

# COVID-19 AND SOCIAL PROTECTION OF POOR AND VULNERABLE GROUPS IN LATIN AMERICA. A CONCEPTUAL FRAMEWORK

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**Abstract:** *The growing crisis caused by the coronavirus pandemic has dire implications for Latin American societies. As is often the case, the most vulnerable segments of society, especially those living in extreme poverty, are being hit the hardest. This article identifies strategies and specific responses designed to achieve three goals: (1) reduce epidemiological risks to save lives; (2) protect livelihoods; and (3) ensure human capital accumulation. Epidemiological externalities as well as humanitarian concerns demand universal social inclusion. In order to protect the health and lives, livelihoods, and the human capital of the poor and vulnerable, it will be essential to, first, implement targeted and decisive interventions at the local level that go beyond transferring cash; second, allocate adequate amounts of resources to fund income support and these other key interventions; and, third, rely on local actors and grassroots organizations for the interventions to be effective.*

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## Introduction

The global COVID-19 pandemic, along with foreign and domestic responses to it, are inflicting severe costs to society as a whole in terms of both lives and economic losses. Even if the pandemic were miraculously not to have reached Latin America, the adverse external shocks (falling demand for exports and tourism, declining commodity prices, shrinking remittances and unprecedented capital outflows) would have hurt the countries significantly. The pandemic and the measures designed to contain it, compound the negative impact on living standards in ways that we are still trying to assess given the uncertainty surrounding the timing of the discovery of a cure or a vaccine.

Although every level of society has been affected, the intensity of the effect has varied widely across social groups. The pandemic is impoverishing the poor and exacerbating inequality. Informal workers are severely affected by the lockdown measures.<sup>1</sup> Low skill workers are not able to work from home. The poor and the vulnerable,<sup>2</sup> especially those living in extreme poverty are being hit the hardest, not only in terms of lost incomes, but in terms of how their life conditions and future are threatened by this whole situation. As the virus spreads from more affluent districts where it arrived first, it affects populations that live in poorer sanitary conditions, and suffer from multiple deprivations, which are magnified due to lockdowns.

The current situation calls for urgent actions on multiple connected fronts: (1) the epidemiological, healthcare and sanitation front; (2) the economic front; (3) the labor market front; and (4) the social protection front. This paper focuses on one important component of the social protection front, which is to identify strategies capable of achieving three goals for the poor and vulnerable: (i) reduce epidemiological risks to save lives; (ii) protect livelihoods; and (iii) secure human capital accumulation. The aim of the paper is to provide **a conceptual framework** to guide policy design.

The complex vector of shocks induced by the pandemic shift downwards pretty much everybody's incomes. Among other things, for given poverty lines, it will bring increases in the number of poor in official statistics. A recent report by ECLAC estimates that the number of poor people will rise by approximately 30 million. Macroeconomic and other measures at this time are (should be) attempting to soften the downward shift of the income curve. A number

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<sup>1</sup>News from the United States show that low-income and racial and ethnic minorities are disproportionately represented among the severely ill and the dead. Surveys collected for Chile and Peru, among others, indicate that the economic impact of the pandemic is felt disproportionately by the urban poor.

<sup>2</sup> In some economics literature, the word "vulnerable" is used to refer to people whose income is above the poverty line but are at risk of falling into poverty if faced with an adverse shock. Here we are not using the term in that way, but in the standard dictionary sense of "a person in need of special care, support, or protection because of age, disability, or risk of abuse or neglect."

of measures are (should be) devoted to soften the employment and income blow on many affected individuals, including quite prominently those at the risk of falling into poverty. But, for the most part, those who were already poor will also suffer great income losses, pushing a number of them below the extreme poverty line. Nearly 16 million people according to ECLAC, could join the extreme poor in 2020 as a result of the pandemic. Those who were already poor before the pandemic should definitely be given priority when it comes to income support, but that will not be enough to effectively protect their lives, livelihoods, and human capital. These individuals, the chronic poor, experience not only income poverty. They also tend to live in overcrowded homes, lack basic social services, receive poor healthcare and education, and face various forms of violence and discrimination. This group includes residents of urban slums and other areas of concentrated poverty, undocumented migrants, indigenous communities, afrodescendants as well as other ethnic and racial minorities. Within these groups, children, women, the elderly, the disabled, the mentally ill and those belonging to certain groups such as LGBT face even greater deprivations.

Paying special attention to the poor and vulnerable in the policy response is crucial for three main reasons. First, because this group is already suffering from multiple deprivations, there is an ethical imperative to prioritize their needs as they are the ones who can least afford to be hit by the multiple negative shocks detonated by the pandemic. Second, the negative effects on this group are likely to have long-lasting impact. Modern development literature emphasizes the permanent effects that temporary shocks can have on the lives of poor infants and children. Circumstances such as child malnutrition, school dropout, and traumatic experiences occurring at early stages in life, often have irreversible effects. Research on past crises reveals that these long-lasting effects do exist and are a leading cause for persistent inequalities and low mobility.

In a pandemic, there is a crucial third reason to prioritize the poor and vulnerable. As the virus rapidly spreads, those engaged in more precarious day-to-day realities not only face a greater risk of contagion but are also a plausible source of transmission. If these groups are not compensated at least in part for their income loss during lockdowns, for example, it will be very difficult for them to comply with the restrictions. If tests or the eventual vaccine are not made widely available and at no cost, the poor and vulnerable are likely to choose not to be tested or vaccinated. This **externality** is one of the main arguments in favour of prioritizing these groups within the context of a pandemic. “Forgetting” to protect certain sectors of society (such as slum-dwellers, the homeless, undocumented migrants, or the transsexual population), can severely hinder the ability to contain the spread of the virus. During a pandemic, **universal social protection becomes a precondition to achieve success in combatting the spread of the disease.**

## 1. COVID-19 exacerbates pre-existing inequalities and vulnerabilities

### *Groups at risk of contagion, illness, and death*

Although the number of infected and dead in part of the region is still relatively small (due to a large extent to the fact that containment policies were introduced at early stages of the spread of the virus), the population that --if infected-- is at risk of serious illness and death appears sizeable. Older individuals and individuals with pre-existing health conditions are the two main groups at risk of contracting and succumbing to COVID-19. As for age, the share of elderly people in the population of Latin America is not large (less than 9%). Regarding pre-existing conditions, however, the situation is worrisome. Excess weight and obesity are very prevalent in Latin America (nearly 60% of the population) and 10% of the population suffers from diabetes.<sup>3</sup>

The Oxford Poverty and Human Development Initiative has proposed three indicators to capture the risk of COVID-19 infection: a lack of access to safe drinking water; the use of noxious fuels inside the household; and malnutrition. Following these guidelines, approximately 142 million people are in danger of contracting COVID-19 in Latin America. That number represents close to a quarter of the region's population.

### *Multiple deprivations*

Using the international poverty indicator of USD 5.50 per day (expressed in terms of purchasing power parity), the poverty rate in Latin America is 23%. Nearly 4% of Latin Americans live in extreme poverty (i.e., those at or below the USD 1.90/day poverty line), and do not earn enough to purchase the minimum amount of food to have adequate nutrition. Ten percent of Latin Americans (delineated by the USD 3.20/day poverty line) are at risk of falling into extreme poverty. This percentage is notably higher in some Latin American countries such as Bolivia, Guatemala and Ecuador.

Income poverty is only the tip of the iceberg in terms of the lives of the chronic poor, however. For most of the population we are focusing on, poverty is a life condition that implies deprivations in multiple dimensions. Over 80% of those included in the poorest quintile of income distribution work in the informal sector and therefore have no access to unemployment insurance, contributory pensions, or other benefits. Twenty-two percent of Latin Americans lack access to safe drinking water; 34% are deprived of internet connectivity, which is so essential in these circumstances; and, 45% do not have a bank account.

While the severity of poverty is higher in rural areas, about two thirds of the poor live in urban areas. It is presumed that it will be this segment that the pandemic will strike the hardest. Over

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<sup>3</sup> All sources for the figures cited in this text are reported in the longer version of the paper. [Lustig y Tommasi COVID, Pobres y Vulnerables V Larga Mayo 2020](#)

20% of urban residents live in slums, where conditions in terms of overcrowding and poor habitat are extreme.

*The COVID-19 shock interacts with all these inequalities and vulnerabilities*

All of the deprivations mentioned above, which give shape to **multidimensional poverty**, interact, in turn, with the conditions generated by the pandemic to create a potentially vicious cycle. Many of these vulnerabilities make people more likely to get infected by the coronavirus, and many of the effects of the pandemic exacerbate the suffering produced by the deprivations.

For example, living in slums make people more susceptible to become infected and potentially seriously ill because of overcrowded spaces and of the lack of access to water and sanitation. Labor market informality is a key aspect of poor and vulnerable people's lives and it amplifies the effects of the sharp income decline produced by the pandemic, particularly for people who own few or no assets. Informal workers have no access to state-sponsored social insurance. And, while in most countries cash transfer programs now exist, their coverage may be too limited to be an effective instrument to cope with the impact of the pandemic. Thus, an important challenge for governments in the current circumstances is how to quickly expand coverage to include among beneficiaries the poor who were previously excluded as well as the new poor given that both groups are not part of the administrative registries of existing cash transfers programs. Furthermore, the poor not only have very limited chances of having a job that can be performed remotely, but even if that were the case, they would have a hard time doing so, given the conditions of their homes and the lack of infrastructure (including internet connectivity).<sup>4</sup> These circumstances feed back on the possibility of "staying home." If the poor lack the means to satisfy their basic needs in the short term, they cannot follow the rules of social isolation. **They cannot stay at home if that prevents them from getting their daily sustenance.**

Staying at home means enduring a number of hardships caused by overcrowding, the lack of basic services, and the poor environments in which the homes are located. In addition, education and trust-worthy sources of information are less likely to reach these families as they lack the tools necessary for connectivity. Moreover, for this segment of the population, staying at home could cause other problems, and could breed other health issues, especially given the current health sector scenario in which issues unrelated to coronavirus are not receiving proper attention. Also, the confinement, boredom, uncertainty, and fear associated with the current situation could exacerbate family dysfunctions which, in the extreme, worsens domestic violence and child abuse.

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<sup>4</sup>The case is exactly the same for schooling. The educational disadvantages experienced by poor children, teenagers and young adults are worsening, now that they are isolated in their unconnected homes with their uneducated parents.

Among the most important vicious-cycle dynamics that the combination of the containment policies and economic fallout of the pandemic can produce are those affecting the human capital of children. In particular, undernutrition in utero and at the early stages of life is likely to increase as a result of lowered incomes. Second, school closures are likely to deeply affect the children of poor households who may find it extremely difficult if not impossible to continue their education at home due to lack of adequate equipment, connectivity and –above all—coaching. It is quite likely that children will end up with lower achievements and many might drop out of school altogether. This year may end up being the one with the largest loss of human capital in modern history; that loss will be distributed very unfairly, with the poor enduring the brunt of this cost.

## **2. A brief profile of the vulnerable groups**

As we said in the introduction, our goal is to provide a conceptual framework for an effective policy response to protect the health and lives, livelihoods, and the human capital of the poor and vulnerable. Defining the income poor is straightforward. It entails comparing people's incomes with the country's poverty line. Anybody whose income is below the poverty line is classified as poor and belongs to the target population we are concerned with. To help poor families cope with income losses during the pandemic is also straightforward: governments should expand existing cash transfer programs (or add new ones if so required).

However, here we argue that other forms of deprivations--beyond lack of sufficient income--require equal attention. Being subject to violence from a domestic partner or to discrimination in the health system because of skin color, sexual orientation or migratory status are deprivations that become exacerbated during the pandemic. These dysfunctional behaviors cannot be combatted simply through cash transfers. Similarly, the difficulties that poor children in slums may encounter to continue their education during schools' shutdowns cannot be solved with cash transfers. Cash transfers will not produce the type of coaching children need for effective home schooling. The design of an effective policy response thus calls for an identification of the vulnerable groups and their particular circumstances. In what follows we briefly provide that for some of the main vulnerable groups.<sup>5</sup>

- **Urban poor.** The urban poor, especially those living in slums, face at this time very high stakes regarding their epidemiological risk, their livelihoods, and their human capital and life conditions. They coincide with various other categories of deprivation.<sup>6</sup> They are largely informal workers, with no assets, nor social security. They live in overcrowded homes, without water or sanitation. A large fraction of them has no access to internet. They face pre-existing health situations. Most of them do not have access to the banking system.

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<sup>5</sup>This is not meant to be an exhaustive list. References to other vulnerable groups are provided in the longer version of the paper.

<sup>6</sup> Many of the conditions we describe here apply also to rural poverty.

Various family dysfunctions are common, which under the lock down measures can get magnified, to the point of domestic violence and child abuse. As developed in the following section, for this group staying at home is very hard.

- **Women.**<sup>7</sup> Most women are involved in the service sector, which has been especially hard-hit by social distancing measures. Women are the heads of many single-parent households, which are at greater risk, making women more vulnerable to financial instability. Women throughout the region are responsible for a very large share of domestic chores, which in many cases have increased due to the quarantine. Women are the main victims of domestic violence, and abuse has gotten worse, as the quarantine has forced families to lock down together, further raising tensions amongst household members. Additional frictions will arise as families struggle to make ends meet. Even before the arrival of COVID-19, 15% of Latin American women had reported suffering from domestic violence.
- **Children.** There are more than 150 million children in Latin America. Nearly half of them are poor. Even without reference to extreme cases such as children who live on the streets, many of these children face great vulnerabilities in normal times, and additional ones at this moment. There are children who can find themselves completely alone due to the death or sickness of a sole caretaker. Many children see their living conditions worsen due to income problems of their parents. Many are facing difficulties in receiving care in the current circumstances. Poor children's schooling is interrupted due to school closures. Many children face several of these risks and deprivations at the same time. And, especially for small children, any of these temporary situations might have permanent effects.
- **Senior citizens.** Besides having the greatest chance of dying of COVID-19, the elderly also stand out as a vulnerable group from a social perspective. They are highly dependent on others as they are not experienced in handling technology or communication tools. Some of them live alone, and have difficulties accessing food, medical care, and medicines due to the lockdown situation.
- **Indigenous people.** Latin America has close to 50 million inhabitants, from over 500 different ethnicities, who belong to indigenous communities. These communities account for 8% of the total population of the region, 14% of the poor, and 17% of the extremely poor. In terms of their relationship with the labor market, they are involved in precarious jobs for low-skilled workers. Indigenous communities also have restricted access to education and have a first-hand experience with the negative impacts of climate change. Moreover, they lack access to medical centers and basic sanitation, and they have very poor health conditions compared to non-indigenous people with similar characteristics. Because

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<sup>7</sup> Another paper in this series will focus on COVID-19 and gender issues.

they do not have sufficient saving capacity and must rely on daily wages in order to survive, following the isolation rules set by the government is usually not an option for them.

- **Migrants.** Migrants, especially undocumented, are often among the excluded and discriminated against. They tend to work in the service sector, especially in the hospitality industry, which has been hit particularly hard. Unless they are long-term permanent residents, migrants are not entitled to receive benefits from cash transfer and other programs. Thus, complying with lockdowns becomes an impossible tax since the safety net for these groups is nil. This is quite problematic because then these groups become natural carriers of the virus and can trigger new outbreaks. The problem becomes compounded because in some countries undocumented migrants do not have access to the healthcare system. As the recent rise in COVID-19 cases in Singapore (until a few weeks ago the poster child of success in containing the spread of the virus) illustrates, “forgetting” migrants in the response strategy can be paid dearly.
- **Other vulnerable groups.** The “forgotten” and excluded population includes other groups as well: for instance, the homeless, people in jail, sex workers, and transgender. In designing the policies to contain the spread of the virus and mitigate the impact of the ensuing economic crisis, policymakers must be as inclusive as possible. The overriding guiding principle should be what we stated in the introduction: universal social protection becomes a precondition to achieve success in combatting the spread of the disease. Social protection here refers to income support as well as support for other dimensions of wellbeing.

### **3. Impact of lockdown measures on the poor and vulnerable: reporting from the field**

To prevent the virus from spreading unchecked and in the absence of robust testing, tracing and isolating capacity, the most frequently used interventions involve those that keep physical contact between individuals to a minimum. With the exception of Costa Rica, Mexico and Uruguay (where restrictions are more relaxed), Latin American countries have implemented full lockdowns (quarantines) or milder forms of it. How are the poor and vulnerable being affected by these containment policies?

What follows summarizes how the lockdown measures and social distancing are impacting the poor and vulnerable. This assessment is based on the results from a survey carried out in poor urban neighbourhoods in Argentina and brief reports on additional fifteen countries prepared by UNDP country offices.<sup>8</sup> Such information could be a valuable input to help prioritize

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<sup>8</sup> The Argentina report is based on over 1000 interviews carried out during March 2020. The longer version of this paper provides more details about this study, which is based on a collaborative, nation-wide effort carried out by nearly 500 researchers who conducted interviews with local sources. That exercise shares the spirit of defining the

interventions that make lockdowns and social distancing among the poor and vulnerable feasible while at the same time mitigating the negative impact on the wellbeing of these groups.

Below we present the main issues raised. The order is based on the frequency and ranking by which the issues were mentioned.

- **Income.** Twelve of the sixteen countries named falling incomes among the main concerns. Reports for ten of the sixteen countries named falling incomes as the first concern and two report mentioned it as a second one. Households that depend on the income of self-employed workers are at higher risk than those who rely on social transfers from the government.<sup>9</sup>
- **Health.** Eight of the sixteen countries named health-related issues (access to medication and health services) among the main concerns. Of the eight, five put health issues as the first or second most important concerns. There are major obstacles when it comes to having access to much-needed medication and prescriptions. Usual services have been restricted, and people who generally have had difficulties with their own health care are now experiencing even greater difficulties. This is particularly problematic for the children of less structured families and for the elderly.
- **Domestic violence.** Six of the sixteen countries named domestic violence among the main concerns. There are some reports that violence has increased more generally since isolation began, both in the streets and inside households. The high levels of alcohol and drug consumption in some of these districts constitute a time bomb.
- **Food supplies.** Five of the sixteen countries named access to food among the main concerns. Some difficulties regarding this matter include: i) a lack of adequate provision of supplies in the neighborhood grocery stores where the poor go to shop; ii) a sharp increase in prices; iii) low levels of income; iv) difficulties experienced by NGOs, churches, and other local social actors in keeping their usual operations running under current circumstances.
- **Discrimination.** Five of the sixteen countries mentioned discrimination or exclusion of minorities, migrants or members of the LGBTIQ community among the main concern.
- **Overcrowding.** Five of the sixteen countries named overcrowding among the main concerns.
- **Education.** While access to education was not included among the main concerns, the in-depth report for Argentina revealed that virtual classes are not available for everyone since connectivity services are asymmetrically distributed in these neighbourhoods. The Education Ministry has not been able yet to provide printed booklets to all children requiring the materials. Since young people have not been able to properly start their academic year, their situation has deteriorated. Many children do not receive enough parental encouragement in

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relevant dimensions of multidimensional deprivation through participatory processes. The longer paper also summarizes the reporting by UNDP offices.

<sup>9</sup> In this matter, Argentina, with a fairly extensive reach of non-contributory social transfers, might be one of the outliers in the region.

this area. Dropping out of school is a frequent phenomenon and these temporary circumstances might have permanent effects for children and adolescents at the margin.

#### **4. Designing and implementing an effective response:**

This section outlines principles, institutional and budgetary recommendations to design and implement effective policy responses. It also includes a number of specific policy recommendations, many of which are already being tried out throughout the region.

##### **4.1. Guiding principles**

1. Integrate under a consistent overriding umbrella epidemiological, economic, and social strategies.
2. Prioritize the well-being of the poorest and most vulnerable people in society. This is imperative not only for humanitarian reasons, but also in order to minimize the impact of epidemiological and economic externalities, as well as political risks.
3. This should be done with the three goals of
  - i. Preserving lives
  - ii. Preserving livelihoods
  - iii. Preserving human capital
4. The poorest and most vulnerable groups require a special focus, in terms of
  - i. Income
  - ii. Direct actions beyond income
  - iii. The need to complement general policies (health, education, security, communication during the pandemic, and others) with special actions to reach and integrate them.
5. This requires
  - i. Urgent actions in the short term (weeks) to:
    - ✓ maintain essential flows (income, food)
    - ✓ avoid negative consequences of circumstances (such as violence, etc.) that cannot be changed in a week (such as housing)
  - ii. Strategic investments in the medium term (months)

Designing strong structural responses for the foreseeable future is just as important.

For instance: It is fundamental to invest in connectivity services in the short term, to take advantage of technological tools that may fill in the gaps and prevent misinformation and a lack of effective communication.

6. When designing interventions, it is vital to take into account the levels of heterogeneity within vulnerable groups.
7. Use and benefit from the presence of non-governmental actors who work in close proximity to these groups. It is important to exploit local social networks.
8. Take into account the organizational and budgetary implications of all of the above. Such implications are explored in the next section.

#### 4.2. Institutional recommendations

As discussed above, many communities and groups of Latin Americans suffer from a large number of simultaneous deprivations; in other words, they suffer from multidimensional poverty. These pre-existing situations are worsened by the COVID-19 pandemic, which puts at risk not only their lives and livelihoods, but also their human capital. Modern human development theory recognizes that over the life course of persons there are critical events that might affect them forever – such as the burning of a home, the death of a family member, inadequate health care during pregnancy, child malnutrition, traumatic experiences, teen pregnancy, domestic violence, drug consumption, and school dropout. Given the existence of multiple reinforcing dimensions of deprivation, and given the risks of such disruptive life events, it is of utmost importance that – in normal times and even more so during the current emergency – public interventions be able to have the necessary focus in order to assist this vulnerable population in their life situations. **For the most vulnerable people, general, top-down policies are not enough. They require to be accompanied by coordinated efforts, which pay attention to the specific risks and needs faced by each community, each family, and each individual.** Expressed in public policy jargon, coordination across government sectors and focus on local and individual circumstances are essential.<sup>10</sup>

How best to achieve such coordination and focus from an organizational point of view? There are two essential institutional functions that need to be carried out for the effective design and implementation of policies towards the chronic poor and most vulnerable. First, it is necessary to have enough physical and social proximity with the vulnerable communities so as to have their trust, and to be able to act as an intermediary between the specific needs of the community (family and individual) and the often large and disorganized supply of public programs.<sup>11</sup>

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<sup>10</sup> While the logic developed here applies more directly to the case of vulnerable populations who share a common geographic location, it can, with some adjustment, apply to vulnerable groups that share deprivations and risks in spite of not being close in space. Yet, even for such vulnerabilities, often agents who are close geographically, are crucial for “big” policies to be effective on the ground. In the appendix of the longer version of the paper, the authors describe through a particular case how networks on the ground can help address and prevent domestic violence. Without these proximate agents, even the best policies on paper become futile.

<sup>11</sup> The number of programs is large in some Latin American countries and smaller in others. In most cases, programs are not well-coordinated under a common strategy.

Second, it is necessary to have enough coordinating or cajoling capacity with regards to central agencies, ministries, and programs, so as to be able to have the particular needs of the community properly addressed in a timely fashion.

Different specific governmental structures might fulfill such institutional functions. Countries in Latin America have governmental units which resemble this logic to various degrees or not at all. Space and time considerations prevent us from giving full diagnostics and suggestions specific to each case, which among other things would be conditional on the characteristics of the federal system of the country and the allocation of functions across levels of government. In general terms, two steps are necessary: (1) identifying which of the existent government structures are in a better position to fulfill the institutional functions and (2) empowering the most suitable structures with both adequate resources and strong political backing from the highest level authority (which in most Latin American countries is the Office of the Presidency).

The two essential institutional functions described above may not be simultaneously fulfilled by any single particular government agency. In such cases, it may be necessary to elevate the rank of an agency with territorial reach and put a high-profile figure in charge. An alternative could be the creation of an inter-ministerial group with one ministry being the *primus inter pares* and in charge of leading and coordinating the rest. Under the pandemic, for obvious reasons, the Health ministry tends to be the natural candidate for such a role but—given the complex set of trade-offs countries are facing—the mandate of such groups or task forces must go beyond health considerations.

In broad terms, an appropriate structure includes three crucial layers: (i) an Agency in charge of assisting the most vulnerable populations, (ii), a corresponding Territorial Units in each poor neighborhood and community, and (iii) a set of local networks and organizations.<sup>12</sup>

(i) Coordinating Agency.

It is desirable that the coordination of all State efforts aimed at providing social support to poor neighborhoods and communities be coordinated by an agency in charge of this task. This agency should adjust all general policies (dissemination of information, epidemic control, income transfers, food, health, security, and education) to the particular needs of these communities. It should demand from the line ministries the complementary measures needed in each case. For instance, how to implement preventive measures such as handwashing if there is no running water; how to continue providing education to populations with little or no internet access; how to observe stay-at-home measures in overcrowded settings or for the homeless; and so on. It should also coordinate the Territorial Units in each neighborhood or community. It should

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<sup>12</sup> In the longer version of the paper, we describe in detail actors, roles and recommendations at various layers from the highest level of government to the local.

gather, through the territorial units, information regarding the general and specific needs of these populations.

(ii) Territorial Units

The Territorial Units should be located inside each poor neighborhood and community. They will have the main tasks of:

- Coordinating the implementation of all interventions from the national, provincial and local line sectors.
- Involving neighborhood networks and local organizations (NGOs, churches, social movements) in identifying specific urgencies and priorities.
- Enhancing the networks of local social actors.

One natural question at this point is what role each level of government should play here. Space limitations prevent us from going into details since these roles will be conditional on a number of country-specific considerations, including the vertical allocation of governmental functions and resources, and the state capabilities at each level. Suffice it to say that, in most of Latin America, the unit that can address the need of the poor living in slums or of indigenous communities, for instance, is not the municipality. The latter tend to cover larger geographic areas and must respond to a diverse and heterogeneous group of stakeholders. Political economy dynamics and bureaucratic logic make more convenient that these Territorial Units report to the provincial or even national government and act in coordination with the municipality, but with a more direct line to centralized resources that for most of the issues of greater urgency are only available at higher levels of government.

(iii) Local networks and grassroots organizations

The engagement of local grassroots actors is crucial for ensuring that interventions are effective and appropriately targeted. Cash transfers, regulations and public services are clearly the domain of the State. But beyond money and public services there are a number of key actions by non-state actors that are a crucial part of the daily lives of the poor and vulnerable. These include ensuring access to food and clothing, providing medical and educational assistance and emotional support, and protecting the vulnerable from abuse and violence, to name but a few. If this sounds as a rather heterogeneous list, that is exactly right! Many local level organizations such as churches and NGOs as well as individual local social leaders do act as these multidimensional providers (similar to parents with their children) for many vulnerable families and individuals in these contexts. That is the case in normal times, and even more so during lockdowns and social distancing. These local networks are the first point of contact for battered women, children who lack connectivity to access homework assignments, and people who are stressed out by the current situation.<sup>13</sup>

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<sup>13</sup> The longer version of this paper narrates specific episodes and provides references on this point.

In order to distribute available resources effectively and efficiently, state agencies must rely on these local actors, who are the only ones aware of the specific needs of each individual child, teenage mother, at-risk youth, or battered woman, at the time in which essential help is needed.

These truly local networks on the ground in vulnerable neighbourhoods are one crucial example of a broader principle that should be taken into consideration in this and similar situations: people to people social protection.

(iv) People to people social protection

Governments are implementing new, emergency programs of social protection, but the traditional approach will —most likely-- not be enough and cannot happen quickly enough in most countries for most people. The pandemic calls for new thinking about social protection, beyond what governments can do. Large corporations, large foundations and affluent individual philanthropists have an opportunity to show how they can make a difference in ways unseen before.

But it is not just the richest of the world who can make a difference. The lockdowns throughout the world are creating a new type of stark inequality: between those who continue to have a steady source of income and those who do not. People-to-people social protection can also help finance the needs of the poorest and most vulnerable and compensate the losers in the “lockdown divide.” Examples include, continuing to pay for domestic service, even without using them. In nonprofits, small businesses, or cooperatives, managers can negotiate transitional pay cuts or reductions in working hours to keep sources of work intact for everyone, or at least for lower-income employees. Similarly, landlords who have tenants who lost their jobs might relax repayment terms and even consider giving them an interest-free loan.

Help can come in ways different from just money. Young people could offer their help in making purchases for the elderly. Those who have extra time on their hands could offer to virtually mentor other households’ children. In cities, people might leave nonperishable foods at the door of their buildings for people living in the street. Those who have extra protective gear can give it to people who deliver packages, to the postman and to those who pick up the trash. And the list can go on.

### **4.3. Budget: setting priorities and how to finance them**

Most of the actions to protect the poor and vulnerable that we suggest here have some budgetary implications. Our view in terms of the resources to accomplish these objectives can be summarized in five points:

- (1) **We need to allocate more resources to protect the lives, livelihoods, and human capital of the poorest and most vulnerable.**
- (2) The way money is spent should take into consideration the institutional recommendations described in the previous section: that is,
  - **Allocating more resources to governmental units that focus on the most vulnerable.**
  - **Channelling part of the distribution of support and services through NGOs and grassroots social organizations, and allocating the necessary budget to them.**
- (3) Part of the required resources are not financial.

Even though budgetary resources are needed, part of these objectives can be fulfilled with political decision and institutional focus. Doing part of this well is less expensive than it looks. It requires determined political action to change some bureaucratic incentives as well as intelligence in channelling the resources for better focus.<sup>14</sup>

- (4) The required additional resources should not come at the expense of cutting down on compensating the losers whose income was affected by the policies designed to contain the pandemic (even if they are not the chronic poor).
- (5) The combination of sources to finance spending on the poor and vulnerable and compensating the losers will depend on various aspects of the countries' situation.

Regarding the last item, the financial resources needed to provide support to the poor and vulnerable (and on those highly affected by the pandemic more generally) will need to come from a variety sources: international financial organizations, bilateral aid, international and domestic credit, domestic government revenues and reallocation of government spending.<sup>15</sup> The combination will depend on the countries' specific situation. Inevitably, part of the funding will need to come from the future: during the current crisis running debt-financed fiscal deficits has become acceptable. Clearly, countries with a dire fiscal position previous to the shock or countries whose currency is the dollar, for example, will be more constrained and will need to rely more heavily on sources such as borrowing from international organizations.

However, part of the funding should also come from temporary as well as permanent changes in sources of government revenues and the allocation of government budgets. The emergency created by the pandemic calls for cutting down on waste; eliminating inefficient programs and

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<sup>14</sup> The remark does not apply, obviously, to things such as cash transfers; but it does apply to various other interventions, such as protecting women from domestic violence, or focalizing well to avoid child malnutrition.

<sup>15</sup> As stated above, part of the relief might come from voluntary social protection across people. This might include voluntary agreements lead by the government by which the richest individuals and companies finance specific initiatives necessary at this point.

investment projects; reducing spending on items that benefit disproportionately the nonpoor;<sup>16</sup> and aggressively fighting corruption. Whenever appropriate, salaries of non-essential public servants could be temporarily cut. In countries with a small state and low social spending, a permanent increase in taxes on wealthy individuals should be considered. Countries should also consider a pandemic-relief wealth tax.

Admittedly, many of these suggestions, such as taxing the rich, reducing government waste, or reducing some benefits to the upper middle classes, are likely to face strong political resistance. **However, the extraordinary circumstances created by the pandemic present us with a unique opportunity to work towards a fairer and more efficient social contract.**

#### 4.4 Specific recommendations

In this section, we present a series of specific recommendations organized in two broad categories: 1) reducing exposure to the epidemiological risk of getting sick and death and 2) protecting livelihoods, human capital, and the provision of basic services. The list of measures is not meant to be exhaustive, but we hope they address a wide range of the multidimensional deprivations and challenges faced by the poor and the vulnerable especially during the pandemic.

We are aware that many of these measures are already being implemented in the region. An analysis of the challenges that governments face and the success and effectiveness in accomplishing what these measures are designed to attain is beyond the scope of this paper. A natural sequel to the framework presented in this document should identify good and bad practices in shielding the poor and the vulnerable from the multiple painful shocks that the pandemic befell them.

##### Reducing exposure to the epidemiological risk of getting sick and death

*During the state of emergency:*

- Design suitable communication strategies. Information campaigns should be as transparent as possible and match their audience's realities. It is important to bear in mind that each community has a different compliance level with regards to lockdown measures.
- Plan strategies that involve marginalized groups in urban areas and indigenous communities. Authorities should prevent the virus from spreading, while avoiding any sort of discrimination along the way.

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<sup>16</sup> These include subsidies to rich firms and individuals, but in some cases also spending favoring the middle and upper middle classes.

- Guarantee access to clean water, soap and other essential products— such as masks—that are needed for prevention.
- Guarantee access to income, food and first-necessity products. This is crucial for making the stay-at-home restrictions viable.
- Insure connectivity in marginalized areas. This is imperative to be able to communicate with support networks in real time, to report violence or crime, to provide alternative activities for children and youth, and, in some cases, might facilitate some income generating activities. This might include providing some equipment to key spokespersons within the community.
- Utilize spaces other than hospitals, such as schools or hotels, in order to successfully isolate COVID-19 patients, or those exhibiting similar symptoms.
- Design strategies to safely move patients who are in need of special medical care from one medical facility to another. This means that additional funds should be invested in transport, such as ambulances, particularly in rural areas.

*After the state of emergency*

- Give free access to COVID-19 tests to the poorest and most vulnerable groups of society.
- Keep opening new isolation centers to allow people who may be infected to be secluded.
- Guarantee access to safe drinking water.
- Make sure that marginalised groups own technology devices that allow them to be tracked. This will help avoid a new COVID-19 upsurge, as well as improve all-around communication through connectivity.
- ICT-based financial inclusion. Granting access to bank services and debit cards will not only make transfer deliveries more efficient but will also give authorities an inside view of the economic impact of the virus outbreak.

Protecting livelihoods, human capital, and the provision of basic services

Access to income, food, and services:

- **Transfers.** We recommend providing monetary transfers that allow the poor to reach a minimum consumption level, especially those not covered by previous programs. Another complementary alternative is the use of food coupons (more recently, debit cards, to be used for purchasing food).
- **Temporary employment programs.** We recommend hiring the currently unemployed workforce to do tasks requiring similar skills in the sectors that have high demand today, such as sanitizing transport vehicles or public spaces, guarding and providing various services to hospitals and doctors, or working on food distribution.

- **Direct food distribution.** Attention should be given to optimizing the protocols and materials to minimize human contact. This should be done by supporting existing grassroots organizations.
- **Tax cuts or deferrals.** For instance: Taxes on international transfers or remittances (below a certain amount) should be temporarily eliminated.
- **Prevent cutting of basic services like water, electricity and Wi-Fi to vulnerable households.**

Mitigation of domestic violence: Additional policies to deal with domestic violence should be quickly designed and executed. Standard procedures should be implemented to identify and stop violent episodes from happening. For instance, victims must be guaranteed access to confidential spaces to alert authorities. Here again, grassroots organizations and local networks should be key players, and local government officials should be made accountable for implementing quick solutions.<sup>17</sup>

Keep on educating: Education must be continued through online courses whenever possible. Communication companies should begin to offer special packages as part of their services in order to allow free or subsidized Wi-Fi services for educational use. If internet-based education is not an option, using more “old-fashioned” technology such as TV or even the radio should be explored. As part of the people-to-people social protection initiatives described above, retired teachers and other individuals could volunteer their time to offer coaching and mentoring to disadvantaged children and youth.

Insure access to health and medication beyond COVID-19: Healthcare services and medicines should continue to be provided. Adequate protocols to “separate” patients with symptoms that might be related to COVID-19 are essential, but much of health care cannot be postponed, especially for these populations. These vital health care services include vaccination, treatment of infectious diseases, care of sexual and reproductive issues (including anticonception), dispensation of medicines for chronic and mental illness, emergency surgery, and care for victims of violence and accidents. For these populations, and especially during quarantines, proximity is of essence. The services offered by existing neighborhood primary health care units should be enhanced, including the extension of operating hours.

Attention to especially vulnerable groups: The impact of crises such as this one are twice as devastating for groups who, on top of being poor, suffer from special problems or risks, such as children, at-risk youth, undocumented migrants, or transgender, homeless, or imprisoned people. In some of these cases, all around Latin America, non-profit organizations play a key role in easing and addressing their difficulties. Those efforts should be supported and promoted.

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<sup>17</sup> Case studies buttressing the last point are provided in the longer version.

## **5. Main messages**

1. The COVID-19 pandemic is disproportionately affecting the poor and vulnerable in terms of their health risks and life conditions.
2. These people suffer not only from income poverty, but from many other deprivations.
3. The utmost priority should be given to mitigating the impacts of COVID-19 on
  - i. the health and lives,
  - ii. the livelihoods,
  - iii. and the human capitalof the poorer and most vulnerable members of society.
4. This should be a priority:
  - a. For ethical reasons
  - b. Given the pandemic's potentially irreversible effects on human capital
  - c. Given the epidemiological externalities. During a pandemic, universal social protection becomes a precondition to achieve success in combatting the spread of the disease.
5. This will require allocating adequate amounts of resources to fund income support and other key interventions.
6. Not only budgetary, but also political and institutional priority should be given to these tasks to ensure their energetic and resolute implementation.
7. A large part of this targeted and decisive interventions should take place at the local level.
8. Although governments are crucial actors on all of these fronts, they must collaborate with grassroots organizations in the field in order to truly and effectively reach the poor and vulnerable.