

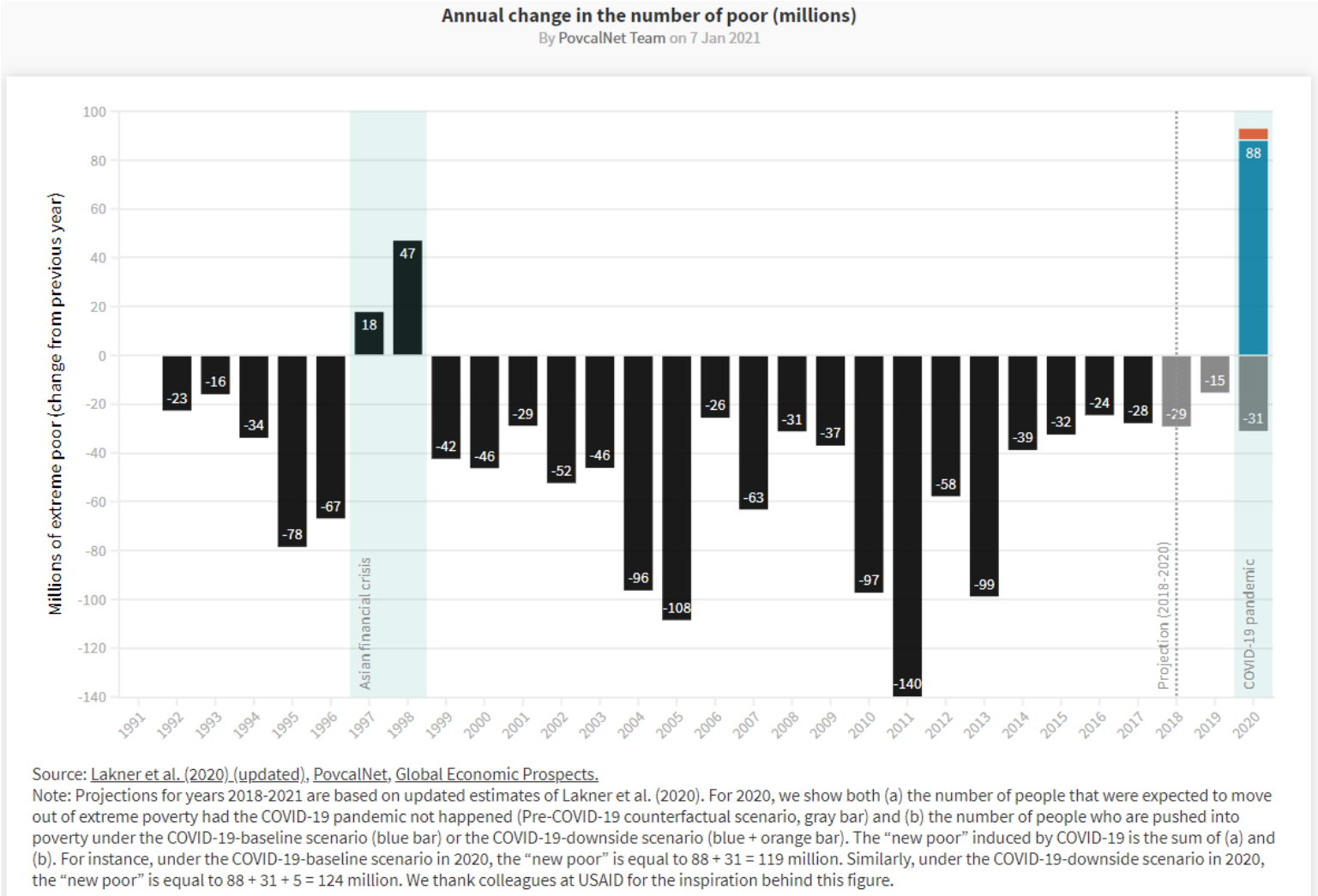


“RESPONDING TO THE COVID-
19 CHALLENGE AND
EVENING THE RECOVERY”

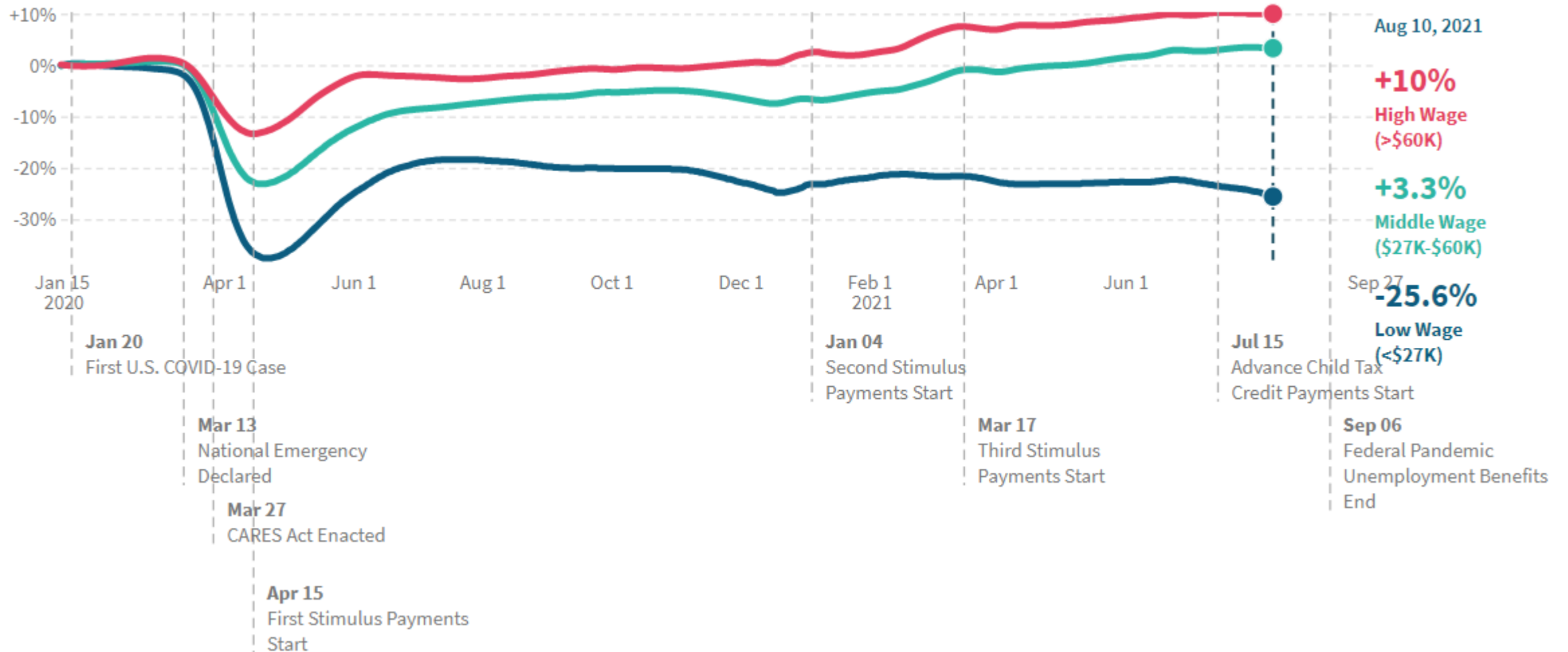
Presentation for the 17th Meeting of the COMCEC Poverty Alleviation
Working Group
October 7th, 2021

Javier E. Baez and Sırma Demir Şeker

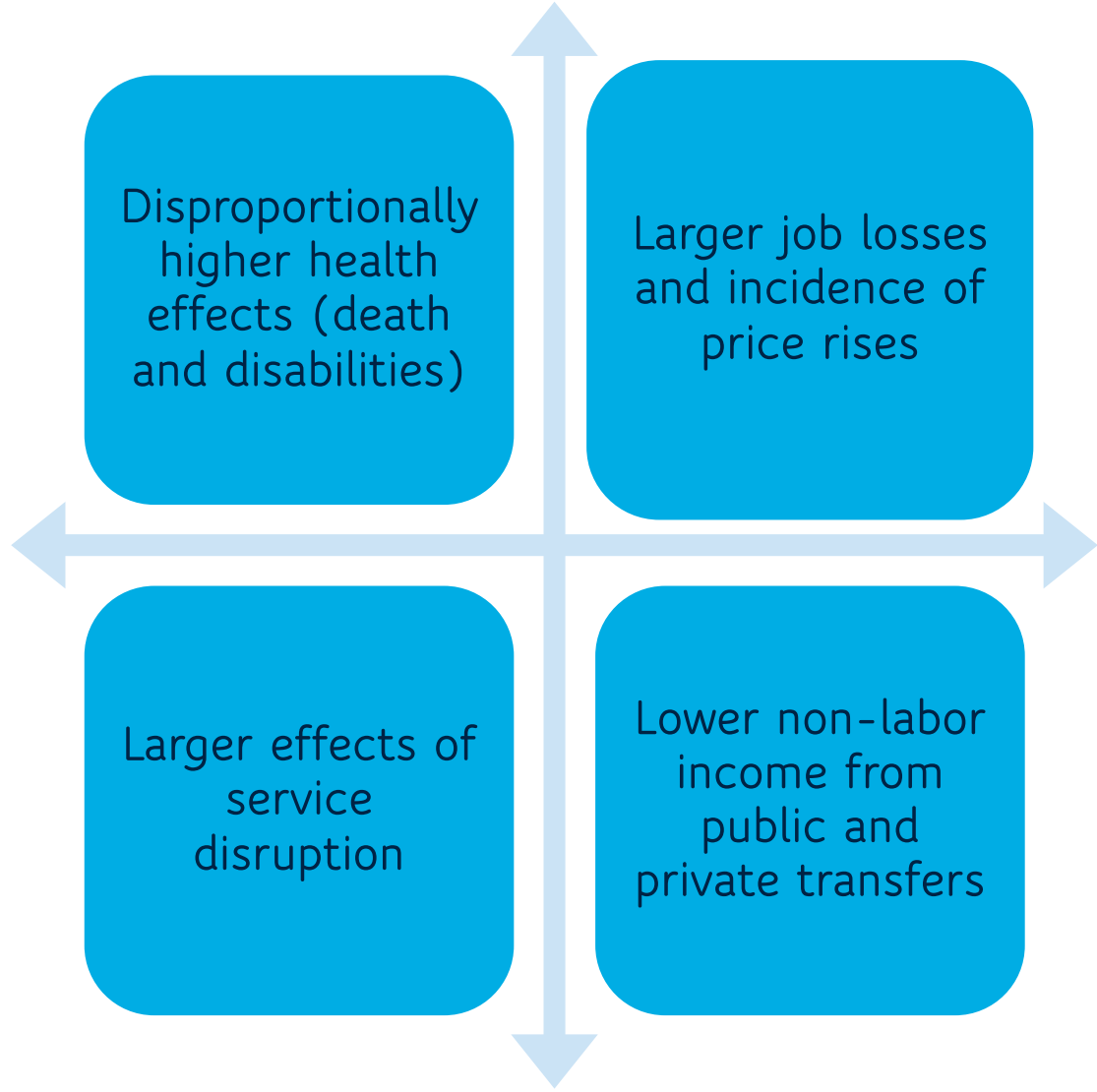
Covid-19 derailed global progress in poverty reduction, setting the fight against poverty back by many years, ...



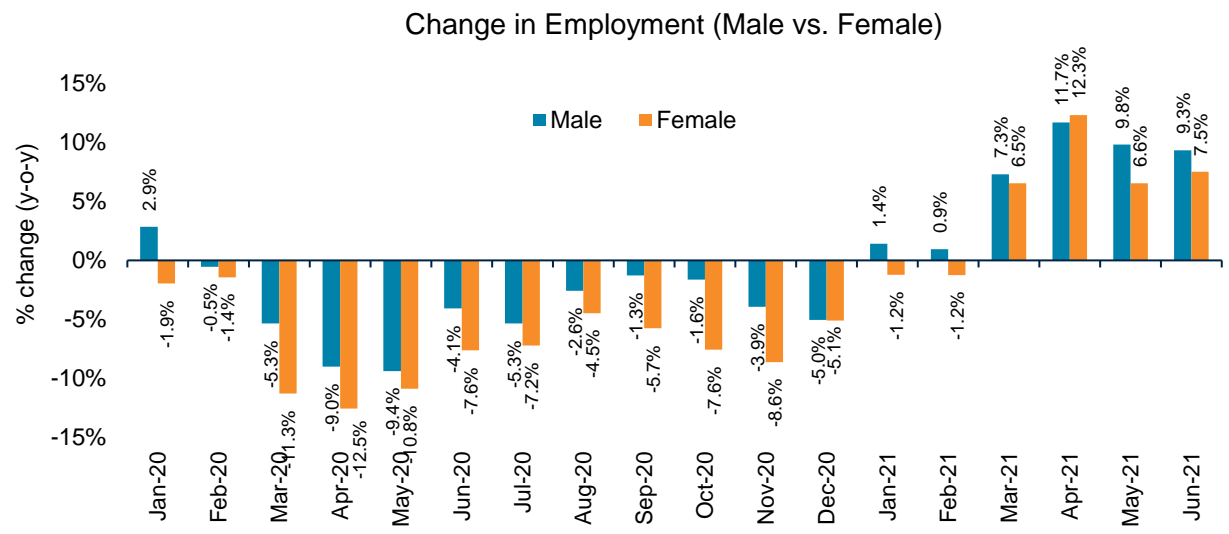
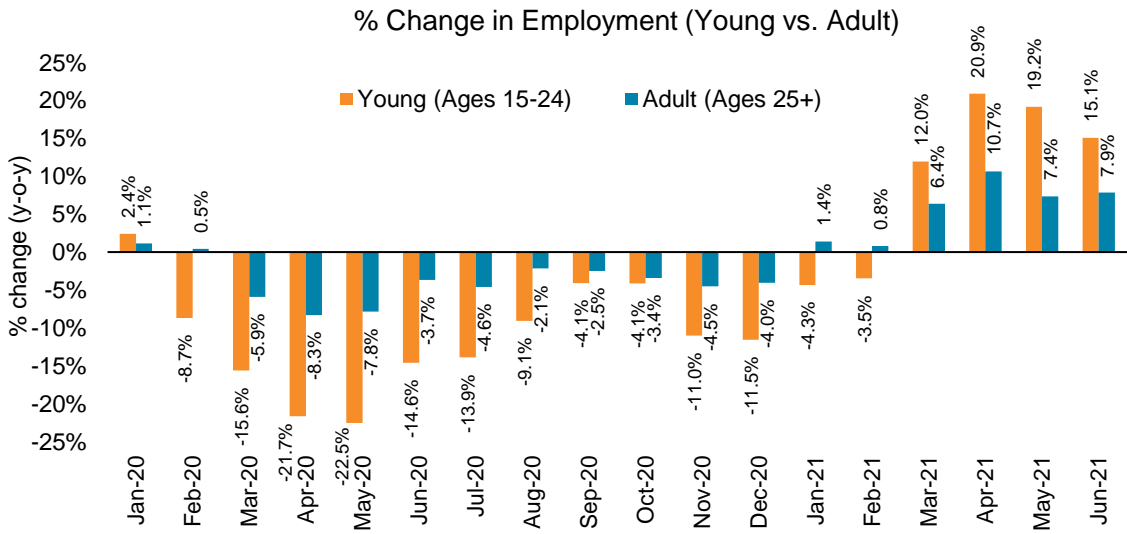
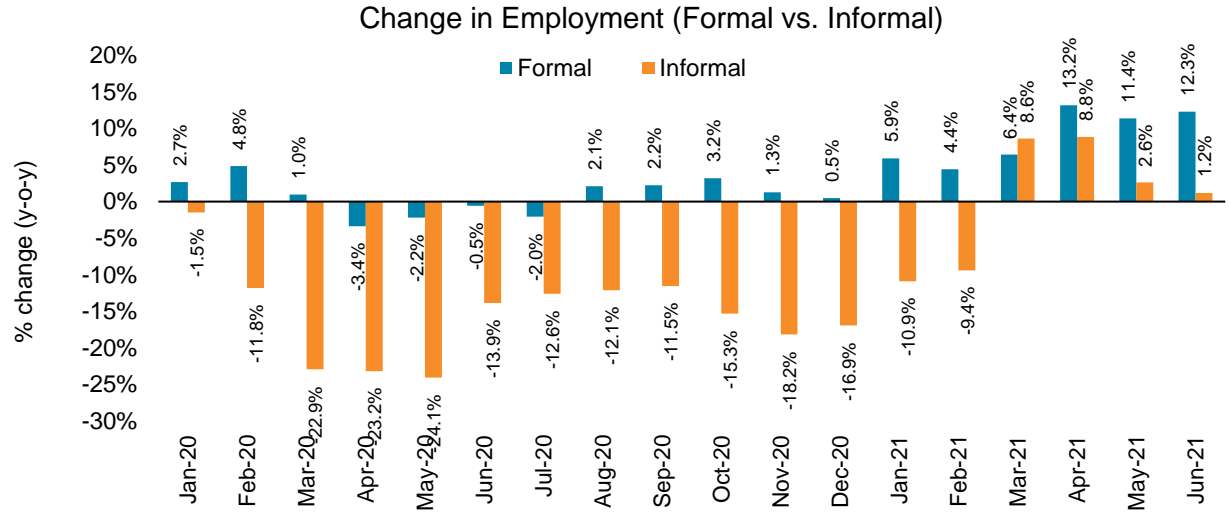
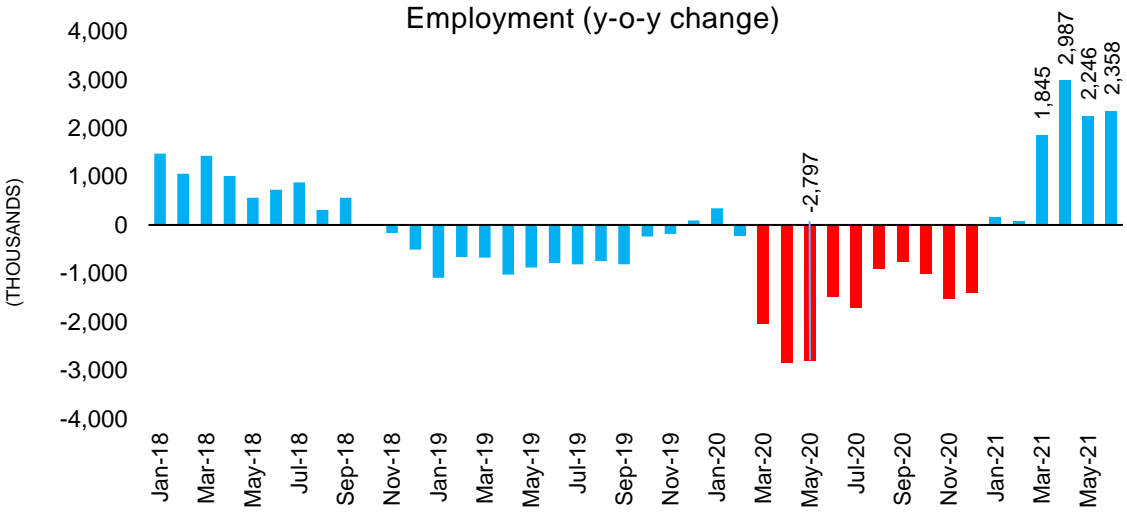
... with disadvantaged groups lagging during the crisis and the recovery phases -even in developed countries



Covid-19: The perfect storm for low-income and vulnerable households



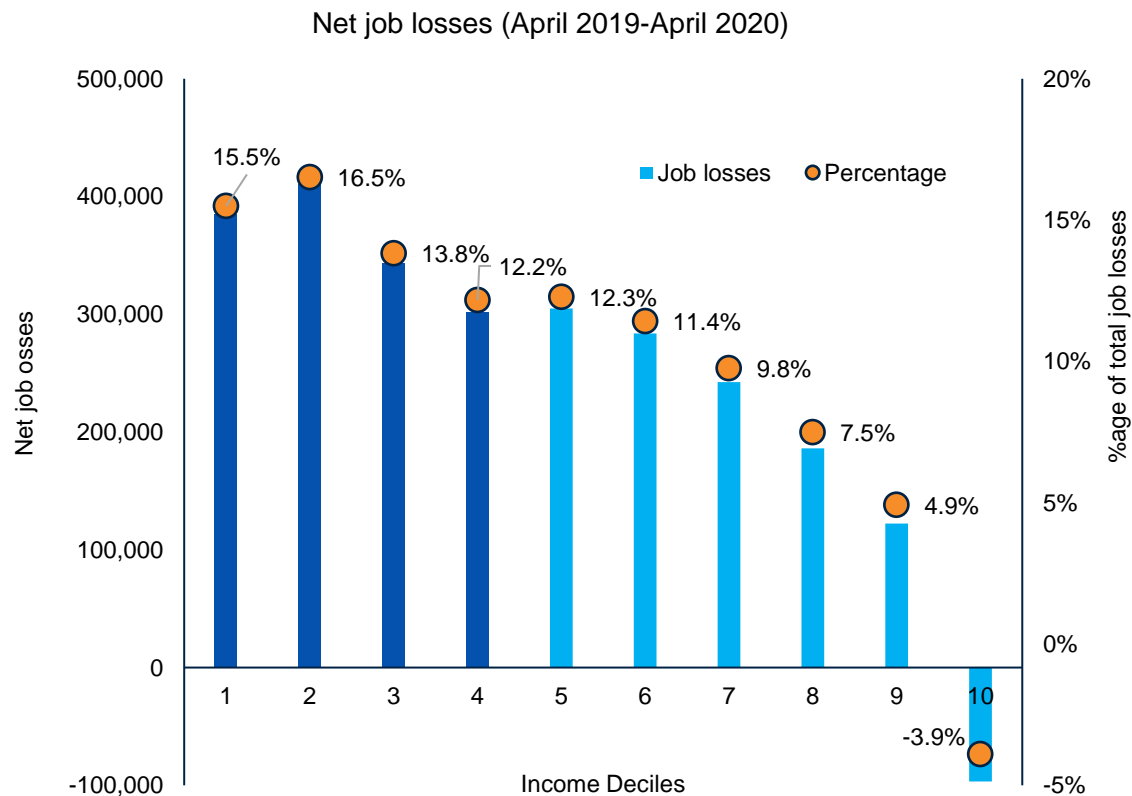
The uneven effects of the crisis (and the recovery) are also evident in Turkey, with some groups bearing a heavier burden



Source: TurkStat and World Bank calculations

All in all, households at the bottom of the distribution accounted for a large share of all the jobs lost

In Turkey: Workers from the bottom 40 experienced 6 out of 10 jobs destroyed (around 1.5M out of the 2.5M jobs cut)

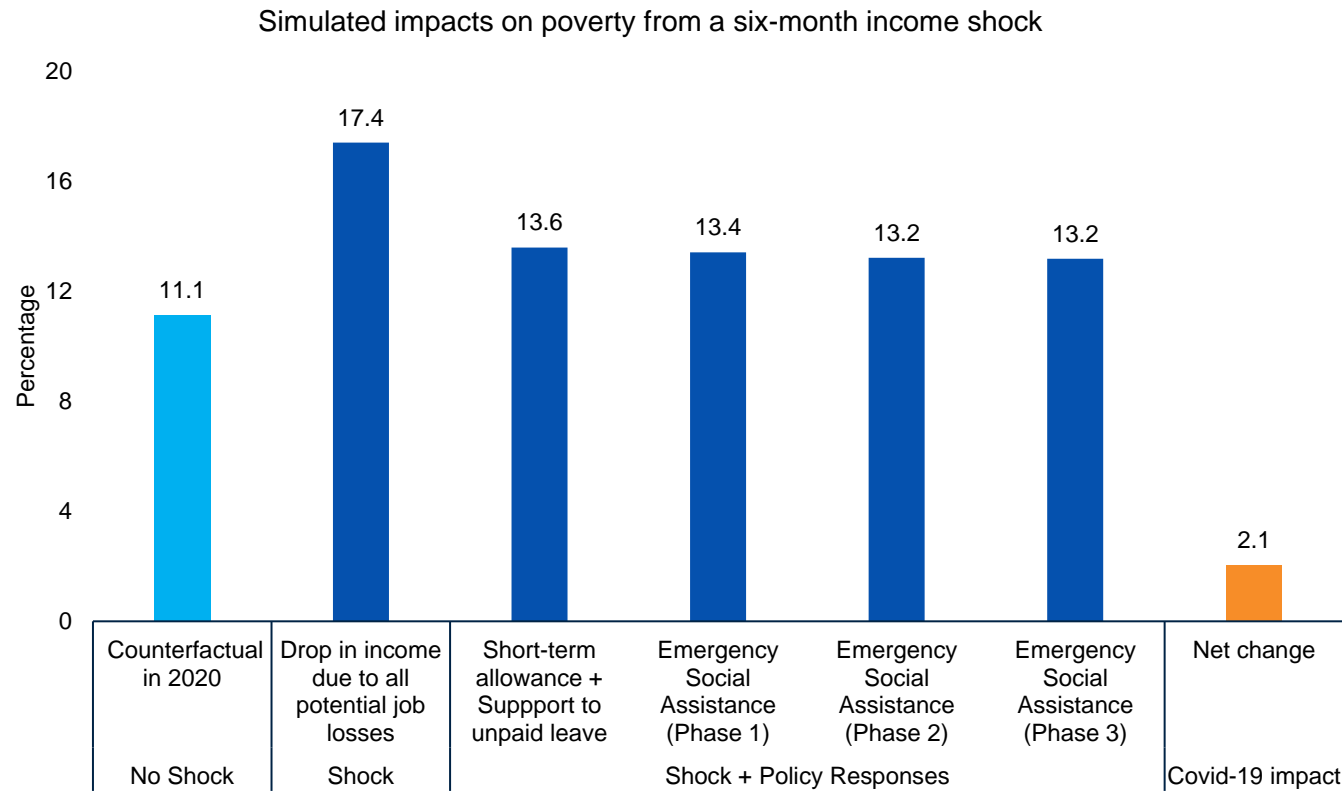


Note: share of job losses (orange circles) measured on right vertical axis. Source: World Bank calculations

Lockdowns and physical distance measures have reduced employment and productivity in many countries:

- For example, according to a study on the early impact of the crisis on labor markets in 39 countries using phone surveys, 34% of the workers reported stopping work and 20% reported lack of payment for work performed (Khamis et al, 2021)

While policies to mitigate the effects were effective, the poverty rate in 2020 could still have increased by as much as 2.1 percentage points, ...

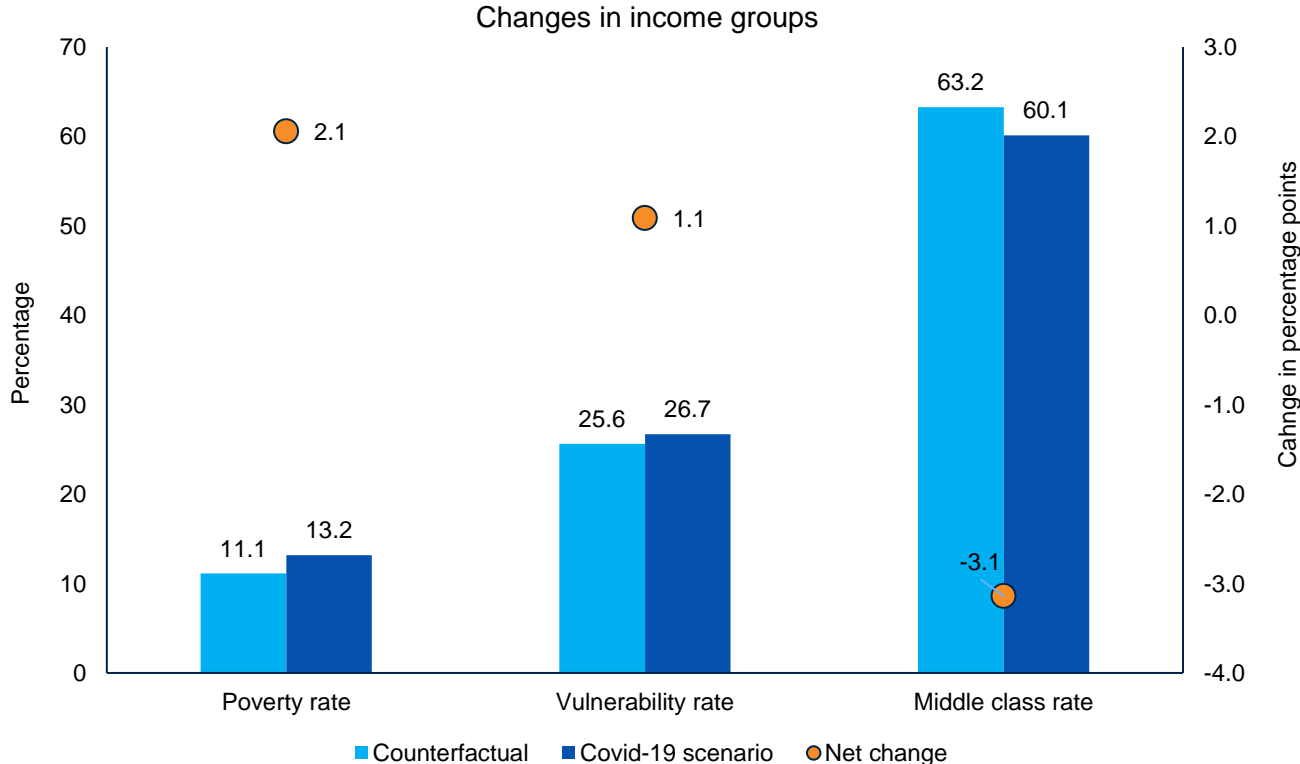


- In the absence of mitigation policies, poverty could have skyrocketed to 17.4%, up from 11.1%, namely 5.2M extra poor.
- Mitigation responses offset two thirds of the poverty effects of the crisis. Yet, the policy support benefits mostly formal workers.
- Simulated impacts suggest a net increase in poverty of 2.1 percentage points (19%), about 1.6M new poor.
- Effect is analogous to wiping out all the poverty reduction achieved between 2015 and 2018.

Source: World Bank calculations

The crisis also shrank the middle class and increased the share of households with a high risk of falling into poverty

Around 2.5M people at high risk of dropping out of the middle class and many of the non-poor but vulnerable are now closer to slide into poverty



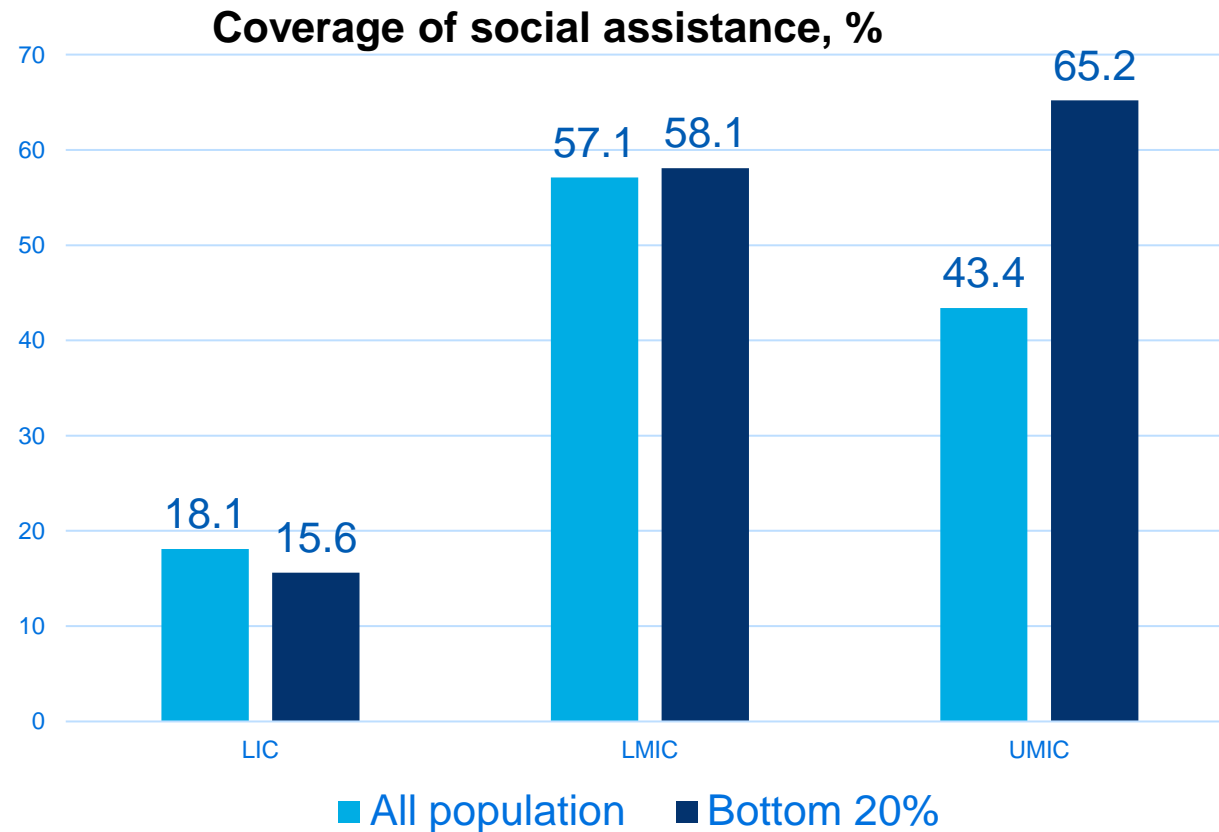
Note: "Poor" is the share of people with per capita consumption below \$5.5 per capita a day 2011 PPP, "Vulnerable" is the share of people with per capita income above \$5.5 and below \$11 per capita a day 2011 PPP and "Middle Class" is the share of people with per capita income above \$11 per capita a day 2011 PPP. Change in share of income group in the population (orange circle) measured on right vertical axis. Source: World Bank calculations

Three stages of the crisis response

- **Relief**
 - Emergency response to the health threat posed by COVID-19
 - Support income through transfers
 - Expand and digitize transfers
 - Extend coverage of social registries
 - Support firms to pay their workers
- **Restructuring**
 - Scale back emergency cash transfers
 - Emphasize return to work and economic inclusion
 - Restart production once the crisis is over
- **Resilient Recovery**
 - Back-fill all restructured operations
 - Focus on job creation
 - Focus on green business growth
 - Extend protection to all vulnerable households

Zooming in **Relief - Social protection response**

The world as we knew it...



1.5%

Spending on safety nets as % of GDP

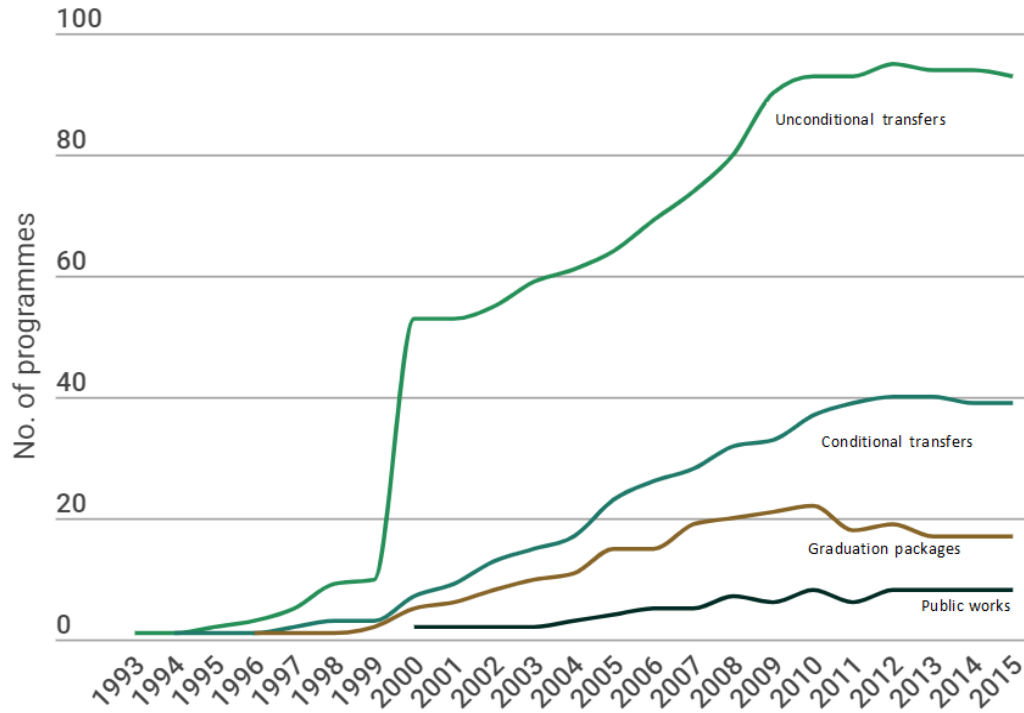
26%

Share of social assistance transfers in income/cons of the poor (<\$1.9/day)

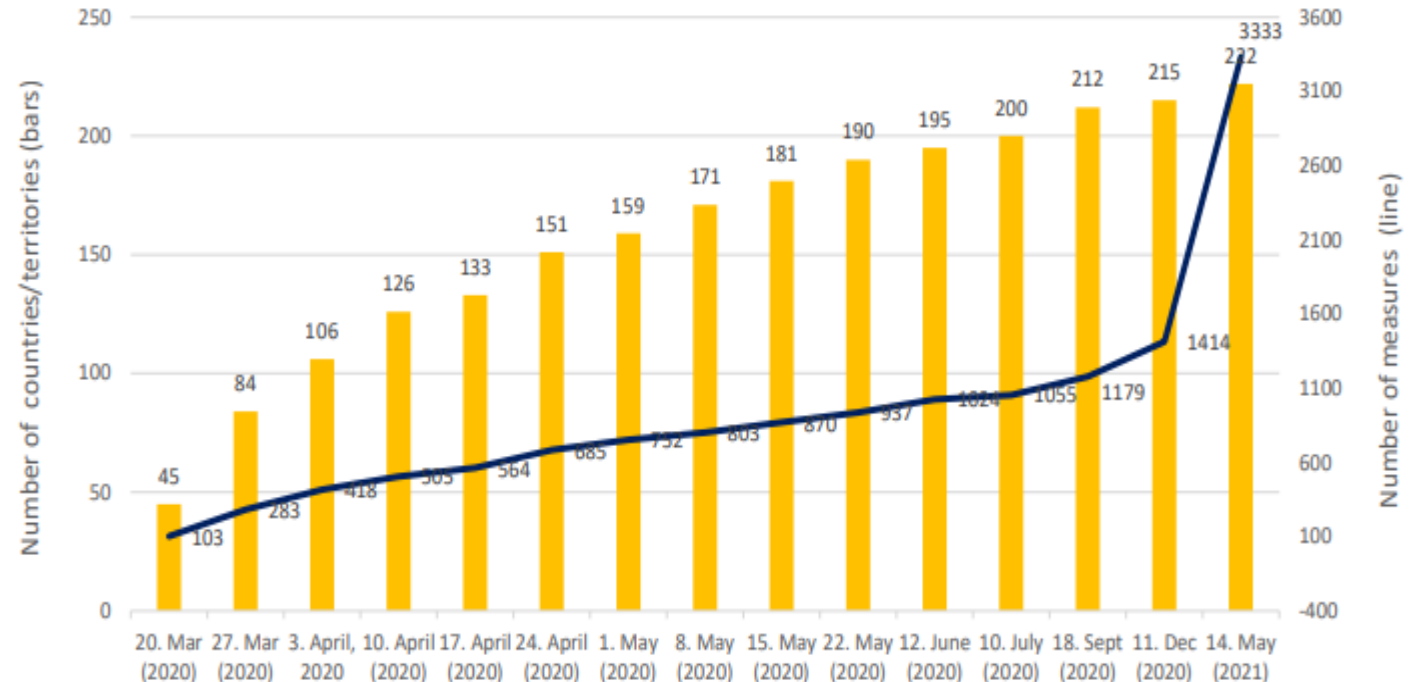
LIC = low income countries; LMIC = lower middle income countries; UMIC = upper middle income countries

Significant expansion in social protection programs before the pandemic and then an unprecedented Covid-19 scale-up..

**Before the crisis
Globally...**



**During the crisis
Globally...**



Most of the social protection measures were in the form of social assistance

- Total 3,333 social protection measures in 222 countries or territories between March 2020 and May 2021
- Most measures were provided in the form social assistance (represent 55% of global programs).
 - Except Eastern Europe and Central Asia, as well as high income countries, in regions like South Asia and in low-income countries, social assistance accounts for over 70% of social protection responses.
- Cash transfers remain the premier instrument among social assistance:
 - Scale up of cash transfer programs by an average 249% relative to pre-pandemic levels.

Social assistance program	N. of measures	N. of countries
Cash transfers (conditional and unconditional)	734	186
Social pensions	48	38
In-kind food/voucher schemes	279	125
School feeding	41	33
Utility/financial obligation support (waiver/postponement)	701	181
Cash for Work	38	29
Total SA measures	1841	214

Source: Gentilini et.al., 2021.

Social insurance and active labor market programs range between 11% and nearly 30 % of the global social protection portfolio

Labor markets program type	N. of measures	N. of countries
Wage subsidy	244	120
Activation (training) measures	124	76
Labor market regulations	313	125
Shorter work time	125	751
Total LM programs	806	178

Social insurance program	N. of measures	N. of countries
Paid sick support	134	81
Healthcare insurance support	58	47
Pension	77	50
Social security contribution waiver/subsidy	245	110
Unemployment benefit	172	97
Total SI programs	686	179

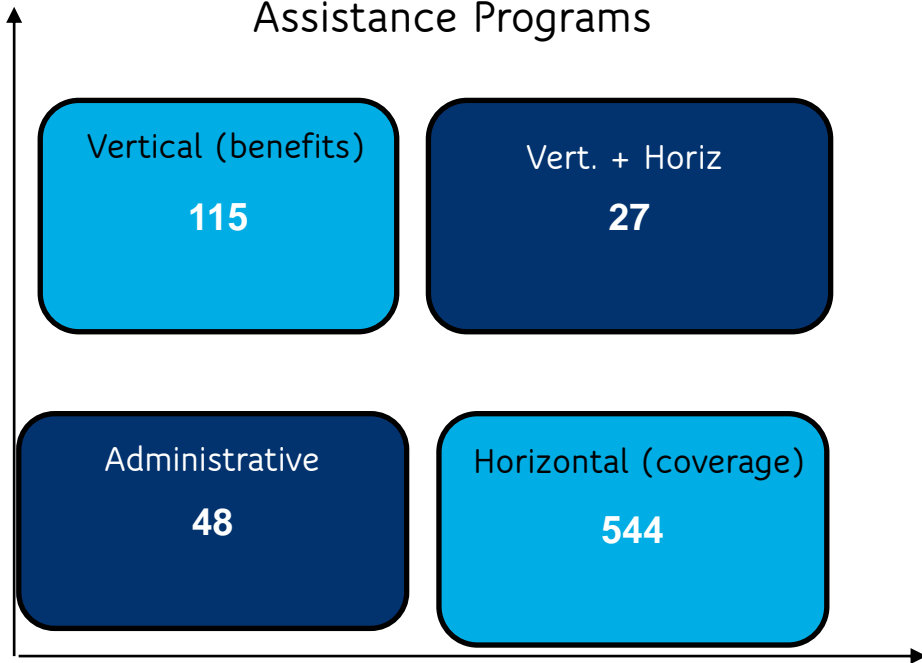
Globally, about 80% of countries implemented at least one type of labor market policies.

This increases moderately with per capita GDP:
(69% of LICs, 79% of LMICs, 83% of UMICs, and 84% of HICs)

- **Building back better:**
 - In the medium term: transitioning to a “new normal” requires governments to continue implementing strong actions in support of individuals/households and prepare the recovery
- 3 policy pillars for transitioning to “new normal”
 - Exit strategy from emergency measures
 - Support to “COVID-19 Generation” of workers
 - Stimulate demand and support livelihoods

Adaptation and delivery of social protection - 1

Vertical and horizontal expansion of Social Assistance Programs



Enrolling new beneficiaries: 4 ways to find and enroll new beneficiaries:

- Adding households to from an existing social registry (e.g. Brazil and Indonesia).
 - Most useful approach when the social registry covered a large part of the population and the information on households was up to date
- Alternative sources of administrative data (e.g. Togo used a recently generated voter database)
- On-line applications (e.g. Brazil registered about 27 million households in a matter of weeks through its on-line process)
- Collecting new data (e.g. Bangladesh, Madagascar and Myanmar)

Some countries combined more than one method to scale up (e.g. Brazil and Indonesia both expanded coverage to all households in their social registries and then added millions of beneficiaries using on-line applications)

Adaptation and delivery of social protection - 2

Countries with traditional social registries with high population coverage used these exclusively.



Challenges

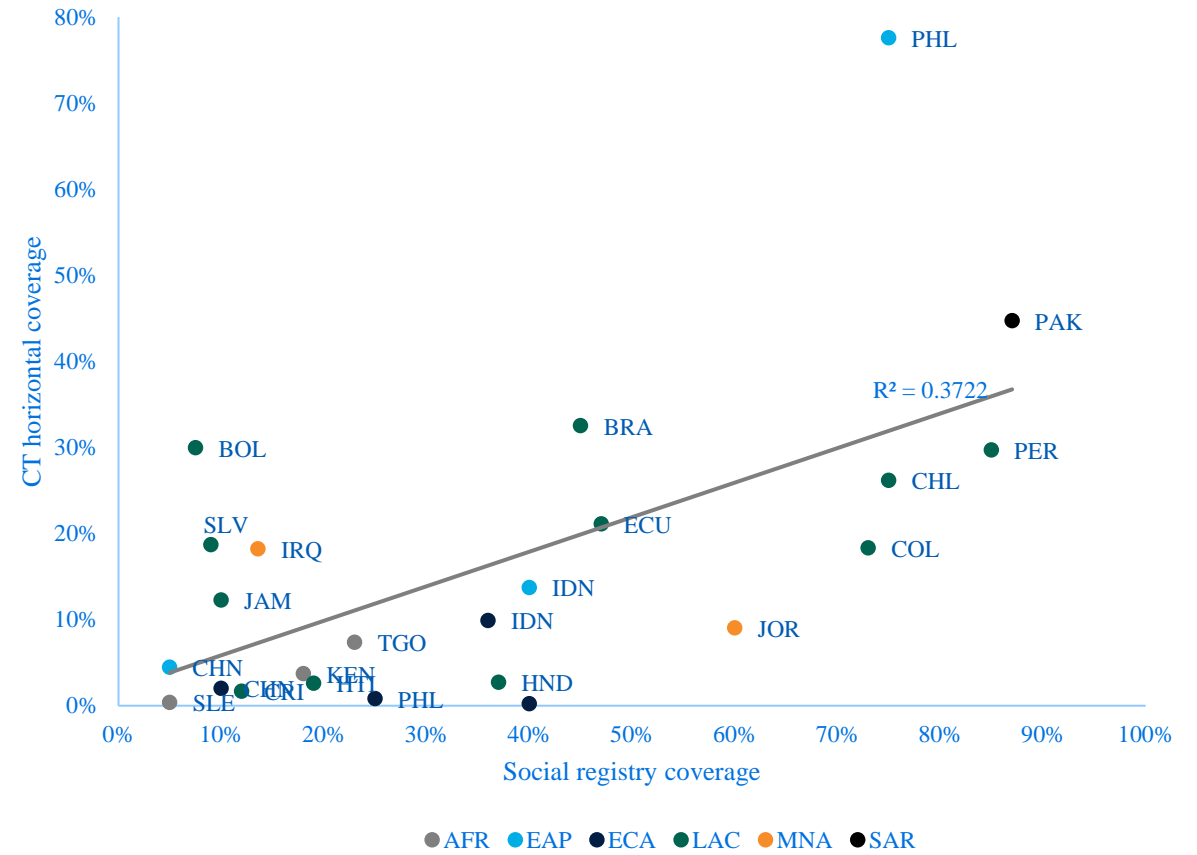
- Not up to date forcing to supplement beneficiary rolls with other methods.
- Not designed to capture information relevant to this economic shock.

Countries with partial coverage or no social registry : added on-line applications to supplement or substitute.



Challenges

- Technical problems due to volume
- Exclusion risk for digitally challenged populations



Source: Gentilini et al 2020; Mason et al 2020

Outlook on strengthening *adaptive social protection systems* for rapid response

- Range of innovations
 - Combinations within social assistance (cash and in-kind transfers), as well as between social assistance, insurance and labor markets (reaching informal workers; cash for childcare; etc).
 - Key role of digital assets in both targeting and delivery
 - Unfortunately, solid evaluations not yet available
- Adaptive systems
 - Not only financial or health crisis, the impacts of climate change and natural resource degradation are exacerbating existing challenges
 - Enhancing resilience and responsiveness at all levels, reducing the need for restructuring, recovery, and rebuilding.
 - Preparedness and early warnings
 - Rapid and effective enrollment, registration, and recertification processes for SP transfers to catch also vulnerable not only chronically poor
 - Data:
 - Expanding population registries to cover all the poor and vulnerable and moving from static social registries towards a dynamic data pipeline
 - Process:
 - Pre-assessments of shock-specific vulnerability (ex-ante)
 - Post-shock assessment (ex-post)
 - System:
 - From fragmented social registries and beneficiary registries towards Integrated Social Information Systems (SIIS)