

WHO GLOBAL WEBINARS ON THE COVID-19 PANDEMIC'S IMPACT ON EQUITY AND THE SOCIAL DETERMINANTS OF HEALTH CONFRONTING POVERTY AND INCOME INSECURITY DURING COVID-19 THROUGH STRENGTHENING SOCIAL PROTECTION



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Summary

- **Cash transfers** to poor households **mobilized from across the global** would be both **fair and efficient**
- **Efficient:** --**Lockdowns have a global public good characteristic** as they could prevent more resistant strains. **Low adherence to lockdowns** means lower than **optimal provision**.
- **Fairness**—Poor people are suffering more yet, just like others, did not cause the virus
- **Propose a once off cash transfer** that will cost only a third of the USA stimulus package. This will involve a \$480 once off payment to each household in Africa, South Asia, and South America. The consequences of such a payment will be lifelong for most households.

Evidence from Africa and other low- and middle income countries-

- **Household incomes dropped as many lost source of livelihoods.** Recovered in short to medium term but long-term effects unclear.
- **Children from poor households** have limited access to **remote learning**. The result is reinforced **intergeneration poverty and inequality**.
- **Food insecurity is very high**, but in most countries has **surprisingly not worsened yet**. Possible explanation-poor adherence by poor households to COVID-19 lockdowns.
- Poor adherence may reinforce existing health and economic inequalities by disproportionately **clustering deaths among the poor and increasing intergenerational poverty**.

Why poor adherence to lockdowns

- Need to maintain food consumption in light of lower or no incomes.
- Limited trust in political institutions.
- Lack of reliable information

Addressing Lack of Trust in Institutions

- The 34-country average from Afrobarometer study [shows](#) low trust in presidents at 52 percent while trust in traditional leaders and religious leaders is higher, at 63%. Countries with high levels of trusts in political institutions, e.g., Ghana, have citizens accepting lockdowns more than those with low trust in Government, e.g., Malawi.
- In a [geopoll survey](#), countries with low levels of trust in government reported that their governments had not done enough (e.g., DRC and Zambia) while those with high levels reported that they were satisfied with government efforts (Rwanda and Mozambique).
- **Possible solution:** Utilize local civic groups, community organizations, and village leaders who have the trust of the population.

Addressing need to maintain consumption and lack of information

- Small once off **cash transfers to households** during this period could help **improve adherence** and reduce the need to undertake activities that increase transmission (social distancing, staying at home, etc.).
- In addition, smaller **cash incentives** can be used to incentivize people to forward messages to their networks, to increase uptake of prevention measures.
- Beyond maintaining consumption, there is need for support for **remote learning for poor children** in developing countries to break intergenerational poverty.

Who should pay for household costs of lockdowns?

Global effort to provide cash transfers can be justified on both efficiency and fairness grounds:

- 1. Efficiency:** Global **public good** characteristics of lockdowns means there would be under-provision of adherence to lockdowns as poor people are not able to **internalize all the costs**. Some of the costs of non-adherence could be development of new resistant strains on COVID-19. It is in the best interest of everyone, especially high-income countries given their investments, to provide cash transfers in low-income countries to increase adherence.
- 2. Fairness:** Poor people are bearing the bigger economic effect of covid-19

How much is needed?

- [Typical cash transfer programs](#) in Africa provide **5-20 US dollar per household per month**. If doubled for a once off annual payment, \$480 dollars would be paid per household.
- **Big push:** We propose paying **ALL household in Africa, South Asia, and South America** a once off \$480 dollars. For several households, this could be life changing consistent with a universal basic income experiment in Kenya.
- It would require almost a third (\$350 billion dollar) of the American stimulus package. Amount to be paid to households, not governments.
- But there is of course the administrative costs and infrastructure of delivering it.

Administrative costs and infrastructure for delivering cash transfers

- Most cash transfer programs suffer from [huge administrative overheads](#). [Evidence](#) shows that delivering cash transfers by using existing platforms can lower the administration costs of delivering **1 dollar to a beneficiary** from as much as **0.6 dollars to 0.2 dollars**.
- In almost all countries Africa, South Asia, and South America, systems that utilize local communities as well as non-profit NGO sectors to deliver cash transfers are already in place.
- The increase in mobile money and financial inclusion makes payments easy and reduces administrative costs.
- In the long term, investment is needed for registry systems that will make delivery of public services including cash transfers easier and cheaper.



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