

Covid-19: Public Policies and Society's Responses



Quality information for refining public policies and saving lives

Technical Note 5

Difficulties with the mobile application and failure to use the existing safety net hinder access to emergency income

Main Results

Coverage

- 6.1 million workers eligible for the Emergency Basic Income (EBI) cannot receive the benefit due to a rule that sets a limit of only two beneficiaries per household.
- Although the Federal Government Program focuses on the poorest population, 26 million middle-income workers, without access to unemployment insurance benefits, will not be covered by the EBI if they are laid off.

Implementation

- The government opted for a technological implementation, which faced difficulties due to the low familiarity and access of the low-income population to Information and Communication Technologies (applications, cellphones, and computers).
- 7.4 million eligible people who need access to these technologies lack Internet access.
- By opting for a 100% technological route, and concentrated in the government-owned bank *Caixa Econômica Federal*, the government hindered access to the EBI. Long queues and agglomerations increased the risk of contagion by Covid-19 among this population.
- A strategic synergy and cooperation between governors and mayors to mobilize the structure, services, and specialized labor of the Unified Social Assistance System (USAS) network would minimize the drastic bottlenecks in implementation, allowing for faster registration and access to the benefit by the most vulnerable segments of the population.

The Emergency Basic Income (Law 13.982/2020) is the government's chief policy to reduce the impacts of the Covid-19 pandemic. The unconditional cash transfer program grants a benefit of BRL600.00 to be paid over three months¹. The program stirred controversy from the outset and its scope was questioned due to the decision to centralize its implementation exclusively through *Caixa Econômica Federal* and the use of a digital mobile application. This Bulletin presents the profile of those eligible, underlines the main coverage limitations of the Program, and identifies the bureaucratic bottlenecks for its implementation, which began on April 7.

The partial coverage of the emergency benefit

According to data from the 2019 Continuous National Household Sample Survey (PNAD in the Portuguese acronym), those eligible for the EBI amounted to 29.1% of the population, circa 60 million individuals. A significant share of these individuals was already in the *Bolsa Família* Program (29.7%), or fit the *CadÚnico*² profile even if not beneficiaries of any other social program (52.4%). The total number of eligible people without a *CadÚnico* profile was 10.9 million, equivalent to 5.2% of the population and 17.9% of those eligible.

Table 1 – Estimated population eligible for the EBI

Groups	N	% of Eligible	% of the Population
Eligible	60.750.795	100,0%	29,1%
Enrolled in the <i>CadÚnico</i> ³	49.872.355	82,1%	23,9%
<i>Bolsa Família</i> beneficiaries ⁴	18.052.693	29,7%	8,6%
Non-beneficiaries of social programs	31.819.662	52,4%	15,2%
Not enrolled in <i>CadÚnico</i>	10.878.440	17,9%	5,2%
MEI ⁵ or CI ⁶	2.307.657	3,8%	1,1%
Other self-employed	1.536.457	2,5%	0,7%
Other informal	1.472.893	2,4%	0,7%
Unemployed	5.561.433	9,2%	2,7%
Non-eligible	148.263.305	-	70,9%
Total	209.014.101	-	100,0%

Source: Microdata from the Annual Continuous PNAD 2019. Data reviewed and analyzed by the authors.

1 The Federal Government's initial proposal of BRL200.00 was rejected by Congress, which then approved the amount of BRL600.00 for the benefit.

2 Translator's Note: Single Registry for Social Programs, or *CadÚnico* in the Portuguese acronym, is an instrument for collecting data and information to identify all low-income families in the country for inclusion in social assistance and income redistribution programs.

3 Information about registration in *CadÚnico* is not surveyed by the PNADC. We used the same strategy as Souza *et al* (2020) to allocate participation in the registry: beneficiary families of the *Bolsa Família* Program, beneficiary individuals of the BFP, and families with a monthly income per capita from *formal sources* less than or equal to ½ minimum wage.

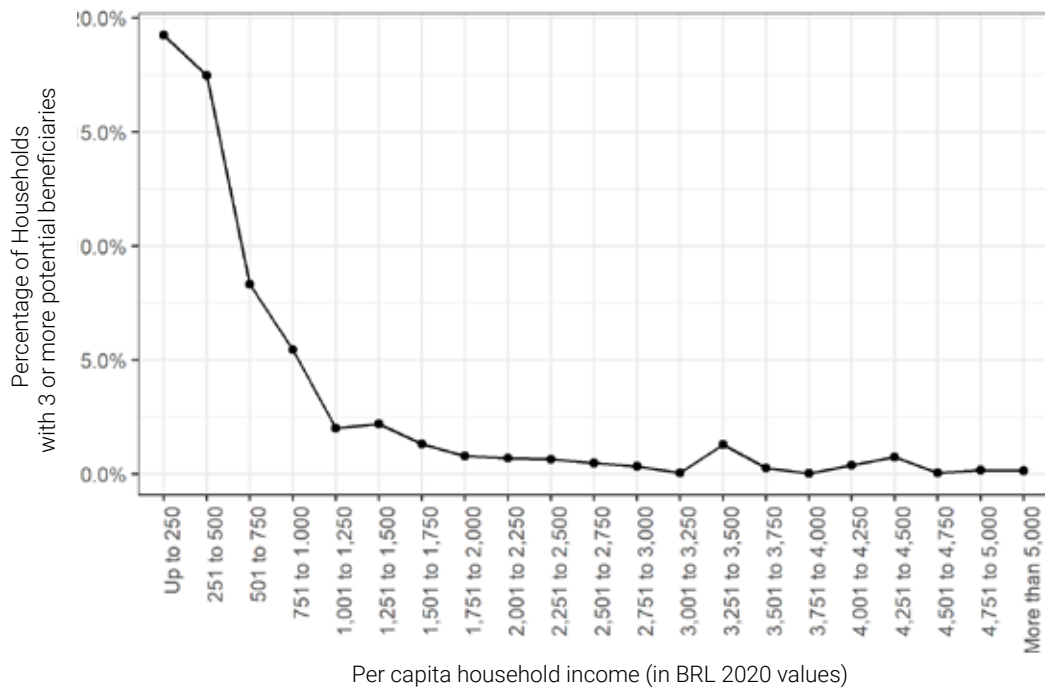
4 The PNADC underestimates the beneficiaries of the BFP and BPC (Continuous Income Benefit) when we compare their information against *CadÚnico*. Nonetheless, this does not represent a methodological problem for the purposes of this Bulletin.

5 Translator's Note: The Individual Microentrepreneur (MEI) was created in Brazil to regularize informal workers and provide a reduced tax burden. It was created as of July 1, 2008. Self-employed professionals and micro entrepreneurs may opt to formalize and legalize their practices by opening a MEI.

6 Translator's Note: CI refers to individual taxpayer (*Contribuinte Individual* in Portuguese), that is, a self-employed person.

The vast majority of those eligible for the EBI are concentrated among low-income families and among historically vulnerable workers. Approximately 50% live in households with a per capita income of up to BRL1,250.00 and 75% of those traditionally vulnerable are eligible.

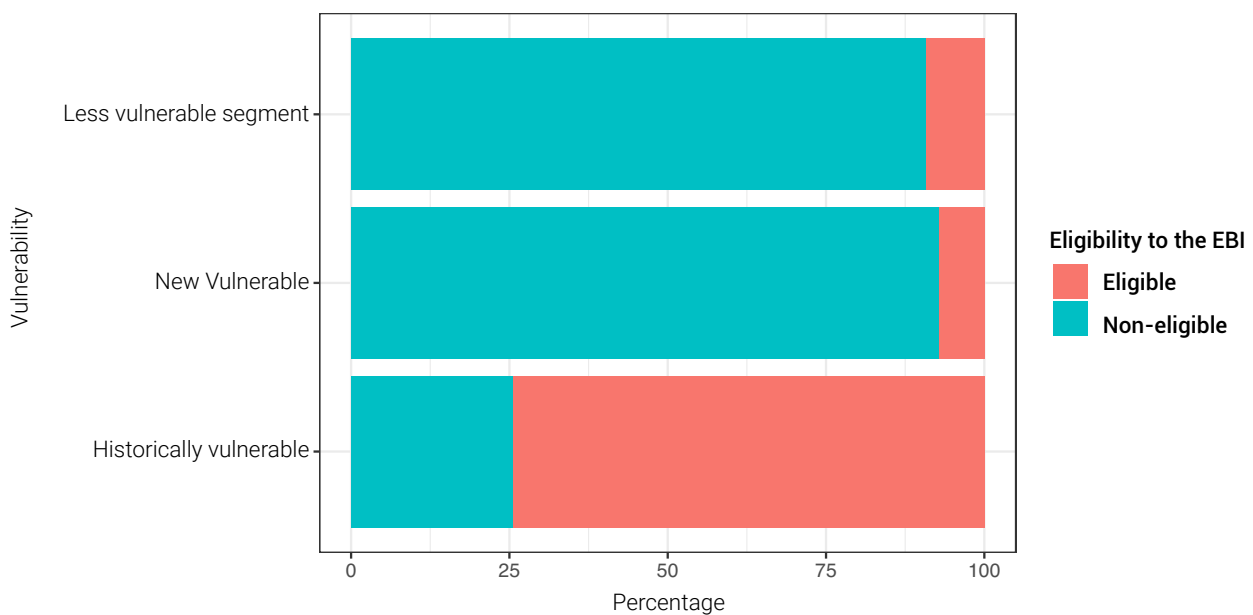
Figure 1. Proportion of Households with more than 3 people eligible for EBI, by income range



Source: Microdata from the Annual Continuous PNAD, 2019. Data reviewed and analyzed by the authors

About 75% of informal workers (category hereby called “historically vulnerable”) are eligible. The “new vulnerable” consists of workers who, although under formal employment contracts, are now at risk of unemployment or loss of income due to the crisis caused by Covid-19. The “less vulnerable segment” consists of formal workers who are not at risk (see Bulletins 2 and 3). Of these two latter groups, only a minor fraction is eligible for EBI.

Figure 2. Eligibility among vulnerability groups of workers



Although targeted at almost all the low-income population, the program has two main limitations when it comes to coverage.

Limitation 1: 26 million middle-income workers, without access to unemployment insurance, will not be covered by the EBI if they are laid off.

By setting the annual income ceiling at BRL28,500 (2018 values), the EBI excludes workers with wages above this amount and who are not yet in a position to receive unemployment insurance if laid off during the crisis. Given the high turnover rate, workers who have not stayed long enough to apply for unemployment insurance are fully uncovered. Today, this group represents more than 26 million workers, of which 9 million belong to the group of historically vulnerable, 13.5 million are among the new vulnerable, and 3.4 million among the least vulnerable.

Table 3 – Distribution of the 26 million workers uncovered by the EBI and unemployment insurance, according to vulnerability groups

	Low	Medium	High
Essential Sectors - Lowly Affected	Less vulnerable (13,1%) 3.4 million		Historically vulnerable (34,9%) 9.1 million
Essential Sectors - Highly Affected	"New vulnerable" (52,0%) 13.5 million		
Non-Essential Sectors			

Limitation 2: Excludes at least 6.1 million potential beneficiaries

By limiting the maximum of two benefits per household, 6.1 million workers who should receive the benefit become ineligible, since they reside in households with more than 2 eligible persons. Furthermore, we should recall that this number refers to a scenario prior to the pandemic and should rise as income becomes directly affected, thus increasing the number of eligible persons per household.

Government option hinders access to benefit

Implementing a cash transfer program for a potential target audience of 60 million people amid a pandemic and social isolation measures is no easy task. Nevertheless, the Federal government opted for a 100.0% digital solution via the *Caixa Econômica Federal*, which further hinders the access to the emergency benefit.

Over a month after the approval of the EBI, implementation still faces enormous challenges. Many citizens have not yet even managed to register, while others have been approved but do not know how to receive the benefit. The long queues and agglomerations in front of Caixa's branches are a clear expression of the difficulties in allocating the assistance to the hands of those in need. These problems are indicative of the fragility of the adopted strategy, which involves decisions regarding coordination, the implementation model, and the technologies used.

Coordination, implementation models, and technologies

The centralized design of the Emergency Basic Income presented the federal government with a choice: to carry out an equally centralized implementation or, alternatively, establish an implementation that made use of the wider federative articulation and the more extensive social protection network built over the last two decades. By centralizing payment and service decisions through *Caixa Econômica Federal* (CEF), the government signaled that it would like to: (i) ensure its control over the benefit grant process; (ii) minimize any coordination problems with the states and municipalities; and (iii) avoid the distribution of electoral credits to other actors, seen as political competitors.

The reasons provided for adopting this implementation format were mainly concentrated in the second point, and the prevailing view was that centralization would reduce the need to negotiate with 5,570 Brazilian municipalities, each with its own epidemic framework and different social isolation measures.

The reality is that the Federal government opted to avoid a model with a greater cooperation with pre-existing social protection instruments and structures, and instead wagered on a 100% technological option via the government-owned bank Caixa.

While the use of mobile apps allows for precision and speed in the distribution of benefits, in addition to maintaining collective distance, the Brazilian reality imposes strong constraints to this strategy. On the one hand, the technological route must consolidate databases and develop an efficient app, in addition to the logistic demands to organize, store, and analyze the information, issues that are not easy to solve. On the other hand, the difficulties became more acute with the low interaction of citizens with the technology, either due to limited internet access or to the unfamiliarity in handling the technological apparatus. This reality is more frequent among the least educated and the poorest, precisely those who make up the fundamental part of the program's target audience.

These limitations, along with the specific characteristics of Caixa's installed network, are in contrast with alternatives that could facilitate an increased reach to different vulnerable target audiences.

Incomplete Registrations

The Institute for Applied Economic Research (IPEA in the Portuguese acronym) estimated, based on the 2018 PNAD, that approximately 11 million eligible individuals were outside the CadÚnico and that registering this contingent for receiving the emergency benefit would be a complex task. Thus, a combined option emerged, online and offline, as the best strategy for including the contingent of beneficiaries.

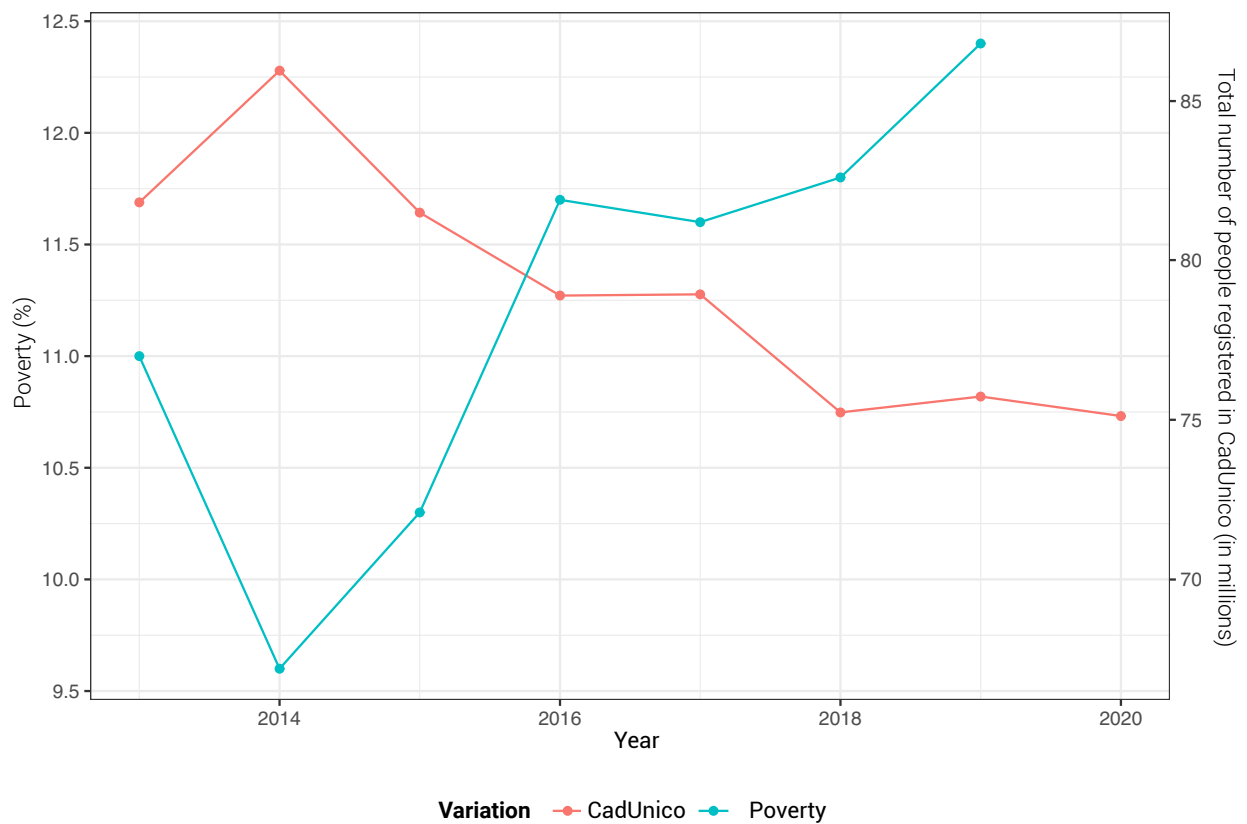
However, the IPEA assumed that all eligible people with a CadÚnico profile identified in the PNAD (30.5 million) would be registered. But this is not the case. According to a study published by the Federal Senate (05/07/2020) based on official data from the individuals registered on DataPrev, the total number of people registered on CadÚnico (excluding beneficiaries of the *Bolsa Família* Program) who automatically migrated to the Emergency Income registration is only 10.5 million people – not 30.5 million, as predicted from the PNAD as the potential demand. This means that about 20 million people with a CadÚnico profile were not previously registered and therefore need to apply for the emergency benefit.

The non-registration of people with a CadÚnico profile in a customary situation (that is, before the pandemic) may be understood from two main factors.

On the one hand, from the point of view of the families, there is an adverse incentive to register in CadÚnico if the family is not eligible for the *Bolsa Família* Program, since many families avoid voluntary registration to avoid the stigma suffered by beneficiaries of the *Bolsa Família* Program.

On the other hand, we underline that the government’s active role in registering families has been declining systematically in recent years, precisely in the period that coincides with an increase in poverty in the country, as shown in the graph below.

Figure 3. Poverty rate (less than 1/4 MW per capita) and total people registered in CadÚnico



Source: PNADs SAGI/MDS

The limitations of the technological option

In Brazil, 20.2% of the total households have no access whatsoever to the internet. The situation is more critical in the North and Northeast regions, with the states of Pará (34.5%), Maranhão (31.6%), and Acre (31.1%) at the top of the list, with over 30.0%. Only the states of Rio Grande do Sul (4.2%) and São Paulo (8.4%) have less than 10.0% of households without internet access. The least schooled are also the most affected. Almost 1 in 4 people without complete secondary education (23.4%) also live in households without internet, a value that is 5.3% for those with higher education (Data from the Annual Continuous PNAD, 2019).

The table below divides the eligible individuals into 6 subgroups as to their level of internet access. In theory, only the group already registered with the *Bolsa Família* Program could forgo the need to use one of the cellphone apps to access the benefit. This is a positive point, since more than 30.0% of the beneficiaries of the *Bolsa Família* Program do not have access to the internet.

However, the number of people without internet access is still high among non-beneficiaries of the *Bolsa Família* Program, especially among those in CadÚnico (18.8%) and among those unemployed (14.0%). For the other groups, this value is around 10%. Altogether, there are at least 7.4 million eligible persons who must access the technology (non-beneficiaries of *Bolsa Família*) and do not have access to the internet.

Table 5 - Internet access by eligibility groups to the EBI

Groups	No		Yes		Total	
	%	n	%	n	%	n
Already in <i>Bolsa Família</i>	31,6%	5.695.878	68,4%	12.356.814	100,0%	18.052.692
Only in CadÚnico	18,8%	5.966.920	81,2%	25.852.742	100,0%	31.819.662
MEI-Individual Taxpayers	10,7%	245.991	89,3%	2.061.666	100,0%	2.307.657
Other Self-Employed	9,8%	150.971	90,2%	1.385.486	100,0%	1.536.457
Other Informal	10,6%	156.102	89,4%	1.316.791	100,0%	1.472.893
Unemployed	14,7%	818.727	85,3%	4.742.706	100,0%	5.561.433
Not eligible	14,0%	20.782.812	86,0%	127.480.493	100,0%	148.263.305

Source: Microdata from the Annual Continuous PNAD, 2019. Data reviewed and analyzed by the authors

In addition to the lack of Internet access in households, we must also consider the disparities as to the use of digital applications by individuals. Preliminary data from the ICT Households Survey⁷, conducted between October 2019 and March 2020, indicate that the use of online applications for public services and financial transactions is still low among the population with an average household income of up to three minimum wages – which concentrates most of those eligible for the EBI. Circa 64 million Internet users with a household income of up to 3 minimum wages did not check their bank balances, perform payments, or conduct financial transactions in the three months prior the survey. 66 million individuals who use the Internet in this income range also did not use any transactional public service over the Internet.

Furthermore, among cellphone users, 40.2 million people in households with an income of up to three minimum wages have not downloaded applications on their devices – which is also indicative of a more restricted use of technologies in daily activities.

⁷ More information at www.cetic.br.

Table 6 – ICT usage indicators⁸

Checked bank balances, made payments, or other financial transactions			
Income brackets	Yes	No	Not an Internet user
Up to 1 MW	2.600.778	23.886.797	16.843.440
Over 1 MW up to 2 MW	6.994.625	25.215.917	11.595.678
Over 2 MW up to 3 MW	7.967.348	15.101.675	6.205.786
Used some public service, such as issuing documents, filling and submitting forms, or paying taxes and fees over the Internet			
Income brackets	Yes	No	Not an Internet user
Up to 1 MW	2.968.844	23.518.732	16.843.440
Over 1 MW up to 2 MW	6.298.093	25.912.449	11.595.678
Over 2 MW up to 3 MW	6.441.765	16.627.259	6.205.786
Downloaded apps on their cellphone			
Income brackets	Yes	No	Does not use a cellphone
Up to 1 MW	16.854.478	15.607.958	10.868.579
Over 1 MW up to 2 MW	21.543.808	15.536.461	6.725.950
Over 2 MW up to 3 MW	16.790.960	9.141.523	3.342.327

Source: ICT Households, 2019 – Cetic.br/NIC.br

Alternatives for the benefit to reach those in need

According to the 2019 USAS Census, there are 8,357 Social Assistance Reference Centers in Brazil (CRAS in the Portuguese acronym), units strategically located in areas of greater social vulnerability and with the potential to serve nearly 29 million households. Among all Brazilian municipalities, only 48 do not have a CRAS. Brazilian metropolises are served, on average, by 24 units. Across the country, there are almost 110,000 professionals, among which social workers, psychologists, and lawyers, all specialized in providing services and care for the population as well as counseling about rights, public services, and benefits.

Within the current context of the COVID-19 pandemic and the difficulty to access the EBI by the population, the three specific line of action of the CRAS gain significant relevance: registration and updating the CadÚnico, regularization of the CPF⁹, and displacement of employees to serve citizens living in isolated areas (the so-called “mobile teams”).

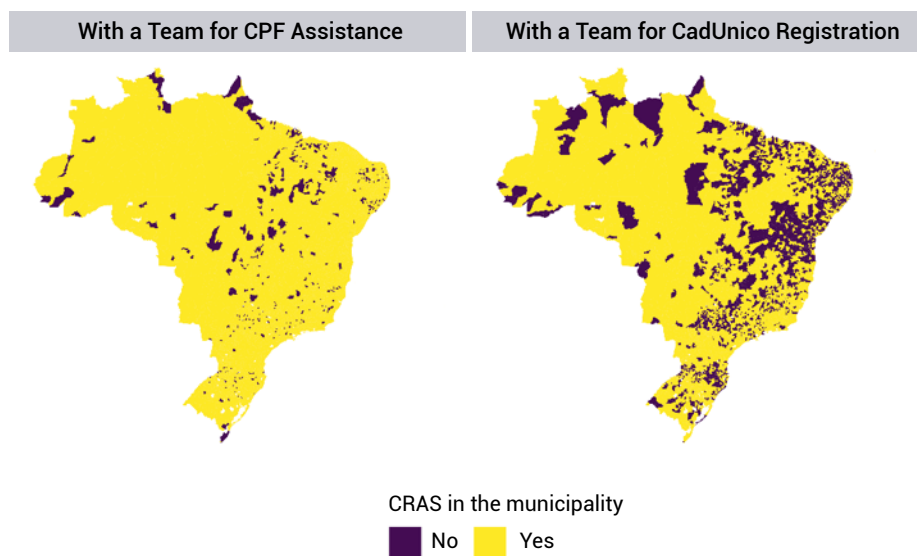
Of the 8,300 CRAS units, almost 6,000 have teams that perform registration as well as update of the CadÚnico (71% of the total) and about 7,800 units provide support services for obtaining personal documentation, such as CPF regularization (approximately 93% of the total units).

⁸ We thank the researchers from CETIC/BR for managing and disclosing the data.

⁹ Translator's Note: The Natural Persons Register (*Cadastro de Pessoas Físicas* in Portuguese under the acronym CPF) is the Brazilian individual taxpayer registry identification. The possession of a CPF is a prerequisite for such procedures as opening bank accounts, getting or renewing a driver's license, buying or selling real estate, taking loans, applying for jobs, and getting a passport.

The total number of CRAS that perform both services are 5557 units (66% of the total). This large coverage of services reflects in the widespread geographical coverage of services across the territory.

Figure 4 – Presence of CRAS teams for CPF assistance and Registration



Source: Ministry of Citizenship

Even though the *Caixa Econômica Federal* has the capacity to manage the payment of large contingents of social benefits during normal periods, the most vulnerable groups of the population have faced difficulties for accessing the Emergency Basic Income due to the lack or limitation of internet access to fill out the registration form and handle the electronic bank account, or even due to the lack of personal documents. Implementation problems could be minimized if there was further cooperation between the federal government, state governors, and city mayors to establish a strategy for mobilizing the structure, services, and skilled labor force of the CRAS.

Methodology and data

This research used the microdata from the 2019 Annual Continuous PNAD, released by IBGE on May 7, 2020. The identification of the population eligible for the EBI was based on the strategy of Souza *et al* (2020). The reference minimum wage was BRL1,045, according to the law in force in February 2020. Data from the CadÚnico were also used to estimate the total number of registered individuals, and microdata from the USAS Census was used to assess the coverage of the CRAS across the municipalities.

For data related to the use of internet and ICTs, in addition to the 2019 Annual Continuous PNAD (ICT Module), we used unpublished tabulations from the ICT Household Survey, 2019 of the CGI.br, kindly provided by Cetic.br/NIC.br.

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ABOUT

We are over 40 researchers, actively engaged in the task of improving the quality of public policies within federal, state, and municipal governments as they seek to act amidst the Covid-19 crisis to save lives. We dedicate our energies towards rigorous data collection, devising substantial information, formulating indicators, and elaborating models and analyses to monitor and identify pathways for public policies and review the responses presented by the population.

The Solidary Research Network has researchers from all scientific fields (Humanities as well as Exact and Biological Sciences) in Brazil and overseas. For us, the combination of skills and techniques is vital as we face the current pandemic. The challenge ahead is enormous, but it is particularly invigorating. And it would never have come to fruition if it weren't for the generous contribution of private institutions and donors who swiftly answered our calls. We are profoundly grateful to all those who support us.

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