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G2P DIGITIZATION IN PRACTICE SERIES

Brazil's Auxilio Emergencial:

How digitization supported the response to COVID-19

Co-hosted by

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UK Government

WORLD BANK GROUP
Social Protection & Jobs

OPENING REMARKS

Michal Rutkowski, Global Director for Social Protection and Jobs, oversees the World Bank Global Practice responsible for protecting poor and vulnerable from shocks through improving their job opportunities, earning capacity, and social insurance and social assistance (safety net) coverage. Until July 2016, he was the Director for Multilateral Organizations, and prior to that the Country Director for the Russian Federation and the Resident Representative in Moscow for three years. In the period 2004-12, he was Sector Director for Human Development in the Middle East and North Africa and then South Asia regions of the World Bank.

OPENING REMARKS

Luiz Galvão, Executive Secretary in the Ministry of Citizenship, He is a specialist in public management. Galvão built his public career in the city of Salvador where he worked in the implementation of the first Municipal Hospital in Salvador and delivered 14 new basic health units. Between July 2019 and February 2021, he was the municipal secretary of Community Articulation among Neighborhoods and the City Hall from Salvador. In this experience he acted to coordinate and implement decentralized actions, bringing the management closer to the population.

SPEAKERS

Tércio Almir Brandão Santana is currently the Secretary at the Single Registry National Secretariat, from the Ministry of Citizenship, Brazilian Federal Government. He built his trajectory in public management in the city of Salvador, Brazil, where he has occupied several positions from 2013 to 2019, as Coordinator of Management Modernization, Manager of Modernization Projects, Director of Health Care and Special Advisor of the Secretary of Community Articulation.

SPEAKERS

Alan do Nascimento Santos is a public servant from the Brazilian Social Security Institute (INSS) since 1995. In 2015, he was transferred to Dataprev, a public social security technology and information company. He holds a degree in History, and a Master's in Organizational Architecture and Modeling Processes. He has intensively participated in several projects of modernization and digital transformation in social security and social assistance in Brazil.

SPEAKERS

Pedro Lara de Arruda has over 12 years of work experience in research and international development. Before becoming a Consultant to the World Bank in 2021, Pedro worked as researcher at UNDP's IPC-IG. He has authored over 40 publications based on his work experience with of over 20 developing countries in Latin America, Africa, the Middle-East and Asia

International Webinar
World Bank

Tércio Brandão
National Secretary of Single Registry
Ministry of Citizenship

December 15th, 2021

MINISTÉRIO DA CIDADANIA

PÁTRIA AMADA BRASIL GOVERNO FEDERAL

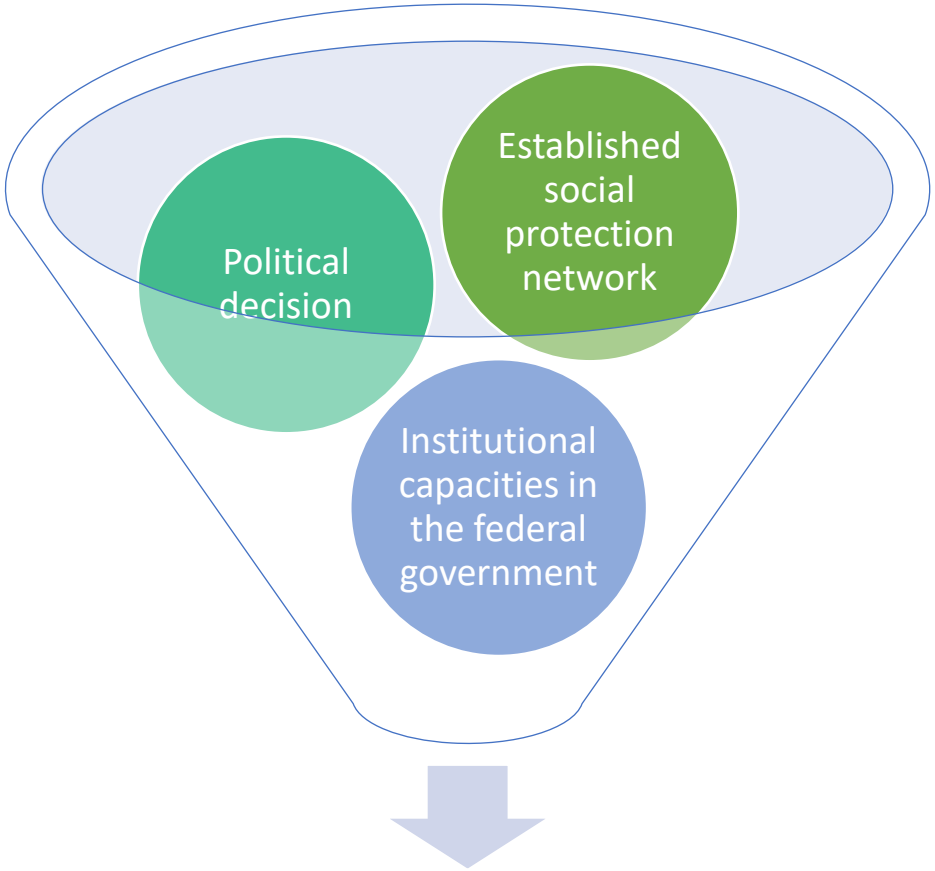
Summary

- Context of the Emergency Aid (EA) and the Extension of the Emergency Aid (EEA)
- Main challenges to the implementation of the EA
- Design of the EA
- The EA in numbers: 2020 and 2021
- Innovations in the EA and EEA
- Lessons learned
- The New Single Registry Project

Context

- The **pandemic of Covid-19** was the greatest challenge of the current generation
- It created a **public health crisis** and a **very serious socioeconomic situation** that affected severely the population, especially the workers of the informal sector.
- The federal government had to create the **legal framework**, the **institutional arrangements** and the **governance structure** to implement the EA in a very short period.

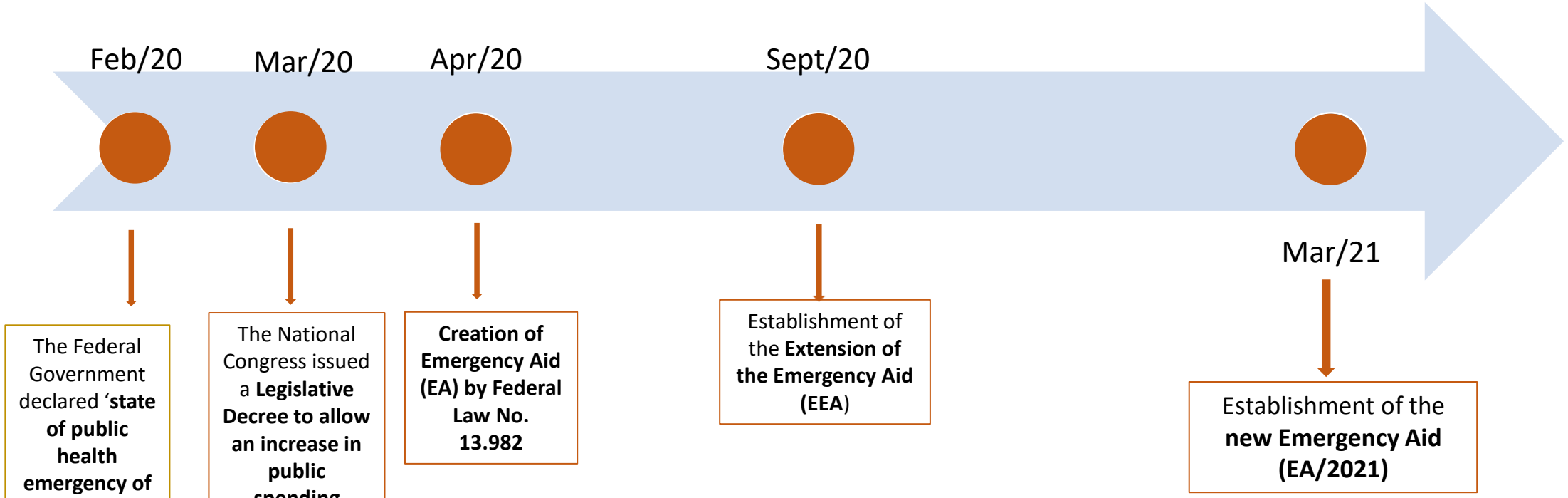
Emergency Aid: the Brazilian response



Main challenges

- **Identification of millions of informal workers** through the **intensive use of technology**
- Importance of maintaining **traditional ways of identification available** for segments of the population not digitally included
- **Closure of local agencies of Social Assistance in 2020** due to social isolation measures
- **Need to rely on public data bases** created to another ends, without liaison variables and updated at different intervals.
- **Specific payment logistics** to different types of target groups
- Allocation of an **extraordinary amount of resources** to pay the new benefits
- Need to have **emergency contracts** with executing institutions of the EA

Emergency Aid: a rapid response

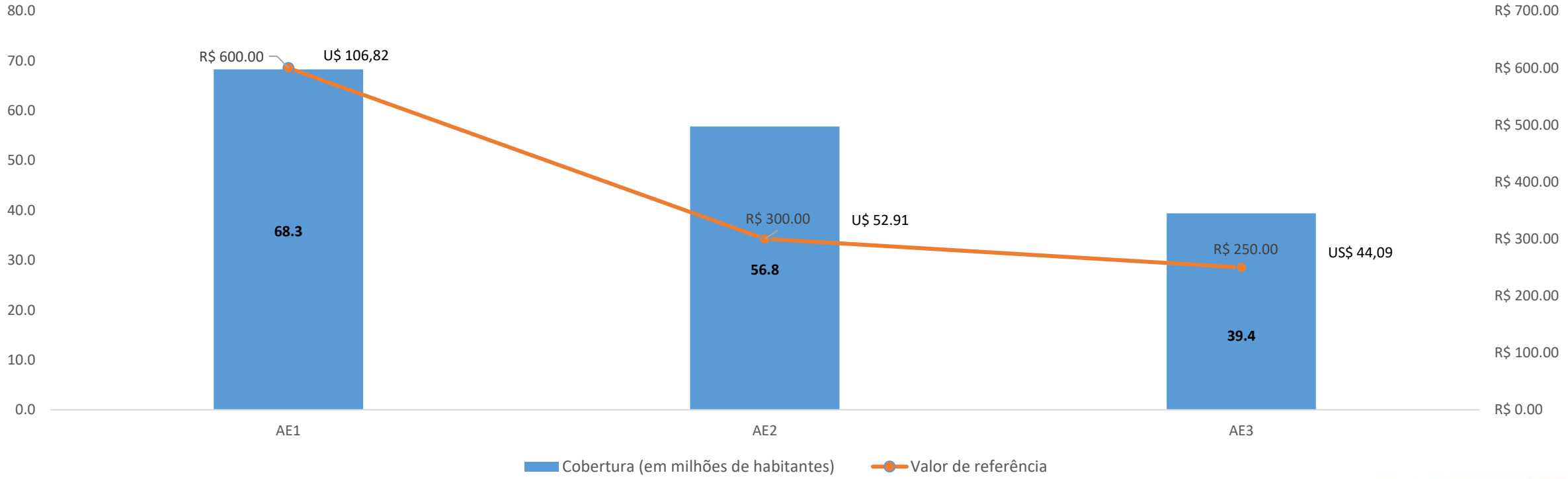


The objective of both Emergency Aid (EA), its Extension (EEA) and the Emergency Aid 2021 (EA 2021) is to **guarantee a regular flow of income** to the most vulnerable population with lower levels of per capita income, due to the continuing economic crisis generated by the COVID-19 pandemic.

Emergency Aid: a rapid response

- **The largest income transfer in Brazilian history c**onsidering the number of beneficiaries and the size of the allocated budget
- It involved various actors in **all state branches** and the three levels of government
- Operation organized in a **very short time** (the first payments were made six days after the approval of EA law)
- More than **R$ 304 billion in benefits** – U$ 53.61 billion (1U$ = R$ 5.67)
- Bolsa Familia beneficiaries received the EA if the value was higher than regular BFP benefit

Emergency Aid 2020 and 2021



1 U$ = R$ 5,67

Fonte: Banco Mundial, 2021

MINISTÉRIO DA CIDADANIA

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Emergency Aid 2020: beneficiaries profile

30,4 million

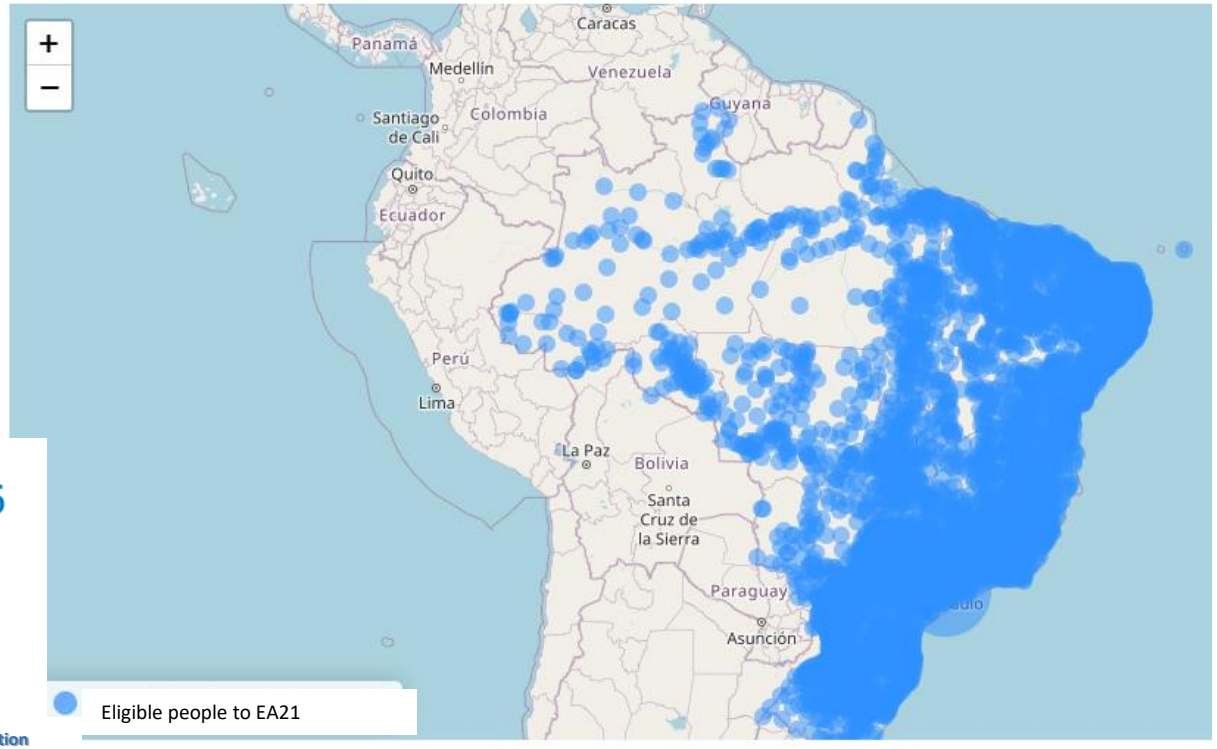
37,8 million

118.807.066

Assisted people

55,7%

Of the estimated population (IBGE 2021)



Ages	
Up to 15 years old	2613
16 to 17 years old	731.771
18 to 24 years old	12.706.236
25 to 34 years old	17.385.199
35 to 39 years old	8.353.934
40 to 44 years old	7.632.901
45 to 49 years old	6.631.681
50 to 54 years old	6.076.311
55 to 59 years old	4.911.944
+60 years old	4.433.695

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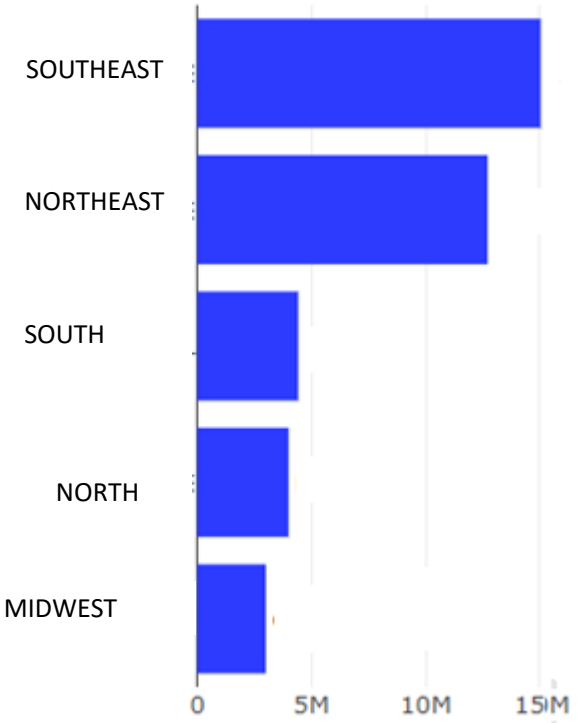
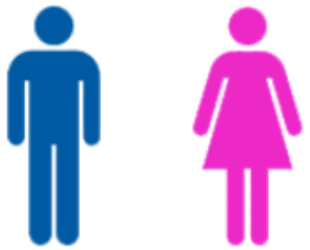
Emergency Aid 2021: beneficiaries profile



*18.438.868 *20.715.624



Ages	
Up to 15 years old	367
16 to 17 years old	7.752
18 to 24 years old	4.206.754
25 to 34 years old	9.830.761
35 to 39 years old	4.976.906
40 to 44 years old	4.849.725
45 to 49 years old	4.321.916
50 to 54 years old	3.975.117
55 to 59 years old	3.477.072
+60 years old	3.191.777

MINISTÉRIO DA CIDADANIA

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Innovations in the EA and EEA

- Demand analysis
- Registration and selection
- Payment system
- Program management

Intensive use of Information Technology

Innovations in the EA and EEA

Demand analysis

- **Use of the Single Registry** to identify and select 16% of EA's beneficiaries
  - Including the most vulnerable families and Specific and Traditional Population Groups (GPTEs)

- **Data crossings between official databases contributed to improve the focalization of the EA**
  - Use of the National Registry of Social Information (CNIS) to access administrative, labor market and social security data of applicants to the EA.

Innovations in the EA and EEA

Registration and selection

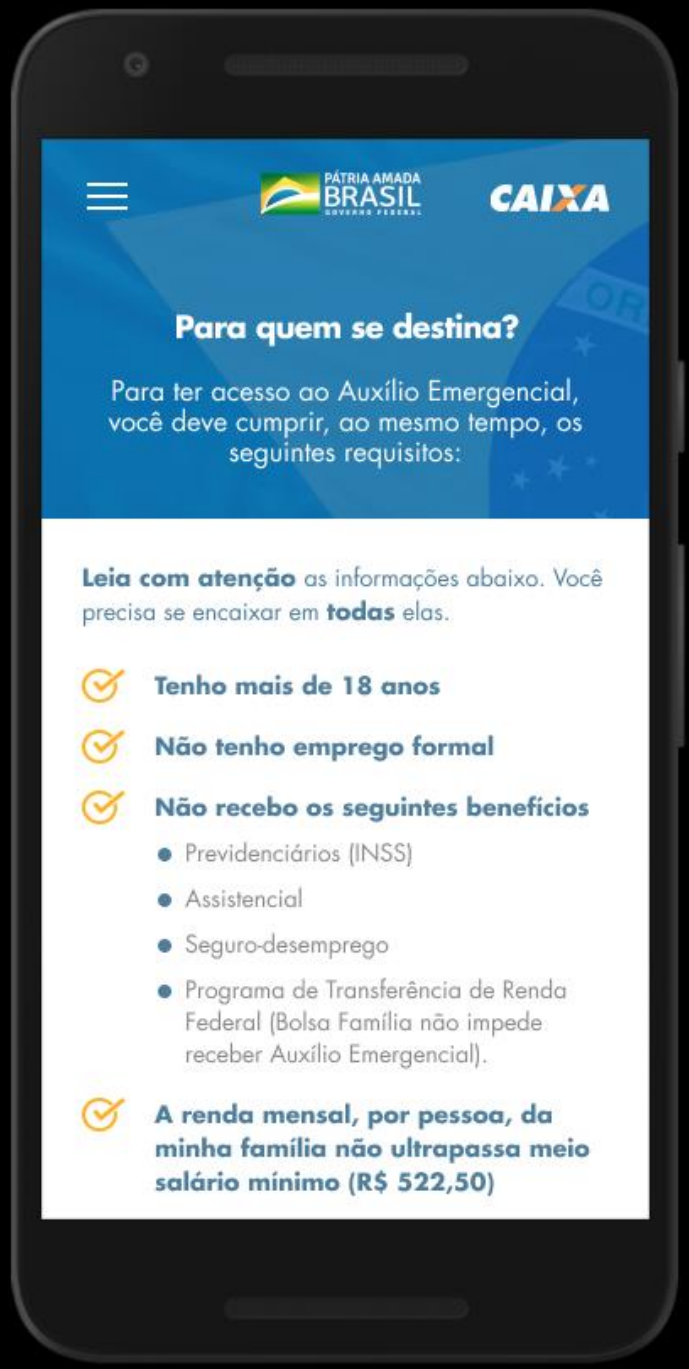
- **Availability of digital channels to access the EA**
  - Development of an app to the requisition of the benefit; it had 115 million downloads (GoB, Agência Brasil 2020), 57 million requisitions and 38,2 million of approved requests.
  - The **ExtraCad** gathered data from more than 38 million informal workers not included in the Single Registry

- **Verification of the eligibility to the EA through massive treatment of data**
  - Development of a **Analytic Database** with more than 250 million Personal Physical Certificates (CPFs) and information about formal employment relationships and income from 42 administrative registries

- Establishment of a **Management Committee** with participation of control agencies to minimize inclusion errors
  - Improvement of protocols and registers of the Analytical Base

- **Monthly verification of eligibility through crossing of administrative databases**
  - From EEA on (also called EA 2)

Realização
PÁTRIA AMADA BRASIL GOVERNO FEDERAL
Apoio
CAIXA
Olá, bem-vindo(a) ao
Auxílio Emergencial
Conheça o projeto
Realize sua solicitação
Acompanhe sua solicitação


PÁTRIA AMADA BRASIL GOVERNO FEDERAL
CAIXA
Para quem se destina?
Para ter acesso ao Auxílio Emergencial, você deve cumprir, ao mesmo tempo, os seguintes requisitos:
Leia com atenção as informações abaixo. Você precisa se encaixar em todas elas.
Tenho mais de 18 anos
Não tenho emprego formal
Não recebo os seguintes benefícios
Previdenciários (INSS)
Assistencial
Seguro-desemprego
Programa de Transferência de Renda Federal (Bolsa Família não impede receber Auxílio Emergencial).
A renda mensal, por pessoa, da minha família não ultrapassa meio salário mínimo (R$ 522,50)

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CAIXA
Dados do Trabalhador
Precisamos de alguns de seus dados. Lembre-se que eles devem ser informados conforme seu cadastro na Receita Federal
Nome
Adriano Caetano Mattos
CPF
726.334.133-92
Data de nascimento
14/05/1981
Nome da Mãe
Terezinha de Jesus Caetano

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CAIXA
Recebimento do Auxílio
Como você gostaria de receber seu Auxílio Emergencial ao Trabalhador?
Receber em conta existente
Desejo receber o benefício em uma conta já existente no meu CPF.
Abrir uma conta e receber
Desejo abrir uma poupança digital para recebimento do benefício.
Voltar

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CAIXA
Poupança Social Digital
Precisamos saber algumas informações para criação da sua poupança digital
Selecione o tipo de documento que deseja preencher
Documento de Identificação
RG
Habilitação

PÁTRIA AMADA BRASIL GOVERNO FEDERAL
CAIXA
OBRIGADO!
Sua solicitação de Auxílio Emergencial está em análise
Agora é só aguardar e acompanhar por aqui.
Em até 5 dias úteis, consulte nesse site/aplicativo o resultado da sua solicitação.
Acompanhe sua solicitação

Innovations in the EA and EEA

Payment system

- Automatic creation of a free **Digital Savings Account** (DSA/PSD) to all beneficiaries
  - Aimed to promote digital operations and savings
  - Inclusion of vulnerable people in the banking system (around 48.6 million new savings bank accounts)
  - Possibility of payments using virtual debit card

- **Maintenance of payment calendar of BFP**
  - Cash retrievals allowed to BFP beneficiaries

- **Interval between crediting the benefits and cash retrievals**
  - To avoid agglomerations and to stimulate the use of digital transactions

- **Automatic devolution to the National Treasure of benefits not withdrawn in 90 days**
  - Extended period to BFP's beneficiaries and indigenous people of the Single Registry

- **Monitoring of payment operations**
  - Identification of the most used sites of cash retrieval to be used in future emergency situations

Innovations in the EA and EEA

Program management

- Improvement in the **governance structure** of the Ministry of Citizenship
  - Different roles of SECAD and SENARC in EA and EEA

- Automatic **mechanism to contest non-eligibility in the app and website**
  - Needed because of the intensive use of administrative registers in the selection of beneficiaries
  - Allowing applicants to present complimentary information

- **Partnership with DPU** to optimize the management of extrajudicial contestations
  - Presentation of documental proofs to the instruction of administrative processes

- **Partnership with CNJ** to promote access to administrative data related to judicial disputes

Innovations in the EA and EEA

Program management

- **Recuperation of unduly paid values**
  - Repression of organized frauds
  - Behavioral incentives to voluntary devolution of unduly paid benefits
  - Integration with the Internal Revenue Agency (SRF) to demand the devolution of unduly paid values in the annual declaration of income tax

- Construction of **databases with evidences of frauds** to be used by the operators of EA

- **Social communication campaign** about the EA

Lessons learned

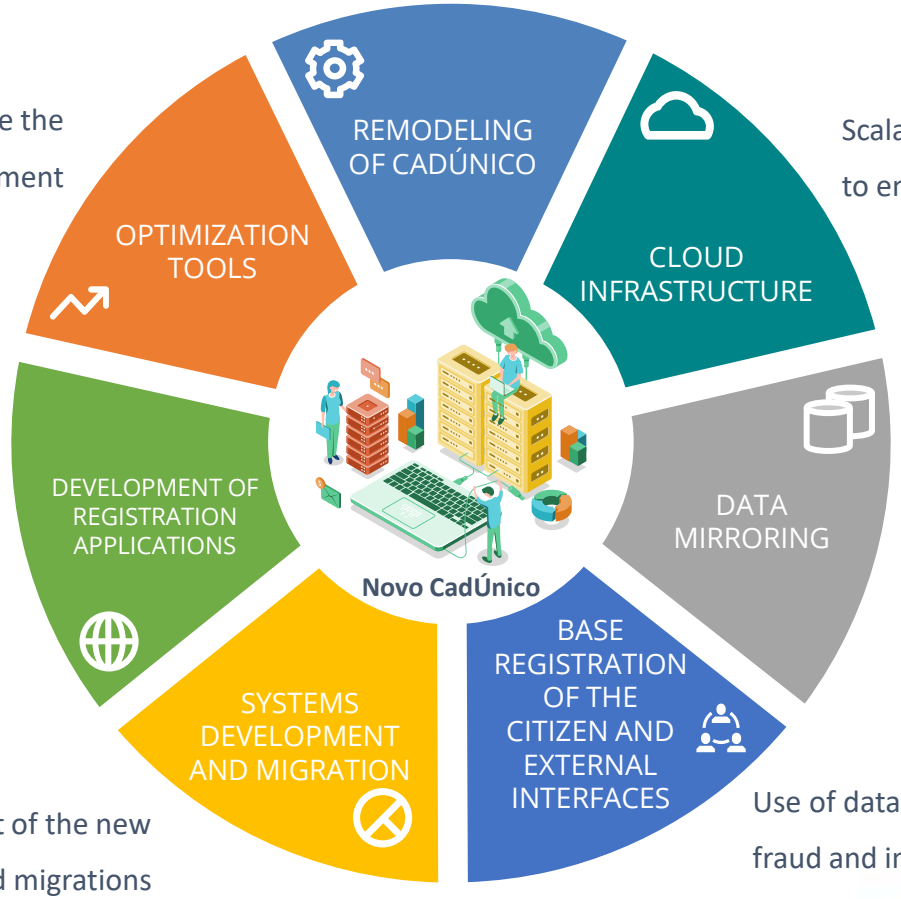
- The need to **promote the integration of official databases**
- The **role of information technology** in designing and implementing social programs and in the periodic revision of eligibility criteria
- The need of **official grievance mechanisms** to allow applicants to contest administrative decisions
- The importance of social transfers to maintain a **minimum level of well-being of the most vulnerable segments of the population**
- The need to **improve and expand the cash transfer programs** to guarantee a minimum income level to those families, especially after the end of the Emergency Aid 2021.
- The necessity to resume the monitoring of **conditionalities** on education and health in the new Brazil Aid Program (BAP)
- **The opportunity to improve the Single Registry**

New Single Registry Project

Remodeling and normalization of the base of the single registry to support the project

Artificial intelligence tools to optimize the process and improve management

Scalable and flexible infrastructure with security to ensure application availability



Development of mobile registration management applications and assistance programs

Provision of a solution to guarantee the integrity and synchrony of the bases

Application development of the new Single Registry and migrations

Use of data and government databases to prevent fraud and improve the user experience

What the world thinks about the EA

International Monetary Fund (IMF)

- In the five first months of the program, the transfers increased in 19.8% the average income of the 40% poorest families, considering the income levels previous to COVID (Brazil Staff Report for the 2020 Article IV Consultation, page 11).

World Bank

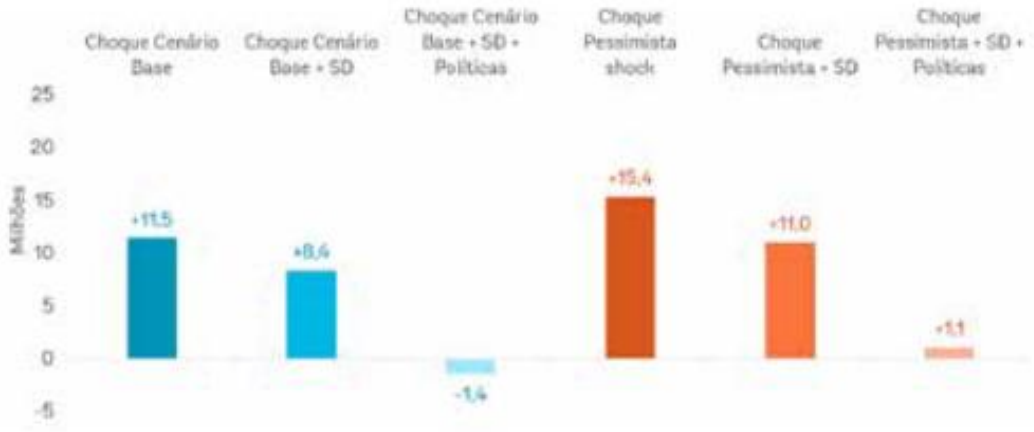
- To face the crisis, the Brazilian government approved a program of financial support equivalent to 8,6% of GDP (COVID-19 in Brazil: Impacts and Policy Report, pg. 56).
- The high generosity in the EA's payments (R$ 600 – U$ 106,82) compensated completely the shock in the income of the 60% poorest in the population. In the EEA, the benefit of R$ 300 (U$ 52,91) mitigated the impacts of the crisis in the income of the 45% poorest (COVID-19, Labor Market Shocks, and Poverty in Brazil: A Microsimulation Analysis, pg. 29; data considered until June 25th 2020)

What the world thinks about the EA

World Bank

- According to a WB simulation, without reaction from the government the base and pessimistic scenarios would increase the number of Brazilians considered poor from 11,5 million to 15,4 million people (COVID-19 in Brazil: Impacts and Policy Report, pg. 11-13)

- The figure shows the number of new poor according to the base and pessimistic scenarios (in millions of people at national level, average during 2020)
- The bars labeled as "+ SD: Unemployment Insurance" shows the number of new poor after considering the income protection of formal workers.
- The bars labeled as "+ SD + politics" report the number of new poor after considering the income protection of formal workers, the expansion of BFP and the EA.



Source: COVID-19 in Brazil: Impacts and Policy Report, pg. 12

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AUXÍLIO EMERGENCIAL (Emergency Aid)

Methodology for Application of the Eligibility Assessment Databases

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DATAPREV

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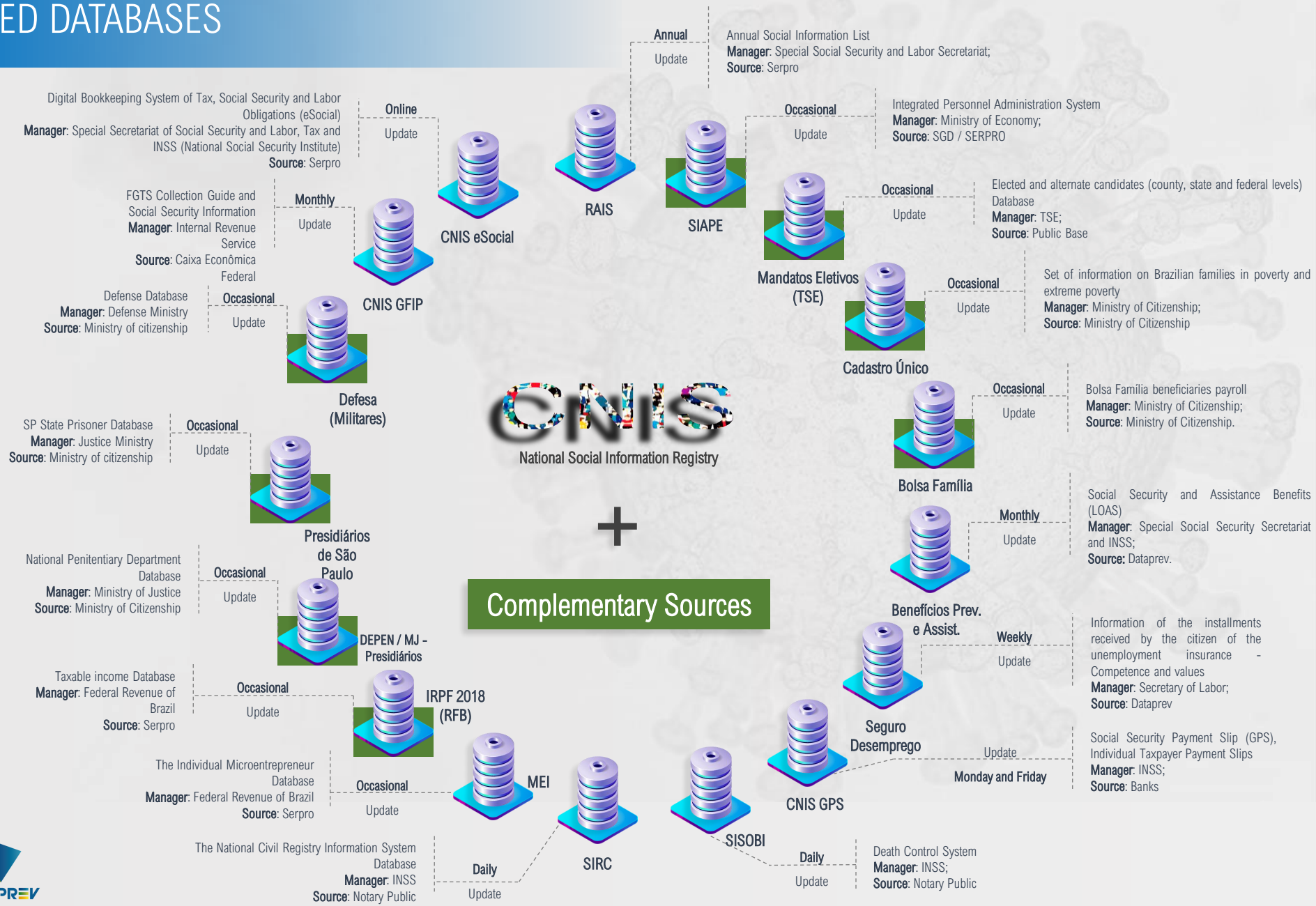
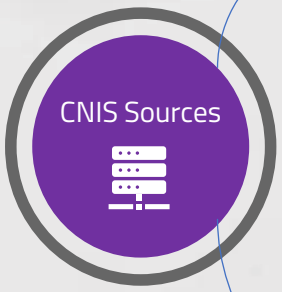
USED DATABASES



DATAPREV

Information groups



Personal Data

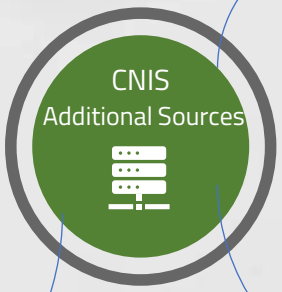
- For the identification data, the MDM bases are used (better natural person data updated from the crossing of information from the CNIS sources (INSS, RFB, Caixa and BB)
- CPF status data comes directly from RFB with specific treatment
- The daily update rule shall be applied to the death data

Income Data

- Uses the best available data according to the CNIS prevalence rule
- The sources from the companies (RAIS, GFIP, eSocial) follow the update rule of each service, and are subject to the respective latency. The data sent are the responsibility of the employer, and may generate errors and outdating
- The sources from INSS are updated in real time until the cut-off date of the Monthly Analytical Basis
- The cut-off date of the Monthly Analytical Basis is determinant for the degree to which it is updated.
- The information is used based on the criterion of the most current base available on the cutting date of each competence

DATAPREV

Information groups



Person / Family data

For the identification data, the MDM bases are used (better natural person data updated from the crossing of information from the CNIS sources (INSS, RFB, Caixa and BB)

CPF status data comes directly from RFB with specific treatment

Family data use the CADUNICO source and the Caixa bank application for families "ExtraCAD"

Income Data

Federal Public Servants Data (last available file)

Data on public servants of States and Counties are collected by RAIS and complemented with files obtained from the CGU (not all States and Counties are included). The latest available file is always used

Military data obtained from the Defense Department (last available file)

Declared income and dependents of IRPF. Last version made available by RFB

Bolsa Família social benefit - CAIXA bank monthly file

Other information

Electoral Data (Elected Inducted). Most recent TSE file

Prison data (DEPEN, CNJ and State). Best available data

DATAPREV

PROCESSING AND PAYMENT AGENDA

Setting the analytical basis cut-off date

- Information is populated in the analytical base with the best available version up to the cut-off date
- The environment processes and applies the rules of prevalence and association of data from the rules defined by Ministry of citizenship
- Rules are revalidated and adjusted on a monthly basis, as detailed in the Technical Note produced for each processing

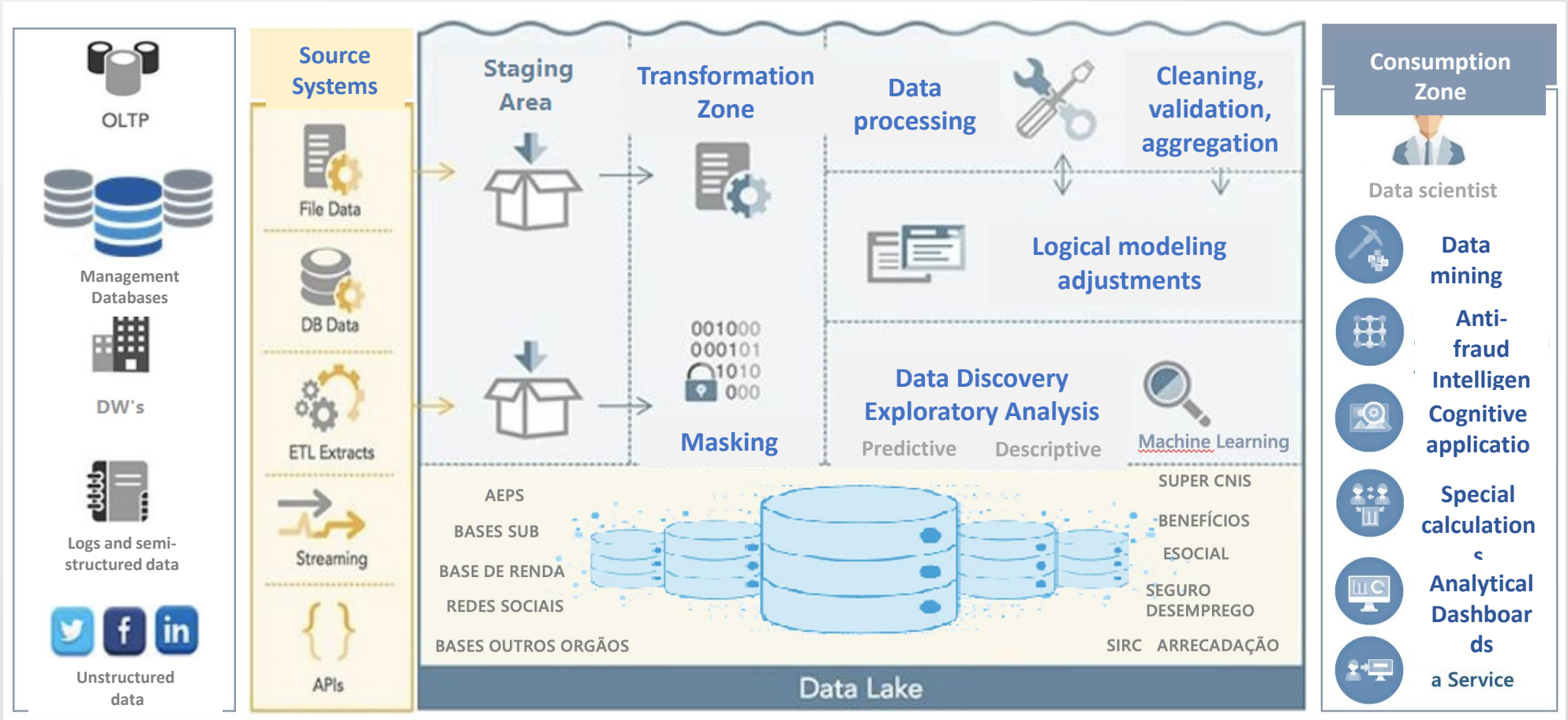
Processing and Validation

- The processing is made available for validation by Ministry of citizenship, based on the established criteria. If necessary, adjustments are made
- At the end of the validation process, Ministry of citizenship enters the payment flow with Caixa bank. The Ministry of citizenship authorizes Dataprev to send the file to Caixa bank

Payment

- Management of the payment cycle is between Ministry of citizenship and Caixa bank
- Dataprev also makes available the files of complementary payments (judicial, unblocking, deferred administrative challenges)

BIG DATA IN DATAPREV - Analytical Base Architecture



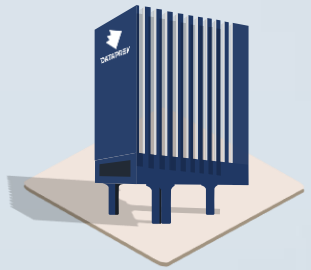
Emergency Aid Flow / COVID-19

Subtitle:
- Process start
- End of process
- Classified data
- Approved data
- Eligibility rules
- Processed data
- Registration data

ACTORS

Caixa Econômica Federal Bank

Ministry of Citizenship



Dataprev

Emergency Aid App

Application Register Process
STEP 1

Send the shipment from **GROUP 1** to Dataprev
STEP 2
Individual Microentrepreneurs
Individual Taxpayers
Informal Workers

Emergency AID Registration Base

Processes Emergency Assistance **payment**
STEP 6

Brazilian population

Submit the **eligible, ineligible and inconclusive** cases

Send data from GROUPS 2 and 3 to Dataprev
STEP 2
Subscribed to the CadÚnico with and without Bolsa Família beneficiaries

Defines Eligibility Rules
STEP 2

CadÚnico
Database

YES / NO

Do you need reprocessing or rules adjustment?

Recognition of **Approved** Emergency Assistance,
Ministry of Citizenship requests Dataprev to send it to CAIXA

Approves the Recognition of the **Right to Emergency Aid**
STEP 4

Submit for approval by the Ministry of Citizenship

Send rules to **Dataprev**

It implements **algorithms** and processes data based on the **rules** defined by the Ministry of Citizenship, consulting 17 databases.
STEP 3

Send them approved cases to CAIXA Bank
STEP 5

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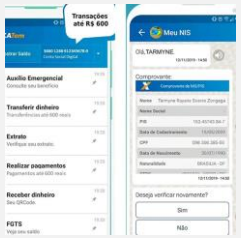
AUXÍLIO EMERGENCIAL'S PAYMENT SYSTEM AND THE FAST DISSEMINATION OF THE DIGITAL SAVINGS ACCOUNT.

Sharing and Institutionalizing lessons learned from Brazil's Social Protection response to Covid-19

WORLD BANK GROUP

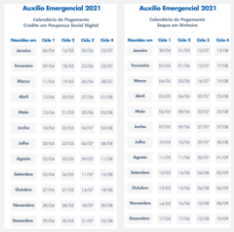
UK Government

AE'S PAYMENT SYSTEM IN A NUTSHELL



Poupança Social Digital – PSD (mandatory, automatically created and without user costs, set to incentivize savings and digital operations, providing digital card instead of a physical one).

Clawback clause for unspent benefits – 90 days, further expanded to 120, and especially expanded to 270 for Bolsa Família beneficiaries, indigenous registered on Cadastro Único and residents of Acre and Amazonas.



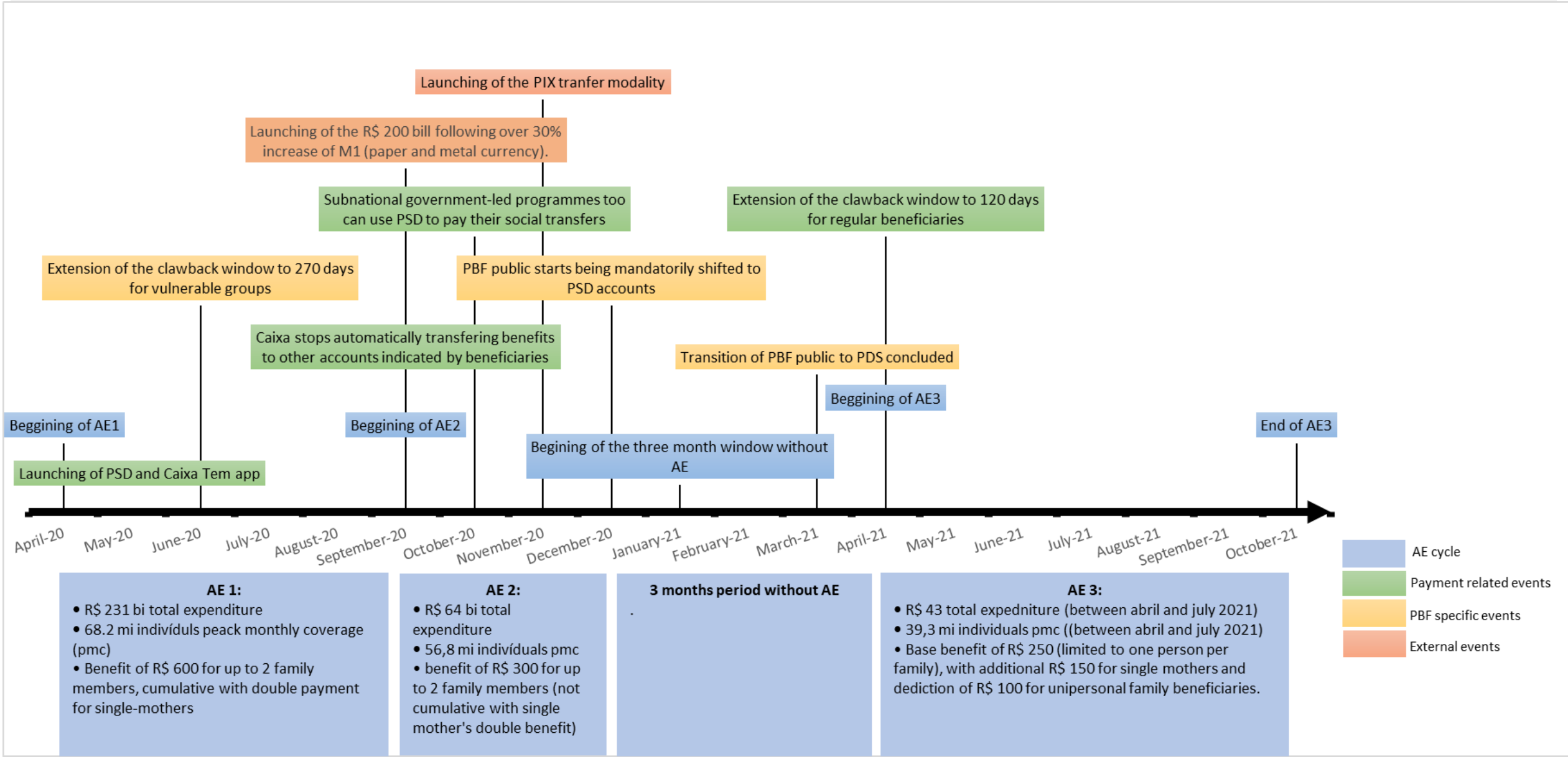
Gradual approach to Bolsa Família beneficiaries, who were exempted from the interval between crediting the benefit (limited to digital operations) and the withdrawing rights, while also keeping its own calendar.

Physical cash distribution according to demand maps based on previous experience with Bolsa Família and Other programmes

PIX has covered up for PSD liquidity challenges – introduced in November 2020, this free and instant transfer modality has popularized itself as a widely accepted payment mechanism.

PSD achieved over 100 million customers in 9 months, as it also became the payment account of Other social transfers

TIMELINE



AE 1:
- R$ 231 bi total expenditure
- 68.2 mi indivíduls peack monthly coverage (pmc)
- Benefit of R$ 600 for up to 2 family members, cumulative with double payment for single-mothers

AE 2:
- R$ 64 bi total expenditure
- 56,8 mi indivíduals pmc
- benefit of R$ 300 for up to 2 family members (not cumulative with single mother's double benefit)

3 months period without AE

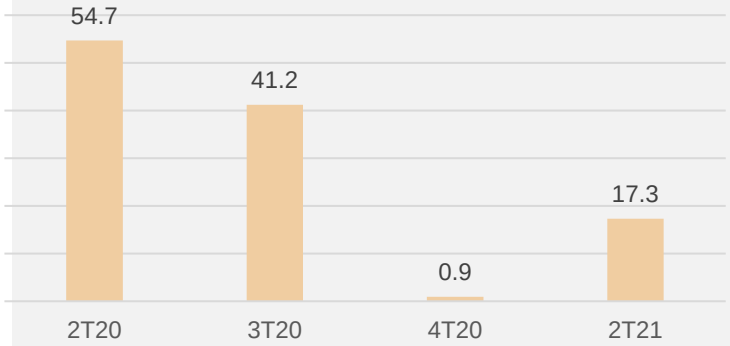
.

AE 3:
- R$ 43 total expedniture (between abril and july 2021)
- 39,3 mi individuals pmc ((between abril and july 2021)
- Base benefit of R$ 250 (limited to one person per family), with additional R$ 150 for single mothers and dediction of R$ 100 for unipersonal family beneficiaries.

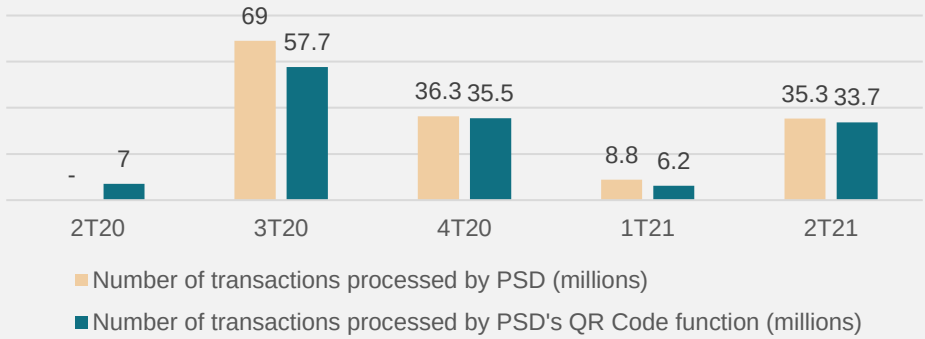
PSD KEY OUTCOMES

High uptake of Virtual Card based operations up untill the introduction of PIX (figures for all PSD clientes, not limited to AE beneficiaries)

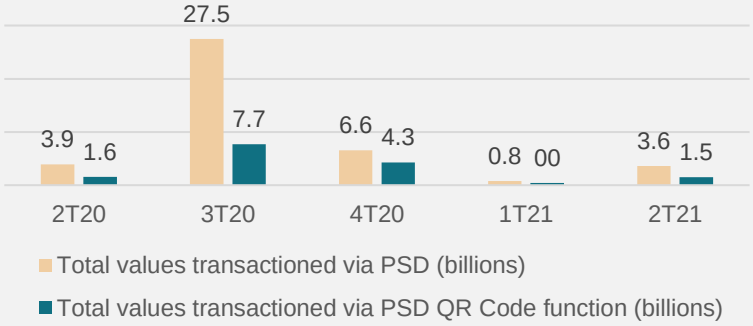
a) Virtual Cards issued (million)



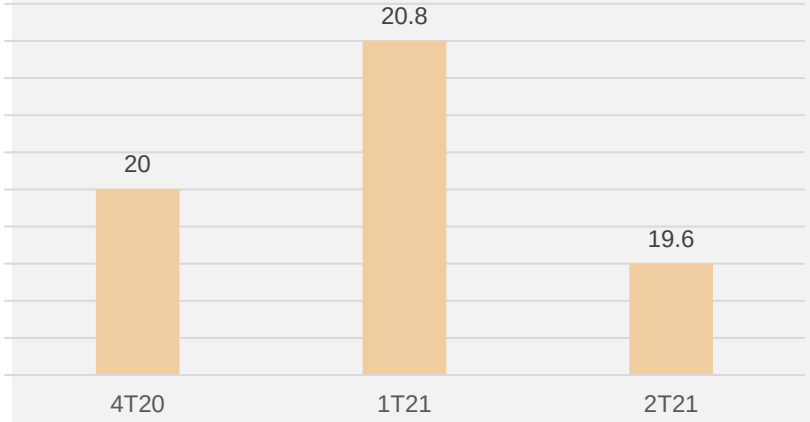
b) Number of transactions processd via Virtual Cards and, specifically, through its QR Code function (in million BRL)



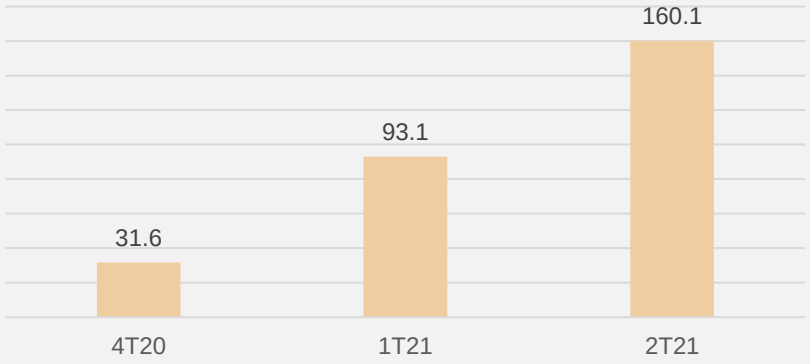
c) Total transactioned values via PSD accounts, and specifically throug its QR Code funciton (in billion BRL)



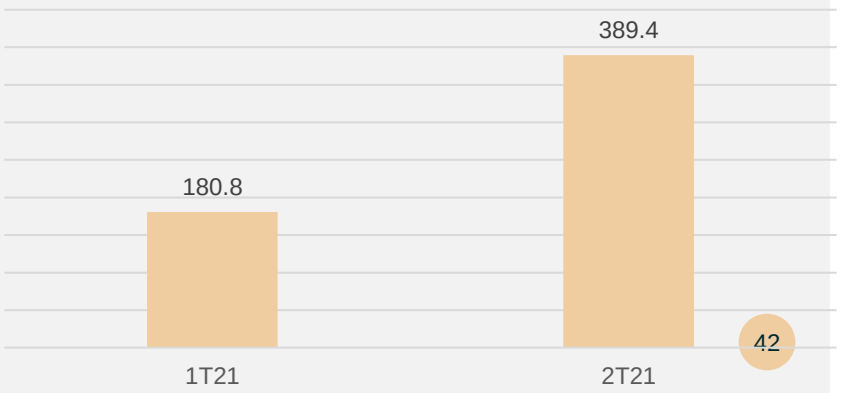
d) Registered PIX keys (millions)



e) Total values transacted via PIX (in billion BRL)



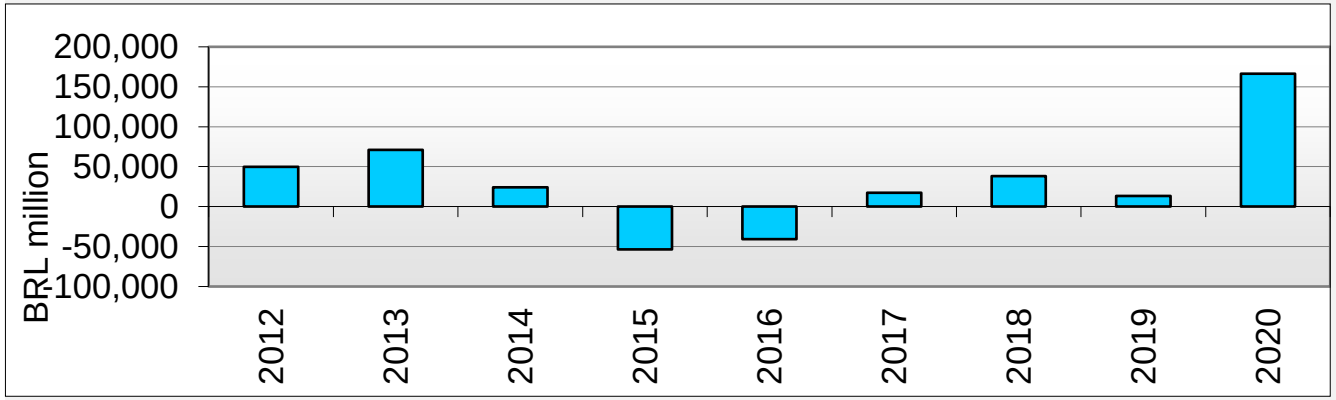
f) Number of PIX transactions by Caixa clients (million)



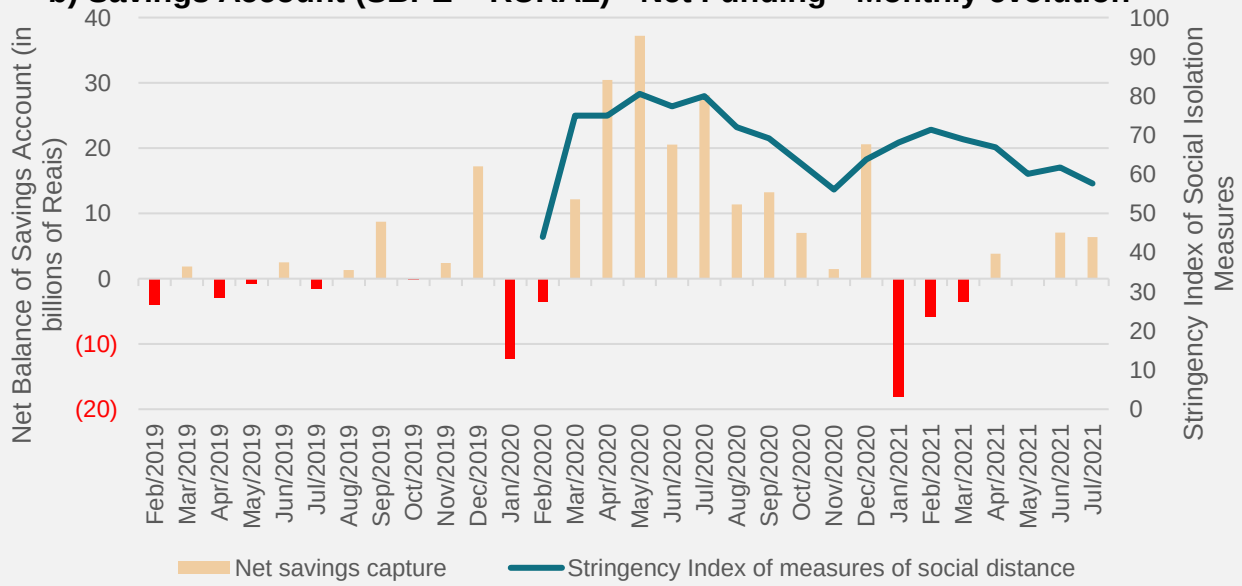
PSD KEY OUTCOMES

Strongly correlated with historical high savings rates.

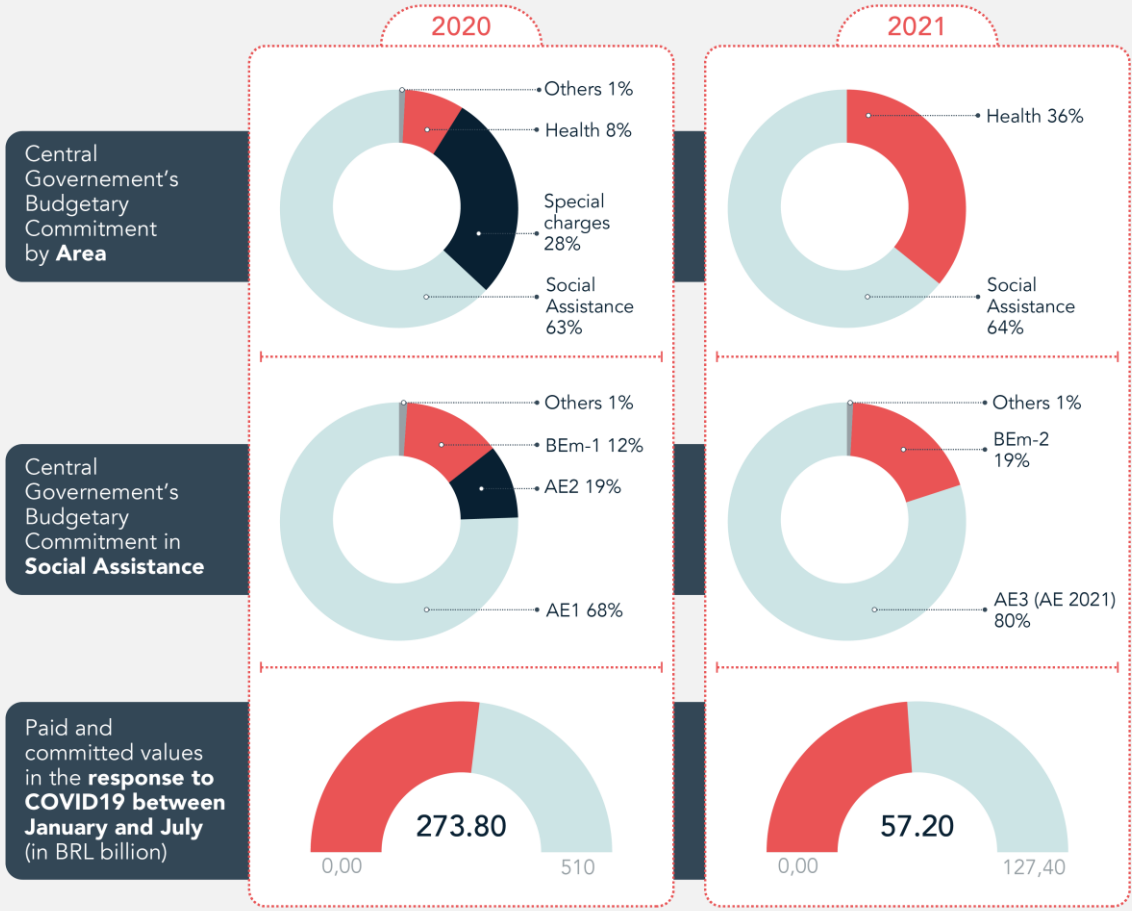
a) SAVINGS BOOK (SBPE + RURAL). NET CAPTURE - Annual Evolution



b) Savings Account (SBPE + RURAL) - Net Funding - Monthly evolution



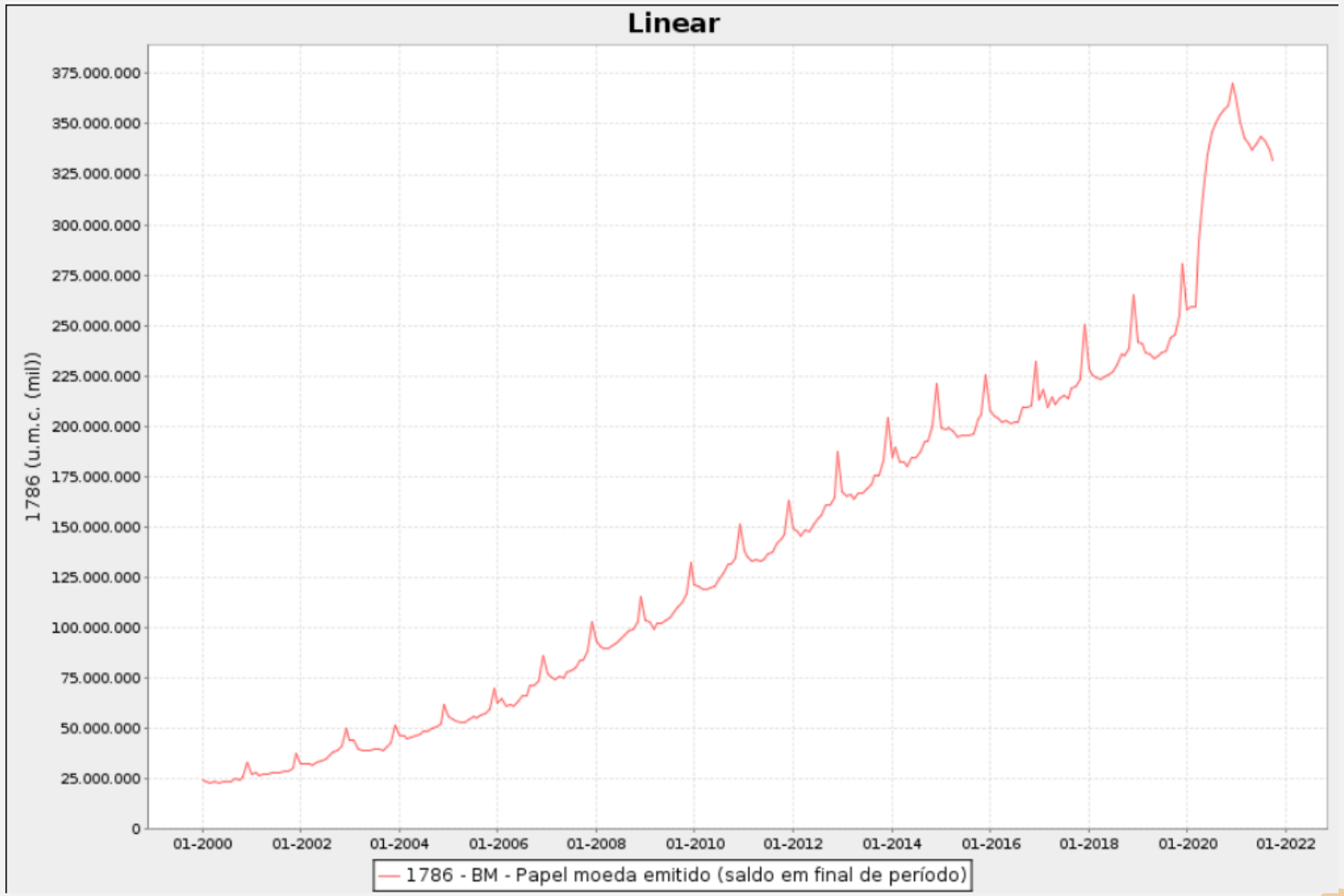
c) Federal Government spending to fight COVID-19, per area of action and social assistance actions, 2020 and 2021



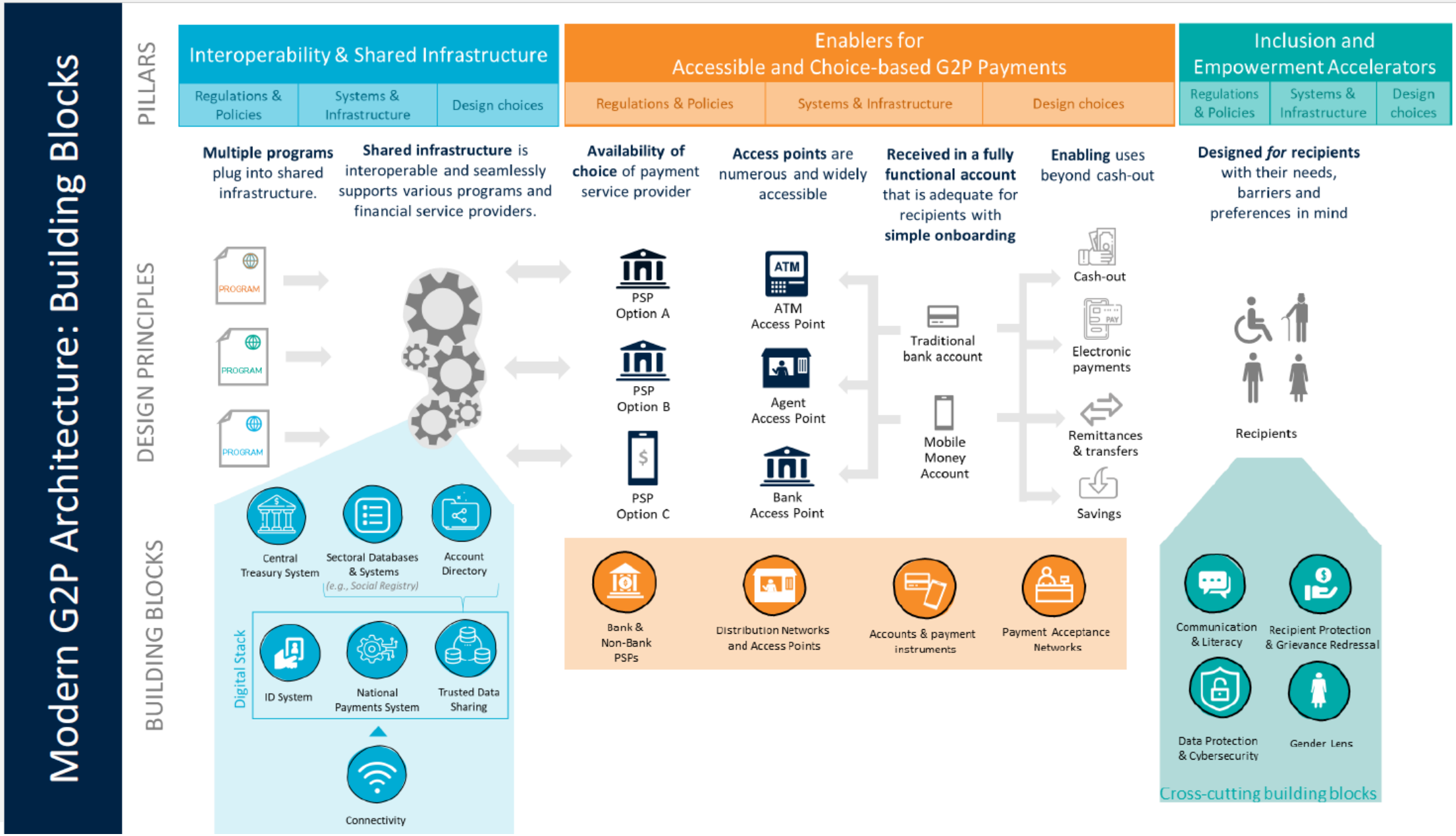
PSD KEY OUTCOMES

- **Potentially high use of digital operations by AE beneficiaries -** Corresponding to 75% of all values paid by the programme

- **Important driver to the currency expansion**
  - 32% M1 growth in 2020
  - Launch of the new, BRL 200 bill



CONCEPTUAL FRAMEWORK



INTEROPERABILITY AND SHARED STRUCTURES

Multiple programmes

AUXÍLIO EMERGENCIAL · CAIXA Benefício Emergencial · FGTS Fundo de Garantia do Tempo de Serviço · ABONO SALARIAL · SEGURO DESEMPREGO · Seguro DEFESO · SEGURO DPVAT

ID System

- CPF-based **unique personal identification.**
- **Digital authentication** against Cadastro Único and ExtraCad co-managed by Caixa (back-end) and Ministério da Cidadania (back and front-end).

National payment systems

- **Standardization of processes** anchored on decades long of collaboration paying social transfers, also adherent to standards set by comptroling organs
- **Pricing policies for off-use transactions are reasonable**: R$ 1.35 to 2.46 per PBF payment (1,2% of payment value); R$ 1.39 per AE payment (0.2% to 1% of payment value)

Trusted data sharing

- **Safeguarded** by LGPD

ENABLERS FOR ACCESSIBLE AND CHOICE BASED G2P PAYMENTS

Payment Service Provider

· **No choice for beneficiaries** with Caixa exerting near-monopoly... with facilitated inter-bank transfer

· **Yet Caixa practices very low prices,** also made possible due to its strong position on low-income housing credit benefitting from FGTS funds

· **A compensation structure that is guaranteed for a sufficient period**, as most benefits are offered on a continuous and fairly predictable fashion.

Accounts and payment instruments

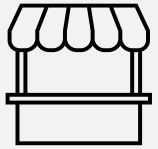
· **Account opening process**

· **Fully functional account that allows beneficiaries to transact and save**

· **No fees,** at least up to a certain threshold of transactioned values per month

· **Clawback clauses go against incentives to savings and investments**

Distribution networks and access points



· **Physical proximity and accessibility of points of service to where recipients live**, expressed by its coverage 99% of Brazil's 5,570 municipalities + itinerant agencies

· **Liquidity** strengthened by previous records of most demanded points of withdraw and strategical currency distribution plans.

Payment Acceptance Networks

· Cardless PSD account with **virtual debit cards** (accepted by 10% of POS), and national advantage of the PIX transfer modality.

· **Incentivizing the acceptance of electronic payments for transactions routinely performed by beneficiaries** through intervals crediting the benfit (limited to digital operations) and the right to withdraw in cash

INCLUSION AND EMPOWERMENT ACCELERATORS

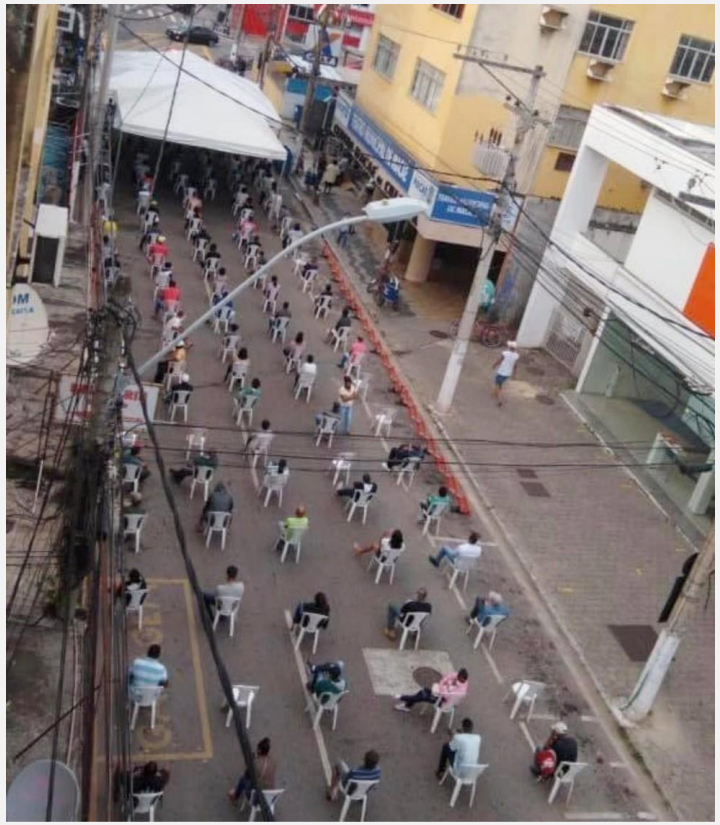
Communication Strategy and Financial Literacy

- **Communication awareness and strategy supporting delivery,** mostly to explain the calendar rule
- **Variety of communication channels,** including 6+2 SAC channels, intense use of social media and bilateral partnerships with subnational governments for local campaigns

Recipient protection, M&G Redressal

- **Recourse mechanisms** availed as part of the SAC channels
- **Coordinated response** involving MC, Dataprev, Caixa and even SUAS
- **Payment reconciliation information provided to programme administrators** for each payment lot
- **Clawback cluses might add insecurity to beneficiaries**

- **Directing payments to women** as an outcome of AE's selection rule and benefit formulae (55% female beneficiaries)



CONCLUDING REMARKS

- **The use of PSD by AE and other programmes is probably one of the largest and fastest bancarization processes of the history.**
- **AE’s payment operation will be the new pattern for social transfers in Brazil.**
- **Mandatory bancarization might not work on all juridical contexts, and once AE is over Caixa should make and effort to keep clientes active by offering them adequate financial instruments (low-cost insurances, special credit etc).**
- **PIX is a pathbreaking solution for liquidity related challenges, at least in contexts of wide access to internet.**
- **AE’s clawback rules might go Against its savings incentives**

THANK YOU!

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