

Social protections and COVID-19 in Latin America

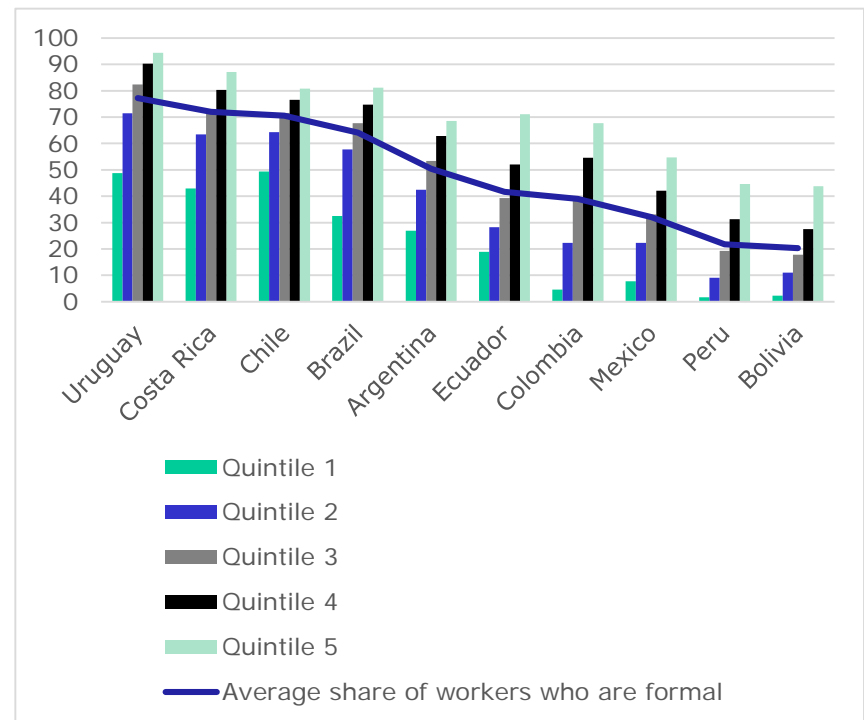
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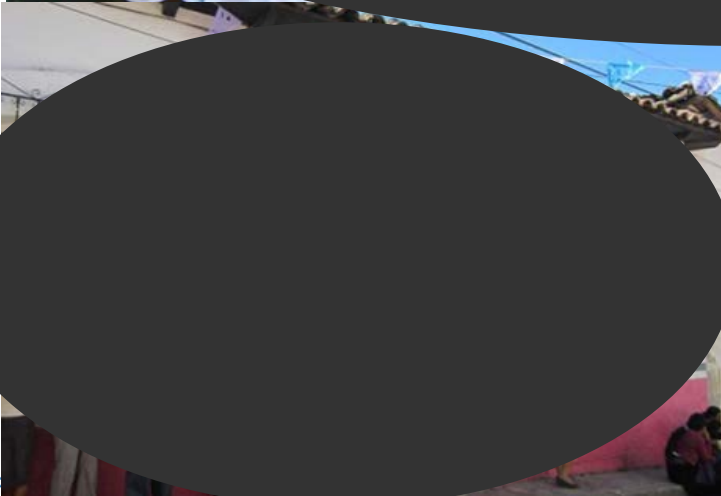
Social protections pre-COVID

- Region with the highest economic inequalities in the world
- Social security covers a small share of the employed population, who tend to be better off

Employed workers contributing to social security (as percentage of employed population) by income quintile, 2018

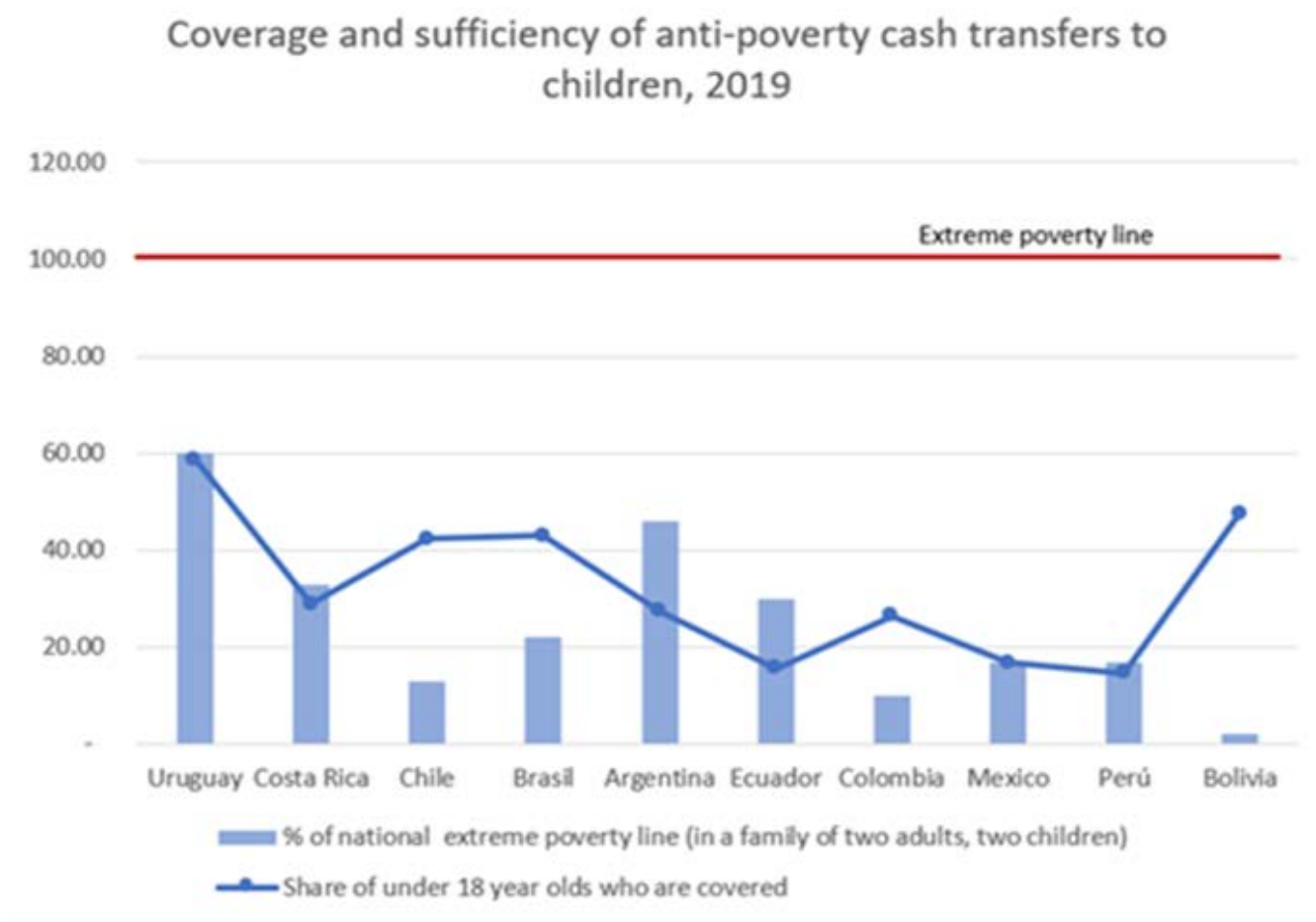


Policy innovation of the new millennium: Cash transfers to families with children in poverty



→ Reach and impact?

Reach

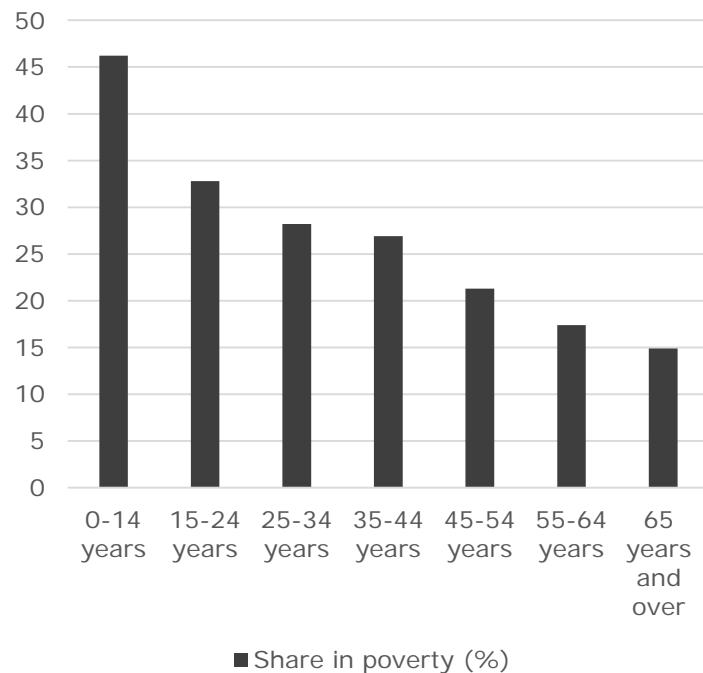


Source: data based on Blofield, Giambruno, Filgueira 2020

Children in poverty and vulnerable households

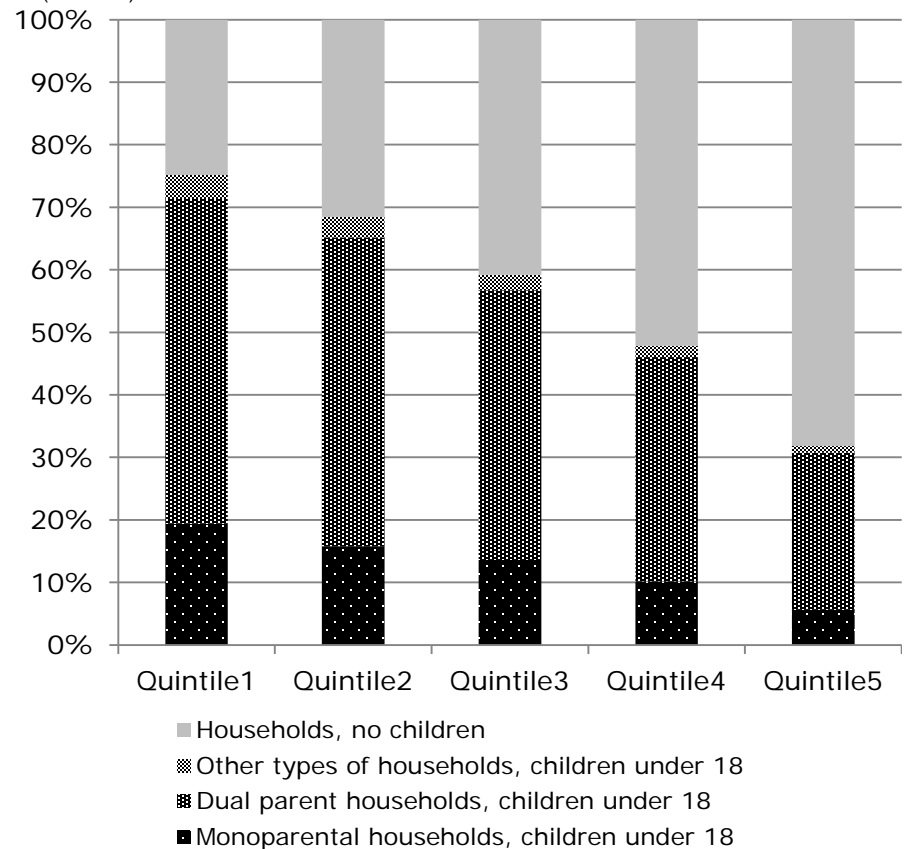
Share in poverty (%)

Latin America 2019 (CEPAL)



Type of Household by Income Quintile

Own elaboration, latest available data, weighted average for nine Latin American countries (LIS data)



COVID-19 strikes

- Latin American governments move into lockdowns and social distancing starting mid-March
- → move to provide economic rescue packages and social protection measures

Post-COVID income protection/cash transfer measures

(drawing on Blofield, Giambruno and Filgueira ECLAC study)

Three groups

- Those in traditional contributory social security
- Those in non-contributory social security
- *'Informal households'*

Dimensions of policy effort

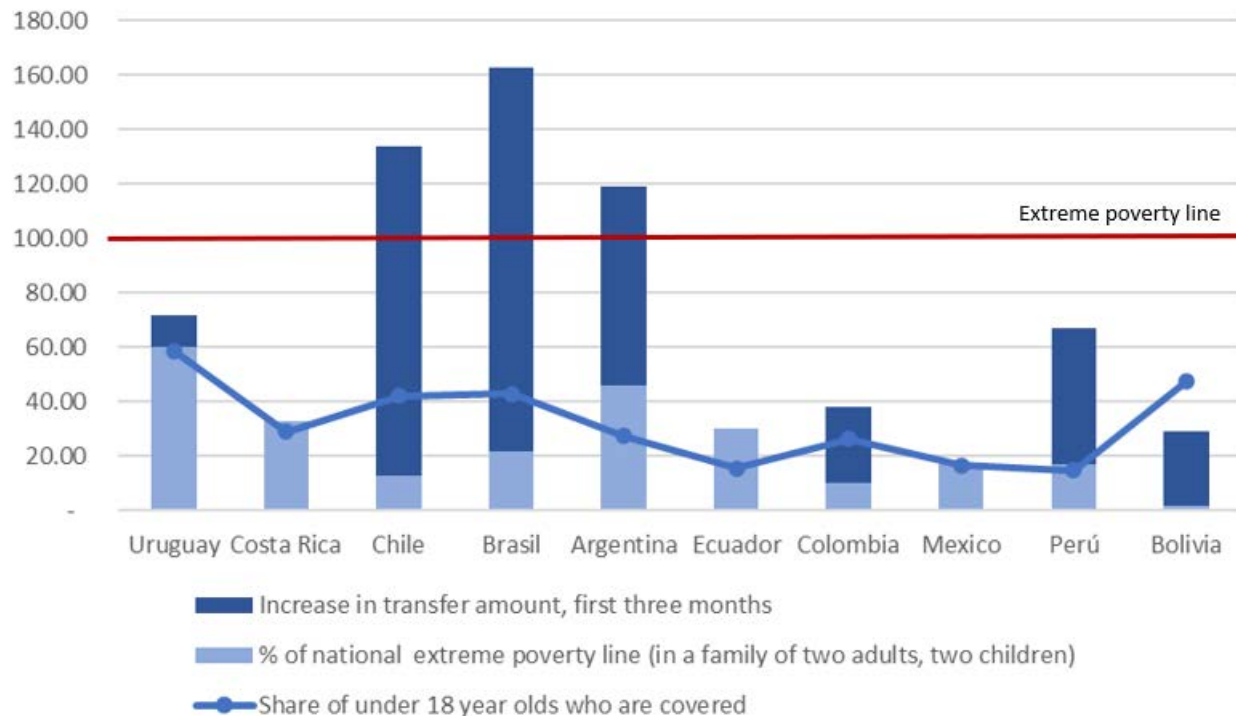
- Speed
- Breadth
- Sufficiency

Speed of social protection responses in Argentina, Chile, Peru, Bolivia, Brazil, Mexico, Colombia, Ecuador, Uruguay, Costa Rica

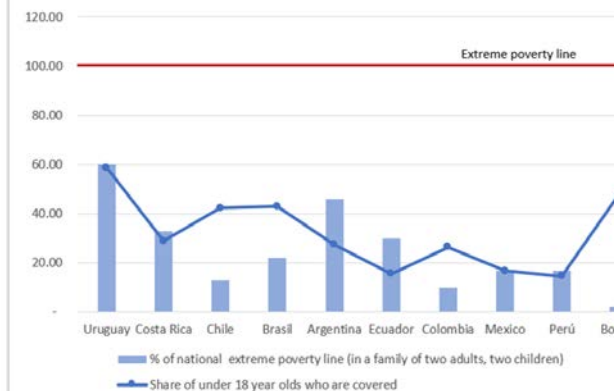
- *By the end of March*
 - seven out of ten governments pledged additional cash assistance via existing CCTs
 - All governments sought to establish some form of labor/income protections to formal workers, BUT significant variation
- *By the end of April*
 - nine out of ten governments had pledged income assistance to (at least some) informal households
 - Seven established more inclusive, ‘demand-driven’ mechanisms
 - Two -Ecuador and Colombia- maintained restrictive ‘supply-side’ eligibility criteria
 - Mexico did not institute a national-level income assistance program at all
- *By the end of June*
 - A significant share of first-round recipients had received some aid
 - Delays were caused by both political and technical factors
 - slow recognition by executives of the extent of need
 - congressional reticence in authorizing massive budget increases
 - Implementation/delivery challenges with databases, electronic mechanisms, errors of exclusion/inclusion

Increased funding to existing programs since March

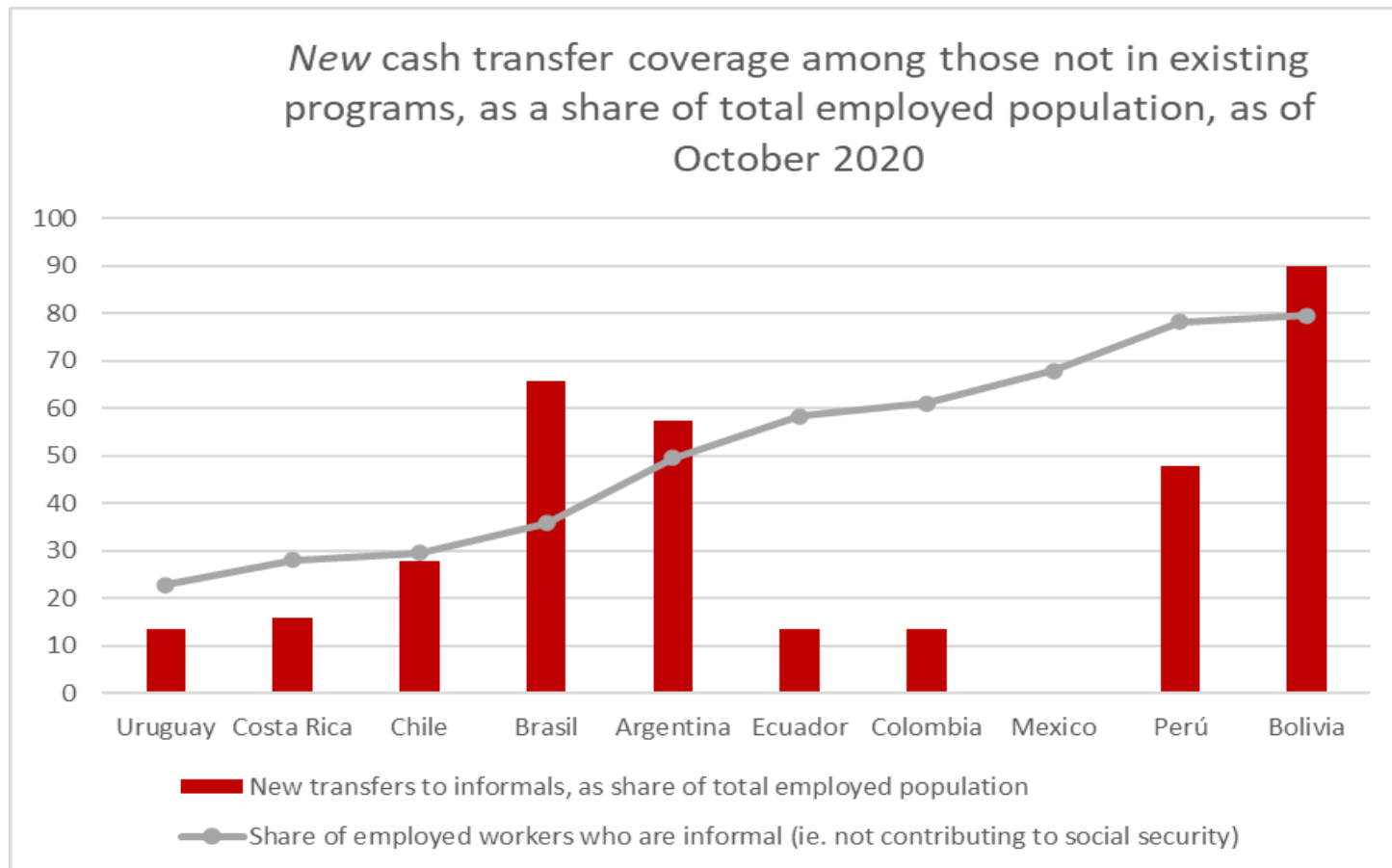
Coverage and sufficiency of anti-poverty cash transfers to children, first three months after COVID onset (April, May, June 2020)



Coverage and sufficiency of anti-poverty cash transfers to children, 2019



New policy effort toward ‘informal’ households



In sum

- Massive variation in policy effort, both breadth and sufficiency
- Effects:
 - One extreme: **Brazil**
 - by July, extreme poverty had declined to the lowest level in recorded history
 - The other extreme: **Mexico**
 - In September, UNICEF survey reported that 80% of households with children were not able to meet basic nutritional needs
- Causes:
 - Our existing theories don't help much, e.g. political ideology
 - Policy legacies, threat of social mobilization, and legitimacy struggles
- Implications:
 - *Duration* of transfers: are they temporary or will a broader social protection floor be forged?
 - Massive crises: critical junctures?

Extra slides

Sufficiency of new cash transfers

Cash transfers as share of national extreme poverty line per capita, for eligible households with two adults and two children, average for first three months since April

