Social Protection During the Pandemic

Argentina, Brazil, Colombia, and Mexico

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The novel coronavirus has hit Latin America very hard. On the health front, two indicators stand out: with only 8.2 percent of the world population (640 million people), by October 2020 the Latin American and Caribbean region had 28 percent of all cases (9.3 million) and 34 percent of all deaths (341,000). On the economic front, the IMF projected that Latin American economies would contract by 8.1 percent in 2020 in its October 2020 forecasts.

The pandemic, people's response to fend off contagion, and the measures designed to contain the spread of the virus took an enormous toll on the region's living standards. Governments faced the challenge of reaching three groups of people: formal sector workers in social security (and their dependents), recipients of existing non-contributory cash transfer programs and their dependents, and finally, households whose members were reliant on labor income from the informal sector and were part of neither social protection system.

There is massive variation in the governments' social protection responses in terms of speed, breadth, and sufficiency. Drawing from Blofield, Giambruno, and Filgueira (2020) and Lustig et al. (2020), we describe the policy responses in social protection and to what extent these measures have potentially mitigated the impact of COVID-19 on inequality and poverty in the region's four largest countries: Argentina, Brazil, Colombia, and Mexico.[1]

Argentina, Brazil, and Colombia had unemployment insurance programs in place, but they were too small in scale to fully mitigate the effect of the pandemic on formal sector workers. In addition, in all four countries a share of formal workers was legally entitled to severance payments when laid off. During COVID-19, additional emergency measures were introduced. For instance, Argentina and

1. Merike Blofield, Cecilia Giambruno and Fernando Filgueira (2020). "Policy expansion in compressed time: Assessing the speed, breadth and sufficiency of post-COVID-19 social protection measures in 10 Latin American countries." ECLAC Social Policy Series. https://www.cepal.org/en/publications/46016-policy-expansion-compressed-time-assessing-speed-breadth-and-sufficiency-post. Nora Lustig, Valentina Martinez-Pabon, Federico Sanz and Stephen Younger (2020). "The Impact of COVID-19 Lockdowns and Expanded Social Assistance on Inequality, Poverty and Mobility in Argentina, Brazil, Colombia and Mexico." Covid Economics: Vetted and Real-Time Papers, Issue 46, Center for Economic Policy Research (CEPR). https://cepr.org/content/covid-economics-vetted-and-real-time-papers-0.

Table 1. Social protection under COVID-19: Existing and new measures towards formal workers

	Argentina	Brazil	Colombia	Mexico
Formal sector (% of all workers enrolled in social security systems)	50%	65%	39%	32%
Unemployment insurance	Yes	Yes	Yes	No
Eligibility requirements	Formal workers (gradations of eligibility depending on the number of contributions)	Formal workers (gradations of eligibility depending on the number of contributions)	Formal workers (gradations of eligibility depending on the number of contributions)	__
Change during the pandemic?	Yes	No	No	__
Payments/duration of benefits	Monthly/2–12 months Lengthened in April	Monthly/3–5 months	Monthly/3 months	__
Size of benefits	Max. 10,000 pesos (USD 137) Raised in April	1–1.7 minimum wages	Two minimum wages (spread over three months)	__
Applications/ beneficiaries	120,000 beneficiaries in April–May	5.4 million applications between January and September	800,000 applica-tions/109,000 beneficiaries between March and June	__
Wage subsidies	Yes	Yes	Yes	No[a]
Recipients/eligibility requirements	All firms (gradations according to firm size)	Emergency benefit for work-ers furloughed or whose work hours were reduced	Small and medium-sized companies	__
Payments/duration of benefits	Monthly/April–December	Monthly/ April–October	Monthly/April–March 2021	__
Size of benefits	1–2 minimum wages	Calculated on the basis of the unemployment benefit, with a floor of one minimum wage	Subsidy worth of 40% of the minimum wage per worker	__
Number of beneficiaries	1.7 million (Nov 2020)	16 million (in August 2020)	2.4 million (June 9)	__
Prohibition of layoffs	Yes (until the end of Decem-ber)	No	No	Yes
Work hours reduction	No	Yes (120 days starting from April)	No	No
Salary reduction	Yes	Yes	Yes	No
Furloughs	No	Yes	No	No
Severance	Yes	Yes	Yes	Yes

a. Mexico did not have a wage subsidy program but provided loans of 25,000 pesos (US$1,134) for one million individuals with small and medium-size enterprises in the formal and informal sector starting in April.

Note: the information included above comes from a variety of sources, including the press. Thus, the list is not necessarily exhaustive and there may be errors and/or inaccuracies.

Source: Adapted from Merike Blofield, Cecilia Giambruno and Fernando Filgueira (2020). "Policy expansion in compressed time: Assessing the speed, breadth and sufficiency of post-COVID-19 social protection measures in 10 Latin American countries." ECLAC Social Policy Series.

Mexico did not allow layoffs. In order to stave off mass unemployment and bankruptcies, Argentina, Brazil, and Colombia also launched programs to subsidize formal sector employment in companies that were hard hit by the crisis, and Mexico provided loans to small and medium-size enterprises in the formal and informal sector. Brazil authorized furloughs and allowed for salary reductions under some restrictive conditions alongside with Argentina and Colombia.

All four governments maintained their existing anti-poverty noncontributory cash transfer programs. However, while Argentina, Brazil, and Colombia increased the value of the transfers, Mexico did not. In addition, Argentina, Brazil, and Colombia launched new emergency cash transfer programs. Argentina and Brazil relied on self-targeting and demand-driven mechanisms, and were able to reach a large share of households not covered by existing social protection schemes, even if they were not included in the existing administrative registries. This allowed the cash transfers to reach those who needed them more rapidly and effectively. In contrast, the Colombian government set the number of recipients—three million—from the start, and identified them through existing registries. Individuals were not able to self-identify and apply, and even a share of the identified recipients were not, as of late 2020, located. The total number of beneficiaries in Colombia thus remained much smaller than in Argentina and Brazil (Table 2).

Table 2. Social protection under COVID-19: New and expanded social assistance, April to December 2020

		Argentina		Brazil	Colombia[a]				Mexico
Program		AUH/AUE	Ingreso Familiar de Emergencia*	Auxílio Emergenciala*	Familias en Acción	Jóvenes en Acción	Colombia Mayor	Ingreso solidario*	No additional social assistance
Target population of new programs		-	Vulnerable, Informal workers	Vulnerable, Informal workers	-	-	-	Vulnerable, Informal workers	
Number of transfers		1	3	9	5	5	5	9	
Amount of the transfers	LCU	ARG$3,100	ARG$10,000	R$600(5) R$300 (4)	COL$145,000	COL$356,000	COL$160,000	COL$160,000	
	USD	US$46	US$148	US$107(5) US$53.50(4)	US$38	US$92	US$42	US$42	
Total beneficiaries as of September 2020 (administrative data)		4.3 million people	9 million people	65.9 million people[b]	2.6 million households	204 thousand people	1.7 million people	3 million households	

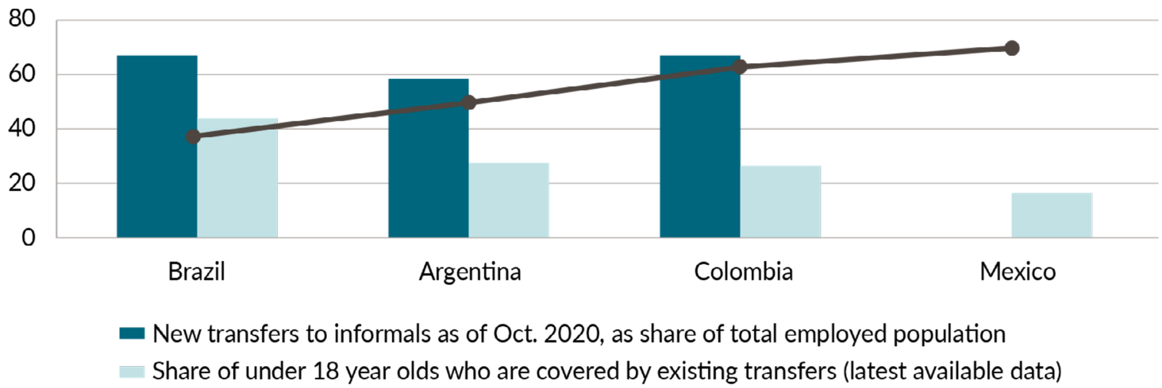
a. Colombian provincial governments also instituted several local programs, most notably in Bogota and Medellin, which are not reflected in this table.

b. 65.9 million total beneficiaries of Auxilio Emergencial (AE) includes 46.7 million new recipients, and 19.2 million beneficiaries that moved from existing Bolsa Familia program to AE, which increased their benefits from a maximum of $R372 to $R600. Out of the total of 65.9 million beneficiaries, 51 million were included in the simulations by Lustig et al. (2020).

Notes: * refers to new social assistance programs that were introduced in the first months of lockdowns; the list is not necessarily exhaustive. Amount of the trans-fer in (local/USD) prices. The number of beneficiaries is approximate.

Source: Adapted from Nora Lustig, Valentina Martínez Pabón, Federico Sanz and Stephen D. Younger (2020). "The Impact of COVID-19 Lockdowns and Expanded Social Assistance on Inequality, Poverty and Mobility in Argentina, Brazil, Colombia and Mexico." Covid Economics: Vetted and Real-Time Papers, Number 46, Center for Economic Policy Research (CEPR).

Figure 1. Coverage of existing and new cash transfers (as a share of all children and as a share of the employed population, respectively)



Source: Adapted from Merike Blofield, Cecilia Giambruno, and Fernando Filgueira (2020). "Policy expansion in compressed time: Assessing the speed, breadth and sufficiency of post-COVID-19 social protection measures in 10 Latin American countries." ECLAC Social Policy Series.

Figure 1 indicates that there is considerable variation in the coverage of both existing and new cash transfer programs among children and the total employed population. The grey line shows the share of the total employed population that is in the informal sector (that is, not actively contributing to social security), as of 2018. The red bar shows recipients of new transfers as a share of the total em-ployed population, and the blue bar shows the share of children covered by the existing cash transfer programs. In Brazil and Argentina, the number of new cash transfer recipients exceeds the number of workers in the informal sector, likely reflecting the inclusion of unemployed individuals and others not in the labor market, such as parents of young children—mostly mothers—with caregiving responsi-bilities. In Colombia, coverage in the Ingreso Solidario amounts to the equivalent of only about 20 per-cent of the total population of informal workers, leaving a large share of this population unprotected. Finally, Mexico did not institute any new national-level cash transfer programs for informal workers. On top of that, the coverage of existing transfers among the population under 18 years old (the blue bars) is very low.

ARGENTINA

The Argentine response was marked by its speed. At the onset of the pandemic, Argentina had an unemployment insurance program for formal sector workers, who constituted 50 percent of the workforce. The program had gradations of eligibility depending on the number of contributions, covering between 2 and 12 months. To protect the livelihoods of formal workers, the government also put in place a variety of new measures. In March 2020, the executive announced the temporary extension of unemployment insurance for those whose benefits were about to expire (in place until the end of 2020) and increased the size of unemployment benefits. In early April, the government decreed a sixty-day prohibition of any layoffs (later extended until the end of December), while providing subsidies for workers' sala-ries until the end of December (the benefits vary between one and two minimum wages). More than 1.7 million workers have benefitted from this subsidies program (as of November 2020).[2]

2. El Cronista, 11.11.2020, at https://www.cronista.com/economiapolitica/ATP-manana-abren-la-inscripcion-a-empresas-que-necesiten-el-subsidio-para-pagar-los-salarios-de-octubre-20201108-0009.html.

The government also enacted new measures to provide protection to informal workers. First, in March it announced extra payments to all those covered by Argentina's non-contributory social protection systems, including the child benefit program (Asignación Universal por Hijo/AUH, "Universal Benefit per Child"), the income-support program for the disabled, and non-contributory pensions. The government announced a one-time increase of ARG $3,100 (US$46) for AUH, a conditional cash transfer program for poor and/or vulnerable children and adolescents (younger than 18 years old). Second, the government also established a new Ingreso Familiar de Emergencia (IFE, "Emergency Family Income") cash transfer program. The eligibility for this transfer program included all those in the existing non-contributory programs, but also the unemployed, the self-employed in lower-income categories, and domestic workers excluded from other programs. The program provided—in all—three transfers of ARG $10,000 (US$148) and had an estimated fiscal cost of 1.14 percent of GDP.

The government relied on self-targeting—by allowing households and individuals themselves to apply for these transfers—which allowed the program to more rapidly and effectively reach those who needed it. By the end of April, over 7.8 million people had received the IFE transfer, and by June, the total reach was almost 9 million recipients. Delivery was slowed due to the difficulties in reaching 2.4 million beneficiaries without bank accounts.[3] A second and third transfer were delivered throughout the months of June, July, and August. In early November, the government announced it would not make an additional transfer, but rather bolster the AUH and other programs.

Expanded and new social assistance programs are mitigating the effects of the COVID-19 pandemic on inequality and poverty in Argentina considerably. Lustig et al. (2020) suggest that in the absence of any mitigating measures, inequality in (primarily) urban areas would have increased quite a bit: from a pre-pandemic Gini coefficient of 0.44 to up to 0.47.[4] With the expanded social assistance, inequality may have risen to 0.45 instead. The incidence of poverty could have risen from 11 percent to 16 percent, and the number of poor could have risen from 3.1 million to 4.7 million, or by 1.6 million individuals.[5] With the expansion of existing and new social assistance programs, the increase could be closer to 0.6 million. With the national poverty line, the incidence of poverty could have risen from around 36 percent to 44 percent, and the number of poor could have risen from 10 million to 12.4 million, or by 2.4 million individuals. After considering the effects of new social assistance programs, the increase could be around 1.7 million.

BRAZIL

Like Argentina, Brazil moved quickly to alleviate the economic fallout from COVOD-19 and associated lockdown measures, although unlike in Brazil, a share of the impetus came from civil society and the opposition rather than the executive itself. In Brazil, 65 percent of workers are in the formal sector, and those who met the requirements were eligible for unemployment insurance, which lasts between three to five months and has a benefit ranging from one to about 1.7 times the minimum wage.[6] To help maintain formal employment, the government instituted a subsidy program that provided a minimum wage floor for workers who were furloughed or whose work hours were reduced due to the

3. Página12, 11.7.2020, at https://www.pagina12.com.ar/277812-el-ife-llego-a-los-sectores-mas-sumergidos-e-invisibilizados.
4. These results are based on microsimulations that include benefits through June 2020. Argentine household surveys cover roughly 62% of the population, primarily living in urban areas.
5. Measured with the international poverty line of US$5.5 per day in purchasing power parity.
6. The government also allowed laid-off workers to withdraw from their individual severance accounts. Ministerio de Economía, 7.12.2020, at http://antigo.trabalho.gov.br/fundo-de-garantia-do-tempo-de-servico-fgts. These are contributory individual worker severance pay accounts that allow for withdrawals in cases of major life events, including layoffs.

pandemic. The monthly program was in operation during six months, from April to October. By August 2020, 16 million workers were part of this program.[7]

Where Brazil's response stands out is in its far-reaching and relatively sufficient emergency assistance program to low-income households not included in contributory social insurance. An opposition-led, speedy legislative initiative to establish a new temporary cash transfer program, Auxílio Emergencial ("Emergency Aid"), was unanimously passed by Congress at the end of March of 2020, and the government began the implementation in early April. Auxílio Emergencial is targeted to low-income informal workers, the self-employed, and those already registered in the existing non-contributory Bolsa Familia cash transfer program, who are eligible to receive this transfer in lieu of their regular Bolsa Familia transfer. Continued pressure from the legislature and civil society pushed the government to extend the emergency assistance for two additional months, and at the end of August, to approve a new program with four additional payments, at half the original amount.

Auxílio Emergencial is by far the largest social protection program to mitigate the social effects of COVID-19 in Latin America. The monthly transfer of $600 Reales for the first five months (about US$107) represents around 120 percent of the national poverty line, and $300 Reales (US$53.30) for four months, around 60 percent of the national poverty line. As was the case in almost all of the region, implementation and delivery faced hiccups, but broad coverage was achieved by late June, with the program reaching about one-third of Brazilians, with spending for the first three months of the program at around 2 percent of GDP. Legislative pressure pushed the government to extend the emergency assistance through to the end of the year, but at half the amount (about US$54 per month) starting from October 2020 onwards.

The microsimulations by Lustig et al. (2020) indicate that Auxílio Emergencial potentially mitigated the effect of the pandemic on inequality and poverty in Brazil in a significant way.[8] In the absence of any mitigating measures, inequality would have increased from an already very high pre-pandemic Gini coefficient of 0.55 to up to 0.56. The incidence of poverty measured with the international poverty line of US$5.5 per day (in purchasing power parity) would have increased from around 25 percent to around 28 percent, and the number of poor could have risen from 53 million to 58.8 million, by 5.8 million individuals. With the national poverty line, the incidence of poverty could have risen from around 28 percent to 32 percent and the number of poor from 58 million to 65.5 million, or by 7.5 million individuals. Considering the mitigating effects of the expanded social assistance up until mid-2020, inequality might have declined from 0.55 to 0.54., and 3.4 million individuals could have left poverty, using the US$5.5 per day poverty line. It is important to note that the reduction in transfers and the abrupt ending of the Auxílio Emergencial might have reversed the progress attained in the first few months.

COLOMBIA

In Colombia, the mitigation measures for neither formal nor informal workers did not reach levels similar to Argentina and Brazil. At the onset of the pandemic, Colombia had an unemployment insurance program based on individualized accounts for the 39 percent of workers who were formally employed and who met certain eligibility requirements (at least 12 social security contributions over

7. Congreso em Foco, 21.8.2020, at https://congressoemfoco.uol.com.br/economia/guedes-anuncia-prorrogacao-de-programa-emergencial-de-emprego/
8. The results shown here include benefits through June 2020.

the past five years). The transfer is equivalent to two minimum wages over a period of three months. However, given that unemployment insurance is privately funded and decentralized, and has limited resources and reach, it proved to be insufficient in covering the high demand for unemployment insurance as formal workers lost their jobs. By late June, nearly 800,000 applications for unemployment insurance had been received, but only 109,000 people had actually been granted insurance. Given the high number of newly unemployed workers on the waiting list, the government moved in early June to authorize some of these individuals to be included in the non-contributory Ingreso Solidario transfer (described below).

In March, the government also allowed for salary reductions of workers "based on mutual accord" (i.e., on mutual agreement between workers and employers), but did not allow for reductions below the minimum wage. Workers experiencing wage losses were also authorized to withdraw funds from their social security accounts to compensate for the wage reduction. In May, the government issued a decree to subsidize worker wages in small and medium-sized companies. Companies that had seen at least a 20 percent decrease in their income could apply for a monthly benefit worth 40 percent of the minimum wage per worker, for up to four months. By June, 2.4 million Colombians had received their first transfer through this program. In October, Congress passed a law expanding this program and extending the subsidies until March 2021.[9]

Before the pandemic, Colombia's non-contributory programs covered 1.7 million elderly, families with children, low-income youth in educational institutions, and the disabled. The Familias en Acción (FA) program, a conditional cash transfer program for children and adolescents (younger than 18 years old) living in food insecurity, reached about 26 percent of children in Colombia. In March 2020, the government announced an extra transfer of 145,000 pesos per month (US$38) to be added on top of the regular transfer (which was delivered every two months), bringing the average transfer a household received up to 334,000 pesos (US$86). Over the course of the year, the government repeatedly authorized the extra transfers to be provided along with the regular bi-monthly payments until the end of the year.[10] Added to this was a new value-added tax reimbursement program that had been approved the previous year but that the government implemented early, starting April, to provide economic relief to the poorest. The program transfers 75,000 pesos (US$20.5) to the one million poorest households in the FA and non-contributory pensions programs, also every second month.[11]

Similar to Argentina and Brazil, the Colombian government also created a new cash transfer program—Ingreso Solidario (IS, "Solidarity Income")—for informal workers and households not included in existing programs. Unlike the other two countries, the government pre-set the number of eligible recipients, at three million households. The recipients were selected by the government on the basis of existing registries, without the opportunity for individuals or households to self-identify and apply for aid, as they were able to do in Argentina and Brazil. The IS did not encompass families in the existing non-contributory programs but remained a separate program. Moreover, the amount of the transfer was set at a lower level than in Argentina or Brazil, and is roughly equal to 65 percent and 58 percent of the national and US$5.5 PPP per day poverty line, respectively, and entailed a fiscal cost of .013 percent of GDP (based on the information available by mid-2020). The IS covered only the equivalent

9. Dinero, 13.10.2020, at https://www.dinero.com/economia/articulo/hasta-cuando-estara-el-programa-de-apoyo-al-empleo-formal/303294

10. Semana, 6.11.2020, at https://www.semana.com/economia/articulo/inicia-el-quinto-pago-de-familias-en-accion-esto-es-lo-que-debe-saber/202042/

11. The program is expected to continue beyond the pandemic, and to include 2 million households by 2021. See Gobierno de Colombia, 7.12.2020, at https://devolucioniva.dnp.gov.co/Documentos/10_preguntas_clave_sobre_la_devolucion_del_IVA.pdf

of about 20 percent of the informal workforce in the country, leaving a considerable social protection gap. One study showed that 1.9 million poor and vulnerable households in need of government assistance missed the threshold for eligibility by a narrow margin.[12] Rebuffing pressure from the opposition to extend benefits to a higher share of the population and at a higher amount, the government extended the existing program until the end of 2020 (and a few months later, announced it would run until June 2021).

Based on the microsimulations by Lustig et al. (2020), in the absence of any mitigating measures, inequality in Colombia could rise from a pre-pandemic Gini coefficient of 0.55 to up to 0.56.[13] The incidence of poverty measured with the international poverty line of US$5.5 per day (in purchasing power parity) could increase from around 38 percent to around 43 percent and the number of poor from 18.4 million to 20.9 million, or by 2.5 million individuals in 2020. With the national poverty line, the incidence of poverty could have risen from around 32 percent to 37 percent and the number of poor could have risen from 15.6 million to 18.1 million, or by 2.5 million individuals. Because of their considerably smaller breadth and sufficiency, new social protection programs have a weaker effect in mitigating the impact of the pandemic on inequality and poverty in Colombia compared to Brazil and Argentina. After accounting for the expansion of social assistance, inequality is still projected to increase from 0.55 to 0.56. Despite the expansion of social assistance programs, the increase in the number of poor could be closer to 2.3 million with both poverty lines.

MEXICO

While the rest of Latin America's largest countries implemented large-scale fiscal stimulus packages and social spending initiatives, the Mexican government's fiscal and social protection response to the pandemic was extremely limited. Mexico does not have a federal unemployment insurance program; the protection received by formal sector workers (32 percent of employed workers) comes in the form of severance pay upon dismissal.

More broadly, the Mexican government's strategy was to emphasize the enforcement of workers' rights as embedded in the Labor Code. The government did not allow for layoffs, suspensions, or work reductions in response to the crisis. Thus, firms had to resort to the regular administrative channels to get authorization for any individual layoffs with legal and financial consequences if they engaged in unauthorized layoffs. Firms were required to pay the entirety of salaries during the health emergency. It is unclear how many formal workers were in fact protected by these measures since firms that could not afford to keep all employees on board might have had to shut down. In response to the health emergency, in March 2020, the Mexican Health Ministry granted permission for employees in groups at-risk—such as those over 65 years and pregnant women—to stay at home but retain their salary. In May, the government established loans of 25,000 pesos (US$1,134) for one million individuals with small and medium-size enterprises in the formal and informal sector.

There were practically no federal-level measures to mitigate the income shock for informal workers. There were neither increases in the amount of cash transfers or coverage for recipients in existing non-contributory cash transfer programs nor new social assistance programs to informal workers

12. Mauricio Cárdenas and Humberto Martínez B. (2020). COVID-19 in Colombia: Impact and Policy Responses. Center for Global Development, July.

13. These results are based on microsimulations that include benefits through June 2020.

affected by the crisis.[14] The only additional benefit came in the form of advancing the pension payments for the elderly and the disabled several times during 2020 (although the transfer amount was not increased), and the government slightly expanded the coverage of a cash transfer program for farmers. In the face of federal inaction, a number of Mexican states introduced social protection programs of their own. Most Mexican states provided some kind of food assistance to their populations, others created emergency cash transfer programs for informal sector workers and small and medium-sized enterprises, temporary employment programs, and subsidies covering basic utilities and internet service in poor neighborhoods. These remained far from sufficient, however.

According to Lustig et al. (2020), inequality is projected to rise from a pre-pandemic Gini coefficient of 0.46 up to 0.48. The incidence of poverty measured with the international poverty line of US$5.5 per day (in purchasing power parity) could potentially increase from 35 percent to 42 percent and the number of poor from 43.6 million to 52.5 million, or by 8.9 million individuals. Using the national poverty line, the incidence of poverty could potentially increase from around 54 percent to near 60 percent, and the number of poor could rise from 67.3 million to 75.2 million, or by 7.9 million persons.

CONCLUDING REMARKS

The COVID-19 pandemic has hit living standards in Argentina, Brazil, Colombia, and Mexico hard. Brazil and Argentina have implemented a series of initiatives that not only reached workers in the formal sector and recipients of existing social assistance programs but also large portions of informal workers and households, not included in existing programs. In fact, contrary to the pessimistic view that prevailed when the pandemic started, these two countries showed that it is possible to implement a relatively comprehensive cash transfer response to protect the uncovered population on a large scale, and to do so rather quickly (hiccups notwithstanding). A key part of this success was to establish demand-driven programs, allowing individuals to self-identify and apply, as was the case in Argentina and Brazil. Of course, there were errors of inclusion (recipients who should not have received the benefit for one reason or another) and errors of exclusion (people who should have received the benefit but did not). And the response is not cheap: around 2 percent of GDP in Brazil and over 1 percent in Argentina (by mid-2020). Nevertheless, thanks to the large-scale and fast responses, these two countries were able to keep the impact of the crisis on inequality and poverty more or less in check through 2020.

Colombia, in contrast, followed a much more conservative approach in terms of the amount spent, and the breadth and sufficiency of the new social assistance program—where those in need could not apply but were selected by the government according to pre-existing data)—was much more limited. As a result, the offsetting effects on inequality and poverty were also more limited.

Finally, Mexico pursued the most conservative strategy of all four countries. There was no national-level expansion of existing cash transfer assistance nor introduction of new cash transfer programs. Thus, households entirely reliant on labor income from the informal sector were not protected from any income losses. In the formal sector, the government tried to shift the burden to the private sector.

14. Upon taking office in December 2018, the new government dismantled several existing non-contributory cash transfer programs; in particular, the flagship conditional cash transfer program Prospera was scrapped. The previous programs were replaced by a universal old age pension (Programa para el Bienestar de Adultos Mayores), a disability transfer, and programs aimed at schoolchildren living in poverty, and unemployed youth. These transfers primarily target people above or below working age, not providing an income floor for the working-age population, especially those in the informal sector. They also exclude children under school age.

However, such a strategy is unlikely to work well during a pandemic when demand for goods and services in nonessential sectors plummets as people choose not to consume to stave off infection. In those circumstances, many firms may need to shut down and lay off workers as a result. The weak response in Mexico is reflected in the inequality and especially poverty outcomes. Of all four countries, Mexico's poverty has so far risen the most.

Beyond the short-term impact on inequality and monetary poverty, the pandemic has caused damage for the most vulnerable groups in other dimensions of poverty: nutrition, health (physical and mental), education, and violence (intra-family and community), to name a few. As Nora Lustig and Mariano Tommasi point out, the effects of the pandemic on these non-monetary dimensions of poverty are not mitigated (or at least not entirely) with monetary transfers. Yet, they can have impacts that are felt for decades, especially due to the negative impact that the pandemic has on the human capital of the new generations.[15]

Among these effects, it is worth highlighting what could happen in the field of education. According to the analysis of Nora Lustig, Guido Neidhöfer and Mariano Tommasi, the pandemic could result in a reduction in the probability of completing secondary education from 46 to 38 percent in Argentina; 57 to 23 percent in Brazil; 26 to 18 percent in Colombia; and 54 to 24 percent in Mexico for children from households with low-educated parents.[16] In contrast, for children from households with parents who have completed high school or more, the probability of graduating from secondary education is nearly 90 percent, and remains almost unchanged by COVID-19. In fact, for the former, the impact could imply a decline of such a magnitude that the probability of completing secondary education becomes similar to that of the cohorts born in the 1960s, thus erasing half a century of progress for the affected generation. Although interventions in the educational field, such as distance learning, have partially cushioned the negative effects of school closures, they have not been far-reaching enough to close the gap by safeguarding the educational process of the most vulnerable families. The negative impact of the pandemic could influence the affected children and young people for the rest of their lives. Given this scenario, it is urgent to focus the attention on public policies and resource allocation so that this setback can be contained.

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15. Nora Lustig and Mariano Tommasi. (2020). "Covid-19 and Social Protection of Poor and Vulnerable Groups in Latin America: A Conceptual Framework." In Luis F. Lopez-Calva & Marcela Meléndez (Eds.), *The Economics of the COVID Pandemic in Latin America and the Caribbean: Ideas for Policy Action*. UNDP.
16. Nora Lustig, Guido Neidhöfer and Mariano Tommasi. (2020). Short and Long-run Distributional Impacts of COVID-19 in Latin America. CEQ Working Paper 96, Commitment to Equity Institute, Tulane University, October.

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