

The Impacts of Cash in a Pandemic:

Evidence from cash-based programming in low- and middle-income countries



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The COVID-19 pandemic has led to steep drops in employment, income, and access to markets, pushing tens of millions of people in low- and middle-income countries into poverty.¹ Social protection programming has emerged as a critical response to the social and economic fallout of the COVID-19 pandemic. Many of these programs are social assistance measures, which provide benefits to individuals even if they have not previously paid contributions into the program. Before the pandemic, cash-based social assistance has been shown to successfully reduce poverty and enhance wellbeing along a number of dimensions, across many different countries. **But what is known about the extent to which cash transfers have mitigated the worst social, economic, and health impacts of the pandemic? And who has benefitted the most from such assistance?**

This review collates the current evidence on cash during the pandemic across a range of outcomes including food security and nutrition, livelihood support, health behaviors, and inequalities. It does so by highlighting rigorous impact evaluations of cash-based programs from countries across Latin America, Asia, and Africa. These programs include cash transfers (CTs), universal basic income (UBI), and public works programs (PWPs). This review is not exhaustive, but rather examines a variety of cases for which there is rigorous evidence to highlight findings emerging from the use of cash in large-scale crises. The goal of the review is to draw out key lessons about the implementation of these programs which can inform policy in the future.

Based on the research, the following are key policy lessons to consider:*



Access to cash or guaranteed wages can partially mitigate the worst effects of a large-scale crisis like the COVID-19 pandemic. Some programs can also have positive effects on health behaviors and knowledge.



Where social assistance interventions are short-term, it is necessary to **plan a proper transition out of social assistance programming to avoid negative income shocks.**



The provision of **non-cash support in the form of psychosocial and other services** is needed to address mental health in the context of widespread crisis.



Quickly expanding social assistance during a crisis requires infrastructure in the form of social registries, widespread access to identity documents, and digital payment instruments. Mobile phone apps may be useful targeting instruments to reach those not in social registries.



Given potential delays, it is crucial to **strengthen existing programs and develop systems for quick emergency relief.** Large-scale social protection programs in place prior to a crisis may also enhance beneficiaries' resilience, but more research is needed.

* For key findings and further context, see the section on "New Evidence" on page 6.



BACKGROUND

Spread of COVID-19 Threatens Livelihoods around the World

As of July 2021, the COVID-19 pandemic has directly led to the deaths of more than 4.1 million people globally.² Containment measures have reduced economic activity around the world, with particularly stark effects in low- and middle-income countries where governments, employers, and households have had fewer resources available to mitigate the economic impacts of the pandemic.

Systematic quantitative evidence collected by IPA from 30,000 respondents in nine low- and middle-income countries (LMICs) reveals steep drops in employment, income, and access to markets during the pandemic, pushing tens of millions into poverty.³ Across two rounds of surveying in mid-2020 and early 2021, a median of 70 percent of respondents reported drops in their income. A median of 30 percent reported declines in employment while a median share of 31 percent reported reduced access to markets. The lasting effects of food insecurity, worse health, and declines in educational attainment may be felt for decades.⁴ Within countries, the effects of the pandemic have been borne unequally. Women have been particularly affected by the increased caregiving needs generated by school closures and cultural expectations that they will care for the sick, as captured in observational surveys which show that care and domestic work burdens have increased for women around the world.⁵ While both men and women have seen a similar increase in the amount of unpaid childcare, the overall amount of time spent by women performing care work is higher due to higher pre-pandemic levels.⁶

The pandemic has also seen an increase in many forms of violence against women and children (VAW/C).⁷ Civil society, United Nations entities, and advocacy groups also highlight disproportionate risks from and impacts of the pandemic on indigenous peoples,⁸ displaced persons,⁹ people with disabilities,¹⁰ and others who may be at heightened risk due to pre-existing vulnerabilities and inequalities.

Expansion in Social Protection Programs

In response to this widespread crisis, governments in 215 countries and territories have responded by implementing or expanding more than 1,400 social protection programs. Social assistance accounts for around 62 percent of these responses overall, rising to 90 percent in LICs. Including 29 social pension schemes in 27 countries and 22 cash-for-work programs in 18 countries, more than a third of all programs constitute cash-based transfers.¹¹ Overall, cash transfers have covered approximately 14 percent of the global population during the pandemic, a scale not seen even during the 2008 recession.¹² These programs have generally been short in duration, lasting an average of just over three months. As of December 2020, only 7.5 percent of cash transfer programs continued beyond their initial implementation period.¹³

Of 1,340 social protection measures included in the UNDP and UN Women Global Gender Response Tracker, 153 target or prioritize women, addressing their economic security or increased demand for unpaid care. At least 55 countries have introduced or expanded cash transfers that target or prioritize women.¹⁴

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IN HONDURAS / UNSPLASH



Previous Evidence on Cash-based Programming

Cash transfer programs come in a variety of forms. Two of the most common types of programs are conditional and unconditional cash transfers (CCTs and UCTs), which offer cash grants to poor individuals. CCTs are typically conditioned on recipients taking socially beneficial actions such as sending children to school or having them vaccinated, while UCTs do not have any conditions. Another type of cash-based program is a universal basic income (UBI) program, an unconditional transfer provided to all households within a given geographic area regardless of poverty status. Finally, in public works programs (PWP), beneficiaries must participate in short-term, government-run employment in exchange for wages.

Conditional cash transfer programs became a popular poverty reduction strategy in the 1990s in Latin America. In other regions such as Africa, however, **unconditional cash transfer programs** which provide cash to poor individuals without any conditions have been more popular.¹⁶ Over 130 countries had CCT or UCT programs in place as of 2016.¹⁷ Many of these programs have undergone rigorous evaluations, which means that the evidence base on cash transfers is very strong.

A systematic review of 56 cash transfer programs in 30 countries over 15 years found that cash is consistently helpful at improving a range of human development outcomes.¹⁸ Cash transfer recipients reported higher household consumption, better physical and mental health, higher school enrollment, increases in savings, and increases in productive investments in their businesses or farms. However, cash has weaker impacts on outcomes such as business profits or reducing child labor.

It's also worth examining the interaction of cash transfers and gender. Policymakers often target cash transfers to women in the belief that they will be more likely to spend money on children's needs. In general, cash transfers do appear to improve women's household

decision-making power about household expenditures,¹⁹ and they also reduce rates of physical abuse (but not necessarily emotional abuse) by male partners. However, assigning conditions to women, especially those focused on caregiving, can also reinforce societal assumptions about women as "caregivers by default."²⁰

In contrast with UCTs and CCTs, **universal basic income (UBI) programs** have generally been implemented in high income countries, though some unconditional cash transfer programs in low- and middle-income countries can be similar in design. An evidence synthesis of 16 reviews on UBIs and "UBI-type" programs—including social pensions—found similar impacts to reviews of cash transfers. Understanding the impacts of UBIs, however, is limited by a lack of truly universal programs.²¹

Public works programs (PWPs) are a form of short-term employment targeted at poor individuals.²² Beneficiaries must be able to work, meaning that PWPs are typically not an appropriate form of support for people with disabilities, elderly individuals, or those with significant caregiving responsibilities. However, for those who do participate, evidence shows that they tend to have benefits similar to those of other cash transfer programs. Public works programming can smooth consumption in the short-term²³ and lead to greater asset accumulation in the longer-term.²⁴ Employment outcomes from participation in PWPs may be higher for women than for men.²⁵ However, while programming may also contribute to skills enhancement among participants, this seldomly translates to better labor market outcomes.²⁶

The Impacts of Cash-based Programming During the Pandemic



Photo JULIANA F. RODRIGUES IN PERNAMBUCO, BRAZIL / SHUTTERSTOCK

Given the positive evidence on cash from the pre-COVID-19 era, cash-based programming—particularly regular and predictable payments—was expected to have similar effects during the pandemic, helping households reach or maintain adequate consumption.

However, many wondered whether the widespread economic and social effects of the pandemic would limit some of the beneficial effects of cash transfers. For example, would beneficiaries find it hard to buy more food if markets were disrupted, or to access healthcare if public transit was shut down to comply with social distancing? While the low levels of benefits provided by many cash transfer programs mean that households typically wouldn't be able to use the transfers to replace all of their lost income during a crisis, they could make it less likely that households turn to negative coping mechanisms such as selling assets, going into debt, or skipping meals. If so, this could increase their resilience over the long run, giving households the ability to better cope with future crises.

This section highlights select rigorous impact evaluations of cash-based programs from low- and middle-income countries in Africa, Asia, and Latin America. These programs include Cash Transfers, UBIs, and PWP. Some of these programs are embedded in a larger social protection system while others were implemented directly in response to the pandemic in 2020 or started prior to the pandemic as poverty reduction instruments. As of April 2021, several are ongoing.

In general, findings indicate that cash transfer programs implemented during the pandemic help to shield beneficiaries from the worst impacts of the crisis. Beneficiaries are less likely to go hungry or become ill. However, the transfers were typically not enough to completely avoid negative outcomes, pointing to the need to assess whether the transfer values are sufficient for the task of crisis relief.

CASH TRANSFERS

UNIVERSAL BASIC INCOME & SOCIAL PENSIONS

PUBLIC WORKS & MULTIFACETED PROGRAMS

Global Evidence At a Glance

Select impact evaluations of cash-based programs from low- and middle-income countries in Africa, Asia, and Latin America are embedded in a larger social protection system while others were implemented directly in response to the pandemic in 2020 or started prior to the pandemic as poverty reduction instruments.



Uganda



Kenya



Ethiopia



The Philippines



India



Brazil



Bolivia



Colombia

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Large Transfers Improved Health Behavior and Food Security at the Kiryandongo Refugee Settlement in Uganda



Africa

Key Finding

Lump sum transfers in Kiryandongo refugee settlement in Uganda increased mask wearing and slightly reduced food insecurity. Cash transfer recipients reported fear and sadness related to COVID-19 at roughly the same rate as people who didn't receive the transfers, although the transfers did confer other psychological benefits.²⁷

In western Uganda, GiveDirectly began implementing a UCT program with households in Kiryandongo Refugee Settlement in February 2020. Each beneficiary received a one-time grant of US\$1000, delivered by mobile money on a rolling basis starting in early 2020, about a month before lockdown measures went into place. The transfers were delivered in lump sums to cohorts starting in February 2020, reaching one new cohort (of 24 total) roughly each month. Researchers are using randomization to evaluate the program, with the comparison group scheduled to receive their transfers after the evaluation is over in 2021.²⁸

Researchers interviewed cash transfer recipients by phone in July 2020, August/September 2020 and late October 2020. They collected data on indicators related to COVID-19 awareness and attitudes, public health behaviors, household shocks, food security, psychological wellbeing, intra-household conflict, alcohol consumption, and health care access.

The first phone survey found that respondents who received the transfer prior to the lockdown had marginally stronger food security than comparison households. Cash recipients also experienced improved psychological wellbeing. However, **the majority of respondents—regardless of whether they had received the transfer or not—expressed both sadness and fear associated with a lack of resources to provide for their households and fear of contracting COVID-19.**²⁹

The second round of phone interviews found that **mask-wearing was 6 percentage points higher among cash recipients than the comparison group.** This is true even against a background of free mask distribution. Food consumption was similar across groups. Many



respondents reported feeling unsafe, with burglaries and theft constituting a major concern. However, there was limited difference in the incidence of burglaries and theft across the two groups. Similarly, around half of respondents experienced intra-household conflicts with no difference between the cash recipients and those who had not yet received cash.

Round three of the interviews found that both recognition of asymptomatic transmission of COVID-19 and reported social distancing decreased from the initial interviews. Most respondents felt likely to contract COVID-19, with cash recipients reporting a slightly higher perception of risk. **Most households reported being food insecure, though households that received the transfer were less food insecure and consumed more protein.** Although some respondents noted that alcohol consumption increased during lockdown (39 percent), very few (7 percent) attributed this perceived increase to the cash transfer. There were no statistically significant differences in drinking behavior between cash recipients and those who had not received the transfer yet. Respondents also reported that they felt good about inter-refugee and refugee-host relations.



The Social Amelioration Program (SAP) Mitigated the Impacts of Lockdown in the Philippines

Asia

Key Finding

Households participating in the Pantawid Pamilyang Pilipino Program (4Ps) cash transfer program in the Philippines were better able to withstand economic shocks related to the COVID-19 pandemic. The Social Amelioration Program (SAP), launched to mitigate the effects of a strict lockdown, reached 4Ps households more easily than non-4Ps households, highlighting the importance of a functioning social registry.³⁰

On March 16, the Government of the Philippines declared an extensive lockdown in response to the COVID-19 pandemic, including school closures. On March 24, the Bayanihan to Heal as One Act was launched. This act allowed for the provision of emergency subsidies as part of a Social Amelioration Program (SAP) for 18 million poor and vulnerable households, more than 70 percent of the total population. Recipients included the 4.4 million households already participating in Pantawid Pamilyang Pilipino Program (4Ps or Pantawid), the country's flagship CCT program focused on childrens' education, health, and nutrition. As part of the COVID-19 response, the Department of Social Welfare and Development (DSWD) suspended conditions for 4Ps recipients.

The COVID-19 Low Income Household Panel and Economic (HOPE) Survey, conducted by the World Bank, investigated the impact of the pandemic on a number of welfare indicators of 580 low-income families, including both beneficiaries of the 4Ps and other comparable non-4Ps families. Based on panel data from December 2019 to October 2020, the HOPE survey traces these households' well-being over time.

Early survey results show a decline in employment from 56 to 31 percent. For those working, weekly median household labor earnings fell by half. These effects were stronger in urban areas and in the city of Luzon, among male workers and youth. Labor market impacts were similar across 4Ps and non-4Ps households. However, **4Ps households were better able to manage the related economic shocks.** Fifty-six percent of households in the survey reported food insecurity due to lack of resources. Food insecurity was also unevenly distributed.

Participation in the 4Ps program mattered for accessing SAP entitlements: **the pace of emergency relief was faster for 4Ps households as SAP leveraged the preexisting digital channel.** Those not in 4Ps experienced barriers to receiving the SAP related to lack of straightforward mechanisms for beneficiary identification, eligibility verification, program enrollment, and payment delivery. Quickly receiving emergency assistance through SAP mattered, enabling 4Ps recipients to better cope with food insecurity. **SAP emergency subsidies had the greatest impact in reducing food insecurity for those in the lowest 40 percent of pre-COVID-19 per capita household earnings.**

Later surveys³¹ indicate that the extensive lockdown in the Philippines has had deep impacts on health and education. A sharp decrease in visits to health centers by children 5 and under—from 73 percent before lockdown to 41 percent during lockdown—has been offset by home visits by Barangay Health Workers. However, the quality of home visits appears to be lower than care at a health center. **4Ps recipients were more likely to visit health facilities with their children, both prior to and during the pandemic.** While both 4Ps and non-4Ps households were similar in school enrollment, children in 4Ps households had a slightly lower enrollment rate. There was no gender difference in the amount of time spent on schoolwork. However, women were much more likely than men to spend time helping children with schoolwork. This was unrelated to labor market participation.

Emergency Aid Transfers in Brazil Reduced Poverty and Inequality

Latin America

Key Finding

Despite taking almost no measures to reduce the spread of COVID-19, Brazil implemented a vast cash transfer program to mitigate the economic impacts of the pandemic. The Emergency Aid Transfer (EAT) had strong effects on poverty and inequality. During the first months of the pandemic, the poverty rate declined from 12 percent to between 7 and 9 percent. Extreme poverty dropped from 3 to 1 percent. The Gini index remained below 0.50 for the first time in Brazilian history after dropping from 0.53 to 0.47.³²

Despite taking almost no measures to reduce the spread of COVID-19, Brazil implemented a vast cash transfer program in April 2020 to mitigate the economic impacts of the pandemic. The Emergency Aid Transfer (EAT) includes monthly benefits of US\$120 which could cover up to two people from the same family. In female-headed households, the transfer value doubled. The transfer was extended from its initial three months to five, with an additional extension implemented between October and December 2020. However, the latest extension imposed restrictions on access criteria and benefit value.

Household panel data shows that **the EAT had strong effects on poverty and inequality. During the first months of the pandemic, the poverty rate declined from 12 percent to between 7 and 9 percent. Extreme poverty dropped from 3 to 1 percent. The Gini index**—a coefficient representing economic inequality ranging from zero to one, with zero indicating no income inequality—**remained below 0.50 for the first time in Brazilian history after dropping from 0.53 to 0.47.** Without the EAT, researchers estimate that the poverty rate would have been between 18 and 19 percent in 2020, with extreme poverty between 1 and 2 percent.

There was a reduction of 6 percentage points—from 62 percent to 56 percent—in labor force participation between 2019 and 2020. Black and indigenous people experienced greater reductions in labor force participation compared to white or Asian people. Women, younger, and older workers were more likely to lose their jobs between 2019 and



2020 compared to the year prior. Self-employed workers were also more likely to leave work. The effects on young people entering the labor market may have long-term consequences for their lifetime earnings.

The EAT leveraged the unified registry (*Cadastro Único*) used to deliver non-emergency social protection programming such as the Bolsa Familia Cash Transfer program. This registry did not include EAT recipients who were not participating in Bolsa Familia which presented some logistical challenges. Those who were not found on the unified registry or in formal labor used a mobile phone app to register, providing a potentially useful tool to improve targeting in the future. Additionally, the high impacts of the pandemic on labor market participation and the strong mitigating effects of the EAT indicate **the need for transition planning following the end of an emergency transfer to avoid income shocks.**

The Value-Added Tax (VAT) Compensation Modestly Increased Food Security in Colombia

Key Finding

The Value-Added Compensation (VAT) Program in Colombia had modest effects on food security for recipients. The rapid rollout of the program also highlights the need to foster digital infrastructure and mobile money for assistance in emergencies.³³

Colombia was due to implement the VAT Compensation Program in 2021 to address inequalities in the tax system. Unlike a VAT refund, which is based on previous tax payments, the VAT compensation acts as an unconditional cash transfer, delivering a fixed sum to households in extreme poverty.

Due to the onset of the pandemic, the Government expedited the program—rolled out a week after the start of the national quarantine in March 2020— for households already enrolled in two existing social protection programs: Familias en Acción and Colombia Mayor. The VAT compensation was implemented as a lump-sum transfer delivered every five to eight weeks to 1 million households. The amount was modest— approximately US\$19 per household or 8 percent of monthly minimum wage.

A subset of beneficiaries from Familias en Acción was randomly selected to be part of the evaluation to understand the effects of the VAT Compensation in mitigating the effects of the pandemic. Researchers used linked administrative and household survey data collected by phone in June 2020 following the second payment. The evaluation found that the pandemic had devastating impacts on these already poor households: 57 percent of those who worked before the pandemic no longer had paid work at the time of the survey. Fifty-eight percent had less to eat during the quarantine. There was also high support for government measures to limit the spread of the disease.

More than 90 percent of surveyed households reported spending the VAT Compensation on food, unsurprising given high levels of food insecurity among recipients. **The probability of purchasing food in the last week increased by 4.4 percentage points for those receiving the VAT Compensation. The VAT compensation also modestly reduced the likelihood that households had to deplete savings, borrow money, miss loan payments, or pawn their belongings.** These modest effects from modest transfers are consistent with the literature. The transfer appears to have improved mental health and possibly parental investment in children’s education. The transfer also boosted support for emergency assistance and promoted social cooperation.

However, the rapid rollout was not without challenges, despite dissemination of transfers in record time. Limitations in infrastructure for digital payments meant that many people had to leave their homes to cash out at a mobile money agent despite the quarantine. Challenges also emerged in the form of lack of user experience with digital payments— many recipients of the VAT Compensation were first-time digital wallet users—and connectivity issues. **Fostering digital infrastructure and mobile money can greatly support the rapid rollout of assistance in emergencies.**



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Ethiopia's Flagship Social Protection Program Reduced Food Insecurity During the Pandemic



Africa

Key Finding

In Ethiopia, the Productive Safety Net Program (PSNP) mitigated the worst effects of the pandemic on household food insecurity. In food insecure areas of the country, food insecurity increased by 11.7 percentage points following the onset of the pandemic. However, the likelihood of becoming food insecure increased by only 2.4 percentage points for PSNP households. The effects of the PSNP on reducing food insecurity were greater for poor households and those living in remote areas.³⁴

Ethiopia's Productive Safety Net Program (PSNP) has been in place since 2005. It is a multifaceted social assistance program targeted both geographically and individually that includes public works for six months per year and UCTs for around 15 percent of participants—notably pregnant and nursing mothers as well as others that cannot participate in labor-intensive activities. Payments are generally made in cash, but food transfers are used in the context of limited access to markets. In 2018, the PSNP introduced additional activities in Amhara, Oromia, Southern Nations, Nationalities and Peoples (SNNP), and Tigray regions. These included the provision of information on improved maternal and child nutrition practices. With the aim of helping the rural poor to resist shocks and become food self-sufficient,³⁵ Ethiopia designed the PSNP to be “shock responsive” prior to the onset of the COVID-19 pandemic.

To understand the impacts of the added maternal and child nutrition program on food security, researchers conducted face-to-face surveys with 2,626 households in Ethiopia's rural highlands in March 2019. Researchers re-interviewed 2,551 of those households in August 2019. This included both those participating in the PSNP and a

comparison group of households not enrolled. In June 2020, researchers conducted phone surveys of 59 percent of these households due to limited access to mobile phones.

Despite widespread increases in food insecurity as a result of the pandemic, the PSNP largely mitigated these effects for participating households. Overall, households reporting a food gap increased by 11.7 percentage points with the size of the food gap increasing by 0.47 month. For those in the PSNP, the likelihood of becoming food insecure increased by only 2.4 percentage points and the duration of the food gap by only 0.13 month. The effect was higher for poorer households and those living in remote areas. PSNP households were also less likely to reduce expenditures on health and education by 7.7 percentage points and were less likely to reduce expenditures on agricultural inputs by 13 percentage points. **Despite targeted nutrition-sensitive programming, the diets of mothers and young children changed little,** aside from reductions in animal-source foods.



A Employment Guarantee Program Reduced Job Losses in Rural Areas in India, Especially for Women

Asia

Key Finding

In India, the Mahatma Gandhi National Rural Employment Guarantee Act (MG-NREGA) cushioned many rural households from job losses. The increase in state capacity to deliver MG-NREGA by one workday per rural inhabitant reduced job losses in rural areas by 7 percent overall and by 74 percent for rural women.³⁷

India's Mahatma Gandhi National Rural Employment Guarantee Act (MG-NREGA) was launched in 2006 and is the world's largest employment guarantee program. MG-NREGA provides 100 days of manual work at a minimum wage on publicly funded projects to rural households in India. One third of the jobs in each MG-NREGA project are reserved for women. The program was initially implemented in the country's poorest districts in February 2006, but by 2008 had expanded nationally. In 2018, there were almost 76 million people in the program.

India imposed a strict lockdown due to COVID-19 in March 2020. This lockdown also included a brief suspension of the MG-NREGA program. However, on April 15, 2020, the program resumed with an increased budget which allowed for 2.02 billion person-days of work through September 2020, compared with 1.88 billion for the entire fiscal year of 2019-20.

Researchers assessed the effects of MG-NREGA on cushioning job losses in India using individual-level data from three phases of the COVID-19 pandemic: phase one with stringent mobility restrictions from April-May 2020, phase two with gradual easing in June to July 2020, and phase three which coincided with full relaxation of restrictions in August 2020. They find that **MG-NREGA played a significant role in cushioning job losses in rural areas and that the effect was greater for women.**

Compared to the months prior to lockdown, employment was 5 percentage points lower in April-August 2020, relative to the same time period in 2019. This decrease in employment was more pronounced for men than women. However, the magnitude of this difference diminished when restrictions were eased.

States which had more capacity to deliver MG-NREGA jobs at the level of one additional workday per rural inhabitant reduced job losses in rural areas by 7 percent overall and by 74 percent for rural women. This effect strengthened as covid-related restrictions eased. **The cushioning of employment losses was greater for women who were less mobile and less skilled since** women who were married, residing in households with young children and less educated saw disproportionately larger employment gains. The employment of women who had ever been married increased by 4.5 percentage points (33 percent) more than women who were never married. For women with primary school aged children, there was a 3.9 percentage point (33 percent) increase over women in households with no children in this category.

The findings demonstrate the success of MG-NREGA in mitigating the worst employment effects of the pandemic and the important role it played for rural women in particular. Disaggregated results suggest that **limited mobility and the need to balance child care responsibilities may explain the greater effect on women**, as MG-NREGA provides employment opportunities close to women's homes.

A Universal Basic Income in Kenya Modestly Reduced Hunger, Non-COVID Illness, and Depression



Africa

Key Finding

A pilot of a UBI program in Kenya modestly increased food security during the pandemic, with the greatest impact shown in the villages receiving a longer-term transfer. Transfers also improved both physical and mental health, significantly reducing non-COVID illness among the villages receiving transfers.³⁸

In Kenya, a UBI program implemented by the NGO GiveDirectly was launched in the rural counties of Bomet and Siaya in 2017. The onset of COVID-19 and related restrictions allowed for a window into the effects of a UBI on mitigating the effects of widespread shocks.

In 2017, 295 small villages were randomly assigned to four groups:³⁹ those receiving a one-time lump-sum transfer (US\$500 for all adults), those receiving short-term streams of transfers (US\$0.75 per day for two years), those receiving long-term streams of transfers (US\$0.75 per day for 12 years), and a comparison group. GiveDirectly implemented the transfers through the M-PESA mobile money system which is widely used in Kenya.

At the start of the pandemic in March 2020, President Uhuru Kenyatta announced a nationwide lockdown, followed by school closures, a national curfew, and restrictions on mobility between regions. Independent surveys conducted in Siaya county give an indication of the economic toll: from February 2020 to the end of June 2020 per capita earnings fell by 35 percent in low-income households.

Researchers conducted phone surveys with the UBI beneficiaries between late April and June 2020 and compared these with two other surveys—an endline survey of households conducted in August and December 2019 and a survey of migrants from these households conducted between March and May 2020.

Overall, there was strong evidence that the **transfers implemented before the pandemic had benefits during the pandemic**. There was also some evidence supporting the idea that **incremental transfers delivered during the pandemic had additional benefits**. However, the economic crisis still wiped out most of the gains that the UBI recipients had previously made from starting new businesses.

As indicated by the comparison group, hunger was widespread, likely due to both the pandemic and lean season. Effects of the transfers on measures of food security were statistically significant but economically modest during the pandemic, with the greatest impact shown in the villages receiving the long-term UBI. **All three transfers significantly improved both physical and mental health during the pandemic. However, the effects of the lump sum transfer on depression were not significant.**

Transfers also significantly reduced non-COVID illness among recipients. The effects on COVID transmission were not measurable, as the prevalence of COVID-19 in the villages at the time of the surveys were low overall. These results are relevant for public health during the pandemic because they may indicate that those receiving transfers were less likely to be at risk of COVID-19 due to a reduction in other illnesses. Additionally, contrary to evidence on transfers during “normal” times, transfer recipients were less likely to use health services. This may have freed much-needed hospital space. **The transfers also reduced interaction for social purposes while having almost no effect on interaction for commercial purposes.**



In Bolivia, Social Pensions Delivered Positive Impacts in Multi-Generational Households

Latin America

Key Finding

The case of Renta Dignidad in Bolivia shows that in the context of multi-generational households, social pensions can deliver positive impacts during an economic crisis, particularly for poor households and households that experienced a labor market shock.⁴⁰



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Non-contributory social pensions support the wellbeing of older people as they leave the labor market. Renta Dignidad (RD), established in 2008, provides a basic monthly income of US\$50 to Bolivians above the age of 60 regardless of income or contributions to social security. The program covers around one-third of Bolivian households.

Researchers assessed the impact of becoming eligible for RD during the pandemic on households' economic and food security. They compared households whose oldest family member was not yet eligible for RD to households whose oldest family member recently became eligible for RD.

The experience of Bolivia shows that in the context of multi-generational households, social pensions can also help to reduce the negative impact of large-scale shocks.

The impacts of the COVID-19 pandemic in Bolivia have been stark. Among households not yet eligible for RD, food insecurity was high. Forty-two percent of those households reported eating less healthy food, 18 percent experienced hunger, 48 percent could not cover a week of expenses, and 87 percent reported pandemic-related stress. Sixty-eight percent of households reported business closures of family-owned businesses.

Eligibility for RD greatly mitigated these negative impacts, particularly for poor households and households that experienced a labor market shock. **Becoming eligible for RD increased the probability of having enough cash for a week's worth of necessities by 12 percentage points and enough food for a week by 8 percentage points. There was a 9 percentage-point decline in the probability of experiencing hunger, with a similar effect on unhealthy eating.** The evidence suggests a decline in stress, but the relationship is less clear. These findings indicate that households relied on the RD pension to avoid hunger and achieve basic levels of food consumption during the pandemic-related crisis. **These effects were larger for households that experienced large labor market shocks and for low-income households.** This includes many middle-income households that would not have been eligible for more targeted transfers focused on poverty reduction.



Conclusion

As of July 2021, the COVID-19 pandemic continues to impact the lives and livelihoods of people around the world. Social protection programming has been a critical response to its social and economic repercussions. Across the programs reviewed in the brief, access to supplemental cash or guaranteed wages mitigated, to some extent, the worst effects of the crisis. Some also had positive effects on health

behaviors and knowledge. Results from evaluations on cash-based programming continue to emerge, such as the COVID-19 grant in South Africa to support labor market recovery. It is critical to leverage this evidence to support informed policymaking in effectively preparing for and responding to this crisis, as well as those that may occur in the future.

Photo top & bottom

MICHAEL D. EDWARDS IN MANILA, PHILIPPINES / SHUTTERSTOCK



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