

TIMOR-LESTE COVID-19 HOUSEHOLD CASH TRANSFER

Initial Effects on Welfare and Gender Dynamics

A cash transfer of **US\$200** was distributed to **approximately 300,000 households** in all 452 villages of Timor-Leste at a cost of approximately **US\$60 million**.



BACKGROUND & RATIONALE

In response to the economic shock of COVID-19 control measures, including an initial nation-wide State of Emergency (SoE) (28 March – 27 June, 2020), the Government of Timor-Leste (GoTL) developed a social assistance program to support households' immediate needs and recovery from the restrictive measures adopted.¹ A cash transfer of US\$200² was distributed to approximately 300,000 households in all 452 villages of Timor-Leste at a cost of approximately US\$60 million.³

This research aims to explore the socio-economic effects of the cash transfer on the welfare of Timorese people, with a particular focus on vulnerable groups. Given the global evidence emerging that the COVID-19 crisis has the potential to widen gender inequalities,⁴ the research also aims to explore the initial effects of the cash transfer on intra-household gender dynamics.

The research provides analysis and evidence for the GoTL, particularly the Ministry of Social Solidarity and Inclusion (MSSI) to inform future social protection responses.

METHODOLOGY

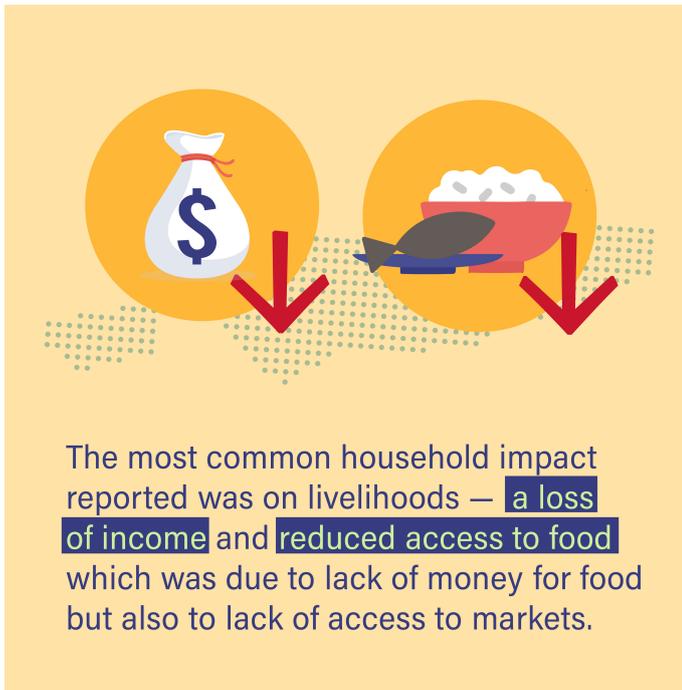
The research approach was developed to respond to two main research questions:

Firstly, to what extent did the COVID-19 payment meet the needs of Timorese people affected by the crisis, particularly marginalised people?

Secondly, to what extent did the COVID-19 payment impact on intra-household relations in terms of control over finances?

The research targeted households that had received a COVID-19 payment as well as individuals who had not received a COVID-19 payment to understand the reasons for this.

A qualitative methodology was developed to be deployed rapidly whilst considering ethical risks. Sixty semi-structured interviews were conducted in Dili, Manufahi and Liquica Municipalities based on purposive sampling and inclusion



of specific groups such as people with disabilities, single mothers, people who identify as LGBTI, and women living in domestic violence crisis accommodation.

In addition, a review of secondary research, looking at the social and economic impacts of COVID-19 and the household payment, was also undertaken as part of a comprehensive review.

RESEARCH FINDINGS

Impact of the COVID-19 crisis

The majority of households that received a COVID-19 payment needed this due to the hardship they had experienced during the three-month SoE. Many expressed gratitude for the Government's support. The most common hardship reported was on livelihoods; most households had experienced a loss of income and reduced access to food due to both a lack of money for food and reduced access to markets. This finding was backed up by numerous other research studies that identified loss of income and food insecurity as major challenges faced by people.

Safety nets and support networks during the State of Emergency

Most households employed more than one safety net or support network. Households in Manufahi, for example, mostly relied on their own gardens and farms to meet basic needs during the SoE, whereas normally they would have sold their produce at the market. Households in Dili relied on their micro and small businesses including depleting the savings they had accrued from these, surviving on significantly reduced income or consuming their own business stock such as foodstuffs from their kiosk.

Support from charity was more commonly reported by people with disabilities. LGBTI respondents most commonly reported

relying on support from LGBTI advocacy organizations or other LGBTI friends. Women living in crisis accommodation either relied on these facilities, small business income or family to meet basic needs.

Decision-making processes for spending the COVID-19 payment

Who made decisions?

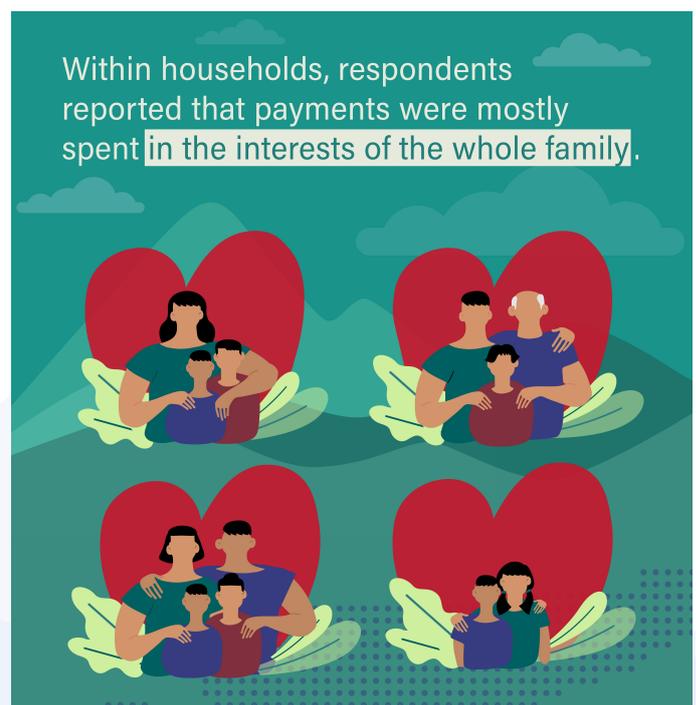
In male-headed households – the majority of beneficiaries of the payment – decisions about spending the COVID-19 payment were mostly made by husbands and wives together, but there were several cases where a male head of household had more control or complete control over the payment. In female-headed households, the female head of household collected, managed and made the decisions about spending for the COVID-19 payment. For respondents with disabilities, the degree of control in the household decision-making processes around the COVID-19 payment varied and seemed to be linked to several intersecting factors such as position in the household, gender and type of disability.

Impact on intra-household dynamics

Distributing the COVID-19 payment as a cash transfer to the head of the household did not have a significant negative effect on intra-household dynamics. The research showed that the majority of households followed the common pattern for financial decision-making in Timor-Leste prior to the COVID-19 payment as well as in relation to the payment itself. This was most commonly reported by respondents with disabilities as well as other households.

What was the COVID-19 payment spent on?

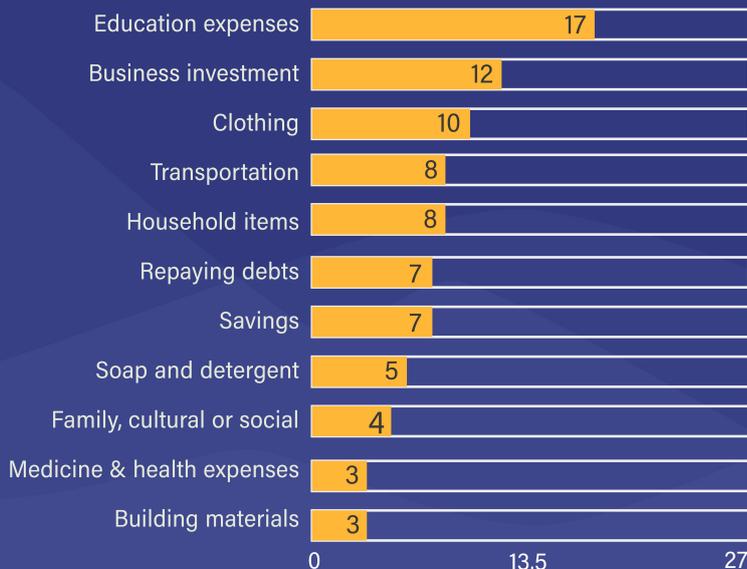
The majority of households reported spending their payment on food. Although there were no restrictions placed on how the cash transfer could be spent, there was strong adherence



The majority of households reported spending their payment on **food** as an urgent priority (25).



MANY ALSO SPENT SOME OF THE PAYMENT ON



to public messaging that the money was to be spent on food for the family. Many also spent part of the payment on education expenses (more common in Manufahi), investing in small or micro businesses (more common in Dili), clothing, transportation, household items, repaying loans and saving (or earmarking some funds to spend on other needs).

Who benefited to a greater or lesser extent from the COVID-19 payment?

Within households

Respondents reported that payments were mostly spent in the interests of the whole family and no evidence was found that payments given to male heads of household were spent any differently. Research found that people with disabilities or other household members with particular characteristics did not benefit significantly more or less from the spending priorities of households. However, one important exception to this was the case of a woman with a disability who reported that, due to her husband’s severe controlling behaviour, she was unable to access any of the payment for her health needs.

Between households

As might be expected, the research confirmed that larger households (nine or more members) gained less from the payment compared to smaller households and most large households reported that the payment was not sufficient to meet their basic needs.

The research found that households that had stronger safety nets and support networks benefited more from the payment because they were better placed to meet basic needs during the SoE and could therefore spend the COVID-19 payment on a wider range of priorities. A notable example is that

households in Manufahi had a greater level of self-sufficiency in terms of food so could more often prioritize education compared with households in Dili.

Who did not receive a COVID-19 payment and why?

Inconsistencies in the application of the household registration system, which was used to identify COVID-19 payment recipients, have resulted in the exclusion of women living in domestic violence crisis accommodation and LGBTI people. Women living in crisis accommodation were unable to register as a new household through the Ficha de Familia system and were therefore unable to claim a COVID-19 payment. One exception to this was the case of a woman whose husband shared half of the payment with her after being compelled by the local authority in her home village.

LGBTI respondents reported being prevented from registering themselves or their families through the household registration system due to advice from local authorities or a widespread perception that people living alone or in same sex couples were not considered to be a household. LGBTI respondents faced an additional risk to their housing during the SoE due to reliance on rental accommodation and reduced ability to pay rent.

Economic impact of payments

The local economic impact of the payments has been largely positive. The cash transfer had a major positive impact on improving short-term food security whilst also supporting rural and informal businesses to reopen and re-establish trade vital for additional cash income. The benefits of the cash transfer stimulus have been multiplied by assisting a larger number of people and businesses than just the direct beneficiary households themselves. While there may have been some temporary inflation this is not exclusively due to the payments.

RECOMMENDATIONS

Social assistance modalities

1. Noting the positive effects of the COVID-19 cash transfer, including giving citizens agency to decide how best to meet basic needs and help them work towards longer term financial and food security, and the multiple positive effects on restarting the local economy, consideration should be given to future use of cash transfers as an efficient and effective way of responding quickly to crises and emergencies.

Delivery mechanisms for emergency cash transfers

2. Alternative administrative systems for distributing emergency cash transfers during future crises could be based on individual rather than household registration to avoid exclusion. Any design of such a system should follow careful analysis of potential for discrimination against, or disadvantage to, vulnerable groups and risk of increasing conflict and intimate partner violence.

For social assistance provided through the *Ficha de Familia* system:

3. Cash transfers should be adjusted to meet the needs of different family sizes and number of dependents for example by distributing payments to all individuals within households rather than per household.

4. The current household registration system should be reviewed and modified to prevent exclusion of vulnerable groups, particularly women who have separated from their husbands due to family violence, same sex couples and LGBTI and other people living alone. This should include development of an inclusive legal definition of *Uma Kain* based on research and consultation.

5. Local authorities should be provided with clear and unambiguous criteria for household registration through the *Ficha de Familia* system, and this should also be made available and easily accessible to the public and people of all genders.

6. Enhanced checks and balances should be placed on local authorities in their role registering households through the *Ficha de Familia* system, particularly to reduce the influence of discriminatory social norms.

Additional financial assistance during COVID-19

7. Specific and additional targeted financial support could be made to groups who have been marginalized by the *Ficha de Familia* registration processes determining eligibility for the COVID-19 payment. One option for doing this would be to work through existing support and advocacy groups.

Public information and messaging

8. The GoTL should continue to deliver clear messages regarding purpose and target of cash transfers in the future, via avenues that are accessible to women, men and vulnerable groups. Particularly, where cash transfers are to be collected by heads of household, messages should continue to emphasize that cash transfers are intended for the entire household and can be collected by either men or women.

9. Improved clarity and dissemination of public information about eligibility and registration processes for cash transfers would ensure inclusion of vulnerable groups. Advocacy organizations working in the interests of vulnerable groups could be engaged to assist with dissemination this information.

¹ GoTL (2020) Ministerial Order no. 18/2020, of 14 of May; Regulating the Financial Support provided to households during the COVID-19 pandemic (English translation). Article 1.

² There were no conditionalities or restrictions on how the payment could be spent but an eligibility criterion was applied. Households where at least one of its members receives an income on a monthly and regular basis higher than US\$500 were not eligible for the subsidy.

³ The final number of payments are not yet determined as there are still appeals pending. Ministry of Social Solidarity and Inclusion, (2020) 'Summary data analysis report – COVID-19 Payment Point Monitoring Surveys', July 2020.

⁴ Hidrobo, M, Kumar, N., Palermo, T., Peterman, A. and Roy, S. (2020), Gender-sensitive social protection: A critical component of the COVID-19 response in low- and middle-income countries, IFPRI Issue Brief, April 2020; and CGAP (August 2020), Digital Cash Transfers in The Time of COVID 19; Opportunities and Considerations for Women's Inclusion and Empowerment, BMGF, World Bank, CGAP, Women's World Banking.