

Lessons from one of the 'hardest hit'

Facing a pandemic in a country with 38 million informal workers

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Though the country is still struggling with the health crisis, cases and deaths kept rising by mid-May, while the families are once more getting most of the burden and the social effects of the situations are challenging Brazilian society.

Labor structure in Brazil

Brazil is still recovering from a severe economic crisis that lasted from 2014 to 2017, with a roughly 7% GDP loss on that period. [2] As a consequence, unemployment rates reached a peak of 12.6% on 2017 [3]; on January 2020 this rate was 11.2% (in an universe of 106.1 million active workers [4]), which is a sign of the slow recovery of the Brazilian economy from 2017 on (around +1% GDP on 2017 and 2018).

Besides that, one must consider that there are 38 million informal workers in Brazil, who represent 40.6% of the labor force (data from January 2020 [5]). These workers do not have legal protection assured by law, for instance unemployment insurance, which means they rely on daily work to guarantee their family income. As a consequence of that, only 58.97 million people contributed to the Social Security system in January 2020, as the informal workers do not contribute. Finally, the average income of a Brazilian worker is R\$ 2,375.00, roughly US \$400.00.

Brazil has been the hardest hit in Latin-America by COVID-19. Mid-May reports place it among the top 10 countries with most cases in the world [1], so both regional and local governments' measures to 'flatten' the infectious curve of the virus began early March including quarantine measures.

As the trend has shown, high-densely populated areas are those suffering more: the biggest Brazilian cities as of São Paulo and Rio de Janeiro are the focus of the pandemic in the country with most of the reported cases.

Therefore, the response is heightened there: even though everything but essential services are closed and families confined at home, 'campaign hospitals' had to be built in these cities to ensure proper treatment to everyone.

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A relevant characteristic of Brazilian employers is that 52% of formal workers are with small businesses, which generates 27% of the country's GDP as put by SEBRAE, the federal system that support entrepreneurs. [6]

Country's response to the coronavirus

According to official sources, the first case of COVID-19 in Brazil was confirmed on 26th February. [7] In March, most of Brazilian cities had restrictions, imposing a quarantine for their citizens and determining the closure of non-essential businesses and schools — not a lockdown, which happened in very few cities for a limited time. The consequences were basically the same as everywhere else: families confined at home, as parents do their home-work alongside with their children struggling to have some online activities; sharp drop in air pollution, directly linked to the low traffic in big cities; dramatic fall in retail income — in Brazil, e-commerce represents only 3% of retail sales [8] — and other businesses, with unemployment and the subsequent effects for children and other members of families who depend on those incomes.

Quarantine adherence by population varied from region to region. In São Paulo, the most affected area in the country, the adherence was only 47% on 16 May. [9] In Rio de Janeiro, the second most affected area, this index was 74% on 6 May. [1] One of the main reasons is that only 1 in 3 Brazilian workers can adopt teleworking. The main causes for this are the lack of internet access in 21% of Brazilian households and, of course, the reality of the undereducated labor force in Brazil: only 16% of Brazilian workers attended college; also, 30% of the workers do not have primary education. [11] The characteristics of the jobs these people may acquire is not compatible with teleworking, and many of them rely on informal jobs, so they need to get out of their homes to work on a daily basis.

Only 1 in 3 workers can adopt teleworking in Brazil, due to the lack of internet access in 21% of households the low educational level.

It is also worth noticing the conditions of people living in 'favelas' — slums. According to data of the last census (2010), there are 11.4 million Brazilians living in slums. For instance, in Rio de Janeiro, the second most affected Brazilian city by the COVID-19 pandemic, 22.2% of its inhabitants are in slums. [12] In a paper of the World Economic Forum by Gisela Solymos, a social entrepreneur, there is a dramatic characterization of the conditions of population under extreme poverty conditions, which includes [13]:

- physical pain that comes with too little food and long hours of work;
- emotional pain stemming from the daily humiliations of dependency and lack of power;
- moral pain from being forced to make choices such as whether to pay to save the life of an ill family member or use the money to feed their children.

These are conditions under normal circumstances. The pandemic has worsened them very much. The fact is that there is no easy solution to cope with COVID-19 within these communities, because it is simply not possible for these people to 'stay at home' — often three or four people share the same room, which makes physical distancing among them impossible.

Besides sanitation measures, the public response in Brazil can be classified in four main domains: civil society efforts, education, social security and support to businesses plus protection of jobs.

Civil society efforts

The pandemic has ignited a sense of solidarity in Brazilian civil society. Many NGOs are directing all their efforts to ease the situation of vulnerable families. [14] For example, in March some social entrepreneurs at São Paulo created a fund to receive donations with only one goal: to guarantee adequate food for vulnerable families. [15] By now, more than 1 million people have benefited from their initiative and have food guaranteed for 1 month, which is distributed in cooperation with public authorities. On top of that, donations of civil society have reached a historic peak: in two months, R\$ 5 billion were donated to fight COVID-19. [16]

Education

Basic formal education is the role of local governments (cities and states), so the measures are very heterogeneous along the country, but the basic response is the adoption of remote education. However, it is a challenging situation because neither families nor teachers are used to this concept [17], which was never adopted before in large scale on public education. Despite being the best possible solution for the current situation, it has implied an extra task for parents and a driver for deepening inequalities: because of the low reach of internet access already mentioned [18], millions of children are effectively prevented from any school activities and socialization. By now, there aren't any feasible measures to cope with this situation and there is a hot debate about postponing the national exam for college admissions (ENEM). The argument is that maintaining the original schedule could be a way to deepen inequalities in college

access, as students of wealthier families can cope better with the current situation, and therefore they would largely (and unfairly) benefit from the situation.

Social security

The main federal measure to cope with social consequences of the quarantine is an unconditional temporary cash transfer program, popularly known as 'coronavoucher'. It was designed to be an emergency aid for low income families who depended on informal jobs or were affected by unemployment, which is on the rise. The value of the benefit, available for three months in a row starting in April, is R\$ 600.00, roughly US \$100.00; women who economically bear their households are eligible for R\$ 1,200.00. The overall conditions to access the benefits are [19]: be currently unemployed (which include the ones relying on informal jobs); not getting any other social security benefits; the family must have a maximum per capita income of R\$ 522.50 (less than US\$ 100). By the end of April, the Brazilian Federal Government had granted R\$ 34.7 billion [20] for 37.2 million people, according to available data. [21] However, the 'Instituto de Pesquisa Econômica Aplicada' (IPEA) estimated that there are 59.2 million people eligible for this benefit, considering that 80% of this group is registered on the 'Cadastro Único', a federal database of the social security system. [22] The challenge is to achieve the 20% that are not easily accessible for government officials.

These 'invisibles' are often the poorest of the poor. As 77.1% of Brazilian population have smartphones, according to the most recent research on the topic [23], and to access the benefit is necessary to use a smartphone app or make a register through a website, one may consider what is going on: these invisibles are simply not able to register themselves on the system. Besides that, according to Brazilian Central Bank data, 13.5% of Brazilians do not have a bank account — roughly they earn their money for daily use. It is important to register that this population often is also not able to benefit from other social programmes, like 'Bolsa Família', and represents 3.5 million people, or 1.5 million families. Therefore, it is urgent to consider solutions to attend this most vulnerable population.

Besides these numbers, the situation of the population in extreme poverty is dramatic — only in São Paulo, there are 600,000 people under these circumstances. Most of the children of this group only have proper meals at school, which are now closed. There are reports of families with children eating only rice during this quarantine, because their parents are informal workers and cannot get any job. [24] The consequences of this inadequate nutrition will persist for years in children suffering this situation.

Job security

In order to avoid mass layoffs caused by interruption of business activities, the government has adopted some measures, approved by the Parliament, to ease the situation. Briefly, these are the most important ones:

- Teleworking: according to recent data, there are 15 million workers (in a universe of 91 million) with some teleworking routine in Brazil. [25] Obviously, the pandemic of COVID-19 forced a mas-

Unemployment rate has grown from 11.2% to 12.6%, which means there are 900,000 more workers looking for jobs.

sive adoption: 60% of Brazilian workers are now teleworking. To make this possible, the labor rules were temporarily eased: now, within 48h employers and employees can celebrate a deal to adopt teleworking.

- Holidays anticipation: during this pandemic, employers can grant their employees with a holiday proportional to the time they have been working, with a 2-day notice — under normal circumstances it is 30 days. Also, many companies granted holidays for all their employees and partially shut their activities.
- Workday and wage reduction: wage reductions are prohibited by Brazilian labor legislation. However, during this pandemic, there is a temporary regulation that makes it possible to reduce wages proportionally to a workday hour reduction, with a maximum possible of 50%.
- Deferral of payroll payments: businesses in Brazil must pay an equivalent of 20% of the wage of the employee to the social security every month. For 3 months they are authorized not to pay this contribution, and later they can pay this in 12 instalments. The idea behind this measure is to protect the cash flow of businesses with sharp revenue drop.
- Loans for small businesses to cover their payroll: through public bank institutions, it is available R\$ 40 billion (US\$ 7 billion) in loans with subsidized interest rates for employers struggling with their debts. [26]

The outcomes of these efforts are not clear yet, at least for the long term. By now, unemployment rate has grown from 11.2% to 12.6% since the beginning of the pandemic, which means there are 900,000 more persons looking for jobs [29] — for a matter of comparison, in the last two months, 36 million people have filed for unemployment benefits in the USA. [28] In other words, these measures seem to have an important short-term effect, which is essential to protect families' income.

Conclusions

Though Brazil is still struggling with the consequences of the COVID-19 on mid-May, there are several lessons learned up to now. Both governments, on different levels, and civil society have been making an effort to respond to the necessities brought by this serious situation. However, as it has happened in many countries, the challenges we face are new in many ways, so there are many lessons to be learned, including a greater support to families that would in return benefit all their members.

In Brazil, physical distancing measures have proven efficient: with very few exceptions, for instance the city of Manaus [29], health systems have not collapsed so far. It is mandatory to recognize the tremendous efforts of health care workers, who are sacrificing their own safety to guarantee the best possible care for every person. Also, it is important to mention the efforts of the families of health care workers that have been providing the best support they need in these emergency times and the effort of all families who kept at home those who couldn't be treated in hospitals because of the situation.

Besides that, we mention:

- A better coordination among the actions on different levels (national, state and local) can be a key measure to fight against seasonal epidemics in Brazil, as dengue and malaria.
- Psychological support will be necessary for health care workers, who are stressed, to avoid long-term consequences for their mental health. Also, measures to support their families and the families of victims of COVID-19.
- This pandemic has shown that governments cannot face all the consequences of this situation: most of the burden has fallen on families. Therefore, implementing better policies to support them may be the best way to deal with the social consequences of this crisis.
- Not only governments, but also civil society has been giving answers to this crisis: the donations this year have already surpassed the average amount of previous year. Solidarity will be key to face the economic crisis that is just beginning.

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