ODI Series Ep. 3 | Covid-19: crisis as opportunity for urban cash transfers?

Jo Sharpe: Hello, you’re listening to the Social Protection Podcast.

Welcome to the next episode in our special six part series brought to you by ODI and GIZ in partnership with socialprotection.org. I’m delighted again, to welcome Francesca Bastagli from ODI as guest host for this series. We’ll be back with a regular episode in August.

Francesca Bastagli: Hello and welcome to the Social Protection Podcast special series. I’m your host Francesca Bastagli. Today’s episode is part of a six-episode series based on an ODI/GIZ funded project on social protection response to COVID-19 and beyond: lessons learned for adaptive social protection. Over these six episodes we'll be asking: has COVID-19 marked a turning point for social protection?

In our ODI/GIZ study, we covered six thematic areas each with an accompanying paper. Each week of this podcast special series, I’ll be joined by the lead author of one of the papers along with an expert discussant. In this week's episode, we look at social protection in urban contexts since the onset of COVID-19 and especially at social assistance and cash transfers.

When COVID-19 hit, urban social assistance was limited in many countries. More than half the world’s population now lives in urban areas, but most social assistance programs across low- and middle-income countries were designed for rural areas. COVID-19 has exposed this gap. Urban residents face high risk of infection and livelihood losses as COVID-19 spread as a result in part of overcrowding, poor hygiene and sanitation and widespread and unformal employment in urban contexts. At the three-month mark, urban areas accounted for 95% of COVID cases, and then some countries reported higher rates of job and income losses than elsewhere.

The concerns about higher urban job income and food insecurity have persisted as the crisis has unfolded. Estimates of the new poor, those that were pushed into poverty by the crisis, suggest that a large share will be urban. In an effort to contain the impact of the crisis measures, were taken to step up provision in urban settings.

And in some countries, we've seen the extension of social assistance to urban dwellers for the first time, at least in the short term, as part of the emergency response. What do we know about how well these adjustments have worked as crisis response for urban dwellers to date? What lessons are emerging for social protection?

Some of the innovations may hold potential to address this urban gap in the longer term. But at the same time, there may be limited scope for longer term change. What is the emerging evidence and learning for addressing the urban social protection gap?

Here to discuss these questions with me today, are Keetie Roelen and Ugo Gentilini. Keetie is research fellow and co-director of the center for social protection at the Institute of

Ugo Gentilini is global lead for social assistance at the World Bank and coordinator and lead author of the living paper on social protection and jobs responses to COVID-19.

Keetie, Ugo, welcome to the podcast.

**Ugo Gentilini:** Thanks for having me.

**Keetie Roelen:** Thank you Francesca. Great to be with you.

**Francesca Bastagli:** COVID-19 hit against the backdrop of wider trends. And I'm thinking in particular of urban population increases and the urbanization of poverty in many countries. Ugo, could you tell us about these wider trends and what we know about the impact of COVID-19 in urban centers?

**Ugo Gentilini:** Historically, urbanization has been a positive force of development and economic growth as countries urbanize. Their general level of poverty tends to decline. Still about 80% of global poverty today is located in rural areas. Now why all this is kind of positive news in terms of the role of urbanization, in some contexts, urbanization is happening at the magnitude and at the speed that is challenging to manage.

So, Africa is urbanizing at a rate that is twice that of Europe. There is one urban dweller that is added in African cities every second. That's basically 2.6 million a month, or almost a billion by 2050. When demand for services and jobs in cities outstrips the capacity of cities and governments to provide them, then urbanization can generate what is called congestion economies and the emergence of slums and informal settlements is the manifestation of that.

Considering that over half of the urban population in developing countries lives in slums or informal settlements. And that rate goes up to 90% in countries like South Sudan or the Central African Republic. And also just to conclude opportunities in cities are not always present for everyone.

Using unemployment in urban areas, for example. It's about 25% or 10 percentage points higher than rural areas that has also been part of discontent social unrest. In fact, the 80% of the episodes of social unrest, there are about 14,000 such cases over the past 30 years occur in urban areas.

Plus, there is this process of ongoing urbanization of prices, precisely because of these movements of cities and the growth of cities in terms of population, the poorest people tend to move and live in areas that are more exposed to natural disasters, such as riverbanks. In fact, the number of people that is projected to be exposed to typhoons is going to increase from 370 million in 2000 to 870 million in 2050.

So, we don't see just the urbanization of poverty, but we also see the urbanizational crisis.
Francesca Bastagli: What do we know about the impact of COVID-19 in urban centers?

Keetie, let’s start with you.

Keetie Roelen: So, in thinking about the impact of COVID-19 on people living in urban areas, a lot of that links with what Ugo just mentioned about urbanization of poverty, and particularly also the characteristics of poverty in urban areas, which of course overlap with poverty everywhere, but also have some specific characteristics. And I’m thinking here about overcrowding, for example, and the living conditions. People have poor rights of tenancy, live closely together, and generally find it more difficult to negotiate housing conditions. And there’s also an issue in terms of access to basic services, which tends to be much more monetized in urban centers where people have to pay for water, for waste management, for sanitation for example. If we think about urban residents living more closely together, also making use of services in groups, sharing facilities, that means that they’re at greater risk of infection, at greater risk of the health consequences of the pandemic. And if we think about the consequences from an economic perspective, we can again see that people living in urban areas are particularly vulnerable.

So, restrictions that were put in place to hold the spread of infection meant that people weren’t able to move around. Weren’t able to go to work. So essentially for many people this meant staying at home and not being able to have any form of cash coming in, that they would otherwise earn doing various jobs, having their own businesses, et cetera.

And with a large informal workforce in urban areas. So, workers who don’t have access to formal employment benefits, for example, there was no fallback option for them. The cash just stopped coming in overnights and particularly it’s this aspect that has really woken up policymakers and incentivized this move to expansion of social assistance measures in response to COVID.

And of course, all this happened against the backdrop of already relatively low provision of social assistance or cash transfers in urban areas prior to the pandemic.

Ugo Gentilini: I fully agree with what Keetie said, there are many estimates out there on the poverty impact of the pandemic. One of the most the conservative ones, estimates that between 88 and 115 million additional people were pushed into poverty in 2020.

And 30% percent of them are in urban areas. This is based on high-frequency surveys. Katie mentioned the issue of proximity and separation of services. In fact, that an interesting statistics is also that the about 96% of Africa housing doesn’t meet the WHO COVID-19 standards. So in a way, what made the urban areas particularly exposed to COVID is the fact that housing themselves, settlements themselves, could be vectors for the pandemic.

So, on one hand, people were encouraged not to work and to stay home. On the other hand, homes themselves were part of the problem.
Francesca Bastagli: COVID-19 has exposed and exacerbated vulnerabilities of urban dwellers. It’s also highlighted the limitations or, and low provision of social assistance in urban areas in many countries.

What did the social protection response to the crisis in urban areas look like? Keetie, can you give us some examples, what types of measures were taken and what adjustments were made to step up provision to people living in urban centers?

Keetie Roelen: When we look at what happens in urban areas, in response to COVID, we can think about maybe three different types or three different ways in which social assistance was implemented.

The first one is expansion of existing schemes. The second one is tweaking them in ways that are more responsive to how COVID played out. And the third one is the establishing of new schemes.

Now the expansion, the first way in which social assistance respond its can be done also in two ways again. The first one is what is called horizontal, meaning that existing schemes expands the number of beneficiaries that they cover. For example, in China, the Dibao cash transfer scheme, which already covered many people across the country included more urban residents in recognition of a greater vulnerability. But programs can also be expanded vertically, meaning that existing beneficiaries receive more support. Again, recognizing that the pandemic has made things worse for them. And here, an example is Ethiopia and its urban productive safety net program where people who were already receiving cash transfers received top-up payments of roughly $10 a month, which was paid into three months installments. So, this is one way in which social assistance responded by expanding schemes that were already in place.

Another way in which a scheme responded was about again, about schemes that were already in place, but slightly adjusting how they were implemented. And this relates particularly to so-called conditional cash transfer programs. When normally it's beneficiaries have to abide by a certain criteria in order to receive the cash.

For example, they have to make sure that their children are immunized or that they go to school. But one can imagine that in light of concerns of infection, as well as mobility constraints or restrictions on travel, adhering to those conditions is not desirable or possible. For example, in Indonesia's programme, as well as in the Philippines, those conditions were waived and people receive their cash transfers regardless.

And the third way in which social assistance was implemented was through the establishment of entirely new programs. And this actually represents quite a substantial number of programs that were implemented in urban areas. Partly because so few were in place before the pandemic hit. So a whole range of different schemes, precisely because the pandemic put into focus, how vulnerable people living in urban areas and particularly working in the informal sector are.
Francesca Bastagli: Ugo, would you like to also share some examples?

Ugo Gentilini: Sure. I think that programs have in general being kept simple in design. There has been a lot of innovations in easing the administration and the procedures to access those programs and that is not just in the lower middle-income countries, but the higher income countries as well.

It’s also actually fascinating to observe the emergence of a number of digital programs. And not only in cash transfers, but even programs like public works. There are examples of digital public works in Mali and Kenya and Tanzania. There was an initiative that included seven pilot activities, which are very much at the first phase, in relative small scale covering about the 1300 workers, but quite promising in the way and the type of activities that those programs established. For example, they include the geo location of a slum urban services, like in Nairobi or the validation of building heights in there is slum, or the classification of imagery and the validation of that imagery on the ground and the identification of solid waste management practices in Bamako and in Mali.

So the pandemic in a way, elicited and encourage these sort of innovations that are likely also to be of potential interest post pandemic.

Francesca Bastagli: So Keetie, Ugo has already mentioned a number of ways in which adjustments or innovations were made to the operational and implementation aspects of the measures taken.

Could you expand a bit on this drawing on your study and the case studies you looked at in depth? And tell us a bit more about the processes of stepping up or rolling out social protection in urban areas.

Keetie Roelen: Implementation of new schemes as well as changes to existing schemes build on what was already in place.

And of course, that’s easier to do with existing schemes. And we see examples of that in Peru, for example, or Indonesia or Ethiopia, where the existing lists of beneficiaries were used as a basis, either to distribute more support to those existing lists or to expand them to include more people. What we do see, however, is also the limitations of using those existing structures in rapid rollout of additional support, whether that's more support to the same people or new support to new people.

For example, in Peru, in first instance, the social registries and databases that were already in place, we used as a foundation to implement emergency measures. But very quickly, became clear that informal workers who had lost their income were not included in these registries, no information was available about them.

And so, a new scheme was then put in place with new efforts to collect information and go through a process of targeting to ensure that they would also receive the support that they need. So having that foundation, building on what's already in place was incredibly
important, but also showed that they were necessarily strong enough to facilitate rapid rollouts.

I would like to mention a positive example though. And that was in Madagascar where the foundation was very much, not just about a single scheme, but about the coordination mechanisms that were in place that had underpinned previous cash transfer and social assistance schemes. So there, the multi-stakeholder cash working group was working really well already before COVID with strong partnerships between governments, international partners, and then when COVID hits very quickly, people came together to discuss what was needed. And in this case, this was a new scheme implemented in urban areas. And we can see that Madagascar was a positive example of where things were implemented relatively quickly and where people actually received supports whilst the lockdown restrictions and other restrictions were still in place.

So, it's a positive lesson of strong foundations, actually helping to speed things up. And not just in the case of extending or expanding existing schemes, but even in the case of setting up new schemes.

Francesca Bastagli: In a large-scale covariate crisis, like this one, the timeless and scale at which adjustments are made and provision is stepped up to the effected population groups is key.

How effective were measures taken in reaching the most vulnerable and supporting them through the crisis? You've already touched upon this, but can you tell us a bit more about, as we say, the speed at which provision was adjusted and delivered and the adequacy in terms of coverage and type of provision in the urban context? Keetie, perhaps we'll start with you.

Keetie Roelen: When we talk about adequacy and also coverage, what I think we saw across the various case studies we looked at is that governments also had to strike a really tricky balance between the two, between reaching as many people as possible and reaching people with the most adequate support possible. And here we heard from those working in Malawi, that there were quite a few discussions around their emergency cash transfer scheme.

On the one hand, trying to provide relatively generous cash transfers that would cover basic expenses versus reaching households that were really in needs, which wouldn't be possible if they were high cash transfers for budgetary reasons. So, in the end, the compromise was reached that targeted about 35% of urban households and then provided a flat rate cash transfer to cover basic food needs, so not the entire basket of expenditures or expenses. And also this was a flat rate. So it didn't take into account different sizes of households, for example, of different needs of different members.

We heard Ugo talk about some of the excitement in particularly urban areas and trying to roll out schemes quickly using digital tools, for example. And that's both in terms of identification and targeting as well as payments. And well, there's a lot of positive lessons to
be learned, particularly in how it facilitated the speed of the rollouts. I think there's also lessons to be learned around how it may have excluded some people who are either not digitally literate, who don’t have access to those tools and who generally find it difficult to be informed about what schemes they might be eligible for and have access to any kind of supports that they have a right to.

I think that was probably a missing piece in a lot of the support that we saw rolled out. And in part that’s, because there was just very little time to take this into consideration, but it does point out that if we think about the future, which I’m sure we'll talk about in a minute, this is something that requires further attention.

**Ugo Gentilini:** Yeah, I think we are still in the middle of the crisis. There are emerging insights and Keetie already alluded to a number of those metrics. On adequacy, for example, that depends on the objective that the program had and for how long assistance, was supposed to last. For example, we know that the in urban areas transfers were about 70% of monthly GDP per capita, so quite generous, but they might have been adequate for the duration of the program, but would they be adequate for a year, for example?

So as mentioned, programs tend to be generous, but fairly short term in duration. It's also very clear that countries that did have a good delivery systems were able to respond quicker. It takes between six to 55 days less to reach beneficiaries using preexisting registries instead of setting up new systems.

And we know that in urban areas, many systems were new. So that's probably an interesting question to explore the quantification of the speed of response in urban areas in particular. On the other side, however, electronic payments get to people certainly five days before manual methods. And we know that in urban areas, there has been a wide application of electronic methods.

If a system were largely new and those might have been less rapid than pre-existing ones, that may be offset by the wider use of electronic payments. So that tend to be faster. So, there are these two forces going on in a number of cities that may affect the performance. One final point is that it's true that the urban areas also present the on average conducive environments for implementation, better connectivity, better services. But at the same time, we also have seen that some countries like Ethiopia and Uganda did have plans for having new programs for informal sector workers in particular, that didn't necessarily materialize. There are some clear advantages in the sort of the implementation environment that is presenting or urban areas, but that is not always the case necessarily.

**Francesca Bastagli:** What are some of the emerging lessons from the experience to date over the course of the last year? Are there examples of the potential to address social assistance, social protection, shortcomings and gaps in urban contexts in the longer term?
And I'm referring to this both with respect to a priority for better preparedness for future shocks and crisis, but also against the potential of addressing the longstanding social protection gap in urban contexts. Keetie, what are these from your perspective?

**Keetie Roelen:** A few lessons that I think we can learn from these experiences in the past year and still ongoing in urban areas.

I think not all countries that have implemented support in urban areas will continue to do so once the pandemic is over, they will have seen it as an emergency response. And may think about implementing an emergency response in urban areas again, if, and when that's needed, whilst in other places, this may have opened the door for more continuous support in urban areas, but in either case it's clear that foundations need to be in place in order to do this.

And that means having the information about people and about their vulnerabilities, whether that's in a social registry or otherwise, it also means really drawing on the lessons learned of the various mechanisms through which data was collected and payments were delivered. So if we learn that certain payments modalities, which are more digital, can reach people much quicker, how can we also make sure that they reach everybody who is a need, so that nobody is excluded in future.

Another element I think that we need to learn moving forward is around the different types of vulnerabilities, in a different picture of urban poverty and how social assistance can best response to those issues.

And then the final piece where I think there's a lot of learning and emerging lessons for the future is also around the issue of social contracts. And whether in fact, the experiences in many countries in the last year have led to a shift in social contract in the expectations that urban residents have from governments, whether that's national or local in providing them with support in times of crisis.

There's some suggestions that in urban areas, residents might now be more aware of the fact that they can ask for support and that they might want to do so in future, in others not necessarily so obvious. And so it will be interesting to see moving forward, whether the experiences that we've seen in the last year will lead to a more substantial change in people asking for social assistance and demanding for that to be put in place.

**Francesca Bastagli:** Thank you Keetie. What are these emerging evidence and lessons for you, Ugo?

**Ugo Gentilini:** The first lesson in my mind is that replicating rural design doesn't work. So there needs to be a deliberate attempt to adapt to the design and implementation in a vast number of ways. And I think the crisis response compounds pre-existing experience in that matter and enriches our knowledge on how to do that.
Another lesson is that urban communities can be mobilized. There is this myth that community ties are weaker in urban areas. Actually, they are different. There are, for example, the Ethiopia's neighborhood committee, in Madagascar, the local [unintelligible] committee, or in Cote d'Ivoire the community leaders or neighborhood chiefs.

They all contributed in different ways in program design by providing vulnerability information. Helping with pre-registration, but there is a whole agenda on how to involve communities and place them at that center of design and implementation of programs in urban areas. And now the big lesson is that the scale-up of interventions has seldom being connected to early warning systems that track the evolution of particular risks, where there is a lot of experience now on the climate side, like tracking the evolution of a possible drought and the triggering assistance accordingly, there is some ladder learning that inform a more pandemic sensitive response moving forward. So can we have health indicators that are part of those early warning systems and connect them to scale up decisions of cash transfers, that’s something that is not really happening at the moment. And it has a lot of potential for, in terms of timeliness, of acceptance.

Let me also conclude on a note regarding framing. There are two elements here. One is that still in urban areas, there is a certain degree of skepticism towards cash transfers and their possible effects in creating dependency or using migration or disincentivizing work. Again, those cut across rural and urban areas, but are particular present in urban areas.

I think there is an important role for evidence building and awareness generation there. And countering some of those fears with facts that tend to actually show exactly the opposite that cash transfers actually can then generate the work and can be perfectly compatible with incentives.

So there is a bit of some framework that needs to happen to make cities administrators see exactly where those programs fit.

Francesca Bastagli: Keetie, Ugo, as you know, the guiding arching question of this podcast special series is could this be a turning point for social protection? And my question really is if this crisis and the disruption and innovations it brings is to mark a turning point for addressing the social protection urban gap.

What are the main things we need to focus on? What needs to be our priorities? Ugo over to you first.

Ugo Gentilini: I would say that six years ago, I published a paper calling for stronger permanent social protection systems. This year I published another paper calling for stronger protection system. So, if urban social protection systems don’t get strengthened moving forward, I can safely conclude that I’m not very influential.

I think that at the moment, there is a lot of discussion on whether COVID is a turning point for social protection urban contexts or not. I think that it could potentially be an inflection
point if countries leverage the efforts and investments made during this year and translate those investments in permanent systems.

I think it’s natural that part of the efforts did serve a pure crisis response objectives, but it’s very clear also that there is so much learning. The practices that were put in place were so rich that there are bound to inform permanent systems and improve them. And I think that as part of that process is likely that we’re going to see more urban social protection moving forward, but that also needs to be tied to a renewed framing, a renewed pension on the role of social protection in societies. And for that also to happen, there needs to be an alignment of fiscal capabilities of delivery systems. Although so of political incentives to make social protection, a strong component of the development process moving forward, including cities.

**Keetie Roelen:** I think that what we’ve seen in the last year in urban areas in response to COVID has definitely shifted the needle when it comes to social assistance response in urban areas. I think there is now great recognition that people in urban areas are indeed vulnerable to many shocks, like people in rural areas, that they also have deep levels of deprivation that needs to be addressed.

And that it’s possible to implement social assistance in urban areas in ways that are impactful, meaningful and effective. Now of course, how that will play out in future is a bit question mark. I think for some countries, this is definitely the starting point of integrating an urban social assistance scheme in their social protection system as a form of continuous support, especially for those most vulnerable or at the lowest end of the income distribution.

But for other countries, it might be that the urban focus is now also integrated in more of a shock responsive elements of social protection. Whereby it’s clear that if another shock happens, whether that’s a health crisis like COVID or more climate related, urban areas are now firmly integrated into that system.

And I think that’s definitely something that follows from the pandemic and everything that we’ve seen in the last year, year and a half. So, I am mildly optimistic of course keeping in mind the pressures that Ugo mentioned in terms of funding, governments and political priorities, but certainly I think there’s a lot to be optimistic about.

**Francesca Bastagli:** Thank you both Keetie and Ugo.

**Ugo Gentilini:** Thanks for having me Francesca. Great pleasure.

**Keetie Roelen:** Thank you, Francesca. Great to be with you.

**Francesca Bastagli:** If you’d like to read more about this topic, the paper by Keetie with Edward Archibald and Christy Lowe is available in the podcast show notes along with other papers and resources from the wider ODI/GIZ study you’ll also find Ugo’s two papers on urban social protection that he mentioned.
Please also check out the earlier podcast episodes from the special series and stay tuned for next week's episodes where we'll be discussing COVID-19, social protection and gender inequality.

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