withdrawn the amount. This is a big success, where the poorest people are able to access some relief amount of the government welfare scheme directly. However, there are some cases where a lot of people reporting difficulties both at the level of documentation and technical. These glitches in CCT should be rectified as soon as possible to provide direct benefits to the maximum number of poor people.

To conclude, there is no time to lose in expanding the social safety net across the country and proven efficiencies of Mission Convergence can be leveraged taking into consideration the ground realities. This will go a long way towards providing much-needed relief to needy families during the prevailing health and economic crisis presented by COVID-19.

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