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"Inclusive and resilient recovery from COVID-19 for sustainable livelihoods, well-being and dignity for all: eradicating poverty and hunger in all its forms and dimensions to achieve the 2030 Agenda"

Session: Measures to protect those at risk of falling into poverty and experiencing hunger, including due to the impact of COVID-19

Aim: This session aims to identify effective measures taken by countries across regions to protect those at risk of falling into poverty and experiencing hunger due to the impacts of COVID-19 (including, extending social transfers, unemployment benefits, wage subsidies, food assistance, health coverage, sick leave, paid leave, etc.). It will also identify existing gaps, identify effective policies and measures, and explore innovative strategies to finance these interventions.

Guiding questions:

- What are the most effective short- and medium-term policy interventions to support those most at-risk populations?
- What are the gaps in existing national strategies and policies?
- How can governments sustainably finance these policy interventions?

Measures to prevent impoverishment and get back on track

Andrew Shepherd[1]

Introduction

In December 2020 the UN Secretariat produced a comprehensive Note for the February Commission on Social Development about the poverty and inequality inducing effects of the pandemics and the policies and financing required to stave off these effects in the short term and recover more equitably in the medium-long term. This argued that a range of short term relief measures were required and at least in the case of social protection and food security many countries had introduced measures. However, once these measures had been implemented people would return to their previous downward trajectories unless the measures were extended or longer term systems designed. Women, youth, migrants and marginalised groups were particularly badly affected, and substantial urban populations of 'new poor' had emerged. In education and health the note acknowledged the massive inequalities and needs highlighted by the pandemic. In the world of work again many countries had introduced measures to mitigate loss of employment, self-employment or reduced incomes. However, the scale of the crisis coupled the pre-Covid evolution of informal work as the predominant form of work was a challenge for the decent work agenda. A new social contract was required to address the compounding effects of the pandemic and associated economic recession which would require significant domestic resource mobilisation as well as debt forgiveness and short term cushioning of the additional public expenditure required by international aid.

Covid is potentially an opportunity to re-imagine what is needed to assist upward mobility from poverty, as well as tackle structural issues which affect vulnerability, impoverishment and

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destitution/downward mobility from moderate poverty. However, there are many challenges to be overcome:

- The pandemic has 5+ year perspective, as WHO asserted early on: the pandemic will persist, so it is important to learn lessons now for the rest of the pandemic period. Unfortunately it may be premature to talk about building back post-pandemic; uncertainty is substantial.
- In many LIC/LMIC the pandemic is layered on other crises (arising from debt, drought or other natural hazards, or conflict),
- From the perspective of poor and vulnerable people the pandemic may be one set of shocks among many, with pre-existing or emerging non-pandemic co-variant or personal crises experienced as equally as, or more impactful.
- It is not an easy policy environment to make new policies, or start new initiatives – fiscal space may be limited by debt or neo-liberal macro-economic policies, policy making capacities may be limited, and political space may limit recognition of any duty to protect citizens and advance welfare especially of poor and vulnerable.
- The impact has been to increase inequality – the average Gini index for emerging market and developing economies increased by more than 6%, with even larger impact for low-income countries (WEO 2020).

What needs to be done to restore a greater degree of resilience among people who have lost it and people who are yet to lose it? This is partly about preventing downward mobility whether into poverty or among the already poor towards destitution. But it is also about finding ways in this challenging policy environment to build up resilience again.

This note is focused on high poverty LICs and LMICs, which have been less able and/or willing to mitigate the worst socio-economic effects of the pandemic than richer countries.

There are some basic gaps in knowledge:

- The biases of phone ownership or access, combined with the highly variable electricity roll out and mobile coverage mean that phone surveys may tell us less about the bottom 20%, about women, and youth unless these have been carefully built into the surveys. There is a need to fill this significant gap.
- Beyond social protection, for which pandemic initiatives are quite well documented, there is little systematic documentation of policy or programme initiatives in the pandemic. This bias is perhaps easier to correct. We are currently engaged in an exercise to update to 2020 a 2015 policy database covering 30 high poverty countries' poverty eradication relevant policies.[2]
- The biases mentioned means there is some advantage of qualitative research based on updating pre-Covid interviews rapidly, and adding depth as it progresses – this is our small contribution to monitoring the effects of the pandemic. While the kind of qualitative work CPAN does is one limited way, we also need an initiative to correct these biases as circumstances permit.[3]

Findings from qualitative research

We know from pre-Covid analysis that multiple capabilities are needed to sustain escapes from poverty. The question is what combination where – context-specific policy analysis will always be

[2] This is however a slow process as it is unfunded.
[3] We have begun a discussion with CPAN partners and IPA on developing an initiative.

critical. This is just as true in the pandemic context. As is the question of whether political economies will allow such resetting.

Pre-pandemic Q² research on poverty dynamics across 12 countries was the basis for a Covid Poverty Monitoring Initiative, which revisited during the pandemic relatively small numbers of people interviewed pre-Covid, in a mix of in-person and phone interviews. This material is being used to produce near real time Bulletins. However, it has not yet been used for analysis of what is working or not. Some preliminary observations include:

- Breadth of the crisis – it has created the 'new poor', largely in the urban informal sector, but also old poor and vulnerable affected. Pre-existing poverty, and multiple and overlaid crises are important, but the reported impacts of the pandemic have been surprisingly strong and consistent across different populations and contexts, with only a few respondents saying the pandemic is not the issue.
- Depth - expenditure is widely reported up, income down and over long periods of time – a scissors effect, with women and feminized sectors especially affected; isolation and stigma especially for older people; loss of social solidarity and the prop of social capital; school dropouts who may not go back, especially girls, with implications for inter-generational transmission; increased, possibly unsustainable household debt, food insecurity (reductions in numbers of meals/less nutritious meals).
- Loss of resilience, signs of downward mobility among the poor as well as people becoming poor; women headed households especially affected. Not just more people becoming poor (ie crossing the poverty line). More people also becoming near-poor and very poor.
- The main pandemic related causes of downward mobility have been: income and job losses, in turn caused by market closures, movement restrictions, volatile prices, increased transport costs due to restrictions, reduced remittances; school closures, or moving to hybrid patterns (introduction of remote elements).
- Some mitigating developments: new market opportunities resulting from people buying local due to movement restrictions and transport costs; some benefits from social protection measures.

Policy responses

Here are some issues which will be critical. However, there are few easy sources of information about actions beyond social protection.

1. *Expanded social protection* has been the main global response to the pandemic.

Social assistance is clearly important to close the poverty gap – which has got bigger, and may be part of the explanation of projected dramatic increase in inequality (modelled by factoring in ability to work from home)[4]. Social protection is also important as it will allow for social network recovery – social capital is observed to be under significant strain during the pandemic due to impoverishment and movement restrictions.

[4] here, and here in more detail: "*we use the **IMF's GDP growth projections for 2020** as a proxy for what the aggregate decrease in income will be. **We distribute this loss across income brackets in proportion to their ability to work from home**. With this new income distribution, we compute a post-COVID summary measure of income distribution (Gini coefficient) for 2020 for 106 countries and compute the percent change*"

The social protection measures pursued during the pandemic have largely been non-contributory social assistance in nature (social cash transfers and food assistance). Prior to the pandemic there was already a need to provide greater insurance against downward mobility, which already accounted for a significant proportion of poverty. And there had been an expansion of health insurance beyond the formal sector in a number of countries (Cambodia, Ethiopia, India, Indonesia, Rwanda, Thailand), with other countries interested to follow (Kenya, Tanzania). However, the emphasis on the insurance aspect of social protection is still insufficient.

Our qualitative data does bring up individual cases of people who have received one or more cash or food transfers. However, generally it would seem there has been little reach to those who need it one year on. This suggests significant delays in getting cash through the system to people, and/or substantial exclusion errors.

The pandemic has definitely been an opportunity to reinvigorate social protection in a number of contexts - Zambia is an example where a phoenix is hopefully rising from the ashes of a social cash transfers programme which had run into the ground of incomplete financing (unlike certain other government programmes such as the Farm Input Support Programme), substantial corruption and donor fatigue (Box 1).

Box 1. Zambia Social Cash Transfers: a phoenix rising from the ashes?

Covid has led to a renaissance of commitment to social cash transfers: World Bank funding has extended coverage, payments were made in December 2020 made for a whole year, and funds released by government from reduced debt servicing, having defaulted on a loan repayment. The IMF has been supportive, and new categories of recipient have been added, eg in cities. The Elections in August will determine how this commitment develops going forwards.

ODI's review of case studies where some adaptation/expansion has happened concluded: there has been high variation in transfer value (Figure 1), roll out speed (within weeks to a year – see Figure 2), coverage (narrow to broad, whether vulnerable groups effectively covered – women, informal sector workers, urban poor, refugees, digitally excluded in some cases), number of payment rounds (many cases considered insufficient, but some more generous – such as Brazil's Auxilio Emergencial, S Africa Unemployment Insurance Fund/Temporary Employee-Employer Relief Schemes).

Where there were pre-existing schemes these could be scaled up more rapidly (Box 2); especially if there was previous experience of integrating effects of a shock (eg Ebola, Sierra Leone) and/or a comprehensive social registry, ID systems, inter-operability frameworks, access to mobile networks and financial services. New schemes take longer – so often new poor didn't begin to benefit till late 2020 (eg Nigeria); broadened eligibility criteria/suspended conditions (despite this some vulnerable groups could still be left out – eg women from unemployment insurance in S Africa, despite being 2x more likely to lose a job); adjustment of transfer value to population sub-groups; innovations in implementation (eg digital applications, identification of poverty hotspots, payments, new CSO/NGO/humanitarian partners, new monitoring/accountability/grievance mechanisms). Adequate fiscal space, access to social insurance surpluses, or external financing was critical. Good systems attracted ODA, leading to some path dependence and exclusion of countries without systems (or go-slow as in Zambia).

Box 2. Rolling our emergency transfers from a pre-existing base in Rwanda

‘The government aims at raising the share of beneficiary households from 26 percent in March 2020 to 70 percent by December 2020, with the proportion of the poorest households covered by the VUP income support programs increasing from 64 to 90 percent’. Source: [IMF]

There were more schemes in MICs and these were more successful than those LICs; significant trade-offs between coverage vs transfer value; some changes in the social contract – emergency payments as stepping stones to more universal protection, but other cases where measures were clearly temporary, eg where there was reluctance to bring urban informal workers in.

Figure 1. Social assistance in Covid: the variation in transfer values

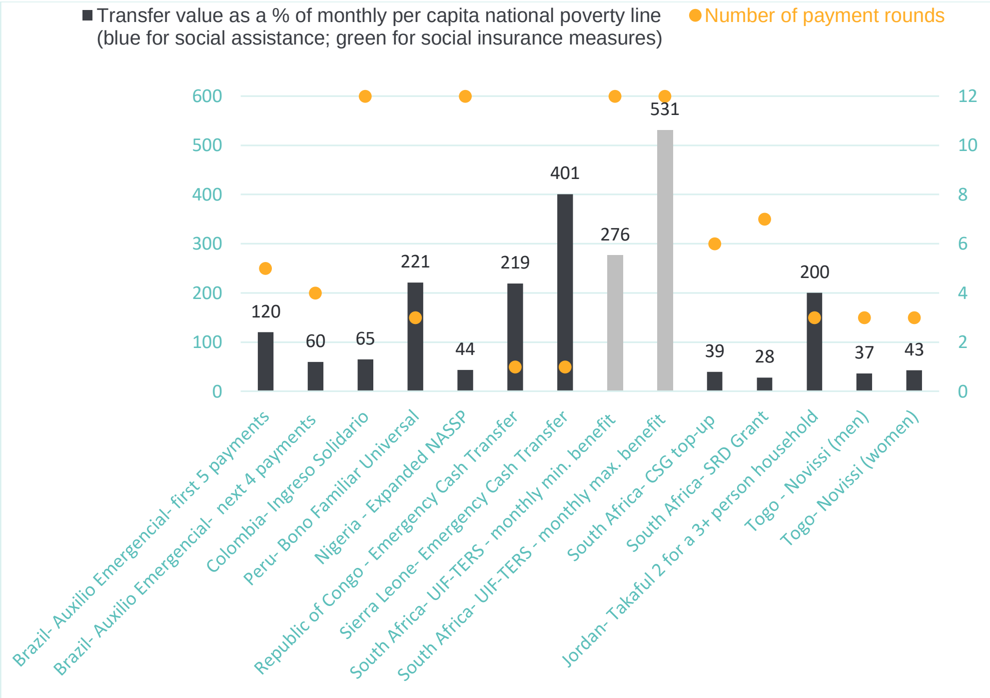
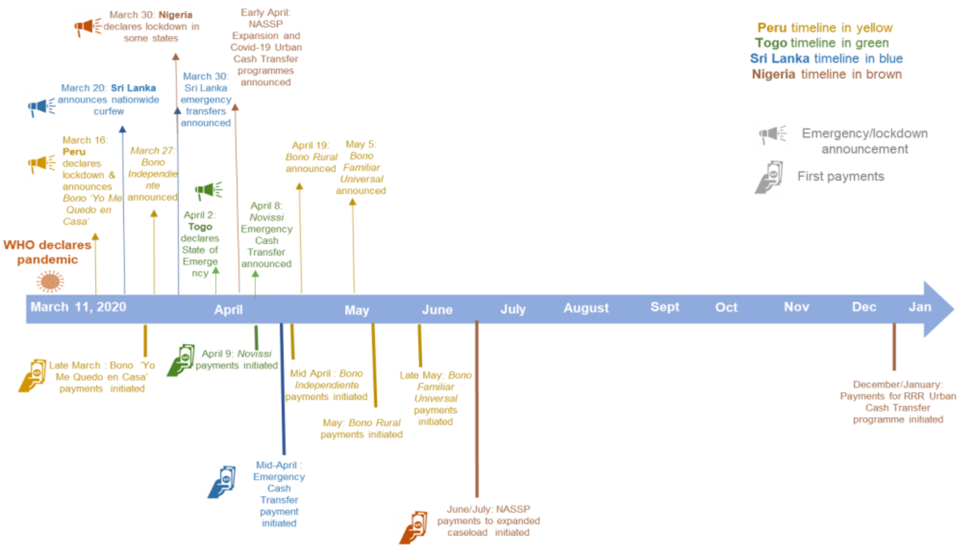


Figure 2. Variation in rollout of emergency social assistance



2. Re-imagining asset development

There was some de-asseting already happening pre-Covid as well as in Covid. Re-asseting will be fundamental to renewed resilience. This is a huge priority, and will require a redoubled effort from governments and NGOs.

Livestock is a critical depleted asset which also acts as insurance. Assets are a critical barrier to participation in markets and also natural resource management programmes. In some cases assets were being depleted prior to the pandemic due to trends in monetization and commodification of land, declining availability of natural resources (forests, fish stocks), and real estate investments by better off (local not just global agents) encroaching on the assets of the poor in rural areas and land plots and rent costs in urban areas. These pressures were combined with impacts of demographic pressure (falling land and livestock inheritances) and climate change on drying up assets (soils, lakes etc). This forces young (and some middle income adults) into renting land, borrowing livestock, and into precarious jobs marked by periods of employment, exploitability (including sexual), and footloose migration without capital or technical skills.[5]

Girinka, Rwanda's One Cow One Family is a great scaled up asseting programme – there is scope for further scaling up in Rwanda, and adaptation elsewhere. It may take up to 4 years to get a resilience impact. 200,000 households benefited since 2006, mostly by 2016, when the programme stalled. [Training is a valuable accompaniment](). The cost may be half or less of graduation programming.[6] It may take longer to get an impact. Scaling up should have been possible with IMF agreement in 2020.

Graduation programme expansion – is it fast and wide enough? Given downward mobility below the poverty line, there will be many more potential beneficiaries during and following the pandemic. Progress in attempting to go to scale (from the [State of Economic Inclusion 2021 report]()) has been rapid – 92 million individuals are reached, but this is 1/7 or less of the global extreme poor, and proportionately fewer in the poorest countries where there are higher capacity constraints than

[5] I am grateful to Lucia Dacorta for this analysis of pre-Covid de-asseting.
[6] In Rwanda a cow costs $300-$600, and the total programme cost is likely to be double that, $600-1200. It takes up to 4 years for the impact to be felt in terms of escaping poverty. Compare BRAC graduation costs of $1400 (India) -$6000 (Pakistan).

elsewhere. There is a need to harness more NGOs for this as well as governments as a big push needed. Key ingredients include group formation/empowerment, social assistance, monitoring and mentoring. To date, the key missing ingredient is risk management – insurance is only included in a small proportion (13%) of the initiatives reported.[7]

Following extended lockdowns, 95 percent of Graduation participants in Bangladesh and 67 percent of participants in the Philippines were able to continue operating the livelihoods they started. The financial literacy training and financial inclusion component of Graduation supported 75 percent of participants in the Philippines to use their savings during lockdowns, a substantial increase given that only 29 percent had any savings at the program start. (Coates, 2021)

Assets for farms are critical for climate resilience, enhanced production and value chain participation – such as irrigation and soil and water conservation. Reinvigorated support for smallholder farming beyond the fertiliser subsidies which have become so prevalent is urgently needed.

An issue needing further exploration is the value of adding one off asset grants to regular social protection payments. What other complementary inputs would be needed to make this work and who could provide them? The pandemic has seen some additional emergency one off, often larger payments to existing cash transfer beneficiaries – it will be interesting to see the results of this. This 'graduation-lite' is a gap – the available literature on transfers of assets and cash is all comparing which is best.

3. Financial services

Use of savings was a widespread coping strategy in 2020. It is likely that the potential of this was used up for many by 2021. There is good evidence that the impact of savings alone on welfare is positive; and savings combined with other interventions for poverty reduction can be even more so.

Spreading interventions to support savings would seem essential in the pandemic: technical support and promotion to expand networks of savings and loans clubs (e.g. Tontines), making it as easy as possible to return to savings in 2021 and beyond.

It would be prudent to add insurance components to any saving schemes in anticipation of continued market disruptions from Covid and other shocks.

There are nevertheless a few bright spots: for example, in Colombia, the government proactively facilitated the opening of 2 million bank accounts for those who previously had none to allow more people to receive social assistance digitally rather than in person.

4. Measures to support the informal economy

批注 [AS1]: check WIEGO

The informal economy, rural and urban, was critical in sustaining escapes from poverty pre-Covid: 'growth from below' needs to be balanced with 'growth from above' if the rate of escapes from poverty is to return to pre-pandemic levels and accelerate beyond those rates in countries where rates of poverty reduction have stalled or been slow. The pandemic is seeing the informal economy expanding due to formal job losses. The challenge is to allow and support informal firms to grow, but also to let the informal sector provide the livelihoods cushion which people need as they search for pathways out of poverty.

[7] Correspondence with PEI staff.

Enabling growth from below requires packages of support: enabling environment for the informal sector and micro-enterprise, women's economic empowerment, youth engagement in micro-enterprise, support to enable informal job growth. Macro-economic policy needs to be undertaken as if poor people mattered – with inflation especially food prices, and rent hikes being an important target.[8]

Informal workers have been hardest hit by pandemic-related income and livelihood losses in many contexts, especially for women (more likely to be in high risk occupations, with less bounce back); they have experienced an increased burden of care; the majority of health workers are women and at risk; and there has been an increased risk of violence in and outside the home.

Covid-specific interventions have included extending cash and in-kind forms of social protection, re-directing women's informal work to respond to COVID-19 opportunities, and improving access to finance.

ILO issued guidelines early on in the pandemic. However, there is little assessment to date on how these guidelines have been taken up in support of 'growth from below' and the informal economies on which poor people principally depend. 'In 14 middle-income countries with available data, self-employment declined less in the second quarter of 2020 than wage and salaried employment. When employment picked up in the third quarter of 2020, this was again stronger for self-employment. Globally in 2020, job losses among wage and salaried employees were estimated to be twice as large as losses among the self-employed, causing a shift in the employment structure.' (ILO, 2021)

Despite 80%+ of countries' labour forces working in the informal economy the story is one of challenges. Informal workers often do not have bank accounts, making transferring funds tricky. They may not pay income taxes, making tax breaks useless as a means of support. Government relief efforts and stimulus packages are more likely to reach the formal sector and more privileged segments of countries like Guatemala, Fiji and India, instead of those who need it most — exacerbating existing disparities. A lack of data on informal workers and where they live further hampers efforts to help. Informal workers often lack a formal address or traceable income, meaning they are more likely to be missed in censuses that inform public expenditure. (WRI, 2020)

Reasons informal workers may not benefit from measures taken include: illiteracy and innumeracy, lack of ID; absence of data, no tradition of identification and targeting; eligibility and qualification rules may exclude informal workers from income support programs; governments and aid agencies may face obstacles in identifying those in need; difficulty delivering support can limit who has access to support measures, eg if money channelled to accounts, which many don't have; uneven implementation of debt relief measures often exclude informal workers; policy makers may not promote the relief that is available.

The potential is there, especially to expand existing schemes: Middle Income Countries have been in a position to convert initial loans to informal workers into grants (Sri Lanka), temporary measures into longer term measures as the pandemic stretched out (Columbia and Brazil), doubling the grants to women headed households (Brazil) and public discussions about turning emergency grants into Basic Income Grants (South Africa and Brazil). (WIEGO, 2020b)

Morocco's National Medical Assistance Program (RAMED), a non-contributory health insurance scheme for vulnerable households which covers about 20 percent of the population, was used to provide compensation for confinement to the house, and expanded to cover non-RAMED informal

[8] There is a chapter on this in the 2019 Chronic Poverty Report

workers who lost their livelihoods. Stipends of US $ 80 - $121 were paid, depending on family size. Application was on a digital platform which might have excluded some of the most vulnerable. (WIEGO, 2020a)

India's Mahatma Gandhi National Rural Employment Guarantee Act is the largest social safety net in the country and has experienced a huge surge during the pandemic. Building on these established channels with additional funding can be one of the fastest ways to reach informal workers. This would require expanding the National Rural Employment Guarantee Scheme to urban areas and intensifying it in rural after return of 40 million migrants, which could be part of India's stimulus (Dev, 2020). In fact demand has continued to outstrip supply of work, especially in the poor northern states, and payments have been delayed. The distress will be significant.[9]

It seems that few measures outside of social protection have been initiated. Common demands of informal workers include: recovery of urban livelihoods and employment; cash grants and stimulus packages; rebuilding supply chains 'from below' on fair terms; basic infrastructure services at informal work, and transport services between home, market, or work; an enabling urban policy and legal environment, the right to work in public space, decreased harassment, legal protections against abuse from local authorities, decriminalization of informal activities, zoning laws that allow informal workers to work in their own homes; integration of informal workers and livelihoods into urban planning and design; access to social protection; and representation in urban governance and policy processes.[10]

5. Gender equality

We know that por and vulnerable women have been especially badly hit by the pandemic – they are overwhelmingly in the informal economies and casual labourers. A recent CGD analysis by Megan O'Donell and colleagues: 'As in past crises, early evidence suggests that the COVID-19 crisis has resulted in formal job losses for all, as well as revenues losses for firms and resulting business closures, leading to increased household poverty and food insecurity. The crisis has also increased unpaid care work, while not necessarily increasing total work time burdens, and perhaps concentrated among certain demographics of women. All these effects are still based on incomplete evidence.'

There are 'big knowledge gaps in terms of the poorest and most vulnerable women and girls; the result is likely an underestimation of COVID-19's impact on women and girls holding the most precarious informal and agricultural jobs. Additionally, evidence is still sparse on various sub-populations of women and adolescent girls.'

UNDP/UN Women tracker reflects on 1,813 fiscal and economic, social protection, and labour market measures of over 200 countries and territories. Just 177 measures—concentrated in 85 countries and territories—are found to be gender-sensitive in "targeting women's economic security," amounting to less than 10 percent of all measures (UNDP and UN Women 2020). Implementation and outcomes not yet included in the analysis.

Some key issues include: the importance of support to women's groups – which are critical for resilience; the relatively few gender-sensitive measures in LICs and LMICs, especially focused on unpaid care; among support measures for MSMEs: 'the vast majority of gender-specific indicators and targets fall within the realm of MSME support and the creation or preservation of paid jobs.

[9] And see Amrita Saha blog

[10] From a presentation by WIEGO at a previous EGM.

However, relatively few gender-sensitive efforts focus on support to farmers or aim to increase agricultural productivity—a potential gap to address in light of the high concentration of women's work in agriculture in lower-income countries, as well as the fact that populations previously working informally may increasingly resort to subsistence production in light of containment measures and resulting economic contractions'.

批注 [AS2]: source? Multi-lateral Development Banks...

6. Education

214 million children lost ¾ of a year or more of education by May 2021. The new normal is hybrid education (in-person + remote), with nearly half of all countries having moved to this (Unicef, World Bank and Johns Hopkins University Covid Education Tracker). Given the likelihood of continued school closures all countries need to work out how vulnerable children can be brought back into education, and how remote education can work in an equitable way.

The challenges are massive: 'The Netherlands is a "best-case" scenario, with a short lockdown, equitable school funding, and world-leading rates of broadband access. Despite these favourable conditions students made little or no progress while learning from home. Learning loss was most pronounced among students from disadvantaged homes.'

Bringing back vulnerable children (girls, refugees, minorities, children with disabilities) into education: measures include: offering financial and practical assistance to students – fee waivers, scholarships, cash transfers, school meals, textbooks, uniforms and other school supplies; flexible enrolment and re-enrolment processes, and carefully monitoring the re-enrolment process and taking action to identify and encourage vulnerable students back; measures to encourage girls back to schools – reinforcing measures against gender based violence including separate toilets for girls and boys; allowing pregnant girls to stay in school and to go back to school after giving birth, and gender-sensitive sex education to prevent pregnancy in the first place; and including women and girls in decision-making, re-evaluating policies that may result in inequity, monitoring students who drop out and encouraging them back; and individually supporting the most at-risk students.

Equitable remote education: technology has great potential for marginalised groups but there are barriers to overcome, especially the availability of electricity, mobile network, and devices, so Ed Tech initiatives need to be carefully designed, and cannot be the universal solution. Cash transfers, distribution of devices, internet connections and safeguarding measures can be part of the solution.

This long list of suggestions will cost money, in a situation in which, due to rising debt servicing (as in Zambia) and other reasons (eg military expenditure – as in Niger), investment per student may be under severe pressure or even on a downward trajectory.

In addition key measures focus on creating a safe learning environment (hygiene, ventilation and other context-specific safety measures including child and teacher security); recognising that teaching suddenly became much more demanding of skills through training, pay and rewards;

The fiscal implications

The Note referred to at the beginning of this paper, argued that significant additional domestic resource mobilisation, debt relief and aid would be required to tackle the effects of the health and economic crisis caused by the pandemic. The trends, however, have not been that positive.

Government revenues and expenditure

In Sub-Saharan Africa, revenue as a % of GDP did increase from 2000, but has not increased since 2015, despite (IMF) estimates that revenues would need to increase by 5% if the SDGs were to be financed (CGD 2021). Among other lessons are the need to focus on the politics as well as the technical solutions to raising taxes; the need to identify and respond to the powerful interests which oppose tax reforms; and the opportunity to deploy technology to improve the effectiveness of DRM. The pandemic brings substantial risks to DRM: lower international trade and reduced tourism flows, for example. In the longer term the African Continental Free Trade Area (AfCFTA) may reduce the continent's proneness to external shocks and improve revenue mobilisation (OECD-DAC 2020). Debt interest payments reached 20% of revenues in SSA in 2020, and one third in some countries. There has been some progress on debt relief for a few countries (IMF, 2021). Average debt-GDP ratios are projected to increase by 10-15% in 2021 as a result of Covid tax reductions and expenditure increases (AfDB, 2021). It may be that the projected positive economic growth outlook for 2021 will be revised downwards given the renewed high prevalence of Covid, slow vaccine rollout and renewed restrictions.

In the more developed Southeast Asia, few countries reached 15% of GDP in 2018, and 'the pandemic has worsened the situation by increasing pressure on public expenditures and decreasing tax revenue, leaving little room for governments to increase external borrowing and therefore highlighting the importance of DRM. Particular challenges include: the limited fiscal decentralisation achieved so far despite substantial urbanisation, and especially the challenges of property taxation; tax progressivity, informality, tax avoidance including its international profit-shifting dimensions, and weak tax administration. The technical solutions are said to be: expanding tax coverage, with consideration given to equity, tax compliance, including bringing the informal economy into the tax system, strengthening systems and administration, and international co-operation (ADB, 2021). However, these solutions require a high level of political commitment and challenge to powerful vested interests, issues which need to be addressed in all situations. Formalising the informal is also very challenging in a situation in which informal sectors have been very hard hit in the pandemic.

Aid

Until now support for multi-lateral aid has been maintained, or increased; GNI/GDP reductions will reduce the amounts of bi-lateral aid, where governments spend a % of GDP on aid. In the medium term the risk must be that financing for multi-lateral agencies is also reduced. In this situation the re-allocation of resources and re-design of existing programmes becomes urgent to focus on preventing future impoverishment.

Initial conclusions

MICs (especially UMICs) have initiated many more measures to prevent Covid-related impoverishment than LICs/LDCs. In-country inequalities have been strong determinant of adverse outcomes from the pandemic, and have also enabled inequalities in other areas (e.g. digitalization, care burdens) to translate into worse outcomes. The inter-generational transmission of poverty which will be significantly reinforced by the pandemic learning challenges of a generation of school children suggests that post-pandemic recovery will be as unequal as current impacts.

One important finding is the continued under-emphasis on insurance, against ill health, death of key breadwinners, loss of assets, and climate related disasters. Insurance components need to be much more widely built into anti-poverty programming. Governments need to take the lead in implementing critical insurance schemes, and supporting or facilitating the growth of private sector insurance schemes which can be inclusive, at least of vulnerable non-poor who face risks of downward mobility. The pandemic represents a significant opportunity to raise the profile of insurance and wider protection against multiple risks.

Secondly, the value of combining asset transfers with existing social protection programmes needs further exploration. This 'graduation-lite' approach would seem very promising, especially if it is discovered that only minimal complementary inputs are required to make the new assets work to enhance resilience.

Thirdly, there is a big gap of knowledge about the effects of the pandemic in the informal economies of LICs and LMICs, which needs urgently to be filled.[11] The measures initiated for informal workers are largely social protection measures and those mostly in MICs – there seems to be a dearth of other measures which might support informal businesses and self-employment during these challenging times, and very little in LICs/LDCs, despite the demands of informal workers.

Other important gaps include: the existence and effects of measures focused on vulnerable groups – youth, young adults, poor women headed households, older people, PWD; the potential role of accelerated digitalisation supporting women's groups, MSMEs, jobs, services, education and citizen-state engagement; community based initiatives; the political economy of state responses, including revenue/expenditure raising/allocation and degree of support from aid. There is so much we don't know and probably also have not provided for, a year and a half into the pandemic.

A brief analysis of financing suggests that there are no great prospects of quick solutions to resource mobilisation; the constraints posed by reduced GDP, revenues and increased debt are substantial. Nor is it easy to see international aid coming to the rescue, though for agencies which have been able to maintain their sources of finance, there could be opportunities to re-allocate internally and re-design existing initiatives to focus on preventing impoverishment. As the pandemic is continuing and will continue for a number of years, this option becomes more attractive.

[11] We are in discussion with ILO about this.