



# COVID-19 G2P

## Cash-Transfer Delivery

### Country Brief: BRAZIL

#### COVID-19 Emergency Aid

On April 2, 2020, the Brazilian congress approved the Emergency Aid – a new Cash Transfer Program aiming to provide emergency financial protection during the COVID-19 pandemic crisis and targeting informal workers, Individual Micro Entrepreneurs (MEI<sup>2</sup>), self-employed workers and the unemployed. The program is operated through the Brazilian state-owned bank *Caixa Econômica Federal* (Caixa).

The Emergency Aid transfer has a monthly value of R\$600 (US\$115, approximately 60% of the minimum wage) and will be paid in three installments. The initial estimate is that it will be paid to 54 million beneficiaries reaching more than 84 million people. The total initial amount estimated to be paid is over US \$18,7 Billion.

Prior to the COVID-19 crisis, the largest Conditional Cash Transfer (CCT) program in Brazil was *Bolsa Família* which is paid to more than 13 million households/families, probably reaching more than 50 million people out of a total population of 209 million. Currently, *Bolsa Família* pays average monthly benefits of US\$37 to households/families earning less than US \$34 per capita, per month. In the context of the COVID-19 crisis, the government is allocating R\$3 billion (US\$575 million) for the Bolsa Família program to add 1 million families.

The *Bolsa Família* program relies on the *Cadastro Único* database (*Cadúnico*), with Caixa providing enrollment support to update the database. The database includes 73,4 million registered people with their family/household data. This *Cadúnico* database is also one of the instruments being used to define beneficiaries for the new emergency program.

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<sup>1</sup> This note was prepared by Rodrigo Ortiz D'Avila Assumpcao with contributions from Guillermo Galicia Rabadan, Nilima Chhabilal Ramteke and Harish Natarajan. This note includes information as of May 1, 2020.

<sup>2</sup> Individual Micro Entrepreneur (MEI) is a reduced rate formalization scheme for micro entrepreneurs. As of February 2020, there were 9.725.057 MEIs enrolled.



## Registration and eligibility determination

### ELIGIBILITY

The Emergency Aid program targets informal workers (registered in the *CadÚnico*), individual microentrepreneurs (MEI), self-employed workers with informal incomes (not contributing to social security) and the unemployed. In addition to unemployment or self-employment status, eligibility is determined according to the following:

- Age must be over 18;
- Compliance with *CadÚnico* criteria: total household income must be less than US \$598 (3 times the minimum wage) or the per capita household income must be below US \$100;
- Does not benefit from any social security or assistance benefits, unemployment insurance or any other federal income transfer program other than *Bolsa Família*;
- Annual taxable Income in 2018 was below US\$4,915.05.

The Emergency Aid will be granted to up to two members of the same family. In families headed solely by women the payment is doubled, reaching US \$230.

### REGISTRATION

Brazil combined using the *CadÚnico* social registry and an application method to register beneficiaries. Caixa, a Brazilian state-owned bank, established a website<sup>3</sup> and a mobile app for applications. The app and website allow citizens to request, check the status of the application, and provide additional information (upon request). Information collected during the application includes Name, Mother's name, taxpayer number and date of birth. After registration, the applicants receive a code through SMS. The code is required to open a Social Digital Savings Account, which is one of the mechanisms to receive the Emergency Aid.

Citizens that were included in the *CadÚnico* database until March 20<sup>th</sup>, and who meet the eligibility requirements of the Emergency Aid, will receive the Aid without having to register on the Caixa website or app. Citizens that receive *Bolsa Família* can receive the Emergency Aid, as long as the Aid amount is higher than the *Bolsa Família* payment, for these beneficiaries *Bolsa Família* payments will be suspended during the Emergency Aid payment period. Citizens that are entitled to the Aid but were not included in the *CadÚnico* database until March 20<sup>th</sup> can register on the [auxilio.caixa.gov.br](https://auxilio.caixa.gov.br) website or through the app.

### REVIEW PROCESS

Once requests are compiled, they are passed to DataPrev to determine eligibility.<sup>4</sup> The application process for the benefit is heavily supported by cross-checking data between previously existing databases. Usually this takes around 3 working days before eligibility is determined. DataPrev reviews eligibility by cross-

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<sup>3</sup> <https://auxilio.caixa.gov.br/#/inicio>

<sup>4</sup> DataPrev is a government-owned ICT firm charged with processing data of various social programs in Brazil (excluding *Bolsa Família*, although DataPrev performs regular cross-checks with the social security database to identify potential fraud).



checking the 73,4 million registries on *CadÚnico*, and the 33 Billion data entries in the National Social Information Database (CNIS) hosted by Dataprev. CNIS includes all labor-related data, such as salaries, information of patrons and social security contributions; all Social Security Benefits as well as the citizen's tax number<sup>5</sup> and the enterprise's tax number.<sup>6</sup>

After Dataprev completes the cross check, the data is sent to the Ministry of Citizenship for verification. DataPrev has already finalized review of 32 million applications (received between April 7<sup>th</sup> and 10<sup>th</sup>). From this: 15.2 million were considered eligible; 11.6 million require registration review; 3.5 million were classified as ineligible; and 1.7 million need additional processing.<sup>7</sup> After review is done the data on eligible beneficiaries is sent by Dataprev to Caixa for payment. Caixa does a last check with their database as they are the main payment vehicle for nearly all the welfare benefits in Brazil.

## Payments arrangements

The payment is disbursed through existing channels for beneficiaries of *Bolsa Família* (*Bolsa Família* Payment Cards, Accounts in Caixa and Social Cards), by direct deposit to new beneficiaries with an existing account in the Bank of Brasil or Caixa, to an account with any other Brazilian bank which was registered during the enrollment process, or to a beneficiary's new Digital Social Savings Account. A compromise was brokered by the Brazilian Federation of Banks to ensure the benefits would not be used to charge existing debts or overdrafts.

The main innovation for the payment of this social assistance program is the Digital Social Savings Account. This all-digital savings account offered by Caixa and can be operated through an app developed by the bank and pays the same interest as basic savings accounts in Brazil. The Digital Account is free and includes free transactions: two ATM withdrawals per month, three monthly transfers to other banks, unlimited transfers within Caixa and two monthly statements. All cellphone providers agreed to provide the download, installation and any data usage for this App free of charge for 90 days.

To open the account, beneficiaries only need to input in the Caixa app their CPF and the code they received after they finalized the application. No other information is needed from beneficiaries for onboarding as authorities use information collected through the program application process to conduct the customer due diligence process. As of April 2020, Caixa stated that it has opened more than 10 million Digital Social Savings Accounts.

The Digital Social Savings Accounts allows beneficiaries to make purchases using a virtual debit card and through the Caixa app in merchants with QR code enabled POS. Funds are available for withdrawal in a staggered schedule, following the month of the persons birthday, in order to avoid agglomeration in ATMs, bank branches and lottery shops that function as cash-out points.

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<sup>5</sup> CPF is the tax number related to citizens and is the de facto main personal identifier in the country. Similar in use to the Social Security Number in the US.

<sup>6</sup> CNPJ the tax number related to companies.

<sup>7</sup> <http://portal.dataprev.gov.br/auxilio-emergencial-dataprev-envia-novos-lotes-de-cadastrros-caixa>