Social Protection Programs in the Time of a Pandemic:
Re-evaluating what we know

Jenny C. Aker
The Fletcher School, Tufts University
April 2020
SOCIAL PROTECTION: WHAT WE KNOW
Under certain assumptions, cash transfers should maximize welfare impacts.
How should society support poor households in a time of crisis?

The usual concerns:

- **Targeting** (Inclusion and exclusion)
- Payment *modalities* (cash or in-kind)
- Payment *mechanisms* (cash or electronic)
#1 | Payment Modalities: Cash or In-Kind?

• How should society support poor households in crisis?

• The usual concerns:
  - Targeting (Inclusion and exclusion)
  - Payment modalities (cash or in-kind): Welfare, impact, costs
  - Payment mechanisms (cash or electronic)

Jenny C. Aker
#1 | Payment Modalities: Impacts

No *systematic* evidence of one transfer modality over the other

**Figure 3. Summary of Relative Impacts by Transfer Modality and Indicator.**

Source: Gentilini 2016
Per Recipient Cost of Cash versus Vouchers in eastern DRC

Source: Aker 2016

Cash is (generally) more efficient than vouchers and in-kind transfers
How should society support poor households in a time of crisis?

The usual concerns:
- Targeting (inclusion and exclusion)
- Payment modalities (cash or in-kind): Welfare, impact, costs

**Payment mechanisms** (cash or electronic): Logistics, costs, impacts
#2 | Payment Mechanisms: Logistics of Cash
#2 | Payment Mechanisms: Logistics

Two-thirds of unbanked adults have a mobile phone
Adults without an account owning a mobile phone, 2017
#2 | Payment Mechanisms: Logistics

300 mobile money deployments across 95 countries with 866 million registered users

Source: GSMA 2018
**#2 | Payment Mechanisms: Costs**

Beneficiaries of mobile money cash transfers had to travel shorter distances in Niger

Program recipients receiving manual cash had to travel approximately 2 km (one way) to get the transfer, approximately ½ hour

The group receiving transfers via mobile money had to travel less than .5 km (less than 10 minutes)

The mobile money transfer group was able to spread out their cash out (i.e., different days)

---

Jenny C. Aker

Cash, In-Kind, Electronic, Manual
• Mobile money and private transfers smooth consumption and reduce poverty (Jack and Suri 2014, Blumenstock et al 2016, Jack and Suri 2017)

• Mobile money and public transfers improve food security and assets as compared to manual cash transfers in the short-term (Aker et al 2017)
  – Shapiro and Haushofer 2016, Shapiro and Haushofer 2018, McIntosh and Zeitlin 2018
THE CURRENT CRISIS
#3 | The Poor are in the Informal Sector

60% of the world’s poor earn their livelihoods in the informal economy, 90% in some SSA countries.

Jenny C. Aker
Cash, In-Kind, Electronic, Manual
32 countries in Africa have closed their borders

32
Full border closures

9
International air traffic closures

5
Travel restrictions to and from specific countries

3
Entry restrictions for travelers from specific countries

Most Member States have imposed mandatory quarantine for all travelers or travelers arriving from high risk areas

1 Some countries still allow cargo, freight and emergency transport into and out of the country; Some MSs will still allow citizens and residents to enter but all borders are essentially closed

2 Earning entry or suspending visa issuance
Mobile Money Adoption is Heterogeneous

The number of active users is far below total subscribers, and ranges from 1-20% in West Africa.
#3 | Mobile Money Agent Density is a Challenge

There are 228 agents per 100,000 people in Sub-Saharan Africa, with large differences by country.

Mobile money agents have 7x more reach than ATMs and 20x more reach than bank branches.

- 11 Banks
- 33 ATMs
- 228 Mobile money agents

Jenny C. Aker
Cash, In-Kind, Electronic, Manual
1. **What is the objective of the transfer?**
   - Are households urban or rural, agricultural or non-agricultural?
   - Is the transfer designed to replace all income or certain expenditures? Will people still need to travel and find work?

2. **How are markets faring?**
   - Will there be sufficient supply for cash transfers or vouchers? How can and will we know? And can food distributions be designed to minimize spread?

3. **Is the mobile money infrastructure sufficient to distribute payments, especially in rural areas?**
   - Even with sufficient agents, will the location and timing of payments increase crowding? Can they be spread out?
1. Think carefully about who the transfer is targeting and what is supposed to do, and what indicators it will affect
   - Can cash transfers be combined with phone or SMS information?

2. Track data on food supplies and prices via phone surveys
   - If distributions are more appropriate, see if design can maximize social distancing

3. Build or support existing mobile money systems
   - Use “envole-code” if people aren’t registered
   - Register more agents, especially vendors and traders
   - Spread out payments to avoid crowding
20.000F