

Module 11 - Cost of implementation of scenarios for “Working age”

Scenario 1: Introduce a universal basic disability allowance of COD500 per month for all adults with disabilities (15 years of age and above)

Assumptions:

- Target group = adult population with disabilities;
- Take-up rate (progressive coverage of the target group) = 25 per cent in 2014, 50 per cent in 2015, 75 per cent in 2016, and 100 per cent as of 2017;
- Benefit per head = COD500 per month;
- Benefit increases every year in proportion to the headline inflation;
- Administrative cost = 5 per cent.

Results:

According to the calculations in the RAP model, providing a universal basic disability allowance of COD500 per month for all adults with disabilities (15 years of age and above) is expected to cost 0.03 per cent of GDP or 0.17 per cent of Government expenditures in 2020.

Scenario 2: Extend a public works programme guaranteeing 100 days of work to rural households at the minimum wage

Assumptions:

- Target group = all rural households;
- Take-up rate (progressive coverage of the target group) = 5 per cent in 2014, 10 per cent in 2015, and 15 per cent as of 2016;
- Benefit per head = 100 days of work paid at the minimum wage;
- Benefit increases every year according to the minimum wage;
- Administrative cost of 25 per cent to take into account costs of materials, hiring technical staff and contractors, and so on.

Results:

According to the calculations in the RAP model, providing a public works programme guaranteeing 100 days of work to rural households at the minimum wage is expected to cost 0.26 per cent of GDP or 1.37 per cent of Government expenditures in 2020.

Scenario 3: Provide training for 60 days every five years to informal economy workers (employed, unemployed, underemployed) and a daily poverty alleviation payment of for poor trainees at 50 per cent of the minimum wage

Assumptions:

- Target group (skill training) = all informal economy workers;
- Target group (poverty alleviation) = poor informal economy workers;
- Coverage of the target group = 20 per cent of the target group in every year;
- Benefit per head (skill training) = 60 days multiplied by unit training cost of COD250 per day; benefit increases every year in proportion to the average wage increase;
- Benefit per head (poverty alleviation) = 50 per cent of the minimum wage;

- Administrative cost is 15 per cent because the training component requires some training materials and the poverty allowance is targeted.

Results:

According to the calculations in the RAP model, providing training for 60 days every five years to informal economy workers and a daily poverty alleviation payment of COD150 for poor trainees is expected to cost 0.75 per cent of GDP or 3.95 per cent of Government expenditure in 2020.



Closing the SPF gap for the working age population in Coresia would cost between 0.29 per cent and 1.04 per cent of GDP in 2020, where 0.29 per cent is the cost of the combination of scenarios 1 and 2, and 1.04 per cent is the cost of the combination of all three scenarios.

Table 1: Results of the costing exercise for the working age

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Scenario 1: Introduce a universal basic disability allowance of COD500 per month for all adults with disabilities (15 years of age and above)										
Cost of scenario 1 (COD million)	0	0	0	1 471	3 036	4 691	6 452	6 641	6 840	7 034
Cost as % of GDP	0.00	0.00	0.00	0.01	0.02	0.03	0.04	0.04	0.03	0.03
Cost as % of Government Expenditures	0.00	0.00	0.00	0.06	0.11	0.16	0.20	0.19	0.18	0.17
Scenario 2: Extend a “Public Works Programme” guaranteeing 100 days of work to rural households at the minimum wage										
Cost of scenario 2 (COD million)	0	0	0	15 708	32 308	49 752	51 151	52 497	53 910	55 302
Cost as % of GDP	0.00	0.00	0.00	0.12	0.23	0.32	0.31	0.29	0.27	0.26
Cost as % of Government expenditures	0.00	0.00	0.00	0.61	1.16	1.66	1.59	1.51	1.44	1.37
Scenario 3: Provide training for 60 days every five years to informal economy workers (employed, unemployed, underemployed) and a daily poverty alleviation amount for poor trainees at 50 per cent of the minimum wage										
Cost of scenario 3 (COD million)	0	0	0	112 384	119 306	126 522	134 187	142 167	150 629	159 427
Cost as % of GDP	0.00	0.00	0.00	0.86	0.84	0.82	0.80	0.78	0.77	0.75
Cost as % of Government expenditures	0.00	0.00	0.00	4.35	4.29	4.22	4.16	4.09	4.02	3.95