

TC Document FORMAT AND CONTENT

I. Basic Information for TC

▪ Country/Region:	BRAZIL
▪ TC Name:	Monitoring and Evaluation of Emergency Programs for Populations Affected by COVID 19 in Brazil
▪ TC Number:	BR-T1465
▪ Team Leader/Members:	Gouvea Gomes, Livia (SCL/LMK) Team Leader; Sanchez, Mario Alberto (SCL/SPH) Alternate Team Leader; Avila, Krysia A (LEG/SGO); Garcia Valero, Andrea Carolina (SCL/LMK); Gonzalez Herrera, Beatriz Maria (SCL/LMK); Hernandez-Cartagena, Carolina L. (SCL/LMK); Penaherrera Proano, Sebastian (SCL/LMK)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	16 Sep 2020.
▪ Beneficiary:	Federative Republic of Brazil, through its Special Secretariat for Social Security and Labor of the Ministry of Economy, and Executive Secretariat of the Ministry of Citizenship.
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Social Development(SOC)
▪ IDB Funding Requested:	US\$300,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	1 de diciembre 2020
▪ Types of consultants:	Individual Consultants and Consulting Firms
▪ Prepared by Unit:	SCL/LMK-Labor Markets
▪ Unit of Disbursement Responsibility:	SCL-Social Sector
▪ TC included in Country Strategy (y/n):	Y
▪ TC included in CPD (y/n):	N
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality

II. Objectives and Justification of the TC

- 2.1 The Technical Cooperation (TC) objective is to support the República Federativa do Brasil in monitoring, improving, and evaluating measures to protect employment and income, in the emergency crisis caused by the pandemic of the Covid-19. The social distance measures necessary to face the health crisis bring with them negative economic impacts, especially in developing countries. In Brazil, the most recent data shows that the level of employment fell to the lowest of the historical series¹, and the effective income received by workers was on average 7% lower than the habitual

¹ The level of employment was 46.8% in the period from June to August 2020, while in the same period of 2019, this value was 54.7%, according to PNAD-Continua IBGE.

income received². Existing public policies served an even larger number of people in vulnerable situations, such as Bolsa Família. But also, policies were created for the emergency context, among them: (1) the Auxílio Emergencial (AE³, Emergency Aid), focused on maintaining the income of informal workers and self-employment; and (2) the Benefício Emergencial (BEm⁴, Emergency Benefit), focused on maintaining employment of formal workers.

2.2 This TC will support the República Federativa do Brasil, in particular, on: (1) support emergency programs (AE and BEm) monitoring and evaluation⁵; (2) map medium and long term challenges, and propose solutions; and (3) disseminate the knowledge generated, so that it can serve as input for new policies. Government actions to maintain jobs and income for vulnerable populations are part of a broader strategy to combat the health, social and economic impact of COVID-19 in Brazil, in the context of the state of public calamity recognized by Legislative Decree No. 6, March 20, 2020. It is necessary to monitor and evaluate the programs and to explore adjustment needed for medium term programs in the future. Besides, both policies contain innovative aspects and work with a very substantial expectation of coverage, which motivates us to assess their impacts and extract knowledge from these experiences. Below, we detail the two policies.

2.3 Benefício Emergencial (BEm): To protect formal employment, the Ministry of Economy (ME) instituted the Emergency Program for Maintenance of Employment and Income (PEMER). PEMER establishes: (1) the payment of BEm, a benefit paid to workers when there are agreements between workers and employers, under the program; (2) the proportional reduction in hours of work and wages; and (3) the temporary suspension of work. The measure reduces working hours in 3 ranges: 25%, 50%, and 70%, with compensation from the government (BEm), in an equivalent proportion using unemployment insurance as the basis for the calculation. The reduction in working hours can last up to three months, with the employee guaranteeing employment in the subsequent period, for the same time that the company used the reduction in working hours. Besides, the provisional measure allows the suspension of the employment contract, with a wage compensation by the government (the unemployment insurance is the basis for the calculation). The contract suspension can last up to two months, with the employee guaranteed work in the subsequent period, for the same time that the company used the suspension⁶. The government estimated a budget for the program of R\$ 51.2 billion, which benefited more than 19 million formal jobs so far. Those who earn less will be the most benefited since the wage replacement rates are higher the lower the worker's usual income. In addition, the measure is more generous for companies with an annual gross income of up to R \$ 4.8 million since those above this limit must pay 30% of the employee's income in case

² Data from PNAD-Continua IBGE.

³ Through [Law No. 13,982, of April 2, 2020](#).

⁴ Through [Provisional Measure No. 936, of April 1, 2020](#) Later, converted into [Law 14.020, of July 6, 2020](#).

⁵ The policy implementation period has been extended a few times, and may continue to be extended depending on the duration and intensity of the crisis. In this sense, monitoring also supports this decision making.

⁶ When informing the Ministry of Economy about the agreement made, the employer will inform about the beneficiary's bank details. If an account is not reported, or if there is an error in completing it, the amount will be deposited in a digital account in a federal public bank, automatically opened by the Ministry of Economy, on behalf of the worker.

of suspension of the contract. The program is a work-sharing measure, in which there is a reduction in working hours, with the government complementing the wage reduction somewhat. The motivation is to preserve employment that, although affected by the crisis, would be viable in the long run. The fiscal cost of work-sharing is high, but the fiscal cost of firing could be higher because the government needs to pay unemployment insurance. Work-sharing measures preserve workers' income and can also have positive impacts on the recovery phase.

2.4 Auxílio Emergencial (AE): establishes a temporary⁷ emergency assistance of R\$600.00 to informal, independent, and unemployed workers⁸. The law establishes that federal public financial institutions operationalize and paid the aid, by a digital social savings account (the system creates automatically for the beneficiaries). This process implies a high registration and banking for the vulnerable population. The government estimates that public spending on this program is R \$ 98.2 billion, and the Instituto Pesquisa Econômica Aplicada (IPEA) estimates that around 59 million people can benefit from Emergency Aid⁹. The executing unit of this program is the Ministry of Citizenship of Brazil (MC). For women who were sole heads of families with children and who met the eligibility criteria, double the benefit (R\$ 1200.00) was established¹⁰.

2.5 **Strategic Alignment.** The proposed TC is aligned with the Bank's Update to the Institutional Strategy 2010-2020 (AB-3008) as it seeks to improve social inclusion and equality by supporting the conduct and evaluation of cash transfer programs, which aim to maintain the population's standard of living. The TC will support programs to reduce the poverty and inequality during the pandemic COVID-19 and also find strategies for medium-term challenges in this aspect. The TC is also in aligned with the objectives, intervention areas and eligible activities of the Ordinary Capital Strategic Development Program for Social Development (GN-2819-1, sections 6.21, 6.29-6.30), with capacity building and strategic knowledge and dissemination as priority areas. It is also in line with the LMK Sector Framework (GN-2741-7) which points to: the importance of arrangements to compensate workers for the temporary loss of income resulting from a reduction in working hours due to the crisis (p.2.24); and that the success of many projects in the labor field requires interagency coordination within governments (p.4.5). The proposed activities are aligned with the strategic area of reducing social inequality and opportunities through increasing the efficiency of public policies in the IDB Group's Country Strategy with Brazil 2019-2022

⁷ The assistance would initially be a maximum of three installments of R\$ 600.00, but two extensions occur. As a result, the maximum assistance was nine installments, the first five being R\$ 600, and the last four being R\$ 300.

⁸ The eligibility criteria are: being over 18 (eighteen) years of age; not having a formal job; not receiving other benefits (social security or assistance, unemployment insurance or another federal income transfer program other than Bolsa Família); who has a monthly family income per capita of up to ½ average minimum wage (R\$ 522.50) or a total monthly family income of up to three minimum wages (R \$ 3,135.00); not having received income in 2018 above R \$ 28,559.70; be an individual microentrepreneur (MEI) or be an individual or optional taxpayer to the General Social Security System (RGPS); or be an informal worker registered in the Single Registry for Social Programs of the Federal Government (CadÚnico). Also, the unemployed worker who qualifies under the same criteria is eligible. Who receives Bolsa Família can receive AEm, as long as it is the more advantageous. During this period, Bolsa Família will be suspended for those who receive AEm.

⁹ Bolsa Família can receive AEm, as long as it is the more advantageous. During this period, Bolsa Família will be suspended for those who receive AEm.

¹⁰ For this specific group, the [Law 13.998](#) established that beneficiary mothers could be under 18 years old.

(GN-2973) and aligned with the strategic objective of building a more effective government.

- 2.6 **Complementarity with other initiatives.** The TC has complementarity with the recently approved Loan 5092/OC-BR (BR-L1554, Emergency Support Program for vulnerable populations affected by Coronavirus, as per document PR-4825, approved by the Board by Resolution DE-97/20), which provides U\$ 1 billion financing for cash transfers under the AE, BEm, and Bolsa Família programs. Unlike Bolsa Família (instituted in 2003, and evaluated by several studies), AE and BEm are programs created in this emergency context. Therefore, it is of great importance to support the first evaluations of these programs to have lessons learned that will serve for new IDB projects. The TC also has complementarity with the operation BR-L1543 Strengthening of Early Childhood Development Policies (Criança Feliz) and the BR-T1433 Support for the Criança Feliz Program. The proposed TC is aligned with Policy to Tackle Covid-19 Recommendations for Latin America and the Caribbean, which points to the objectives: Protect the people with the least capacity to sustain a loss of income, and compensate the workers or businesses that have been most affected by the economic contraction.

III. Description of activities/components and budget

- 3.1 This TC will provide US\$300,000 of non-reimbursable financing, executed in 36 months, from the Ordinary Capital Strategic Development Program for Social Development (SOC). This TC has been designed in 3 components that are described below.
- 3.2 **Component I: Support in the monitoring and evaluation of the BEm Program, with the ME.** This component's objective is to support: (i) the evaluation and monitoring of the BEm program; and (ii) through the lessons learned, to support the identification of public policy challenges and solutions focused on the topic of job protection or creation. The details of each of the subcomponents show how the resources will be used to achieve these objectives.
- 3.3 **Subcomponent 1.1. Monitoring and evaluating BEm's performance:** The subcomponent objective is to monitor and evaluate the BEm program, through the support of consultants for develop a new data architecture from the administrative bases, in order to facilitate its analysis; the generation of statistics; crossing with other administrative records of the Brazilian labor market¹¹. Through these activities, this subcomponent will result in knowledge outputs as program reports and tabular plans. The report will consider the evolution in the number of beneficiaries, their breakdowns by type of worker (gender, income bracket, location, etc.), type of firm (size, sector of activity, location, etc.) and type of agreement (temporary suspension of the contract, or workload reduction by 25%, 50% or 70%). The work will be conducted with broad coordination with the Labor Observatory, which is under the scope of the Secretary of Social Security and Labor in ME. The monitoring will include the entire program period (even if before the TC) to understand the dynamics over time. It may eventually include a new program that replaces the emergency program. This subcomponent is also

¹¹ In particular, data on unemployment insurance and data from RAIS - Annual Social Information List.

directly linked to a TC outcome: an evaluating paper of the BEm program, which will seek to map the program's effect on long-term employability¹². Work-sharing programs are eventually used during economic crises to maintain viable jobs in the long run but not in the short run. There are evaluations showing positive effects of this kind of program, and that a large break in employment links can damage the economic recovery¹³. However, there are at least two aspects that make the current situation especially relevant for evaluation: (1) the magnitude of the current crisis, which seems to have cyclical effects, plus other structural ones; (2) the little of the evidence in work-sharing policies in developing countries. Assessing the impacts of the BEm program is essential to designing medium-term strategies, during the recovery, for Brazil and other countries in the LAC region.

3.4 Subcomponent 1.2. Map medium and long-term challenges and solutions for the labor market in Brazil in the face of the COVID-19 crisis: This subcomponent aims to support the government in identifying medium and long-term challenges and solutions for the Brazilian labor market. To this end, consultants will be financed to (i) develop a report on the labor market, containing statistics and indicators¹⁴, to help better government decision making; and (ii) elaboration a technical note contextualizing employment protection policies in the face of the experiences of other countries. This is an essential activity to ensure that TC can support the design of new policies, as well as potentially generating new operations.

3.5 Component II: Support in the monitoring, and evaluation of the AEm Program, with the MC. This component's objective is to support: (i) the evaluation and monitoring of the AE program; and (ii) support the identification of medium and long-term challenges, as well as the formulation of social protection policy solutions. The details of each of the subcomponents show how resources will be used to achieve these objectives.

3.6 Subcomponent 2.1: Monitoring and evaluating AE's performance: The subcomponent objective is to monitor and evaluate the AE program, through the support of consultants for the generation of statistics, based on the program's administrative records and/or PNAD Covid¹⁵, a sample survey conducted by IBGE¹⁶ during the pandemic. PNAD Covid is a panel that brings data on living conditions to the population throughout Brazil, including statistics on work, health, and coverage of traditional and emergency social programs. Through these activities, this subcomponent will result in a knowledge output: program reports, with graphs and relevant statistics. The report will consider the evolution in the number of beneficiaries, their breakdowns by type of group (gender, income, location, etc.). The work will be conducted with broad coordination with Secretaria de Avaliação e Gestão de

¹² For example, one year after participating in the program.

¹³ [Davis and Wachter \(2011\)](#), [Fujita and Moscarini \(2017\)](#), [Jacobson, LaLonde and Sullivan \(1993\)](#), [Moscarini and Postel-Vinay \(2016\)](#).

¹⁴ The report will be based on Brazilian databases and administrative records, such as PNAD (Pesquisa Nacional por Amostra de Domicílios), CAGED (Cadastro Geral de Empregados e Desempregados), and Unemployment Insurance Base. In this way, it will be possible to have a complete view, periodically, of the labor market situation.

¹⁵ [Pesquisa Nacional por Amostra de Domicílios – COVID](#) .

¹⁶ Instituto Brasileiro de Geografia e Estatística.

Informação (SAGI) and the Secretaria Executiva of the MC. The monitoring will include the entire program period (even if before the TC) to understand the dynamics over time. It may eventually include a new program that replaces the emergency program. This subcomponent is also directly linked to a TC outcome: an evaluating paper of the AE program, which will seek to quantify how many people or families did the program prevent them from falling into poverty. Assessing the impacts of the AE program is essential to designing medium-term strategies, during the recovery, for Brazil and other countries in the LAC region.

3.7 Subcomponent 2.2. Map medium and long-term challenges and solutions for effective social protection policies in Brazil in the face of the COVID-19 crisis:

This subcomponent aims to support the government in identifying medium and long-term challenges and solutions for the Brazilian social protection system. For this purpose, this subcomponent will support the MC to rethink the scope of the Single Registry for Social Programs (CadÚnico). CadÚnico is a data collection instrument to identify low-income families in Brazil and works as a tool for inclusion in social protection programs. Specifically, to this end, a consultant firm will be financed to (i) develop a technical note about the challenges of a register of vulnerable families, in light of the new opportunities coming with COVID¹⁷; and (ii) develop a report with recommendations for strategies for Cad Único, suggesting the inclusion or exclusion of variables, and proposing the crossing of relevant administrative data. This is an essential activity to ensure that TC can support the design of new policies, as well as potentially generating new operations.

3.8 Component III: Knowledge dissemination. This component aims to support the dissemination of the knowledge generated in components 1 and 2, which include technical notes, reports, and academic papers for BEm and AE. To that end, this component will finance strategic communication and dissemination of these outputs and outcomes, and support with resources the services needed for two workshops. These activities are essential to show the IDB's technical support, and to disseminate knowledge that can be important for creating other public policies in Brazil or the region.

3.9 TC results: This TC will result in products that will support the objectives of monitoring and evaluating emergency programs, supporting the government in building solutions to medium-term challenges, and disseminating knowledge. Specifically, the outputs are: (i) two BEm monitoring reports; (ii) six labor market monitoring reports; (iii) a technical note that makes a compartmental analysis of the job maintenance program in Brazil and other countries; (iv) a AE monitoring report; (v) pre-feasibility studies considering challenges for identifying and registering vulnerable populations in CadÚnico; (vi) Methodologies designed/strengthened: methodologies and strategies for identifying and registering vulnerable populations; (vii) Seminars organized for knowledge dissemination. The general result of the TC is the generation of evidence on the effectiveness of emergency programs for populations affected by COVID-19 in

¹⁷ For example, it is already known that there is an additional challenge with the COVID crisis: the new vulnerable groups appear to be more heterogeneous. On the other hand, the crisis brought other opportunities, such as the knowledge generated to register more than 60 million people using digital tools, through AE.

Brazil. In this sense, the outputs described above will assist in the development of outcomes: (i) an impact evaluation of BEm; and (ii) an impact evaluation of AE.

- 3.10 **Indicative budget.** The TC has a total budget of US\$300.000, to be funded through the SOC. No local counterpart resources are contemplated. The execution and disbursement period are 3 years.

Indicative Budget (US\$)

Activity/Component	Description	IDB/Fund SOC	Total Funding
Component 1 Support in the monitoring, and evaluation of the BEm Program, with the ME	(1) Monitoring and evaluating BEm's performance; (2) Map medium and long-term challenges and solutions for the labor market in Brazil in the face of the COVID-19 crisis.	(1) \$57,000 (2) \$73,000	\$130,000
Component 2 Support in the monitoring, and evaluation of the AEm Program, with the MC	(1) Monitoring and evaluating AE's performance; (2) Map medium and long-term challenges and solutions for effective social protection policies in Brazil in the face of the COVID-19 crisis.	(1) \$30,000 (2) \$100,000	\$130,000
Component 3 Knowledge dissemination	Knowledge dissemination	\$30,000	\$30,000
Incidentals	New knowledge demands that may arise with the crisis	\$10,000	\$10,000
Total		\$300,000	\$300,000

IV. Executing agency and execution structure

- 4.1 As requested by the Federal Republic of Brazil, through (i) the Special Secretariat for Social Security and Labor of the Ministry of Economy (SSSL/ME) (Ofício nº 117096/2020/ME) and (ii) the Executive Secretariat of the Ministry of Citizenship (ES/MC) (Ofício nº 538/2020/SE/CGAA/MC), and approved by the Brazilian Agency of Cooperation (ABC) (Ofício nº 09025.000981/2020-33) (see Annexes), the executing agency of this cooperation will be the Inter-American Development Bank (IDB), respective Operational Guidelines (GN-2629-1, Appendix 10, section d). The institutional capacity, as well as the technical and operational experience of the Bank within the scope of social protection issues and employment policies, will be key to effectively accompany the implementation of the activities foreseen in this TC. IDB has

a vast experience accumulated on projects that are similar to this TC, and provides an independent and transparent execution of studies and assessments⁷. Also, the fact that the IDB is the Executing Agency of the TC will facilitate the coordination between the two ministries involved in its execution, promoting the complementarity of their respective products and the possibility of generating cross learning.

4.2 The Labor Markets and Healthy and Social Protection Divisions will have the responsibility of the strategy, coordination, technical, and supervision work of this TC and the disbursement of its resources. The Bank will maintain a close and constant dialogue with the SSSL/ME and ES/MC. While the Bank will supervise the consultancy services, the officials from the SSSL/ME and ES/MC will provide technical inputs, from the development of the Terms of Reference to the deliverables of the consultancies.

4.3 **Procurement.** The Bank will hire the services of individual consultants and/or consultancy firms (see procurement plan in annexes) in accordance with all current Bank policies and procedures. More specially, the Bank will follow (i) “Complementary Workforce (CW)” (AM-650) for individual consultants; (ii) “Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work” (GN-2765-1) and respective Operational Guidelines (OP-1155-4) for consulting firms for services of an intellectual nature; and (iii) “IDB Corporate Procurement Policy” (GN-2303-20) for logistics and other related services. The risks associated with the implementation of the project regarding fiduciary management are considered low given the experience the executing agency has working under the same modality with the Ministry of Economy and Citizenship (ME and MC).

V. Major issues

5.1 The risks in executing the TC and achieving its objectives are threefold: (i) unforeseen adjustments to the monitoring and evaluation strategy due to the volatility caused by the COVID-19 pandemic; (ii) unforeseen difficulties in access to administrative records, which were recently created by the government and will be under analysis for the first time; and (iii) unforeseen changes in the secretaries of the MC or ME. The IDB will maintain a close and constant dialogue with government counterparts, to mitigate these risks (i) and (ii). To mitigate risk (iii), the IDB will ensure that the design and monitoring of the preparation of the activities foreseen will be coordinated with the permanent technical staff of the ME and MC, to ensure continuity in the delivery of the products.

VI. Exceptions to Bank policy

6.1 None.

VII. Environmental and Social Strategy

7.1 Classification C – Due to the nature of this project, it is estimated that this TC will not have a considerable negative environmental or social impact. See Safeguards in Safeguard Policy Filter y Safeguard Screening Form.

Required Annexes:

[Request from the Client - BR-T1465](#)

[Results Matrix - BR-T1465](#)

[Terms of Reference - BR-T1465](#)

[Procurement Plan - BR-T1465](#)