

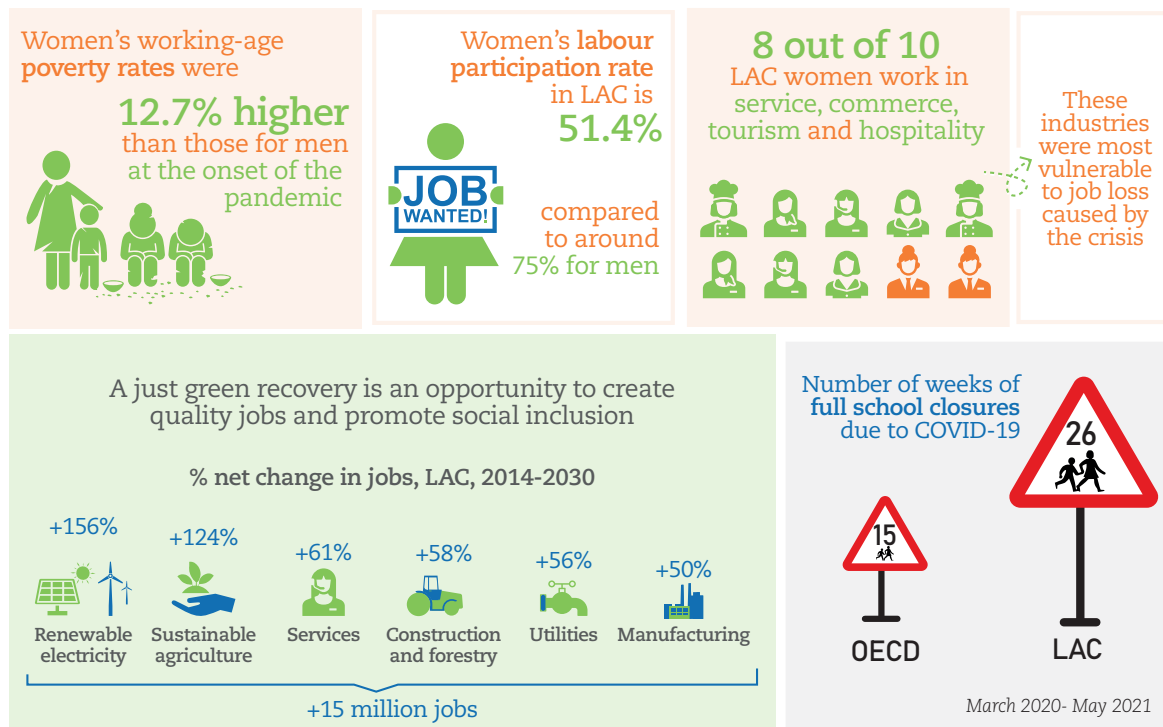
Chapter 2

## **Social challenges and lessons for an inclusive recovery**

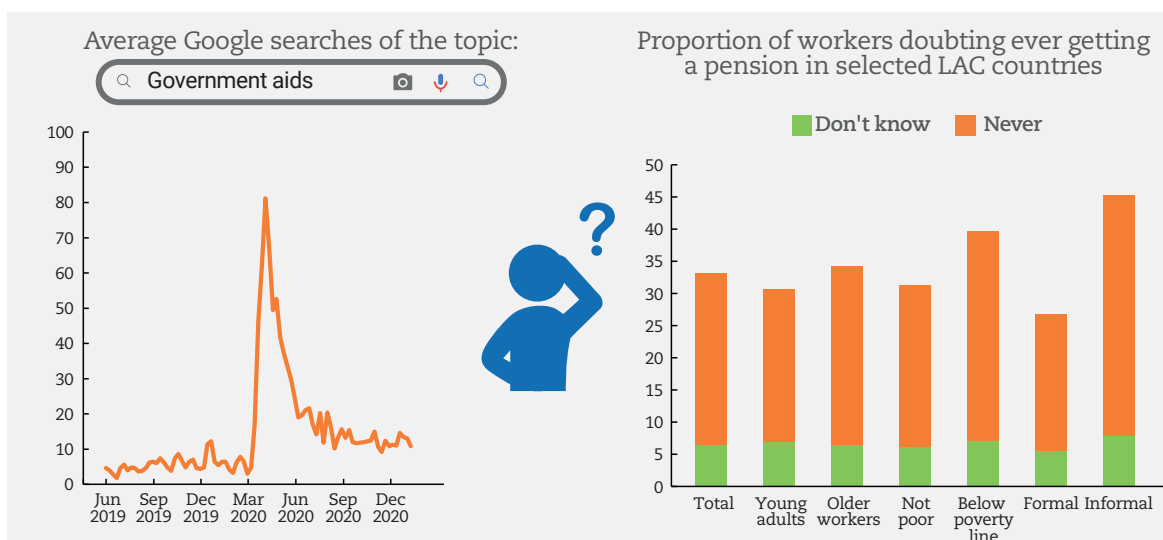
The coronavirus (COVID-19) pandemic hit an extremely vulnerable social structure in Latin America and the Caribbean (LAC), resulting in a significant increase in poverty and inequalities and highlighting the urgency to overcome the social vulnerability trap. The crisis revealed that the current mechanisms for social protection in the region are insufficient due to widespread labour informality, which affects more than 50% of workers. In addition, the prevalence of gender gaps in the labour market and the over-representation of women in poorer households remain structural challenges. This chapter explores the need to move towards universal social protection systems, promote options for formalisation and reduce social coverage gaps, to protect those in the intersection of vulnerability factors, in particular the climate change-vulnerable population, women, migrants, youth and disadvantaged students. The chapter shows the linkage between climate change and inequality and how social protection systems can help promote a green recovery in the region while highlighting the need to improve the quality and inclusiveness of basic services, especially health care and education.

## Enhancing social protection and public services is key for building forward better

Gender-focused labour market policies, bringing children back to school and promoting a green transition should be at the centre of the recovery



Social protection systems must be reformed to meet people's concerns and address structural weaknesses





## Introduction

To confront the Coronavirus (COVID-19) crisis, governments in Latin America and the Caribbean (LAC) have reacted quickly, adopting policy actions to strengthen social protection measures and protect the most vulnerable populations. Social protection actions have been targeted to those most affected by the pandemic, including poor, informal and independent workers. In this sense, social protection programmes have evolved to cover a wider share of citizens.

Despite the rapid and effective response from many LAC countries, the COVID-19 crisis has pushed the region into its worst social and economic recession since the 20<sup>th</sup> century. Despite the global nature of the crisis, it has most profoundly affected LAC countries, given the high vulnerability of certain population groups to the consequences of the pandemic. COVID-19 is having a considerable impact on poverty and income inequality. Despite the exceptional social protection measures adopted during the pandemic, the number of people living in poverty increased in 2020 compared to 2019 by approximately three percentage points, and income inequality, measured by the Gini Index, increased by close to 2.9% in 2020 (Chapter 1) (ECLAC, 2021<sup>[1]</sup>).

The pandemic has exacerbated structural weaknesses in LAC. Social vulnerabilities have made it harder for governments to be resilient and respond rapidly to the adverse socio-economic effects caused by the COVID-19. Challenges to future development include: i) population ageing; ii) overcrowding in cities and lack of access to social services; iii) high informality; iv) weak social protection systems, including inadequate coverage and quality of healthcare systems and lack of integrated care systems; and v) high and persistent inequalities across various dimensions. In particular, the crisis trapped informal workers in a profoundly vulnerable condition due to a lack of quality stable jobs and limited social protection (OECD et al., 2020<sup>[2]</sup>; ECLAC, 2021<sup>[1]</sup>; ILO, 2021<sup>[3]</sup>). High informality limits the role social protection systems play in society, their effectiveness and their financial sustainability (Álvarez, 2020<sup>[4]</sup>). Informality also made it difficult to implement measures to contain the virus (such as confinements) and aggravated its impact on the population.

Beyond workers, individuals in the intersection of vulnerability factors have been disproportionately affected by the crisis. The groups most vulnerable to the harmful effects include the elderly, youth, women, migrants, indigenous peoples and Afrodescendants, all of which often face precarious conditions (ECLAC/UNICEF, 2020<sup>[5]</sup>). Uncertainty about the evolution and consequences of the pandemic in LAC persists, making the policy response to counteract its adverse effects and boost the recovery more complex.

In the short term, the governments of the region should focus on the immunisation of the population and continued support for the most vulnerable. In the absence of policy measures to reduce growing socio-economic gaps for these groups, the effects of the COVID-19 crisis will be long lasting and could undermine the socio-economic improvements achieved in the last decades (ILO, 2021<sup>[3]</sup>).

Returning to the pre-crisis social status quo should not be the goal of the recovery. The response to the crisis should be an opportunity to address structural challenges and inequalities while improving resilience. The pandemic requires co-ordinated action at various levels, together with increasing vaccination rates and boosting economic recovery and employment creation. Expanding social protection systems is crucial to protect livelihoods and lessen the negative shock to vulnerable groups' well-being while reducing long-lasting impacts. In the long term, social protection measures might contribute to consolidating the middle class. Social protection policies should soften the employment and income shock for affected individuals in the recovery process and beyond. Building a resilient system, where the economy, households and individuals are protected from

macro and micro shocks, is crucial to address the region's challenges in the future and to prevent a substantial setback in development progress.

This crisis offers a unique opportunity to advance urgent and delayed reforms and redefine the region's social contract (Chapter 4). As part of this new social contract, key ingredients include new social models based on more robust and sustainable social protection systems and more inclusive and greener public services.

This chapter first explores the need to move towards universal social protection systems and takes into account several considerations for its implementation. Second, it insists on the need to support populations in a condition of vulnerability that are considerably affected by the pandemic, particularly the elderly, women, migrants, youth and disadvantaged students. Third, it explores the linkages between the transition to a low-carbon development model ("green transition" in short) and social inclusion. In particular, it highlights how the green transition relates to the objectives of creating quality jobs, reducing inequalities and redesigning social protection systems. Fourth, it presents citizens' perceptions in key socio-economic dimensions, including jobs, pensions and the quality of healthcare systems, and shows the importance of understanding and responding to citizens' preferences when designing and adopting reforms. The chapter concludes with key policy messages.

### **Broader social protection for more inclusive and resilient societies**

Lack of social protection and household economic vulnerability are still important challenges in LAC (Chapter 1). Social protection is essential in every society. It provides security to individuals and households in the face of vulnerabilities and contingencies, guaranteeing access to care services, including health care and income safety, throughout people's life cycles. Weak social protection mechanisms leave households exposed to the direct effect of crises and external shocks. In LAC, high levels of informality in labour markets have been a determining factor in the low social security coverage. Before the pandemic, informal employment accounted for 56% of workers on average in the region (OECD, 2020<sup>[6]</sup>). In addition, the organisation of social care continues to be unfair and unbalanced, concentrated on households and especially women engaged in unpaid labour. Unequal division of care work is one of the main barriers to women's full participation in the labour market. Even before the pandemic, women's participation rate in the region was 51.4%, compared to around 75.0% for men (ECLAC, 2019<sup>[7]</sup>).

Despite significant efforts to escalate emergency programmes, the lack of robust social protection systems left vulnerable sectors unprotected from the shocks of the COVID-19 crisis. For instance, households that depended on income from informal work were unprotected from loss of income due to the confinements. The drop in external demand for certain export products also played a role in triggering a more profound crisis in LAC.

Many countries enacted bold crisis-response policy measures to protect the most vulnerable. Income assistance to targeted populations to stimulate consumption and investment efforts to promote productive activities will continue to be critical to overcome the crisis and promote sustainable development (Chapters 1 and 3). However, further action and more ambitious strategies, combined with much-needed policy reforms, will be necessary to consolidate the recovery and build resilience.

### Universal social protection is essential to build inclusive growth and boost resilience in the aftermath of the crisis

The current crisis spotlights the need for social protection mechanisms to mitigate shocks and prevent households from falling into poverty. The crisis proved that implementing emergency measures is far less challenging in countries with robust social protection mechanisms, such as unemployment insurance, pensions and broader access to care and healthcare services. On the positive side, the crisis accelerated the scaling-up of social assistance programmes in the region.

A robust universal social protection system can bring together policies to reduce poverty, social exclusion and vulnerability throughout the life cycle. Social security systems generally offer many mechanisms that help secure people's income throughout their lives. It also secures access to healthcare services, seeking to protect the most vulnerable according to their age, gender and social class, among other dimensions (OECD, 2019<sup>[8]</sup>). Social protection systems also foster equality of opportunities through social assistance schemes.

Beyond protection for households, societies also benefit from having a social protection system through mechanisms at the aggregate level. At the society (macro) level, social protection can contribute to stimulating aggregate demand and thus increase employment. In addition, it can increase consumption and tax revenues. Stimulating aggregate demand through social protection is key during crisis periods as a countercyclical spending mechanism (OECD, 2019<sup>[8]</sup>). During crises, the aggregation of micro-level support can avoid a more profound economic recession and long-term scarring.

As a critical mechanism of social protection, well-targeted social assistance programmes can significantly contribute to levelling the positive effect of growth in two ways. First, it guarantees a minimum level of social and economic welfare. Social assistance insures against and mitigates the risks of falling into poverty among low-income households, and it fosters social mobility, contributing to closing inequality gaps. Second, social assistance enables more equal access to opportunities. In this way, it overcomes the constraints of low-income households in terms of savings and credit that hold back investments in human capital and perpetuate intergenerational poverty. If well designed, social assistance may also encourage labour market participation, innovation and entrepreneurship (OECD, 2019<sup>[8]</sup>).

Governments have made significant efforts to reach vulnerable individuals and households during the crisis by extending cash transfers programmes. They expanded social assistance measures by: i) broadening beneficiaries reached both by including additional individuals and households in traditional programmes and by creating new schemes to target unprotected portions of the population; and ii) increasing the amount and the frequency of benefits to replacing a greater share of income (OECD, forthcoming<sup>[9]</sup>). For instance, in Argentina, *Ingreso Familiar de Emergencia* is a new programme targeting unemployed individuals and households that depend entirely on informal and independent employment. The country has also increased the amount of transfers of *Asignación Universal* and non-contributory pensions, the most traditional social assistance programmes. The emergence of these new schemes, including *Auxílio emergencial* in Brazil, *Ingreso Familiar de Emergencia* in Chile, *Ingreso Solidario* in Colombia, *Subsidio Pytyvõ* in Paraguay and *Bono Familiar Universal, Independiente y Yo me quedo en casa* in Peru, offer new safety nets for vulnerable households and informal workers not covered before (OECD, forthcoming<sup>[9]</sup>).

These temporary measures can be the basis for rethinking social protection in the region and promoting a more universal and resilient social protection system that includes

those traditionally excluded, making the economy and households more resistant to negative shocks.

The crisis offers an opportunity to build a broader and more inclusive universal social protection system in many countries. It has shown how vulnerable most LAC economies were due to their high informality levels and the importance of boosting formal employment as a central piece of the recovery process. Several elements should be considered when rethinking social policies in LAC, including the need for a more comprehensive social insurance system that covers vulnerable workers, the adaptability and robustness of unemployment insurance systems, a development strategy to boost employment and formal jobs, and the fiscal sustainability of these measures (ILO, 2021<sub>[10]</sub>). Social assistance registries can facilitate the identification of workers in vulnerable situations and their socio-economic conditions and improve the design and targeting of policy interventions. The extension of the coverage of these programmes to more people has not been straightforward. Public authorities encountered problems with identifying new beneficiaries, as many are not registered, and reaching them, as they do not always have a bank account. They resorted to cross-checking existing records and finding alternative ways of expanding databases and making money transfers, mainly using digital technologies and mobile phones. Co-ordination and co-operation with the private sector, in particular financial intermediaries, emerged as a priority to reach the uncovered population and those affected by the digital divide (in terms of access to technology or lack of skills). This public-private co-operation is key to develop more effective mechanisms, such as mobile banking and financial correspondents, targeted to such population groups.

### **An inclusive and sustainable recovery needs to protect and support social groups facing multiple vulnerabilities**

Measures taken to support vulnerable groups not covered by traditional social assistance and insurance mechanisms can be the basis to reassess and promote more resilient social protection systems in the region. These measures have included introducing new social assistance programmes, extending the coverage of cash transfers or increasing the amount of benefits, and providing in-kind transfers, such as food and access to the Internet or digital devices (ECLAC, 2021<sub>[1]</sub>; OECD, 2020<sub>[6]</sub>).

Certain social groups have pre-existing characteristics that made them extremely exposed to shocks due to the crisis. These groups need to be at the centre of social policy strategies. Socio-economic pre-pandemic conditions that could determine individuals' and households' resilience to the crisis were unequally distributed. Beyond informal self-employed workers and poor households, other groups disproportionately affected by the crisis were women, youth, the elderly, indigenous peoples, Afrodescendants (ILO, 2021<sub>[3]</sub>; UNDP, 2020<sub>[11]</sub>) and migrants. Governments need to put in place policies that are sensitive to these groups' needs, designed with inclusive participation of representatives from these groups and targeted to protect their lives, livelihoods and well-being. Affected groups should be routinely consulted on relevant initiatives with transparent feedback programmes that respond to their particular needs and that do not entrench pre-existing discrimination and marginalisation. Public policies should apply an intersectional and gender approach to account for the multiple discrimination forms and structural barriers that various population groups face.

While efforts to increase social expenditure through non-contributory social protection evidenced a rapid response by governments, pre-crisis social protection capacity has determined countries' ability to contain the harmful effects of the crisis. The increase in additional resources to finance social protection programmes in Latin

America represented 1.25% of gross domestic product (GDP) in 2019. Traditional social assistance programmes have been vital to guarantee social protection for poor and vulnerable households. For instance, in Mexico, non-contributory pensions became universal in 2019 (ECLAC, 2021<sup>[11]</sup>), protecting the elderly who traditionally experience greater income and health vulnerabilities. In Paraguay, *Tarjeta Universal Social* covers around 12% of the population. In Uruguay, *Asignaciones Familiares* transfers cover around 11% of the population.

Focusing additional efforts to support individuals who experience multiple vulnerabilities is key to mitigate a loss in well-being and the potential effects on development trajectories. While the crisis affects the entire workforce, the disproportionately negative effects on informal workers, and especially on women and young people, indigenous people, Afrodescendants and migrants, result from the union of features and conditions of their socio-demographic characteristics that tend to accentuate vulnerabilities (UNDP, 2020<sup>[11]</sup>; ECLAC, 2020<sup>[12]</sup>). The next sections present challenges and policy recommendations to address the vulnerabilities of groups that face particular forms of discrimination in LAC.

### **Improving social protection systems to support the elderly population's needs is key to build resilience**

LAC countries face a twin challenge: the coverage of social protection is unequal and expanding at an insufficient pace, while their dependency and working-age to old-age population ratios are worsening, due to ageing. While population ageing is the result of improvements in living conditions and health and development policies, it also presents challenges in terms of social protection and health care that need to be addressed by policy makers (Álvarez, 2020<sup>[4]</sup>). While Latin America is still a relatively young region, the demographic ageing process is advancing at an accelerated pace: the share of the population over age 65 is expected to reach 18% in 2050, more than double the current 9% (OECD/The World Bank, 2020<sup>[13]</sup>). Ageing rates vary significantly across countries, with Uruguay (15%), Chile (12%) and Argentina (11%) having the higher proportion of the population over age 65 (UNDESA, 2019<sup>[14]</sup>). Population ageing implies a decrease in the share of the working-age population. The ratio of the working-age population to the over age 65 population will evolve from 8.6 in 2015 to 3.4 in 2050, although the situation differs among countries. In particular, Chile, Costa Rica, Uruguay and Caribbean countries will see the most significant declines (UNDESA, 2019<sup>[14]</sup>). These demographic changes are likely to increase the financial pressure on healthcare systems, the sustainability risk of some pension regimes and the challenges for production processes and the economy as a whole. Families will also have to take care of older members for longer, in the absence of universal care systems. Women will be the most affected because they disproportionately bear the burden of care work. On average, women dedicate two-thirds of their time to unpaid work and one-third to paid work, while it is the inverse for men (ECLAC, 2021<sup>[15]</sup>).

In LAC, 42% of people over age 65 are covered by the public non-contributory healthcare system, representing limited adequate coverage and access to quality care and adding financial pressure on social systems. On average, only four out of ten elderly people have access to health care through the public system. LAC countries present high heterogeneity in the social security coverage of healthcare systems for the elderly, ranging from 94% in Argentina to 24% in Bolivia (Álvarez, 2020<sup>[4]</sup>). This status of healthcare social protection is linked to the high financial insecurity associated with private health expenditure. The current pandemic can be a starting point for strengthening care and healthcare systems since it has put pressure on governments to increase systems' preparedness for future sanitary crises and the challenge that population ageing poses.



The COVID-19 crisis put the spotlight on some inadequacies of health systems in Latin America. Among them are disparities in the effective access and quality associated with higher income and urban location. High out-of-pocket (OOP) healthcare expenditure, inequalities in immunisation rates and lower ratios of human resources, specialised doctors and nurses and other physical resources, such as beds and intensive care unit (ICU) places, have been limitations for LAC health systems in coping with the increased demand due to the pandemic. Strengthening healthcare provision is needed both in the short term and in the long term, as the share of elderly population will increase in LAC countries. Among the medium-term actions, governments in the region should increase financial coverage, reduce OOP expenditure and strengthen the long-term care workforce (Muir, 2017<sup>[16]</sup>).

Making pension systems sustainable and more robust is relevant to protecting the elderly population's well-being. High informality in Latin America – around 56% before the pandemic – implies that a high proportion of future elderly citizens will be less likely to receive a pension from a contributory scheme (OECD, forthcoming<sup>[9]</sup>). On average, before the crisis, around 75% of the population over age 65 received a pension in Latin America in 2017; however, a total of 28% of pension receivers are beneficiaries of non-contributory pensions (Arenas De Mesa, 2019<sup>[17]</sup>). Moreover, the amount of transfers of contributory pensions is insufficient to replace a person's level of income during their productive life. Only countries like Argentina and Ecuador exhibit a replacement rate of around 60%, while many others are below the standard level stated by the ILO (45%), including Chile, Mexico and Peru (Álvarez, 2020<sup>[4]</sup>). While solidarity pensions have improved access to pensions for the elderly in LAC, the capacity of these transfers to replace income is deficient in comparison with contributory pensions, especially for women. In many countries, such as Bolivia, Colombia, Ecuador and Peru, the amount of these transfers is below the poverty line, which makes it difficult for these programmes to reduce poverty rates and income inequality for people over age 65.

Social protection policies need to face population ageing by increasing coverage, the number of transfers and services they offer to guarantee a certain level of income and the quality of those services while promoting social protection systems' financial sustainability and inclusiveness. To achieve these goals, promoting job formalisation, finding alternative ways to fund social protection separately from labour status and designing social security incentive schemes that take into account heterogeneities in labour markets and economies across LAC countries are urgently required in line with the previous section.

Most countries will need to execute a set of reforms to improve social protection, including a profound transformation in contributory schemes, public systems and labour market regulations, and fiscal or expenditure reforms to meet citizen demands for welfare. Rethinking the social system to protect the elderly requires considering structural problems, such as informality, gender inequalities, low tax collection and a very limited fiscal space (Chapter 1). These problems intensified with the pandemic, and potential policy actions for the recovery will vary depending on country contexts. There is no unique solution, and each country needs to find a particular combination of policy options. For instance, in Chile, where the system is based primarily on individual mandatory capitalised accounts and contributions rates are low (10% of earnings), the net replacement rates of less than 40% (vs. the nearly 60% average for Organisation for Economic Co-operation and Development [OECD] countries) are relatively low (OECD, 2019<sup>[18]</sup>). In Colombia, the pension system remains complex. Its structure is unusual, as it comprises two parallel mandatory systems: a public pay-as-you-go (PAYG) defined-benefit scheme and a private defined-contribution scheme. Workers are allowed to switch between the two every five years up until ten years before retirement. Compared to the OECD average and only for



formal workers, while the replacement rates are relatively high in the public PAYG system, they remain relatively low in the private system. Recent reforms have aimed to reduce old-age poverty risks for informal workers but remain insufficient. The old-age assistance scheme was strengthened in 2010 through the creation of *Colombia Mayor* (OECD, 2015<sup>[19]</sup>). In Costa Rica, in contrast to OECD countries, the government pays, along with employers and workers, a share of social security contributions of employees and the self-employed in both the private and public sectors. Such high government contributions explain, in part, the relatively low levels of informality among self-employed workers in Costa Rica – the lowest in Latin America (OECD, 2017<sup>[20]</sup>). However, minimum years of contribution (15 years for a reduced pension) discourage job formalisation among workers with fragmented working histories. In Mexico, where expected replacement rates are low (28.6% for men and 26.7% for women), the government was forced to introduce a new safety net for people aged 68 and over (*Programa Pensión para el Bienestar de Adultos Mayores*) to support retirees' incomes and avoid older workers, especially if informal, falling into poverty (OECD, 2020<sup>[21]</sup>). In Peru, publicly and privately funded pension components currently operate in parallel, competing with each other rather than ensuring complementarity. Strict eligibility requirements for the public system mean that individuals unable to achieve 20 years of contributions receive no public-system benefits. This floor discourages informal workers from entering the formal sector, and individuals switching to the private system will lose access to minimum pension benefits (OECD, 2019<sup>[22]</sup>). At the LAC regional level, in general, policy options include increasing the retirement age, allowing for part-time contributions, reducing requirements for contributions in the formal sector, funding social protection through general taxes, unifying social assistance programmes and increasing the amount of contributions. Last, the political economy involved in these reforms will have an enormous impact on the preparedness of Latin American economies to protect the elderly in the future.

### **Gender-focused labour market policies and redistribution of care work should be at the centre of the recovery**

Material hardships associated with COVID-19 have disproportionately affected women (ILO, 2021<sup>[3]</sup>). Crisis-driven loss of income and micro shocks are more likely to affect women's socio-economic conditions (OECD et al., 2020<sup>[2]</sup>). The gender gap in asset holding, income generation, labour market participation and care work made women more vulnerable to the crisis. Women's incomes and wealth are, on average, lower than men's, and they are more likely to be poor. Before the pandemic, working-age women's poverty rates were 12.7% higher than those for men in the same age group (ECLAC, 2021<sup>[1]</sup>). Moreover, the hourly labour income was higher for men at PPP USD 6.0 (United States dollar) than the USD 5.7 for women (IMF, 2020<sup>[23]</sup>).

Women in LAC were particularly exposed to the effects of the virus since they represent most of the healthcare workforce. While women are under-represented among physicians and pharmacists, they are over-represented among nurses and midwives, who face direct contact with infected patients. Women in Latin America account for 46% of physicians and 86% of nurses.

Other variables associated with pre-pandemic conditions contributed to women vulnerabilities in facing the crisis. Women were over-represented in more affected industries, which made them more exposed to job loss (ILO, 2020<sup>[24]</sup>). In Latin America, eight out of ten women work in service, commerce, tourism and hospitality (Gutiérrez, 2021<sup>[25]</sup>). Moreover, 54% of women are in informal employment, compared to 52% of men. Labour market characteristics added additional vulnerabilities for women in LAC. On average, reduction in employment (18.1% vs 15.1% for men) and exit from the labour market (15.4% vs. 11.8% for men) were significantly higher for women (ECLAC, 2021<sup>[1]</sup>).

Youth, and in particular young women, lost their jobs and faced hardships during 2020. Some 34% of young men lost their jobs vs. 39% of young women, with heterogeneity in the gender gaps associated with job loss among LAC countries ranging from 20% in Colombia to 65% in Honduras (Gutiérrez, 2021<sup>[25]</sup>). The recovery process can be slower for women of childbearing age, for whom the burden of taking care of children and discrimination in the labour market can affect the labour trajectory (Tribin, Vargas and Ramírez, 2019<sup>[26]</sup>).

Confinement and closing of multiple services, including schools and other social services, imposed severe limitations on work for women and increased their unpaid workload, as they faced additional care responsibilities to support children's learning and provide care for family members who were sick or in need (OECD, 2020<sup>[27]</sup>; ECLAC, 2021<sup>[1]</sup>). Women had limited access to teleworking as a mechanism to continue working, given the female workforce's distribution in industries and sectors requiring personal interaction. Women may also find securing employment and income following lay-off more difficult because of greater caring obligations. In the region, men spend most of their time in paid work, while women spend most of it in unpaid work inside their households (ILO, 2019<sup>[28]</sup>). Before the crisis, 11.1% of women were employed as paid domestic workers, and only 24% of them were affiliated with or paying into social security systems (ECLAC, 2021<sup>[29]</sup>). Unequal distribution of domestic and care work, together with the ageing trends that will increase the demand for care, threaten economic and labour inclusion for women, in the absence of public and market provision of these services.

The confinement measures, together with the psychological implications of the pandemic and the economic hardship, might have increased violence against women (OECD, 2020<sup>[30]</sup>; ECLAC, 2020<sup>[31]</sup>), with an enormous negative impact on women's well-being. While there is not enough data for the pandemic period to quantify the increase in violence against women, during the first months of the crisis, violence reports showed an increase that raises awareness of the need for policy to offer services related to attention and support for victims in contexts of gender-based violence against women (ECLAC, 2020<sup>[31]</sup>). In Argentina, the number of inquiries concerning gender violence increased by 39%. In Brazil, a 50% increase in complaints was reported in Rio de Janeiro. In Colombia, complaints increased by 51% in the first days after the quarantine. In the Mexican state of Nuevo León, there was an increase of 30% in reports of cases of family violence (UN Women, 2020<sup>[32]</sup>; Gutiérrez, 2021<sup>[25]</sup>). Moreover, school closures and increased hardship at home resulted in a large number of girls permanently dropping out of school, notably from disadvantaged communities, and this led in turn to much higher risks of unwanted pregnancies and early marriages (Szabo and Edwards, 2020<sup>[33]</sup>). Urgent actions are required to protect girls and women's lives and well-being.

Digital transformation can offer opportunities for women to recover space in the labour market. New technologies and the acceleration of digitalisation during the pandemic can allow women to keep working from home, offer part-time work, balance family and work more effectively and reduce costs in transport time. However, the gender digital gap can impede the inclusion of women in the future of work, for instance resulting from differences in the age of first access to digital devices and in the perception of skills necessary to navigate the digital world (OECD et al., 2020<sup>[2]</sup>). Ensuring inclusive digital transformation that includes women's access to digital technologies and measures to provide the skills to use them and breaking down socio-economic barriers and thereby improving economic opportunities are necessary to promote women's autonomy in the post-pandemic context (ECLAC, 2021<sup>[29]</sup>). This will also facilitate remote learning, reduce unpaid work time and open the possibilities for women to join the labour market through new ways of work, such as through the platform economy.

LAC governments should promote greater labour participation and labour income for women, with a broad range of synergic policy interventions. First of all, redistributing care work by offering quality public and private care services may incentivise women to enter the labour market, or increase the working hours, in case they hold part-time informal jobs. Gender focused policy actions that allow women to balance family and work to increase labour productivity go in the same direction (ILO, 2019<sup>[28]</sup>). Subsidising early childhood education can provide alternatives to parent care (OECD, 2020<sup>[30]</sup>), allowing women to re-enter the labour market, after pregnancy. Comprehensive care systems for young students, the elderly and the sick that combine policies relating to the distribution of time, resources, benefits and services connected with health and education policies can prevent that women have an excessive burden of unpaid work (ECLAC, 2021<sup>[29]</sup>). These actions are particularly important in the context of the recovery, as there will be a need to catch up on learning for most students in the region, given the large number of days schools were closed compared to OECD countries (see the next section).

It is essential to expand social protection coverage to address the diversity of situations for women. LAC governments have widely used cash transfer programmes to mitigate the effects of the pandemic on households. However, suspending some conditionalities of these programmes might be necessary for women, youth and children to continue receiving benefits while returning to normal and avoiding extra unpaid work for women. Ensuring that women most affected by the crisis are targeted as beneficiaries, e.g. by making them the direct recipients of transfers among household members or prioritising female household heads, is key in the short term.

Transforming the social norms associated with an unequal distribution of care work might require considerable time. However, the pandemic offers an opportunity to raise awareness of the value of care and domestic work and increase effective communication and education on these issues to change the imbalance in unpaid work inside the household. In the medium term, men and boys need to be included in advancing essential goals for women's social and economic development, especially through redistribution of unpaid care work, challenging the idea that it is just women's responsibility. To achieve this, the inclusion of gender-equitable masculinities in a new social contract in the region can promote women's empowerment and provide support for gender equality. Gender-focused recovery policies should consider as a goal the promotion of this transformation of masculinities (OECD, 2021<sup>[34]</sup>).

Last, increasing women representatives' participation in the design process of gender-sensitive social protection programmes and taking the gender dimension into account in public policy must be a priority in the construction of a new social contract (Chapter 4).

### **Rapid actions to tackle inequalities in education and skills acquisition are key for the recovery**

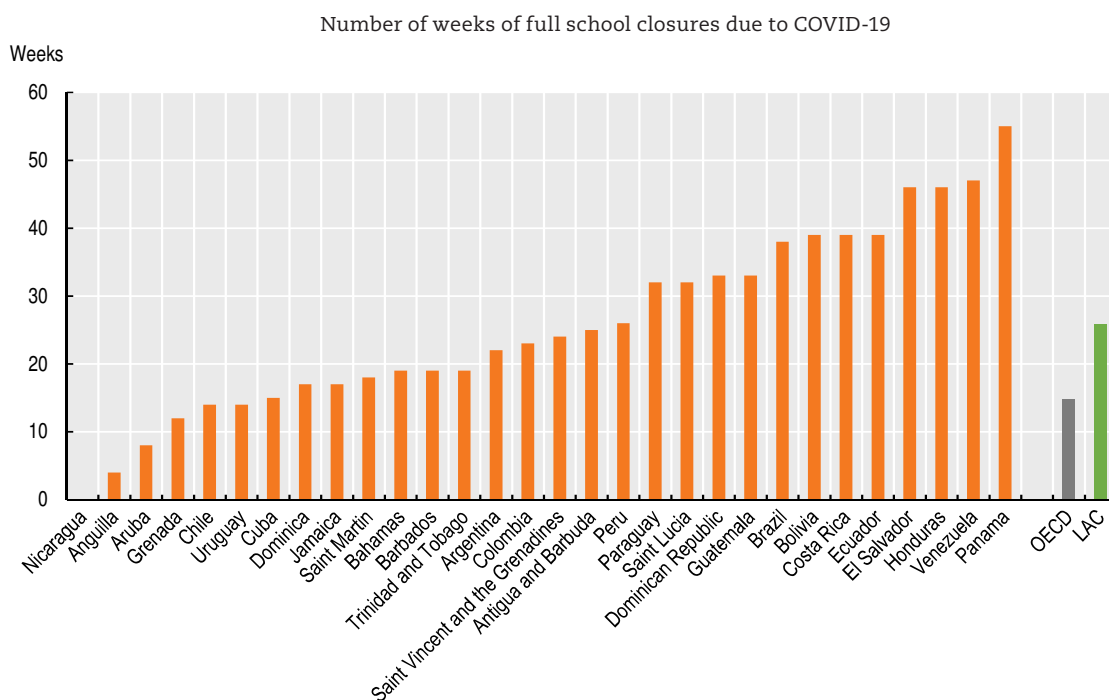
The COVID-19 pandemic amplified existing inequalities in the access to and quality of education in Latin America. LAC countries were not prepared to digitise education, affecting around 154 million students in the region (UNICEF, 2020<sup>[35]</sup>). Most students do not have the resources to connect to or use an electronic device, with a clear difference between students attending advantaged and disadvantaged schools. While 51% of 15-year-olds in advantaged schools have access to online learning platforms, only 21% in disadvantaged schools do (OECD, 2020<sup>[6]</sup>). The role of teachers can amplify gaps in students' learning during the pandemic. On average, across LAC countries, only 58% of 15-year-olds are enrolled in a school whose principal thinks that they can adapt their technical and pedagogical skills to integrate digital devices (OECD et al., 2020<sup>[2]</sup>).



Educational outcomes during the pandemic depend on the home environment and family background. About 73.6% of LAC's students in the poorest quintile of the income distribution have a study space (Jaramillo, 2020<sup>[36]</sup>). Parents' skills, social capital, time availability and capacity to help children to use technology for learning contribute to widening gaps (OECD, 2020<sup>[37]</sup>). Advantaged students are more likely to have parents with higher cognitive and digital skills who can support distance learning (OECD, 2020<sup>[38]</sup>). Most impoverished parents have not finished secondary school and rarely use information and communications technology (ICT) other than mobile phones. In LAC, the levels of parent involvement in school, measured as the percentage of parents who discussed their child's progress with a teacher on their own initiative, are below the OECD average (37% vs. 41%) (OECD, 2020<sup>[39]</sup>). Moreover, the index of parent involvement in home learning shows significant variation among socio-economic groups: between 10.4 and 22.6 times lower for the poorest quintile, compared to the highest (Jaramillo, 2020<sup>[36]</sup>).<sup>1</sup>

Many schools in LAC were forced to close to contain the spread of the virus. Globally, schools have been fully closed for, on average, 19 weeks at the time of writing. In LAC, the figure is 26 weeks of full school closures, on average, making it the region with the highest average number of lost school days (UNICEF, 2021<sup>[40]</sup>). On average, between March 2020 and May 2021, school closure status in LAC was more than 70% higher than in the OECD (Figure 2.1). Across LAC countries, there is considerable variation in school weeks lost; for instance, Chile and Uruguay have lost an average of 14 weeks due to COVID-19. Most of the time, schools in these countries remained open or partially open, while countries such as Brazil and Panama have lost 38 and 55 weeks, respectively.

Figure 2.1. School closures have been longer in LAC than in OECD countries, threatening to deepen education inequalities



Note: OECD average includes the then 37 member countries. LAC average includes Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Peru, Uruguay and Venezuela. Updated until 1 May 2021.

Source: UNESCO (2020), Global Monitoring of School Closures caused by COVID-19 <https://en.unesco.org/covid19/education-response#schoolclosures>.

StatLink <https://doi.org/10.1787/888934286179>

The direct impact of closing schools is possible learning loss. Prolonged interruptions of studies (for example, due to vacations or strikes) are associated with a reduction in learning levels, especially among students in a state of vulnerability (Azevedo et al., 2020<sup>[41]</sup>; Busso, 2021<sup>[42]</sup>). Furthermore, this impact may differ among socio-economic groups and may increase inequality. Many LAC schools remain closed at the time of writing, and there is insufficient evidence to assess thoroughly the impact of the COVID-19 pandemic on student learning outcomes. However, preliminary data from the United States show that, between March and May 2020, students from high-income households using the Zearn mathematics platform temporarily learned less but soon went back to January baseline levels, while low-income students ended the school year almost 50% below baseline levels (Jaramillo, 2020<sup>[36]</sup>; Chetty, 2020<sup>[43]</sup>). The difference can be partially explained by the fact that high-income students – who already have developed digital cognitive skills, have access to ICT and have parents who can guide them through the use of online resources – can more readily benefit from digital technologies tools (Basto-Aguirre, Cerutti and Nieto-Parra, 2020<sup>[44]</sup>).

In addition to the most direct impacts, the prolonged closures of schools have also other indirect impacts. For instance, they are affecting the recovery from employment losses for women. The presence of school-age children is associated with a greater probability of unemployment during the pandemic due to increased household childcare needs, given that social norms encourage women to become the primary family caregivers (Cucagna and Romero, 2021<sup>[45]</sup>). The burden of unpaid domestic and care work among girls and adolescent girls could also increase. In addition, the pandemic could force children from poorer families into the labour market, increasing child labour rates to 7.3% of children aged 5 to 17 – some 10.5 million children (ILO/ECLAC, 2020<sup>[46]</sup>). The safe reopening of schools, and training and extra-curricular support for the most disadvantaged students, are therefore a priority to facilitate an equal recovery in the region.

Increasing evidence shows that in-person schooling is not a main driver of contagion, in case of stringent safety protocols including correct distancing, masks and case testing, and that pandemic's impact on children might be worse if they do not return to class (UNICEF, 2021<sup>[40]</sup>). Investing in improving the state of school infrastructure to ensure basic sanitation and the respect of hygiene conditions in the LAC region is urgently required to ensure a prompt and safe return to school since most countries opted to keep schools closed. Reopening should follow guidelines established by the World Health Organization and organisations such as UNICEF (WHO, 2020<sup>[47]</sup>; UNICEF, 2020<sup>[48]</sup>). Planning teacher supply and demand and improving training and access to the Internet and technologies for those who cannot return to school are intermediate steps that should be rapidly implemented to protect education access and quality in LAC.

The continuity of policy interventions that address the pandemic's crisis is essential, especially for those that can reduce inequalities in access to communications infrastructure, facilities, equipment and content (Basto-Aguirre, Cerutti and Nieto-Parra, 2020<sup>[44]</sup>). In LAC, around 100 education policy actions have been adopted since the beginning of the pandemic, but most related to the suspension of classes: 62 actions provided for remote learning tools (ECLAC, 2020<sup>[49]</sup>). Social protection programmes also constitute an important mechanism to reduce the pressure some households face due to coexistence or economic problems that might affect children's well-being (Jaramillo, 2020<sup>[36]</sup>). For example, in 2020 Colombia provided a special cash transfer incentive to the beneficiaries of the "Youth in Action Programme" (*Jóvenes en Acción*) with the only condition that they were enrolled in education since March 2021. The programme aims to guarantee access to quality education for youth experiencing economic disadvantages or in a vulnerable situation since 2012.

COVID-19 exacerbated education gaps and created new ones. It is essential to support schools by implementing initiatives that help students catch up on missed learning (OECD, 2020<sub>[50]</sub>). In Europe and North America, summer schools, accelerated education programmes and other relatable practices were designed to help disadvantaged students catch up. Summer schools have been implemented in Canada, Germany and the United Kingdom. Planning how to tackle arising inequalities will need to include implementing these types of initiatives to provide motivation and substantial learning gains in a short period for disadvantaged populations in LAC.

Countries can choose to implement accelerated programmes focused on core subjects, making them flexible and age-appropriate (OECD, 2020<sub>[50]</sub>). Norway is among countries implementing them, and organisations such as UNICEF and the Accelerated Education Working Groups (AEWG) advise using them to address the education gap. France financed 1.5 million additional teacher hours for after-school support of students. Designing and applying universal curricula, supporting non-formal learning activities at home and encouraging after-school tutoring constitute potential policy actions to close the widening education gaps. Last, it is important for the recovery to focus on the well-being and socio-emotional skills of students and teaching staff, as these skills allow them to approach traumatic situations calmly and with emotional stability (ECLAC/UNESCO, 2020<sub>[51]</sub>).

### **Policies should guarantee the basic rights of, and attention to, migrants, who experience multiple vulnerabilities in the region**

Migration is on the rise in LAC, specifically driven by the Venezuelan crisis, among other important corridors. More than 11.6 million migrants resided in LAC countries in 2019 (UNDESA, 2019<sub>[52]</sub>). Increasing inequalities across the region have changed the shape and routes of migration. Migration figures have dramatically increased since 2015, with the humanitarian and economic crisis in Venezuela pushing around 4.7 million people to leave the country between 2015 and 2020, close to 4 million of whom have settled in LAC countries (OECD, 2020<sub>[6]</sub>). Colombia bore the largest part of this flow, but the migration crisis has since expanded to Chile, Ecuador and Peru. The situation has also been marked by increased emigration along a new migration route from Haiti to South America and the route that crosses Central America, Mexico and the United States (OECD/ILO, 2018<sub>[53]</sub>).

Migrants and their families are disproportionately affected by the crisis, warranting special attention by governments (OHCHR, 2020<sub>[54]</sub>). Previous economic crises have made it possible to ascertain the vulnerability of migrants in indicators such as health, employment, education and others (OECD, 2020<sub>[55]</sub>), which allows dimensioning the problems they face during the pandemic. Migrants in LAC are over-represented among the poorest segments of the population, and increased migration, coupled with the COVID-19 crisis, has shifted people's perceptions towards negative views of migrants.<sup>2</sup> Last, migrant families are more likely to be evicted owing to non-payment, given that many do not have a formal rental contract, and to live overcrowded in informal slums, with reduced access to essential public services and means to comply with sanitation recommendations (ECLAC, 2020<sub>[56]</sub>).

Migrant workers are concentrated in informal low-productivity sectors, which makes them more exposed to the virus and more likely to experience job loss. Lack of recognition of education and qualifications limits their access to the formal labour market and their capacity to recover in the post-pandemic period. Among migrants, women lay at the intersection of various deprivations and vulnerabilities. More than half of migrants are women (51.6%), and more than one-third of them are engaged in paid domestic work (35.3%) (ILO, 2016<sub>[57]</sub>). The significant impact of the crisis on the domestic service workforce has meant that many migrant women lost their source of income without the possibility



of returning to their country of origin. Racism and xenophobia also represent important challenges to adequate protection and re-entry into the labour market after the crisis for migrants (ECLAC, 2020<sub>[56]</sub>). The legal status of migrants impacts as well on their integration in the labour market of the country of destination. Different legal requirements are often a barrier to employability. For instance, refugees may not be entitled to take up jobs in the formal sector, or have no rights to access public education, health or to benefit from public employment services and social assistance. The same may apply to irregular migrants. Rules are normally more flexible in the case of family reunifications, and migrants who join the families face higher chances of a smooth transition in the labour market of the host country (OECD/ILO, 2018<sub>[53]</sub>).

Facilitating migrants' access to social protection measures should be a priority. Replacing part of their income loss will help these families comply with social distancing measures. Allowing access to health care and immunisation will reduce the spread of the virus since most migrants hold jobs requiring in-person interactions. This externality is one of the main arguments in favour of prioritising groups most at risk in the context of a pandemic; universal social protection becomes a precondition for success in combating the spread of the disease (Lusting and Tommasi, 2020<sub>[58]</sub>). It is essential to guarantee migrants' access to health services (OHCHR, 2020<sub>[54]</sub>), especially in LAC countries that do not have a history of implementing these types of programmes. So far, Colombia has been one of the only countries to implement a policy to support migrants in the pandemic, mainly via detection and prevention (ECLAC, 2020<sub>[56]</sub>) (Box 2.1).

Extending coverage of support measures by modifying their access and duration to benefit the migrant population is part of the inclusive recovery policy actions that can accelerate socio-economic recovery in the region. Some OECD countries have changed their policies or regulations to extend coverage and support measures. Belgium and Spain reduced the minimum duration of work required to access unemployment benefits, which helps cover migrants through social protection responses (OECD, 2020<sub>[55]</sub>). In LAC, Brazil implemented an emergency fund to support informal or unemployed migrants (UNDP, 2020<sub>[59]</sub>), while Colombia and Peru introduced new cash transfer programmes (*Ingreso Solidario*, *Apoyo económico para migrantes venezolanos*). Similar policies have been set up in Chile (*Ingreso Familiar por Emergencia*), Panama (*Plan Solidario*) and Trinidad and Tobago (*Asistencia COVID-19*). At the global level, OECD donor countries have engaged in extending migrant and refugee access to public goods and services, such as public schools, formal labour market participation, entrepreneurship and skilled work in renewable energy (Gagnon and Rodrigues, 2020<sub>[60]</sub>).

Helping migrants who live or travel in inadequate conditions, with no access to water, sanitation or good hygiene, is key in the fight against the pandemic (OHCHR, 2020<sub>[54]</sub>). In LAC, countries including Colombia have helped Venezuelan migrants in border areas by building temporary shelters and distributing food (UNDP, 2020<sub>[59]</sub>). Actions to mitigate the problems that migrants experience should include: i) access to testing and health care to prevent COVID-19; ii) relocation of highly populated settlements; iii) a framework to suspend evictions; and iv) strategies to tackle gender violence.

Migrant workers are essential for many sectors of the economy, including those providing basic services during the pandemic (ICC, 2020<sub>[61]</sub>). This might raise awareness of the importance of extending their worker rights regularising migrants' labour situation so that they can access the same labour benefits as nationals. Colombia, for instance, extended the Special Permanence Permit (*Permiso Especial de Permanencia [PEP]*) to allow Venezuelan migrants to access the institutional provision in matters of health, nutrition services, education and work (UNDP, 2020<sub>[59]</sub>) (Box 2.1).

### Box 2.1. Colombia's national regularisation programme to respond to the Venezuelan crisis

According to the United Nations Department of Economic and Social Affairs, over 5 million Venezuelans have left the country due to the political and economic crisis. Colombia has been the primary destination for Venezuelan migrants and refugees, hosting around 1.8 million Venezuelans as of December 2020, followed by Brazil, Chile, Ecuador and Peru. Some 56% of migrants in Colombia are in an irregular condition. According to the United Nations, Venezuelan migration has not shrunk during the pandemic. By the end of 2021, there could be 6.2 million Venezuelan migrants and refugees, of which a considerable proportion is expected to opt for Colombia as a new country of residence.

The Colombian government had implemented measures to protect its population from risks posed by COVID-19 and broadened them to include Venezuelan refugees and migrants among beneficiaries. Adopted measures included free access to emergency and COVID-19-related health services for irregular migrants. Even before the pandemic, the country granted full access to the national health system schemes for those with the Special Permanence Permit (Ministerio de Salud y Protección Social, 2018<sup>[62]</sup>), an identification document created in 2017 that allows registered migrants to access the same institutional services as nationals for two years.

Providing humanitarian attention in border corridors, offering access to some of the social protection programmes and promoting the co-ordination of action through international co-operation and with local governments have proven to be key elements in migrant support. Social assistance transfers through *Ingreso Solidario* and the in-kind school feeding transfers adopted in 2020 benefit vulnerable households without differentiation by nationality (Ministerio de Salud y Protección Social, 2020<sup>[63]</sup>). Promoting co-ordination and sharing information with local governments in high-impact areas and with international humanitarian actors has provided effective solutions to respond to migrants' needs.

In February 2021, Colombia extended integration measures for migrants by establishing the Temporary Protected Statute for Venezuelan Migrants (EPTV), making it a pioneer in the region in adopting universal measures to protect migrants. The EPTV consists of a complementary mechanism to the international protection regime for refugees, that allows closing existing gaps based on the migratory reality and the country's institutional, social and economic response capacity (Migración Ministerio de Relaciones Exteriores, 2021<sup>[64]</sup>). By providing ten-year residency visas for all Venezuelan migrants (regular and irregular) with the possibility of obtaining long-term residency, Colombia's new strategy protects the human rights of a part of the population currently in a condition of greater vulnerability. This new set of measures will provide legal status for over 1 million irregular migrants in Colombia.

The EPTV protects Venezuelans from exclusion from institutional services and involuntary returns. Moreover, it reduces the risk of exploitation in labour markets and safeguards Venezuelan households from the consequences of the pandemic. The new status increases migrants' access to public services and social protection and might improve their access to quality jobs and decent living conditions. Implementing such a large-scale initiative requires a significant investment of time, logistics and resources; however, the measure has received support from the international community and has reinforced the need for generous and bold actions to provide long-term solutions to migration challenges.

## The potential of a green and inclusive recovery in LAC

Environmental and socio-economic risks are strongly interconnected. Post pandemic, risks that were previously seen as a distant threat appear to be a concrete opportunity to create the conditions for a more inclusive and sustainable development.

Advancing towards a low-carbon development model, or “green transition”, is not only necessary to reduce the increase in temperatures and safeguard the planet, but can also be a way to reduce inequalities, create quality jobs and redesign social protection systems. At the same time, tackling inequalities and advancing towards more universal social protection systems, as suggested above, will have a key role in addressing the impacts of climate change that disproportionately affect the most vulnerable groups. It will also help workers in economic activities that are affected by the green transition to reduce the possible negative impacts and move into new employment opportunities.

Green growth and socio-economic prosperity can go hand in hand in LAC. Countries should seize the opportunity created by the pandemic to implement structural reforms to move towards a greener, more inclusive and more resilient development model. Stimulus packages should facilitate a “just transition”, focus on direct benefits to people and address infrastructure gaps to meet the United Nations Sustainable Development Goals (SDG) of mobilising green investments and creating jobs.

The post-COVID world calls for an integrated vision of social and environmental development implemented at all levels of government. It is necessary to integrate social domains into the design of green transition policies, and it is key to mainstream climate mitigation and environmental considerations as cross-cutting issues across government areas, particularly regarding social protection systems. Failure to do so runs the risk of undermining societal acceptance of future ambitious policy proposals addressing the environment. Integrated approaches would allow social and human development issues to be taken fully into account in the ecological transition, to achieve carbon neutrality and drastically reducing multi-dimensional inequalities (AFD, 2019<sub>[65]</sub>). Moreover, adopting a well-being lens to address the green transition could help design climate strategies with the potential to accelerate climate change mitigation while improving wider well-being outcomes (OECD, 2019<sub>[66]</sub>).

Linking a green transition with the region’s social challenges could enable a successful recovery from COVID-19 in at least three domains: i) reducing the unequal impact of climate change on vulnerable groups; ii) creating quality jobs; and iii) promoting social inclusion through broader social protection systems.

### Tackling climate change to reduce inequality: Two intertwined challenges

The pandemic exposed the close interaction between human and animal health and the environment amplifying the necessity to address the challenges of inequality and environmental degradation together (OECD, 2021<sub>[67]</sub>). Climate change exacerbates existing inequalities and social tensions within and across countries, as the impacts of environmental degradation tend to be concentrated among vulnerable groups. There is a kind of “double punishment”: those who suffer and will suffer the impacts of climate change the most are those who contribute the least to the problem (AFD, 2019<sub>[65]</sub>; AFD, 2018<sub>[68]</sub>). While the pandemic increased the number of people living below the poverty line in LAC (Chapter 1), climate change is projected to contribute an additional 5 million by 2030 (IDB, 2021<sub>[75]</sub>). Climate change threatens to reverse the global health gains of the past 50 years (The Lancet Commissions, 2015<sub>[69]</sub>).

Inequality represents a significant obstacle to the fight against climate change and ecological disruption. Indeed, the ambitious transition policies necessary to respond



to climate and ecological challenges could affect the groups most at risk, through job restructuring, temporary job losses and loss of income (OECD, 2021<sub>[67]</sub>). These undesirable effects will likely be difficult to accept for fragile populations and social groups already under stress due to pronounced inequalities. Policies should consider this at the design and implementation phases (AFD, 2019<sub>[65]</sub>; AFD, 2018<sub>[68]</sub>).

In Latin American cities, groups living in precarious neighbourhoods are more susceptible to climate change effects and other phenomena, such as air pollution, due to high rates of residential segregation for socio-economic reasons. High urbanisation rates and the unregulated expansion of urban areas allowed those groups to locate in high-risk zones, such as floodplains and landslide-prone slopes, with deficient or non-existent infrastructure, elevating residents' health risks and vulnerability to extreme climate events due to their socio-economic status (CAF, 2014<sub>[70]</sub>). Cities have an enormous potential to contribute to both mitigation and adaptation efforts and achieving national climate targets. There is an increasing recognition of the urgency to develop effective territorial strategies and turn cities into better places to live, in harmony with nature, including through appropriate use of Nature-based Solutions and Ecosystem-based Approaches (OECD, 2019<sub>[71]</sub>).

Addressing the deficits in basic infrastructure and services in informal settlements and involving citizens in political decisions are ways to build climate resilience. Investing in “risk-reducing” infrastructure and services (e.g. quality and affordable water, electricity, sanitation, health centres and paved roads), as well as in climate change adaptation and mitigation, could improve well-being in informal settlements and making them more resilient to climate-related risks (OECD, 2021<sub>[67]</sub>). Incorporating citizens into the design and implementation of these policies is key (Chapter 4).

Air pollution also has unequal impacts across socio-economic groups. Air pollution is largely caused by the increase in private transport, which has notable effects in terms of mortality, morbidity, productivity and well-being (ECLAC, 2021<sub>[72]</sub>). It is estimated that the health effects of air pollution cost citizens 15% of their income (Hidalgo and Huizenga, 2013<sub>[73]</sub>). However, outdoor air pollution is not the only source of health and economic issues for people. Indoor pollution has also sizeable negative effects. Biomass burning for cooking and heating generates most of the emissions within households. Albeit declining, mortality rates in LAC from indoor air pollution were close to 15 per 100 000 in 2017 (OECD, 2019<sub>[71]</sub>).

In a region highly exposed to climate change and biodiversity loss, Caribbean countries will suffer the most (Chapter 6). Inequalities in potential climate change impacts vary across LAC countries. More than half of Caribbean nations face “extreme” exposure risks (CAF, 2014<sub>[70]</sub>). Key risks the Caribbean face include exposure to extreme weather events, such as hurricanes and severe storms, increased intensity and frequency of droughts, sea level rise and ocean acidification. Vulnerable groups will be the least prepared and the most affected by these events. Lack of information to identify the areas most susceptible to climate change and the absence of risk-mitigation tools to integrate climate change issues into policy making are the most important barriers to climate adaptation in the region (CAF, 2014<sub>[70]</sub>).

### **A just green recovery is an opportunity to create jobs and promote social inclusion**

A green recovery for Latin America is expected to create 15 million net jobs by 2030 (ILO/IDB, 2020<sub>[74]</sub>) in the following sectors: renewable electricity (156% more jobs than in 2014), sustainable agriculture (124%), services (61%), construction and forestry (58%), utilities (56%) and manufacturing (50%) (ILO/IDB, 2020<sub>[74]</sub>). The number of jobs in agriculture will double by 2030 thanks to climate-resilient and low-emission agricultural

approaches. By 2030, the low-carbon transition is expected to increase jobs in LAC by 4.0% compared to 2014. Brazil and Central America will particularly benefit, reaching a 5.5% increase (IDB, 2021<sup>[75]</sup>).

Decarbonisation in LAC is projected to create mostly medium-skilled and low-skilled jobs. This could promote social inclusion if combined with formalisation strategies. By 2030, of the projected 15 million jobs created by decarbonisation in the region, 60% will be medium skilled, 36% low skilled and 4% high skilled. This trend reflects the varying employment demand from sectors that win (e.g. plant-based agriculture and food manufacturing) or lose (e.g. fossil fuel-based electrical generation or energy distribution) in the transition (ILO/IDB, 2020<sup>[74]</sup>).

Sustainable adaptation infrastructure can generate significant economic, social and environmental benefits. Investment in adaptation infrastructure, such as weatherproof roads and climate-resilient housing, can have immediate positive effects on employment from construction-related jobs. The low-carbon and sustainable transition could add USD 535 billion to Brazil's GDP by 2030 (World Bank, 2020<sup>[76]</sup>).

Climate-proofing development gains are crucial for economic growth and the eradication of poverty. Investing in resilient infrastructure, sanitation, agriculture or simply protecting coastal ecosystems can yield USD 7.1 trillion in benefits by 2030 (Mena-Carrasco and Dufey, 2021<sup>[77]</sup>). Resilient infrastructure needs to be climate-proofed to make countries safer after the recovery. Doing so would cost approximately USD 13 billion per year by 2030 but would achieve a net benefit of USD 700 billion (World Bank, 2020<sup>[76]</sup>).

The circular economy approach complements and reinforces climate change mitigation actions. Current climate discussions focus on the transition to renewable energy and energy efficiency, which will help reduce 55% of total greenhouse gas emissions. The circular economy can eliminate the remaining 45% of emissions that are generated by the way goods are manufactured and used (Ellen MacArthur Foundation, 2019<sup>[78]</sup>).

Transition to a circular economy could create new jobs and help promote a just transition in the region. The circular economy approach has been gaining momentum in LAC since 2019, with more than 80 public policy initiatives implemented since then. The application of circular economy principles has the potential to generate 4.8 million net jobs by 2030 (ILO/IDB, 2019<sup>[79]</sup>). Job creation in steel, aluminium, wood and other metals reprocessing sectors is estimated to offset the losses associated with the extraction of minerals and other materials (ILO/IDB, 2019<sup>[79]</sup>). Chapter 3 focuses on how to develop a productive strategy for the region and provides more information about how the green transition and the circular economy, in particular, can contribute to socio-environmental and economic prosperity in the region.

### **Renewed social protection systems for a just transition**

Social protection can help address the physical impacts of climate change (natural disasters) and the possible adverse effects of green policies and phasing out of fossil fuels on workers and communities in less sustainable industries and activities, helping achieve a just transition (ILO/AFD, 2019<sup>[80]</sup>).

Strengthened social protection systems could include providing unemployment protection, employment guarantee schemes and cash transfers that are flexible and rapidly scalable for workers who lose their jobs, have their working hours reduced or whose houses are destroyed by climate-related catastrophes. Several LAC countries have started implementing programmes that link social protection measures with environmental aspects through Payment for Environmental Services programmes mainly focused, for instance, on forest conservation in countries such as Brazil, Costa Rica and Ecuador and on hydrological services in Mexico (ILO, 2016<sup>[57]</sup>).

Social protection policies should be co-ordinated and coherent and should be enhanced not only by other socio-economic policies (e.g. employment, health, education, care and macroeconomic and fiscal policies) but also by incorporating environmental aspects responding to life cycle risks and facilitating a just transition to more environmentally sustainable economies and societies.

### **New narratives for a sustainable future in LAC?**

The concepts of the “commons” and “climate justice” could provide new narratives to rethink the region’s development model. Development policies have pushed forward their actions around different narratives. Such narratives are ways to bring together very diverse actors around converging views and interests, while they seek to legitimise the rules of the game and the player institutions (AFD, 2019<sup>[81]</sup>). New concepts and frameworks, such as the “just transition”, the “commons” and “climate justice”, could provide new ways to address the challenges exacerbated by the COVID-19 crisis in LAC regarding a fair transition for the future of work, producing innovative ways to protect strategic and finite natural resources and to reduce the inequalities enhanced by climate change.

### **Taking into account citizens priorities**

During the COVID-19 pandemic, Latin Americans are concerned about losing their jobs, the effectiveness of social protection mechanisms and the health system’s quality and affordability. Citizens’ beliefs and concerns can be tracked from various sources, including 2019 *Encuesta CAF* (ECAF 2019) data, Gallup and Google Trends. Time-frequency, data collection and purposes vary considerably across these databases. For instance, the CAF Survey is a survey of individuals in households in 11 Latin American cities that CAF has carried out annually since 2008, whereas Google searches have the potential to reveal people’s most pressing issues on a very timely basis and based on worldwide coverage.

This section provides citizens’ perceptions on key social dimensions for the recovery, highlighting several concerns, including jobs prospects, pensions system reforms and the quality of health care. It helps guide debates around the topics to be covered in the social pacts needed in the region (Chapter 4 on rethinking the social contract).

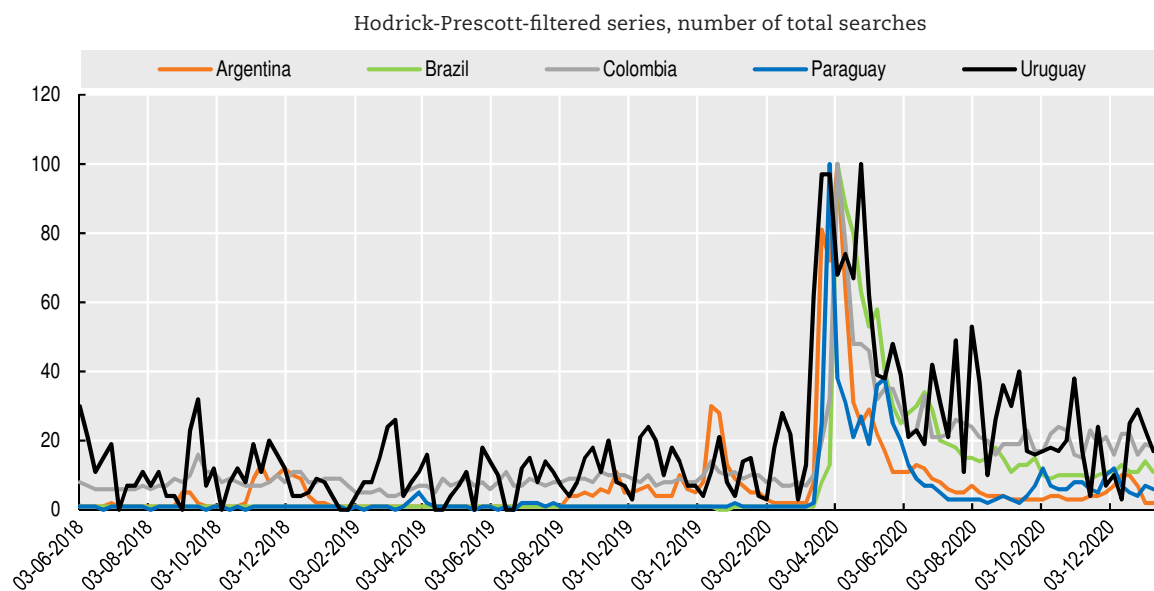
### **Latin Americans are very concerned about the current jobs crisis**

After the economic crisis that followed the COVID-19 pandemic, people’s concerns about their labour market prospects rose and stayed high during 2020. Google searches on topics like “curriculum vitae” spiked just in the aftermath of the crisis, and after a sudden decline, constantly rose as expectations of a quick recovery vanished. The same is true for searches related to topics like “jobs searches” or “jobs boards”. According to the most recent OECD estimates, based on Gallup data, in 2020, on average across the LAC region, 73.4% of people thought that local labour markets were experiencing a very bad situation, slightly higher than the OECD average (71.7%). The share of people concerned about the situation of the labour market in LAC increased by 8.4 percentage points compared to 2019, while the increase in the OECD was of 18.4 percentage points, indicating that the labour market situation was perceived as more precarious in LAC even before the COVID-19 crisis.

Concerns about the public policies regarding unemployment benefits or social assistance have followed a similar trend, with a clearer jump during the first period of the COVID-19 crisis (Figure 2.2). It is interesting to note how close the trends are for the selected LAC countries, a signal of how the economic crisis had a symmetrical impact on people’s perceptions in the region overall.


Even before the COVID-19 pandemic, Latin American workers showed a high degree of concern about the changing features of the labour market. On a 1 to 10 scale, the risk of losing their job is perceived homogenously across socio-demographic groups, with the notable exception of poor workers, who are more concerned about losing their jobs (3.5, on average).

Figure 2.2. Google searches of the topic “government aids”, selected LAC countries, 2018-20



Note: All series on the topics were downloaded simultaneously with a common series as control: the term *migraña* (headache) (*enxaqueca* for Brazil) is relatively stable throughout the time range in LAC countries. The series were then filtered using the Hodrick-Prescott filter.

Source: OECD estimates based on Google Trends data.

StatLink  <https://doi.org/10.1787/888934286483>

Latin American workers are also worried about the possible changing tasks of their jobs. This is consistent with rapid technological change and automation (OECD, 2019<sup>[71]</sup>; OECD, 2020<sup>[82]</sup>). On average in LAC, the level of perceived technological risks is 5 on a 1 to 10 scale. It is exceptionally high in Bolivia (6.1), Ecuador (5.9), Mexico (5.4) and Peru (5.7). It is higher for males and younger workers (5.2), the most exposed to jobs requiring higher technological skills, and for workers living below the poverty line. No notable difference is found for informal workers, as their jobs usually entail fewer skills (OECD, 2019<sup>[71]</sup>). These findings suggest that policies should focus on retraining and other active labour market policies in case of jobs loss or should support workers in lifelong learning/training to help them face the changing nature of Latin American labour markets.

### Many Latin American workers do not expect to retire

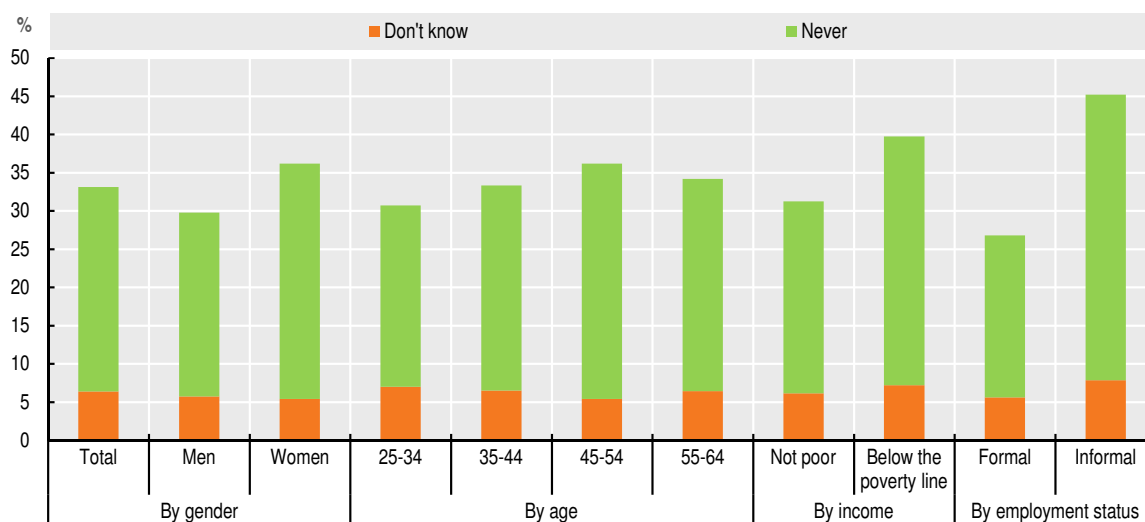
On average, over 40% of workers in LAC either do not know or do not think that they will retire (ECAFE 2019). Expectations are even lower among women (48.5%) and older workers close to retirement (48.1%). In addition, workers living below the relative poverty line and informal workers have lower expectations of being covered by social security, compared to the overall population (59.6% and 53.8%, respectively) or do not expect to retire at all. People in Brazil, Bolivia, Panama and Paraguay, in particular, seem less optimistic.

One out of three workers in LAC think that they will never get a pension (Figure 2.3). Consistent with the previous evidence, the proportion of pessimistic views is higher




among women (36.2%), middle-aged workers (36.2%), the poor (39.7%) and informal workers (45.2%). The indicator shows the inequalities embedded in the social protection system and the extent of citizens' lack of trust in it. Both aspects suggest the need for reforms to improve coverage for workers in the ageing context, informal workers and workers living below the poverty line, which will stretch the system further. The share of contributors or affiliates is close to 50% in LAC due to the high degree of informality (OECD/IDB/The World Bank, 2014<sup>[83]</sup>). This is particularly true for workers in the first income quintile, in which informal workers are over-represented.

Figure 2.3. Proportion of workers doubting ever getting a pension, by socio-demographic characteristics, selected LAC countries



Note: Data refer to an unweighted average of the following cities: Asunción, Buenos Aires, Bogotá, Ciudad de México, Ciudad de Panamá, El Alto, La Paz, Lima, Montevideo, Quito, Santiago and Sao Paulo. Because data refer to metropolitan areas (normally capital cities), and rural areas are excluded, some caution should be exercised in the analysis. However, the indicators are treated as representative of each LAC country.

Source: OECD estimates based on CAF (2020<sup>[84]</sup>), ECAF 2019. *Percepciones de los Latinoamericanos sobre los Sistemas de Pensiones, Salud y Cuidados y el Avance Tecnológico en el Mercado Laboral*, <http://scioteca.caf.com/handle/123456789/1646>.

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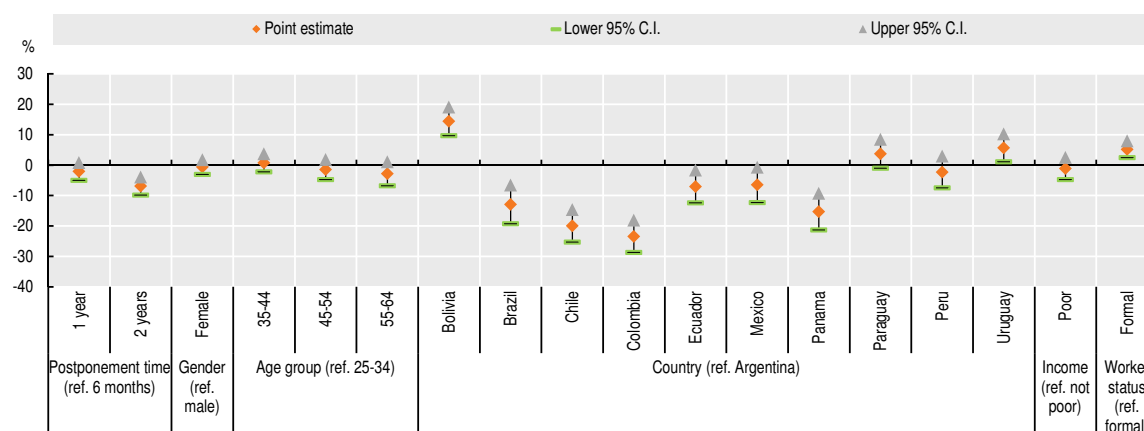
### Workers are not always in favour of broad pension reforms

Preferences for policies are connected and complementary to people's concerns. When asked about their policy preferences for pension reform, Latin American workers tend to favour postponing the current retirement age by one or two years, but the extent of agreement varies by socio-demographic characteristics. Figure 2.4 shows the results of an individual-level regression considering agreement with the reform as a dependent variable. The reference group consists of Argentinean males aged 25 to 34 in formal employment and not living below the relative poverty line. This group was chosen as it is the most likely to be more in favour of pension reform, and the public pension system has a high degree of coverage of this group (OECD, 2019<sup>[18]</sup>). Some 67.6% of these workers are in favour of a reform postponing the retirement age.

Agreement level does not significantly vary across gender or age groups. Informal workers are the only group showing a higher degree of preference for the reform (by more than five percentage points), probably because they have few years of contributions or have not contributed to the pension system at all (OECD/IDB/The World Bank, 2014<sup>[83]</sup>). Overall, in 4 out of the 11 Latin American countries covered (Brazil, Chile, Colombia and

Panama), there is no strong majority supporting an eventual pension reform, signalling the political difficulty of a policy change in those countries, especially if the expected postponement in the retirement age is more than two years.

Figure 2.4. Effect in percentage points on the willingness to accept a reform postponing the retirement age by one or two years



Note: Data refer to an unweighted average of the following cities: Asunción, Buenos Aires, Bogotá, Ciudad de México, Ciudad de Panamá, El Alto, La Paz, Lima, Montevideo, Quito, Santiago and Sao Paulo. Because data refer to metropolitan areas (normally capital cities), and rural areas are excluded, some caution should be exercised in the analysis. However, the indicators are treated as representative of each LAC country.

Source: OECD estimates based on CAF (2020<sup>[84]</sup>), ECAF 2019. *Percepciones de los Latinoamericanos sobre los Sistemas de Pensiones, Salud y Cuidados y el Avance Tecnológico en el Mercado Laboral*, <http://scioteca.caf.com/handle/123456789/1646>.

StatLink <https://doi.org/10.1787/888934286502>

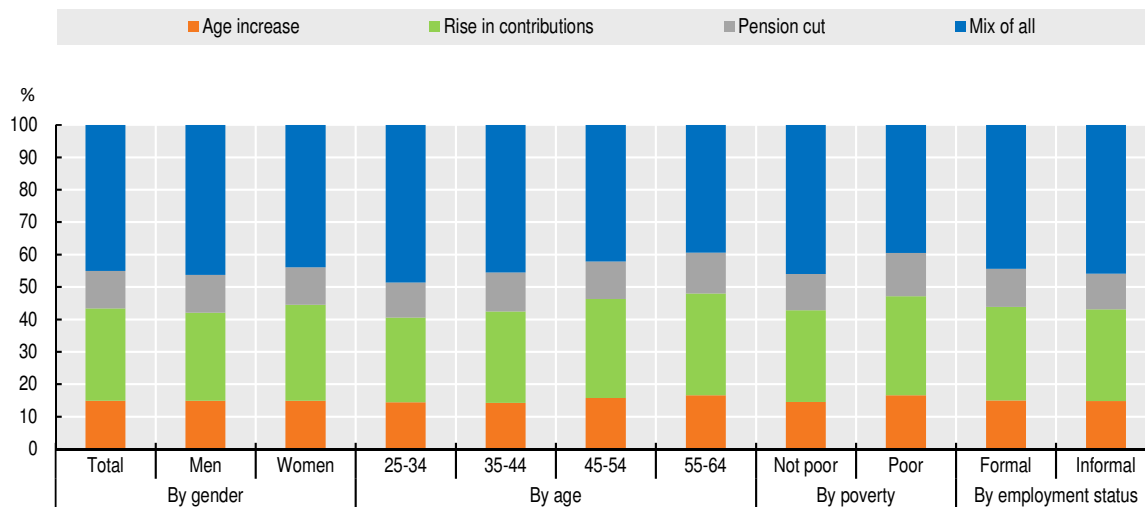
People's preferences vary when more detailed information on the reform are added. Fiscal sustainability, particularly in LAC, is a serious constraint. High informality makes any workers postpone decisions to secure an income in old age. This translates into people using informal insurance mechanisms (Cecchini, 2019<sup>[85]</sup>; OECD, 2020<sup>[6]</sup>) or having no type of social insurance. Given the ageing and informality trends in LAC, many workers could reach retirement without any plan and face poverty and vulnerability (OECD/IDB/The World Bank, 2014<sup>[83]</sup>), resulting in a massive burden on the economy.

When asked about other possible policy options to reform pensions, taking into account fiscal sustainability, workers tend to prefer a balanced mix of policies consisting of postponement of the retirement age, a hike in social contributions and a cut in benefits (Figure 2.5). This is particularly true among younger workers: almost half of workers aged 25 to 34 tend to agree with these options, compared to less than 40% for both those close to the retirement age and those living below the poverty line.

Overall, workers tend to be much less likely, than the overall population, to support a cut in benefits and much more likely to support a well-mixed range of interventions. Workers close to retirement and those living below the poverty line still show significantly lower support, indicating the difficulty of getting agreement on a fiscally sustainable pension reform among those who would probably benefit less from it.

People are well aware of the need for policy changes. However, they do not always support broad social protection when asked about specific policy options. Managing trade-offs and taking into account the fiscal sustainability of potential reforms will be crucial but not easy. Targeting intervention to the most exposed to the current crisis may well be a good compromise. Reforms should focus on informal workers, those living below the poverty line and the vulnerable middle class, which can fall into poverty.

Figure 2.5. Preferences for a pension reform aiming at fiscal sustainability, by socio-demographic characteristics



Note: Data refer to the question, “In order to maintain fiscal balance, among the following list of reforms, which one would you agree more with?” Data refer to an unweighted average of the following cities: Asunción, Buenos Aires, Bogotá, Ciudad de México, Ciudad de Panamá, El Alto, La Paz, Lima, Montevideo, Quito, Santiago and Sao Paulo. Because data refer to metropolitan areas (normally capital cities), and rural areas are excluded, some caution should be exercised in the analysis. However, the indicators are treated as representative of each LAC country.

Source: OECD estimates based on CAF (2020<sub>[84]</sub>), ECAF 2019. *Percepciones de los Latinoamericanos sobre los Sistemas de Pensiones, Salud y Cuidados y el Avance Tecnológico en el Mercado Laboral*, <http://scioteca.caf.com/handle/123456789/1646>.

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However, promoting greater awareness of the actual situation in terms of ageing in their country does not seem to increase people’s preference for a certain policy option. This is in line with previous evidence that illustrates the view that providing detailed information on some economic issues does not shift people’s preferences for policy interventions in a significant way (Alesina, Stantcheva and Teso, 2018<sub>[86]</sub>; Kuziemko, Norton and Saez, 2015<sub>[87]</sub>), for instance on preferences for redistributive policies tackling rising income inequality.

### People are very dissatisfied with the quality of health care in LAC

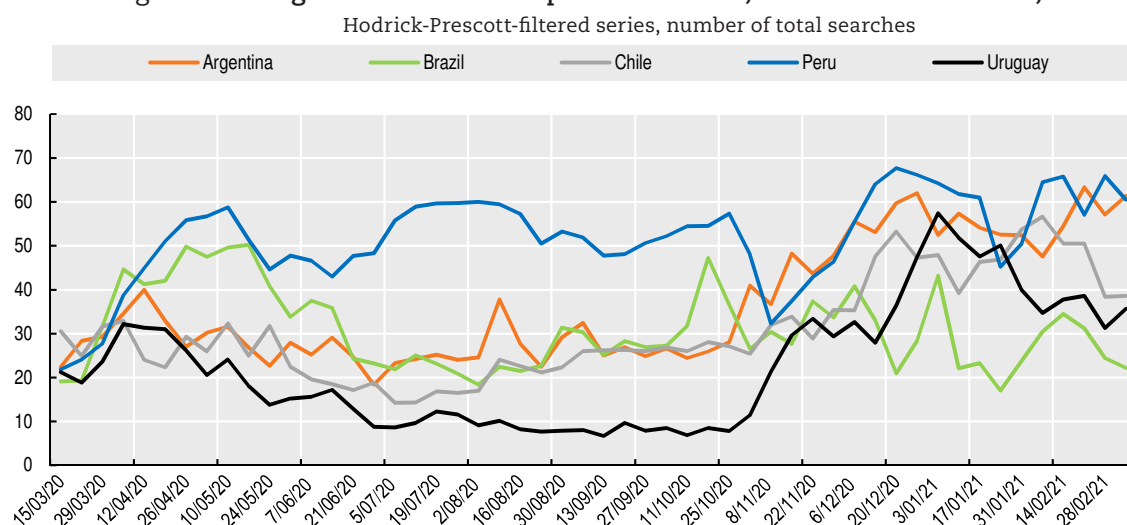
After the onset of the COVID-19 crisis, people’s concerns about the quality of health services have increased, although unevenly across LAC countries (Figure 2.6). This may be linked to the severity of the health situation. Google searches for health care reveal a particular degree of concern in Peru, although as the pandemic hit hard in other countries, such as Argentina, Chile and Uruguay, people got more worried about the healthcare system situation.

The current health crisis exacerbated people’s discontent with health care (Figure 2.7, Panel A; Chapter 4). The level of concern with the quality of access to health services varies across socio-demographic groups. Concerns are higher among middle-aged people and much higher among informal workers and people living below the poverty line, especially those not covered by any public or private health insurance (Figure 2.7, Panel B).

The concerns are well explained by the level of OOP healthcare expenditure that Latin American people face (OECD/The World Bank, 2020<sub>[13]</sub>). LAC households have high levels of OOP spending, and in most countries, there is no universal coverage. In 2018, the OOP expenditure in LAC was 30.1%, on average, vs. 13.7% in the OECD (WHO, 2020<sub>[88]</sub>). On average, the proportion of households spending over 10% of income or consumption

(depending on the proxy chosen) on OOP expenditure is almost 8%. The proportion is low (under 2%) in some countries, such as El Salvador, Guatemala and Mexico, but it is almost 17% in Barbados, followed by Chile and Nicaragua (around 15%).

Figure 2.6. Google searches of the topic “health care”, selected LAC countries, 2020-21

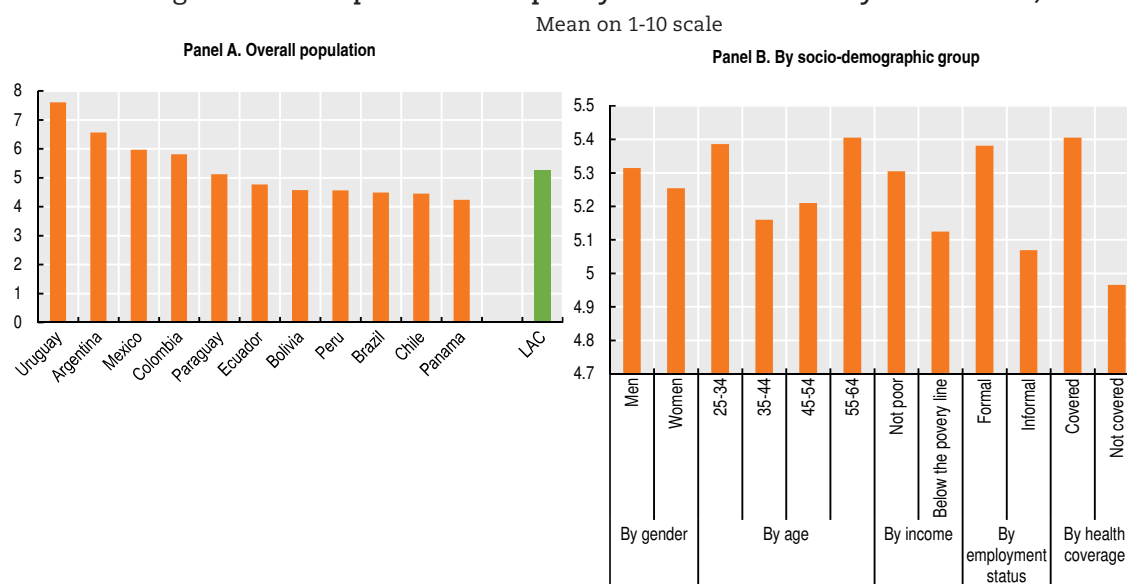


Note: All series on the topics were downloaded simultaneously with a common series as control: the term *migraña* (headache) (*enxaqueca* for Brazil) is relatively stable throughout the selected time range in LAC countries. The series were then filtered using the Hodrick-Prescott filter.

Source: OECD estimates based on Google Trends data.

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Figure 2.7. Perceptions of the quality of the healthcare system in LAC, 2019



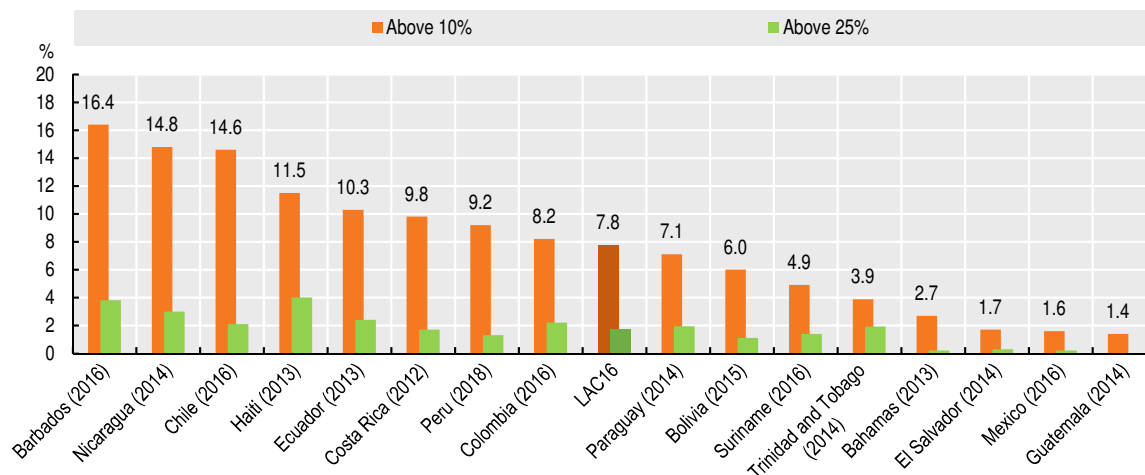
Note: Data are an average on a 1 to 10 scale, where 1 means totally unsatisfied and 10 means totally satisfied. Data refer to an unweighted average of the following cities: Asunción, Buenos Aires, Bogotá, Ciudad de México, Ciudad de Panamá, El Alto, La Paz, Lima, Montevideo, Quito, Santiago and Sao Paulo. Because data refer to metropolitan areas (normally capital cities), and rural areas are excluded, some caution should be exercised in the analysis. However, the indicators are treated as representative of each LAC country.

Source: OECD estimates based on CAF (2020<sup>[84]</sup>), ECAF 2019. *Percepciones de los Latinoamericanos sobre los Sistemas de Pensiones, Salud y Cuidados y el Avance Tecnológico en el Mercado Laboral*, <http://scioteca.caf.com/handle/123456789/1646>.

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Figure 2.8. Proportion of the population spending over 10% or 25% of income or household consumption in out-of-pocket healthcare expenditure



Note: Countries with data older than 2010 were excluded.

Source: OECD/The World Bank (2020<sup>[13]</sup>), *Health at a Glance: Latin America and the Caribbean 2020*, <http://dx.doi.org/10.1787/6089164f-en>.

StatLink <https://doi.org/10.1787/888934286578>

High OOP expenditure has a sizable effect on poverty. In 15 LAC countries, 1.7% of the population was pushed below the poverty line, compared with 1.2% in the OECD. To ensure adequate access and coverage for all groups, governments should introduce social protection policies that cushion the negative impacts of OOP expenditure. Common aspects of successful reforms include pooling or co-ordinating use of various revenue sources, progressively increasing the size of compulsory prepaid funds, and redistributing money from prepaid funds.

## Conclusions

This chapter presented the socio-economic impact of the COVID-19 pandemic in LAC and highlighted some priority policy messages to shape a more inclusive, resilient and sustainable recovery. It discussed the main social challenges and lessons learned from the ongoing crisis. An inclusive and sustainable recovery in the region will require: i) putting well-being and people's concerns at the heart of policy making; ii) creating quality jobs for people (see Chapter 3 for more details); iii) advancing towards robust and sustainable social protection systems, underpinned by higher levels of formalisation; iv) protecting and supporting the most vulnerable groups, and facilitating their access to quality jobs; v) making the best of the green recovery potential to ensure a "just transition". Box 2.2 presents key policy messages to build back better in LAC.

### Putting well-being at the heart of policy making

The pandemic changed the priorities and actions of governments in the LAC region. Before the crisis, governments focused on expanding the middle classes, which increasingly demanded public services and well-being policies. After the onset of the crisis, many Latin Americans will fall into poverty for the first time since 2010. Governments are therefore called upon to reduce poverty and protect the most vulnerable populations. To this end, productivity, employment and social protection will be essential and should be part of a renewed social contract (Chapter 4).

The crisis offers a unique opportunity to transform the focus of policy making to one centred on people's well-being and an understanding of the multi-dimensional nature of development. The pandemic has made the provision of quality healthcare and education services a priority and reinforced the need for more robust social protection systems.

### **Towards robust universal social protection systems**

This juncture opens the possibility of moving towards universal social protection, e.g. including informal workers. Expansion of social protections systems goes hand-in-hand with a continued strong focus on employment generation and formalisation. Current protection mechanisms could be better adapted to the region's labour market dynamics. Increasing the adaptability of social protection contributions may help create a more inclusive formal sector by including part-time workers, those working in the digital platform economy, those earning below minimum wage and agricultural workers. Digital technologies offer great potential to develop innovative ways to contribute to the system and reach vulnerable populations (OECD et al., 2020<sup>[2]</sup>). Streamlining workers' switching between contributory and non-contributory social protection regimes could help extend coverage.

Policy responses to the COVID-19 crisis present a basis to move towards universal comprehensive and sustainable social protection systems. Governments responded rapidly to the crisis by adopting targeted social assistance support for vulnerable populations not covered by traditional social programmes or social protection mechanisms. Permanently targeting these populations and providing social protection are key conditions of a welfare state.

Social protection in the LAC region needs to move towards stronger financing mechanisms, making social contributions more flexible with a mix of non-contributory, contributory and voluntary contributions. Social security contributions as a percentage of labour costs are relatively high in LAC. LAC countries' averages are similar to those of OECD countries and exceptionally high for the lowest deciles (OECD/IDB/CIAT, 2016<sup>[89]</sup>). Reducing non-labour costs could encourage formal job creation, especially in the small- and medium-sized enterprise sector, thus supporting entrepreneurship. However, a clear productive strategy is key to support those policies (Chapter 3). It could also improve citizens' perception of the state's social protection system, thus strengthening incentives for formalisation and tax payment (OECD et al., 2019<sup>[90]</sup>). Creating a social safety net decoupled from formal employment and financed through general taxation is one way to achieve this objective.

### **Understanding citizens' demands to inform policy decisions**

People, especially the more vulnerable, are very concerned about the current poor labour market prospects, lack of a sustainable pension system and lack of high-quality health care. The pandemic has increased people's concerns, which were already very high in many Latin American countries. Lack of adequate social protection is a multi-dimensional policy challenge, which if not addressed, may exacerbate the current economic crisis due to COVID-19.

People are well aware of the need for policy changes. However, they do not always support broad social protection and healthcare system reforms if asked about specific policy options. Managing the trade-offs and taking into account fiscal sustainability will be crucial but not easy. Targeting intervention to the most exposed to the current crisis may well be a good compromise. Reforms should focus on informal workers, those living below the poverty line and the vulnerable middle class, which can fall into poverty and

show very high levels of concern and dissatisfaction with the current economic situation and the quality of social protection systems.

Increasing people's awareness of social policies and the constraints that any reform faces may be one way to boost inclusiveness in the process of redefining the social contract and to avoid social unrest or protests. Well-informed citizens are more likely to support broad reforms, but information alone will not solve the issue, especially if trust in institutions is limited. Evidence urges caution concerning the extent of a shift in people's preferences. Moreover, governments in LAC should include citizens and stakeholders, especially those generally excluded from policy discussions, in the prioritisation and design phases of the post-COVID-19 social policies (Chapter 4).

### Box 2.2. Key policy messages

There are strong heterogeneities across countries in Latin America and the Caribbean (LAC). The impact of the coronavirus (COVID-19) pandemic and countries' ability to react to challenges and spur an inclusive recovery will vary, depending on their standing development position and individual characteristics. These particularities demand tailored policy actions in response to the COVID-19 crisis that take into account the country's characteristics and move towards overcoming structural challenges. The following key messages present a shared pool of policies to address common challenges in the region, which policy makers should adapt to their country's specific context.

#### 1. LAC needs to consolidate robust and sustainable social protection systems to build resilience and recover from the social and economic devastation caused by the crisis.

- **Move towards universal and sustainable social protection systems** by targeting vulnerable populations not covered by traditional social assistance mechanisms and social protection systems.
- **Make social protection contributions more flexible.** Advance towards a system that allows workers to be formalised even if they earn below minimum wage, work via digital platforms or work part time, among other conditions of employment.
- **Move towards social protection systems in which coverage does not depend on employment status.** To avoid discouraging labour formalisation, general taxes instead of worker contributions could finance social protection systems.
- **Strengthen social protection information systems.** More efficient and integrated social protection information systems could allow, for example, expediting workers' shifting from contributory to non-contributory status. Countries have made significant progress during the pandemic, putting in place emergency programmes.

#### 2. The asymmetrical impacts of the crisis across gender, income, age and ethnic group require governments to provide additional support for the most vulnerable.

- **Improve social protection schemes to support the elderly.** In terms of the healthcare system, increasing financial coverage, reducing out-of-pocket expenditure, and strengthening the long-term care workforce should be at the centre of policy actions.
- **Ensure social assistance measures respond to the needs of the elderly population that does not have access to contributory schemes in retirement.** Improving information to guarantee the coverage of these programmes for all in need, prioritising and simplifying transfers at the household level and increasing the amount of benefits, at least to the poverty line level, can improve social protection policies' effectiveness.

### Box 2.2. Key policy messages (cont.)

- **Design gender-sensitive policies for the recovery, and include a more equitable redistribution of care work as key to improve women's socio-economic conditions.** Increase access to essential goods and services that help increase women's opportunities to participate in the labour market and boost human capital (e.g. access to information and communications technology [ICT]). In the short term, it is key to: i) prioritise vulnerable women as recipients of assistance programmes, reducing conditionalities; ii) reopen schools and support the most disadvantaged students; and iii) provide short-term and long-term resources and support for women experiencing domestic violence.
- **Promote the change of social norms that impose unequal care responsibility on women.** This requires offering quality government and private care services, increasing women's participation in the design of gender-sensitive social protection programmes, and raising awareness of the social and economic value of care and domestic work.
- **Implement critical policy actions to tackle inequalities in education and skills acquisition.** Improving the condition of schools to guarantee a safe and permanent reopening is urgently required. Targeting support for less advantaged students and providing digital resources, training and socio-emotional support for both teachers and students is key. Learning gaps exacerbated by school closures due to the crisis could be addressed through, among other practices, summer schools, accelerated education programmes and extra resources to help students catch up on missed learning, especially those from vulnerable backgrounds.
- **Promote the creation of quality jobs for youth.** Governments should give a high priority to tackling the elevated unemployment and underemployment affecting young people in the aftermath of the pandemic. Expanding existing social protection schemes (cash transfers among other support measures) and targeted policies (creating the conditions for young people to develop relevant capacities and skills) will be key to smooth youth transition from school to work and giving them access to quality jobs
- **Facilitate migrants' access to social protection measures in the short term and to social inclusion in the long term.** Providing access to income replacement programmes, healthcare systems and COVID-19 testing and immunisation has helped countries fight the spread of the virus in the short term. Guaranteeing fundamental human rights and promoting bilateral and multilateral co-ordination of actions to address migrants' specific needs might reduce adverse effects and boost migration's positive impacts.

### 3. LAC countries should conceive of the green recovery as an opportunity to reduce inequality and promote a just transition through broader social protection systems.

- **Incorporate climate considerations into social protection systems as a cross-cutting theme for policy making, following a whole-of-government approach.** Mainstreaming climate mitigation and environmental considerations as a cross-cutting issue across government areas, particularly regarding social protection systems, is key to develop a coherent and co-ordinated response to climate change. Integrated approaches would allow social and human development issues to be taken fully into account in the ecological transition, aiming to achieve global carbon neutrality and reducing multi-dimensional inequalities.
- **Promote quality green jobs in key sectors (e.g. sustainable agriculture, forestry, clean energy, and manufacturing and construction) for a just transition.** Providing unemployment protection, employment guarantee schemes and flexible and scalable cash transfers to workers who lose their jobs, have their working hours reduced or whose houses are destroyed by climate-related catastrophes are key measures to promote green jobs and foster a just transition. Early retirement schemes could be an option for workers of advanced age at risk of losing their jobs due to the phase out of carbon-intensive industries.



### Box 2.2. Key policy messages (cont.)

Gender-sensitive measures should aim to increase women's participation in the growing sustainable sectors.

- **Develop programmes to provide new skills for both emerging jobs and existing jobs that are evolving throughout the transition.** Government and industry could create partnerships to finance reskilling and to ensure that training content meets the evolving needs of each sector. Social protection measures could be complemented with active labour market policies while investing in lifelong learning, vocational training and skills development, giving special attention to vulnerable groups.
- **Invest in sustainable infrastructure to reduce spatial inequalities and enhance resilience in vulnerable neighbourhoods.** Better aligning infrastructure plans with longer-term goals on climate, biodiversity, water and waste management, resource efficiency and land use transformation is fundamental to building or upgrading resilient infrastructure to reduce climate impacts on informal settlements.
- **Involve citizens and civil society in the green recovery.** Governments could co-create policies with a variety of stakeholders to gain support and upgrade settlements, enhancing resilience to climate change risks in vulnerable areas.

**4. The state and policy makers must have the citizenry as an ally to rebuild the social contract; it is therefore necessary to understand citizens' demands and design more effective policies to improve their situations.**

- **Take into account people's concerns, and raise awareness of the need for reforms.** Address workers' concerns over the current jobs crisis. When designing safety nets, in the context of the economic crisis, public servants should make sure to take into account the diversity of workers' needs. Redesigning labour market policies towards more resilient and inclusive policies will be crucial, especially for workers lacking the necessary skills.
- **Put people's views and needs at the centre, and incorporate an intersectionality approach when redesigning social protection systems.** Multiple and interconnected forms of discrimination based on race or ethnicity, age, gender, socio-economic status, place of residence or migration status need to be addressed. Progress should be made to prioritise those groups that lack adequate social safety nets.
- **Enhance pensions systems by matching people's preferences.** In some LAC countries, the majority of people are aware of the lack of robust retirement schemes in a context of population ageing and tend to be more in favour of reforming them. In other countries, there is a lack of support for reforms. Progress should be made in making people aware of the importance of fiscal sustainability and progressivity.
- **Reform healthcare systems.** Latin Americans were very concerned with the quality of health care even before the pandemic. Progress should be made to increase the coverage and quality of healthcare systems, alleviating the high burden of OOP expenditure on families' budgets.

#### Notes

1. This index contains the frequency with which parents perform the following activities with the child: discuss how the child has done in school, eat with the child at the table, take time to talk, help with science homework, ask how the child performed in science classes, obtain materials for science classes, discuss how science is used in everyday life, and discuss science-related career pathways. See details in Jaramillo (2020<sub>[36]</sub>).

2. Negative perceptions of migrants have been particularly high in specific cases, such as the 2021 protests in Colombia, where immigration issues linked to Venezuelan migrants merged with pandemic discontent, or the 2021 presidential election in Peru, when immigration issues were at the centre of political debates.

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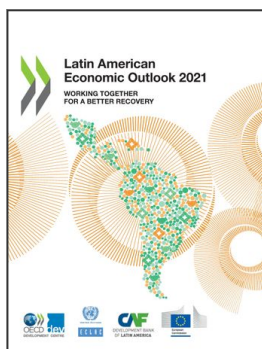
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