Chronic Poverty Advisory Network
Getting to Zero

Chronic Poverty Report 2023
Pandemic Poverty

Introduction: rationale and starting points

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Chronic Poverty Advisory Network

CPAN is a network of researchers, policy makers and practitioners across 15 developing countries (Afghanistan, Bangladesh, Cambodia, Ethiopia, India, Kenya, Malawi, Nepal, Niger, Nigeria, Philippines, Rwanda, Tanzania, Uganda, Zambia, Zimbabwe) focused on tackling chronic poverty and getting to zero extreme poverty and deprivation, and by sustaining escapes from poverty and preventing impoverishment. It is looking to expand this network to the 30 countries with the largest numbers of people in poverty. It has a 'hub', which is currently hosted by the Institute of Development Studies in the United Kingdom.

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Of course, responsibility for the contents of the report rests with the authors, and the report does not represent the views of IDS, the Covid Collective, or of FCDO.

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Key messages

The worst effects of the pandemic were often experienced by the poorest people, along with others in the bottom half of the income distribution. Income losses and the resulting food insecurity was often not or not adequately compensated by food distribution or social protection measures.

Poor and rural children lost sometimes years of education through school closures, and some did not return to school.

The 'vulnerable non-poor' in the urban informal sector, previously an important escape route from extreme poverty, and migrants , likewise an important group escaping poverty, were also very negatively affected – often unable to protect themselves against the virus itself, or the stigma attached to it, and highly exposed to market and border closures and lockdowns, with often very few countervailing policy measures to relieve the situation.

Women were especially badly affected and suffering additional domestic and other abuse and violence, and recovered employment more slowly than men.

Asset sales and other negative coping strategies, education losses, combined with the small to non-existent impact of mitigation or recovery measures in many situations, and the layering of the pandemic on other covariant and idiosyncratic shocks mean that the effects of the pandemic will be felt for many years.

Political and economic factors determining government responses to the pandemic included: the diversity of 'voices in the room' where decisions about pandemic responses were made, and the extent of evidence and feedback from people's experiences which were given attention by decision-makers; the extent of devolution of power to actors closer to people's lived experiences; the degree of understanding by elites of the transmission mechanisms giving policies their impacts – often where the social distance between elites and non-elites was great, this understanding or commitment for change was minimal. The strength of fiscal positions, administrative systems, and implementation effectiveness were also important.

1.1 Overview

The pandemic context has brought with it significant impoverishment. This has sometimes been directly linked to the global health crisis, but more frequently emerged from the social and market disruptions caused by social and economic policy responses marked by movement restrictions and lockdowns, school and border closures. Such policies were introduced for public health reasons and sometimes as a result of pressures applied globally on low- and middle-income countries (LMICs) to conform to global pandemic management.

However, in many LMICs there has arguably been a significant trade-off between public health-motivated restrictions and closures, and economic development. The World Bank (Loayza 2020) and others raised early on that a trade-off between lives and livelihoods could exist, and an appropriate balance needed to be struck, especially where countries were not (or were barely) in a position to compensate for lost livelihoods.

While additional social protection was the major global and national response to mitigating the effects of pandemic public policies, the reality in low- and lower–middle income countries has often been of inadequate reach and depth of social protection measures, and a grossly inadequate coverage of vulnerable non-poor people, including urban informal sector operators and residents of informal settlements.

The education of many children, living in households in and near poverty, also suffered with long school closures. There were especially few solutions accessible to poor and vulnerable children, or rural children in general in some countries. Compensating for lost education is a huge challenge, with inter-generational consequences, and has only just begun.

At the same time, the pandemic was just one of multiple crises people experienced. Among people in and near poverty, drought and other climate-induced disasters, armed conflict, debt crises, and food and fuel price shocks within a volatile growth context and economic polarisation have propelled downward mobility to reverse years, if not decades, of uneven progress on poverty reduction, and continue to threaten sustainable futures.

The challenges of the pandemic were amplified by the multiple layered crises prevalent in LMICs, which together limited the ability of households to escape chronic forms of poverty, pushed other vulnerable households into poverty, and unmasked the fragility of escapes from poverty before the pandemic. How global and national policy can best address such multiple crises is a topic that is gaining more attention in policy circles, but which still has inadequate policy analysis and resources behind it, compared to the need.

This report pulls together evidence about the effects of the pandemic and responses to it, especially for people in and near poverty in LMICs, and presents a first cross-country analysis of the major policy responses in this context. This chapter summarises the evidence about how poor and vulnerable people and countries fared during the pandemic, starting with how excess mortality was distributed; and how individuals, groups and countries regressed socially and economically. It relies on analyses and data from population-level statistics on deaths, household surveys and qualitative research.

Following this scene-setting chapter, the report goes on to focus on learning what can be done to achieve a more balanced policy response, generally privileging social and economic progress alongside public health – 'livelihoods as well as lives' (Chapter 2); how social protection could be improved as the or a leading international and national response

(Chapter 3); and the related demands and needs for other responses to a pandemic, especially micro-economic and social policy ones (Chapter 4); how to avoid a crisis in education in future (Chapter 5); and how to address the now widely recognised context of multiple, intersecting or sequenced crises, and the question of how to adapt disaster risk management, social protection and humanitarian-development-peace operations. Box 1.A summarises the evidence base forming the analysis presented in the report.

Box 1.A: Overview of methods

Chapter 2 is based on cross-country data analysis and a survey of literature on managing the trade-offs between public health and socio-economic progress, while Chapter 3 additionally draws on a set of key informant interviews carried out by co-authors in Bangladesh, Cambodia, India, Kenya, Rwanda, South Africa and Zambia. These also inform Chapter 4 on social protection, Chapter 5 on economic policy responses, and Chapters 6 and 7 on education and multiple crises respectively, all of which also relied on a literature survey and new cross-country data analysis. The countries selected for detailed exploration in the report were drawn partly from those low- and lower-middle-income countries in which the Poverty Monitoring Initiative was undertaken, with the addition of several 'interesting cases' in Bangladesh, Nicaragua and South Africa: Bangladesh because it re-opened its economy (though not its schools) early and in quite an organised and decentralised way; Nicaragua because it refused to lock down at all, preferring to rely on high investment in its health system; and South Africa because of its significant expansion of social protection.

1.2 Resilience and multiple crises: a framework for the report

Defining resilience in relation to poverty dynamics

In the process of escaping from poverty, people progress away from poverty and then away from being vulnerable to poverty, in the process acquiring varying degrees of resilience. Resilience means a person, household, community or even a nation can stand up to shocks and 'bounce back'. Resilience is potentially an attribute of individuals, families and wider groups and systems. It usually means that asset levels and human and social capital are enough to withstand shocks.

In this report, we refer predominantly to the resilience of individuals and households, which may be supported (or not) by resilience at other levels: communities, local institutions, and national policies and systems.

Resilience capacities have been categorised as absorptive (where a shock can be absorbed because of resources or assistance at hand), adaptive (where diversification or alternative livelihood strategies can be constructed) or transformative (where important institutions enable progressive, systemic change). Here, we are talking about absorptive resilience capacities in a crisis, as well as adaptive capacities (e.g. through diversification), and a few cases where transformative change has been or may still be achieved.

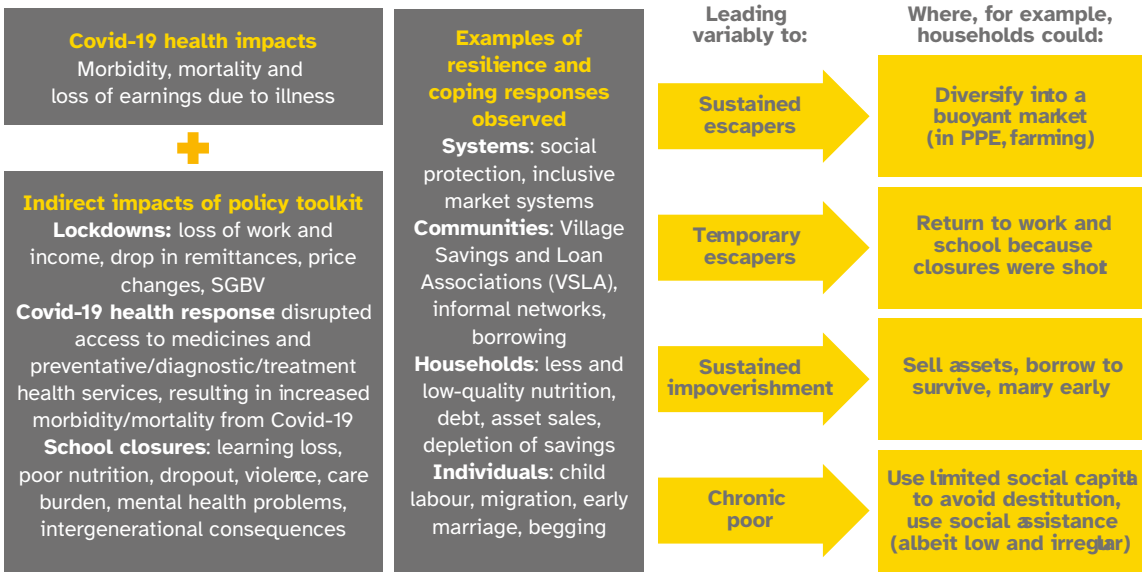
The pandemic as a multidimensional shock affecting resilience capacities

The pandemic was a shock with multiple dimensions: the need to stop work if it struck; the high direct and indirect costs of ill health and death, and fear of these, which could shape and limit behaviour; and restrictions on movement and interactions, which reduced demand for goods and services and prolonged negative economic growth. The complete loss of employment or self-employment, or reduced income, resulting in migrant workers returning home en masse, could combine with the additional burdens of caring for children and sick people, prematurely dropping out from school and greater pressure for early marriage, and prolonged absences from school to create a multi layered shock of unprecedented proportions. The restrictions and 'hothouse' home situations – in which people were confined unusually together – also led to sexual and gender-based violence (SGBV) and mental health crises at that time that occurred largely unrecorded or below the policy radar, which have now been amply reflected on (Green and Fazi 2023).

These costs were not equally shared, with many experienced by those least able to bear them: casual labourers and others unable to work from home; women, who expected to pick up the additional care burdens; victims of GBV and mental health crises; and informal businesses with no protection from such shocks. As a result, household resilience may not be the same for all members more broadly. Policy responses to the pandemic also distributed shocks within households: to women, who were subject to pressures to enter into early marriage, and to provide additional child and other care, and who experienced domestic violence; to children suddenly out of school and under pressure to contribute to household income; and to men and women who had lost their jobs. In many contexts, the pandemic also led to widespread illness and many difficulties accessing treatment; and deaths, which were generally skewed to older people and people made vulnerable by chronic health conditions. The policy responses to the pandemic in some cases represented an assault on people's resilience capacities.

Resilience, moreover, depended on households' pre-pandemic wellbeing trajectories, the assets they owned and the extent to which their enterprises were diversified, on social capital, economic structures and policies. The extent of dependency in a household, and household members' health would also influence resilience. Food security and other financial pressures that affected poor and vulnerable households as economies locked down in 2020 were often enough to make heavy use of social networks necessary for borrowing or making or receiving gifts; and, once those sources of support had been exhausted, to force asset sales. Asset sales increased inequality, as assets are often sold at well below their previous market value during crises. Resilience in 2021, then, depended less on people's own resources, which had been exhausted, and more on public policy. However, we see that public policy also became exhausted in many countries as fiscal constraints bit and mitigating measures came to a premature end (see Chapters 2 and 3). So, it was to be expected that many people would emerge from the often worse waves of infection and restrictions in 2021 in a significantly weakened state in terms of resilience.

Figure 1.2.1: Covid-19, coping and poverty dynamics



Source: Authors' own.

In many cases, the pandemic was by no means the most significant crisis people faced (see Chapter 7), but was layered on top of existing crises: climate related disasters and stresses, protracted conflict and insecurity, and already excessive household and national debt. In other cases, it added a significant new element to a mature and continuing crisis, or succeeded a crisis that had subsided. For example, in Zambia Covid-19 followed a widespread and prolonged drought which had created famine conditions in 2019/20, and to which there had been only a belated state relief response, probably partly restricted by an already accumulating debt crisis. A recession followed in 2020, with high unemployment and living costs, leading to impoverishment in Zambia's low-income urban areas ('townships'). In contrast, neighbouring Tanzania was growing economically before the outbreak of Covid-19, and was in a position to take early macro-economic interventions during the pandemic, which mitigated its impact. There is more analysis of both countries' experiences in Chapter 2.

All of this means that interventions, policies and programmes need to recognise the multiplicity of crises – and consciously decide whether they should respond only to the pandemic or to the pandemic in the context of other crises. The distinction is between working on the pandemic (for relief and recovery) and in the pandemic but focused on other crises and development issues at the same time.

Questions that are important to ask now are how can resilience be recovered (or built afresh) and sustained through to the next major crisis? How can fiscal health be re-established to prepare adequately for coming crises? How can polities show greater recognition of the extreme strain poor and vulnerable households' economies have been and will continue to be under, and prepare for future crises with these issues more in mind?

1.3 Direct and indirect impacts of the virus: insights on excess mortality and poverty

Excess mortality, with a focus on LMICs

Excess mortality is the only reasonably consistent measure by which the impact of Covid-19 on health can be compared across countries. It generally reveals much higher levels of death than death registration figures indicate. The highest estimate was 18.2 million excess deaths by the end of 2021. The excess mortality rate exceeded 300 deaths per 100 000 of the population in 21 countries. The highest *numbers* dying were in India, USA, Russia, Mexico, Brazil, Indonesia and Pakistan (Wang *et al*. 2022).

Excess mortality as a measure of course captures deaths due to Covid-19, as well as the more-than-expected deaths from other causes; for example, due to disrupted access to medicines and ongoing health care for people with chronic conditions, failure to detect treatable conditions early because of limited access to healthcare services (movement restrictions and the focus on Covid-19 response) and, similarly, because of reduced capacity to treat non-Covid-19 medical emergencies.

A 2022 World Health Organization (WHO) paper[1] estimated 14.83 million excess deaths globally, 2.74 times more deaths than the 5.42 million reported as having been due to Covid-19 for the period. There are significant variations in the estimates of excess deaths across the six WHO regions: the worst affected regions were the Americas (22% – the ratio of excess to expected) and Southeast Asia (including South Asia) (also 22%), with Europe (17%) and Eastern Mediterranean (12%) having intermediate values and Africa (8%) and West Pacific (0%) having the lowest values' (Msemburi *et al*. 2022). Deaths were more than double in 2021 overall compared to 2020.

Unsurprisingly, low-income countries (LICs) had the highest ratio of excess to reported deaths given their limited death reporting capacities, but also the lowest rate of excess deaths per 100,000 people. This corresponds with the low excess death ratio from Africa, where many LICs are located. LMICs had the highest number of excess deaths, rate per 100,000 people and substantial excess over reported deaths (Table 1.3.1). There are many LMICs in highly affected regions: Southeast Asia (including South Asia), the Eastern Mediterranean, and Central and South America.

Table 1.3.1: Excess mortality across country income groups (2020/21)

World Bank Income Group	Reported COVID-19 Deaths (Millions)	Excess Deaths (Millions)	Excess Rate (per 100K)	P-Score	Excess Deaths/ Reported COVID-19 Deaths
HIC	1.93	2.09 [2.03, 2.16]	86.66 [84.03, 89.43]	9.46% [9.15%, 9.78%]	1.08 [1.05, 1.12]
UMIC	2.26	4.24 [4.18, 4.31]	82.48 [81.23, 83.79]	11.53% [11.35%, 11.72%]	1.87 [1.84, 1.90]
LMIC	1.18	7.86 [6.34, 9.60]	117.50 [94.69, 143.45]	17.58% [14.16%, 21.47%]	6.65 [5.36, 8.12]
LIC	0.04	0.64 [0.43, 0.85]	47.33 [32.22, 62.72]	7.02% [4.78%, 9.32%]	16.64 [11.33, 22.06]

Source: The WHO estimates of excess mortality associated with the COVID-19 pandemic (2022). Msemburi *et al*. Used under CC-BY-4.0

Interrogating drivers of excess mortality

Health-related factors driving excess mortality in 2020 across 79 high-, medium- and low-income countries included:

> Health privatization, healthcare underfunding, and late implementation of containment and mitigation strategies were powerful drivers of excess mortality. By contrast, the results suggest a negative association of excess mortality with health expenditure, number of doctors and hospital beds, share of population covered by health insurance and test and trace capacity' (Kapitsinis 2021).

However, there were cases – such as South Africa – where comparatively high mortality was experienced despite a strict regime of restrictions, suggesting that containment strategies may not have been such an important factor in low and middle income countries. Yet another account found the investment in hospital beds was a factor (whereas gross domestic product (GDP) per capita was not), as was the stringency of policy responses, and demographic structure (Bilgili *et al*. 2021).

However, investment in health is not the only factor driving pandemic-related mortality. There were two critical additional factors: (1) a country's demographic structure; and (2) the largely outdoor nature of economies and societies in poorer countries. There was early realisation in the scientific community including WHO that the virus affected older people and people with chronic diseases much more severely than others, because they were more likely to need hospital treatment and to die (Evans and Werker 2020). It was not well understood that countries with younger average age populations might have a very different experience of the pandemic from those with older populations. More developed countries tend to have older populations and it was among these populations (including China) that the virus spread most rapidly at first. The global response to the pandemic was shaped by these early experiences and responses adopted in countries such as China and Italy, and were then translated to countries where circumstances were different.

While demographic differences were taken into account early in the pandemic response, a second major factor and difference between the global North and global South is in the degree of indoor and outdoor living, something which was appreciated much later on. Greater outdoor living and natural ventilation may have led to lower 'viral loads' in patients with symptomatic Covid-19, and therefore fewer severe cases. Other theories focused on pre-pandemic acquisition of immunity. These differences in context suggest that a one-size fits all approach to pandemic management is unlikely to be optimal.

Stringency of policy responses has been associated with deaths from Covid-19, with stringent restrictions introduced in response to deaths. Stringency was also (negatively) associated with level of health expenditure based on 2020/21 data, higher health expenditures enabling countries to have less stringent responses (Jalloh *et al*. 2022). For future pandemic preparedness in developing countries, ramping up routine health expenditure levels in pre-pandemic years from their current generally low levels would seem to be a pre-requisite.

Spotlight on poverty, inequalities and excess mortality

Despite significant reduction in general mortality across the world in the decades before the pandemic, inequalities in mortality correlate with inequalities between rich and poor people, through behaviour, information, economic and social stress, living environment and public health institutions. Pandemics (and shocks in general) can exacerbate

these inequalities. For example, in urban areas of France lower income correlated with higher excess mortality during the pandemic. Labour market and housing conditions are especially influential (Brandily *et al*. 2021). Location can also be a factor: 'Cities with higher residential overcrowding had higher excess mortality. In Santiago, capital of Chile, municipalities with higher educational attainment had lower relative excess mortality.' (Alfaro *et al*. 2022). Educational attainment is also generally linked to less crowded housing and lower virus spread. There is a clear trend within countries that the poorest people and those from minority ethnic groups are more likely to bear the brunt of pandemic deaths. In some countries, the poorest people are nearly four times more likely to die from Covid-19 than the richest. In Brazil, black people are 1.5 times more likely to die from Covid-19 than white people. In the U, Native American, Latino, and black people are 2–3 times more likely than white people to die from Covid-19 (Oxfam 2022).

However, in the agrarian societies of sub-Saharan Africa and South and Southeast Asia, the poorest people may be rural casual labourers and small-scale farm households in remote rural regions where the pandemic was less present, as in Tanzania, for example (CPAN 2022a and 2022b). This contrasts with the previously less poor, densely populated urban and peri-urban informal settlements and economies where the effects of both the virus directly and restrictions were much more severe and widespread. There is comparatively little evidence on the link between material poverty and Covid-19-related mortality in the global South, because little data was collected during the pandemic included consumption or income. A study in 2020 showed:

> While wealthy areas are more globally exposed, thus increasing the likelihood of Covid-19 transmission (Pana *et al*. 2021), economically weak territories are associated with more acute level of deprivation and higher poverty. Indeed, poverty rate proved to be a powerful driver of excess mortality. High poverty rate could be attributed to barriers against access to healthcare, poor health conditions and limited capacity to achieve physical distancing (Bennett 2021). Severe deprivation and fragile economic growth lay the explosive ground for high poverty and deep socioeconomic inequalities, that are strongly related to poor health conditions (Saunders and Davidson 2007). Areas with high poverty could be more affected since the infection rate tends to be higher among people in lower social classes, who are forced to use public transport, in the absence of private cars, being unable to cease economic activity by virtue of low savings or work remotely due to the lack of home office or nature of their work, i.e. mainly sellers or blue-collar workers in manufacturing (Bennett 2021) (sic.) (cited in Kapitsinis 2021).

A strong statistical relationship between mortality and geographically based poverty found in a global systematic review is highly plausible, though this was only included one study from Africa and one from Southeast Asia among poorer countries. Had more LMICs been included the results might have been more mixed. However, the Latin American studies showed higher mortality (though not necessarily higher incidence) in deprived areas (McGowan and Bambra 2022).

Income inequality is strongly associated with excess deaths, even more so than health inequality (Varkey, Kandpal and Neelsen 2022). The most unequal countries have typically had very high mortality rates (Brazil, Lebanon, Russia, South Africa, the US). This was thought to be 'because the poorest have high risks of infection and limited access to treatment and partly because high inequality

reduces trust in government institutions' (Norheim *et al*. 2021) and trust was correlated with better experiences in the pandemic (see below and Chapter 2). One, rather idealistic, solution was to suggest that non-governmental and civil society organisations should provide information to citizens, and they or governments should aim for participatory or inclusive decision-making to reduce lack of trust in institutions, which was characteristic of unequal and some other societies.

The dynamics of the pandemic and responses to the restrictions commonly imposed could also account for variations in mortality. Peru, a country of moderate and declining inequalities, had the highest excess deaths of any country in 2020, thus diverging from the general association between inequality and excess mortality. Poverty and congested housing were acknowledged as factors that explained this, along with an under-resourced health service (Taylor 2021). Peru also had the one of the strictest lockdowns, leading to the steepest decline in employment in 2020 among a sample of middle-income countries, twice or more than the rate of other South American countries, where the decline in employment was also generally greater than elsewhere in the world. Much of this decline was in the informal economy, which bounced back somewhat as restrictions were lifted (Dasgupta, Dierckxsens and Verick 2021). The steep decline in employment, coupled with the other factors, may help to explain Peru's ranking at the top of excess mortality.

It is likely that previously non-poor people who were impoverished by restrictions were able to bounce back, whereas those people experiencing extreme or chronic poverty may have had difficulties. These are all signs that tackling inequity must be placed at the heart of pandemic preparedness and crisis management.

1.4 Indirect impacts: socioeconomic regression among households in and near poverty

There is a plethora of survey-based data on pandemic wellbeing, much but not all of it based on mobile phone surveys. Some of it enables analysis of different levels of wellbeing, before and during the pandemic. It should be noted that phone surveys do not adequately capture the circumstances of probably the poorest 20 per cent of people in low and middle income countries, as they tend not to possess or have the infrastructure to use phones.

There is much less qualitative work on wellbeing in the pandemic, perhaps because of the difficulties involved in carrying out sustained qualitative research during the lockdown restrictions and given the ethical risks of virus transmission. Chronic Poverty Advisory Network (CPAN)'s Covid-19 Poverty Monitoring Initiative (PMI) revisited households and key informants interviewed before the pandemic in 12 countries across sub-Saharan Africa, and South and Southeast Asia to see how they fared during Covid-19, how this related to their pre-pandemic trajectories, what they needed to survive and recover, and what policy responses were of use to them (see also the resulting `real-time' bulletins).[2]

This section brings together a selection of relevant results from the literature, quantitative phone surveys (analysed for Afghanistan, Cambodia and Nigeria, with distributional insights additionally drawn from pandemic survey briefs in Ethiopia, Indonesia, Malawi, the Philippines and Uganda), and qualitative PMI to highlight socioeconomic regression experienced especially among groups in and near poverty since the onset of Covid-19.

Job loss and downward mobility

The pandemic has wreaked havoc on global economies and household incomes. A large proportion of humanity is worse off because of Covid-19, with benefits often confined to those able to continue working from home. For everyone else, life became a struggle in various ways: because of increased health and mortality risks; additional care burdens, especially with children out of school, but also with the widespread incidence of Covid-19 and widespread home care; from the stress of lockdowns, with household members unable to go out as normal; and in terms of being able to put enough food on the table, despite inflation and market closures, and being able to find work. All of this provided the conditions for an explosion of largely untreated mental health problems, as well as increase in domestic violence. The scale and intensity of lockdowns was closely correlated with employment losses (Dasgupta *et al*. 2021); The working-hours equivalent of 400 million people[3] lost their jobs worldwide in the second quarter of 2020 – 14% of the global labour force (ILO 2020). By 2022, this was down to 112 million, compared to the reference period of Q4, 2019 (ILO 2022), indicating a substantial 'bounce-back'. However, this probably omits many uncounted job losses in the predominantly informal economies of LMICs. In Afghanistan, for example, jobs were lost both in formal and informal sectors:

> *Our own family and our neighbors, who worked in manufacturing companies, have lost their jobs because the factories were shut down due to the corona. While I am jobless, my son is also becoming an extra burden by losing his job.* (LHI, Afghanistan)

> *My husband doesn't have a proper and regular job, my sons are going to the streets to collect plastics. If they could collect some, they can get at least 10 AFN per kg. Some people say not to send my sons on the streets, it is not good for their health. But, what can we do?* (LHI, IDP, Afghanistan)

A collection of phone surveys of 30,000 respondents in nine LMICs revealed that 'dire economic conditions' and widespread food insecurity were common across countries, if variable, even after only three months of the lockdowns, and that people's coping strategies and assistance from government and other agencies were not enough to enable people to maintain their pre-pandemic standard of living (Egger *et al*. 2021). A study on Ethiopia, Malawi, Nigeria and Uganda found that three quarters of households had lost income in 2020, which was exacerbated by their inability to access food and essential medicines (Josephson, Kilic and Michler 2021).

In Bangladesh, a focus group discussion (KPFGD) revealed:

> *Brickfield was closed. Most of the males in our area work in the barber shops. That work was stopped during the lockdown because. One has to touch the customer's face and body during a haircut or shave and that is not safe for both the customers and the barber. We all were unemployed during the lockdown. We were sitting at home. Take out a loan to meet the household cost and food. Vata (brickfields) were closed for a long time. The brickfield work [only re-]started three month ago. But currently that work is stopped because of the rain and bad weather. When there is no work at the brickfields, men go [as] day laborers. Women do not have this option. They have to stay at home. Sometimes they do poultry and cattle rearing at home.*
> (Focus group discussion, Bangladesh)

Growing vegetables could also be a good solution, as in Zimbabwe:

> *Mrs Chipfiga reported that the community garden project had been set up by the local councillor for Nketa, with the support of World Vision.*

His aim, Linnet argued, had been to target the elderly and those identified as Orphans and Vulnerable Children (OVC) in Nketa. However, the challenge with the project was that of corruption as some of the people who ended up as beneficiaries of the project were neither OVC nor elderly people. She on the other hand, had agreed to use the land for a small fee they had agreed upon with her now deceased landlords. The landlord's son had inherited both the house where Linnet and her family rented, together with the garden and Linnet had continued with the previously agreed fee payments. She argued that producing her own vegetables gave her better profit and made her work easier as she did not have to wake up early to go and wait for local farmers at the farmers market, who at times [charged] exorbitant prices when vegetables were in short supply. (LHI, Zimbabwe)

Not surprisingly, there were significant increases in poverty: the World Bank's Poverty and Shared Prosperity Report (World Bank 2022d) estimated this as 71 million additional people at below the extreme poor level of US$2.15 per person per day, and 137 million additional people below the middle income poverty level of US$5.85 per day. While these figures are based on the best available modelling, they do not take into account: the effects on the large informal economies of the global South, where the extent of bounce-back is uncertain; the likely inter-generational effects of loss of education (dropping out or losing 1–2 years of schooling in many cases) on the likelihood of escaping from poverty; or of the effects of early marriages, GBV, separation and divorce, resulting from the policy responses to the pandemic, all of which can have substantial effects on wellbeing.

It is also the case that exposure to two significant shocks in parallel or in sequence is enough to push people not only into *temporary* poverty (Baulch, 2011), but into *chronic* poverty, from which escape is harder because assets, food security and social networks all become weaker. It is likely that during the decade to come the rate of escape from poverty will decline to a very low level given the multiple characters of the pandemic crisis: the immediate health and mortality effects of the virus, and the economic and social crises induced by restrictions; the inflation in the cost of essential goods which ensued, exacerbated by the Russia-Ukraine war; continued experience of drought, floods, hurricanes and other hazards; and the normal experience of death and illness.

In low and middle income countries the effects of restrictions on economic and social activity risked being worse than the public health disaster itself. This idea is elaborated on in chapter 2. Early modelling suggested that people in poverty would be much less able to cope with the pandemic (given their lower levels of access to preventive technologies and practices) and would be significantly disadvantaged by the restrictions imposed by governments (Winskill, Whittaker and Walker 2020). However, decision makers did not acknowledge at that time the extent to which this would be the case.

People lost jobs in both the formal and informal economies, as in Afghanistan:

Our own family and our neighbors, who worked in manufacturing companies, have lost their jobs because the factories were shut down due to the corona. While I am jobless, my son is also becoming anan extra burden by losing his job. (LHI, Afghanistan)

My husband doesn't have a proper and regular job, my sons are going to the streets to collect plastics. If they could collect some, they can get at least 10 AFN per kg. Some people say not to send my sons on the streets, it is not

good for their health. But, what can we do? (LHI, IDP, Afghanistan)

Income losses have been especially sharp in the bottom half of the income distribution. For example, by July or August 2020:

- In Indonesia, lower-skilled workers, many who are typically found among people in and near poverty with lower levels of education, were more likely to experience reduced income compared to the more highly skilled workers (World Bank 2020d).
- In the Philippines, among households operating farm businesses, non-farm businesses or receiving remittances, losses were particularly prevalent among poorer quintiles in August 2020 (World Bank 2020g).
- In Uganda, 'the recovery of working activities was especially pronounced in urban area (18%) and in the richest quintile (18%)' (Aguta *et al*. 2020).

Indeed, the poorest people have generally lost more than everyone else, due to the disruption and decline of the casual wage labour markets on which they typically depend; and the exhaustion of their social capital in 2020, which was only sometimes and partially compensated by public transfers. The loss of casual wage labouring opportunities was sometimes because employers developed coping strategies (doing their own harvesting, other farming or domestic work) and stopped hiring casual labourers. Losses of more formal jobs, remittance declines, and widespread and sometimes prolonged losses of retailing and vending opportunities all also made their mark. There may be exceptions to this among remote rural populations, who were not much exposed to the virus or to the movement and market restrictions.

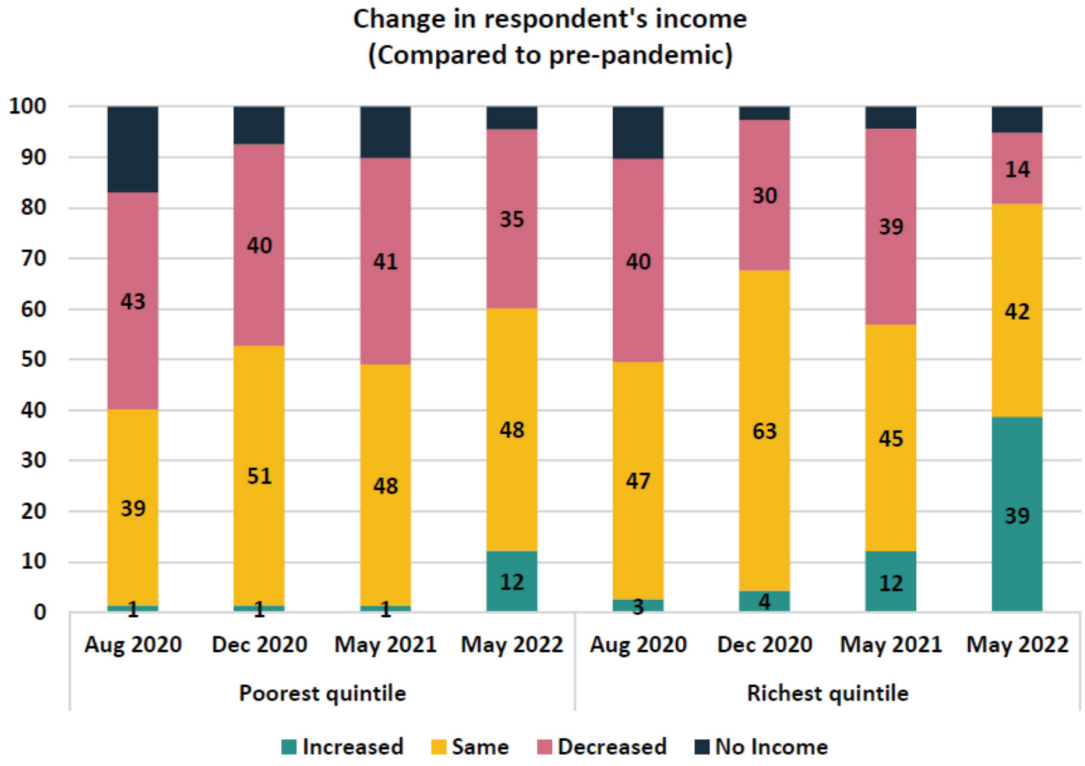
Moreover, into 2021 and 2022, recovery among people in and near poverty was muted. Taking two statements from the 2021 qualitative data, for example:

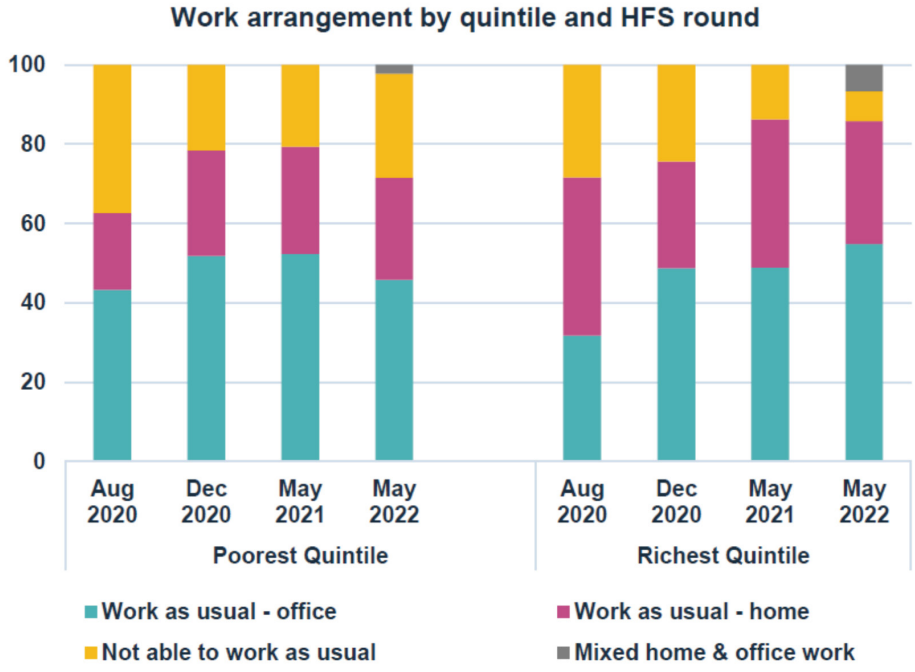
My husband was engaging in paid work in town before Covid-19 but the jobs are not promising now... I have been engaging in pottery and sell it in [the] market. My husband could not get the job now and he stays at home without any job. (LHI, Ethiopia, April 2021)

At the moment demand for labour is very low because even the people we look up to for piece works are just complaining that they do not have money. Most of them are not doing business like going to Zambia or Lilongwe to sell produce so they really do not have money to hire us to work for them. (LHI, Malawi, February 2021)

According to survey data from the Philippines, by May 2022, 'income levels [had] not returned as quickly for the poorest' (Figure 1.4.1, left) (World Bank 2022g). Instead, 'employment increased much faster for the richest than the poorer groups, resulting in a sharp increase of the employment gap between the two groups' (*ibid*.). Work disruptions also continued to increase among people in and near poverty (Figure 1.4.1, right).

Figure 1.4.1: Employment recovery in the Philippines by income quintile





Source: Impact of COVID-19 on the Philippines' Households : Insights from High Frequency Survey Round 4-May 2022 (English). 2022. World Bank. Used with permission, CC-BY-NC..

However, some studies find contrasting results, as the case of India presented in Box 1.B conveys.

Box 1.B: Distributional insights from India

In India (Jesline *et al*. 2021) based on high frequency household surveys:

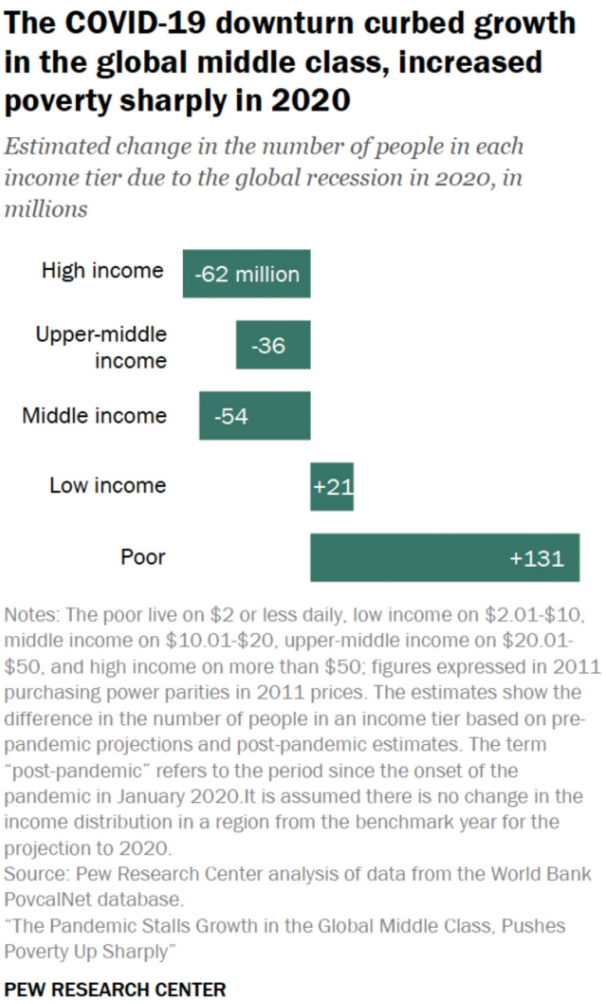
- average household incomes dropped sharply during the months of the nationwide lockdown. The subsequent recovery remained incomplete and was unevenly spread over the population even 22 months after the start of the pandemic. Poverty more than doubled during the lockdown and even after almost two years was slightly higher than before the pandemic. Inequality spiked during the lockdown but returned back to pre-pandemic levels.

Another study in India found:

- that the initial shock of the lockdown was more severe for the bottom of the income distribution, but it experienced a faster recovery. On the other hand, the top end of the distribution experienced smaller declines and slower recovery. Levels of formality and contact intensiveness of occupations of people across the distribution help explain this uneven impact and recovery. (Jha and Lahoti 2022)

Figure 1.4.2: Effects on the middle classes

More generally, the growth of the middle classes has also been constrained, as illustrated in Figure 1.4.2.



Source: The Pandemic Stalls Growth in the Global Middle Class, Pushes Poverty Up Sharply.
Pew Research Centre, Washington D.C. 2021.
Used with permission.

Despite these largely predictable distributional impacts, few mitigating measures were put in place in good time, as discussed in Chapter 2, perhaps in the mistaken hope that the pandemic would be under control and over quickly, and because of the uncertainties about the nature of the pandemic in the first few months. And as discussed in Chapters 2 and 3, many mitigating measures were stopped too early, well before recovery could take place – a pattern familiar in humanitarian operations, where rehabilitation and recovery are typically neglected. There were some exceptions where measures were medium to long term, but the majority of countries enacted only very short-term measures lasting a few months. There may well have been national fiscal pressures behind these decisions, and the international community certainly failed to fill the financing gap.

Multiple challenges facing women in poor households

Women felt an especially heavy burden during the pandemic. (Oxfam 2022), experiencing bigger and longer-lasting employment and income losses (ILO 2021b), but also significant additional domestic and employment-based violence (Box 1.C).

Box 1.C: Violence against women in and near poverty during the pandemic

Across the globe, spiralling economic and gender inequities deepened the suffering that girls, women, and non-binary people face. Even before the pandemic, a staggering one in three women experienced physical or sexual violence. The pandemic has made the situation even worse. Economic insecurity due to mass unemployment, directly linked to the pandemic, has increased women's vulnerability to violence in the home. Calls to domestic violence and gender-based violence (GBV) helplines increased and domestic abuse killings tripled during early lockdowns.' (Oxfam 2022)

When men are at home unemployed it is difficult for them to bear everything such as the noises of children etc. So, this has created lots of family conflicts, and family violence has increased (LHI, female).

Called the 'shadow pandemic', violence against women accelerated as women were potentially locked down with their abusers. Surveys in 13 LMICs suggested that one in two younger women and women with children had experienced or knew a woman who had experienced violence during the pandemic, and over a third of older women. Between a tenth and a third of women surveyed had experienced violence or the threat of violence in the home during April–September 2021, and many more felt less safe a home. Public spaces were also widely perceived to have become less safe (UN Women 2021).

According to a survey of providers in 2020, GBV prevention and response services were also negatively affected by the restrictions, especially community-level services and shelters. Adolescent girls and women with disabilities were identified as especially vulnerable (Roy *et al*. 2022. Reduced funding for law enforcement and women's organisations also affected the level of provision during the pandemic (UN Women 2021). Violence can often be a precursor of separation and divorce, so it would not be difficult to predict that higher rates of separation and divorce would follow a wave of GBV; they are also often pathways to chronic poverty for women headed households. The higher

Continued:

Covid-19 mortality commonly experienced by men would also have contributed to raising the numbers of households headed by women.

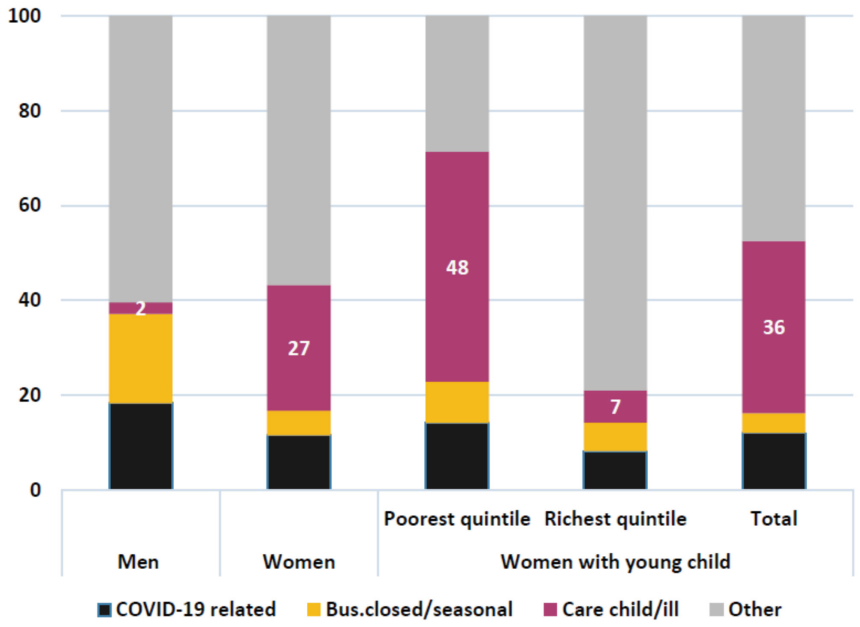
> More than 90 percent of women workers in developing countries are employed in the informal sector, lacking employment protections and social safety nets such as coronavirus relief payments. With little choice but to continue working, they faced harassment and brutalization by police and military authorities enforcing coronavirus control measures such as checkpoints, quarantines and curfews. Equally, in sectors of the workforce where women are overrepresented, such as the domestic work and healthcare sectors, workers have seen dramatic increases in violence, as have migrant women workers, isolated with their employers and unable to reach family and support networks' (Oxfam 2020).

The pandemic and government responses to it seem to have done little to challenge social norms that allocate care roles predominantly to women, despite the often significant periods of time men have spent at home or out of work:

> Social norms have entrenched care work as the responsibility of women and girls, who undertake more than three-quarters of unpaid care work. Covid-19 and lockdowns have increased levels of unpaid care and domestic work at a time when families have fewer resources and even less access to services (*ibid.*).

These consequences are particularly pronounced among women in and near poverty. For example, in the Philippines women in poor households with children under four years of age are often tasked with care work that limits their engagement in paid work (Figure 1.4.3).

Figure 1.4.3: Main reasons for women not working in the Philippines, by quintile



Source: Impact of COVID-19 on the Philippines' Households : Insights from High Frequency Survey Round 4-May 2022 (English). 2022. World Bank. Used with permission, CC-BY-NC.

The impact of the pandemic has accordingly deepened long-standing gender inequalities in the economy:

> During 2020, women were 1.4 times more likely to drop out of the labour force, and took on three times more hours of unpaid care work than men' (Oxfam 2020). However, this masked differences in experience: better-off families could prioritise safety and distancing, whereas poor families had to prioritise working outside the home to get income for food. When men fell out of work and came home, poor women were driven to work.
>
> In 2021, there were 13 million fewer women in employment compared with 2019, while men's employment recovered to 2019 levels. The pandemic has disproportionately pushed women out of employment, especially as lockdowns and social distancing have affected highly feminized workforces in the service sectors, such as tourism [or petty trade]. (*ibid.*)
>
> The impacts of the pandemic on poor and vulnerable women and girls and LGBTQIA+ people are likely to be felt far into the future, through reduced lifetime earnings' [and we would add, separations and divorces, and in the formal sector lost contributions to pensions] 'and for girls reduced access to education, early marriage and pregnancy. Governments, however, have generally failed to step up with any bold and ambitious policies to address these concerns (Oxfam 2022).

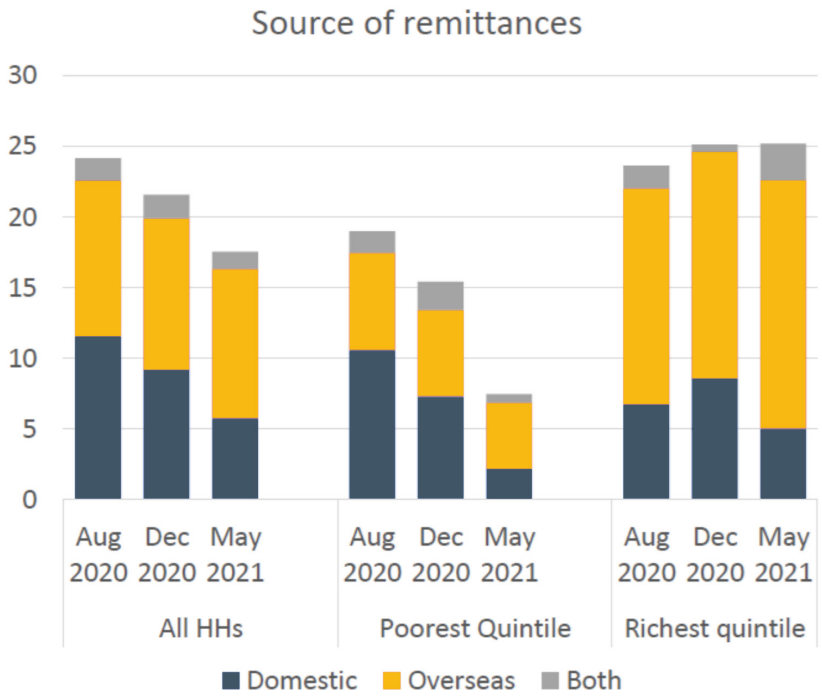
Sometimes governments took repressive measures: for example, women food and vegetable vendors in Dar-es-Salaam and other Tanzanian cities saw their husbands losing their jobs and coming or staying at home, so these women took up the slack by working more. In 2021, the government then cleared them off the streets which led to many losing their regular customers at precisely the same time that their families were more dependent on them for food than previously (CPAN 2022b).

Migrants and remittances harmed through Covid-19 policy responses

International migrants were affected both by the impact of Covid-19 and by part of the response to the pandemic. Migrants in dormitories (e.g. in Southeast Asia) were particularly badly affected by the pandemic directly. In the Philippines, for example, the share of households receiving remittances declined particularly among the poorest quintile due to a fall in domestic remittances (Figure 1.4.4), though by May 2022 the 'share of poor households receiving remittances rose to its pre-pandemic level' (World Bank 2022c). Richer households' remittances in the Philippines were supported by international migration and these were much more stable than poorer households' remittances, which depended on migration in the Philippines.

Declines in international remittances were much smaller than expected, however, and some LMICs experienced increases in 2020 (Box 1.D).

Figure 1.4.4: Decline in remittances faced by poorest and richest households, Philippines (2020/21)



Source: Impacts of COVID-19 on Households in the Philippines Results from the Philippines COVID-19 Firm Survey Round 3 – May 2021. World Bank. Used with permission, CC-BY-NC.

Box 1.D: Surprising trends in international remittances

After an initial dip in the first half of 2020 (mostly in March and April), remittances appear to have rebounded to pre-Covid-19 rates and historical highs in several countries. For example, Pakistan – where remittance inflows accounted for nearly 8 per cent of the GDP in 2019 – saw the highest amount of monthly remittances historically in July 2020 (State Bank of Pakistan 2020). In countries such as Mexico and Nepal, monthly remittances in the second, third and fourth quarters of 2020 increased to amounts higher than the previous year for the same period. Several factors could be behind this trend: currency fluctuations paired with the effect of countries coming out of strict lockdowns – during which time usual household spending was limited and savings were higher – may have played an important role in the dip and rebound. Emerging economies faced sharp currency depreciation in February-March 2020 whereas the currencies of advanced economies were generally strong during the same period. This may have led to the usual amount of remittances sent getting converted to higher amounts in the receiving countries. The financial behaviour of migrants in times of crises could also be a factor, with migrants sending lockdown savings to support their families in countries heavily affected by the Covid-19 outbreak, but also vice versa, with families supporting migrants in countries affected (World Bank 2021b).

Poor migrants are much more likely to migrate within their own country. The plight of migrants in India during the pandemic was the focus of international attention as sudden lockdown measures in March 2020 stranded millions of migrant workers, many of whom stayed in congested transit camps with limited facilities:

> The findings highlight the different plight of the migrants, who had the pressing need to head back home to safety despite the acute financial crisis and the travel problems. The poor quality of the relief camps with meagre rations and lack of facilities especially put the women and children in distress and generated a lot of psychosocial issues. The present study urges the mental health-care professionals to groom themselves for facing the challenges of a surge in mental illnesses by taking necessary measures. It also emphasises the need to establish a strong ethical alliance between the local population, health systems, local government mechanisms, and human rights associations in order to take a relook at the national migration policies (Jesline *et al*. 2021).

Data on migrants is scarce, but a literature survey identified migrants and informally employed workers as India's two most affected groups during the first wave (Dang, Lanjouw and Vrijburg 2021). More than eight out of 10 migrants lost their jobs, and some of the 12 million inter-state migrants had still not found work by October 2020 after lockdowns were lifted. The crowded living conditions in the urban areas where migrants lived offered minimal protection against catching the virus. Migrant workers' access to health services was poor and if they caught Covid-19 they faced high out of pocket expenses. The quote below illustrates the kind of decisions migrants in the informal economy had to make:

> *We had a good turnover in our vegetable business in the past, but income flow has reduced significantly during the pandemic due to lack of customers. This colony was earlier full of villagers from outside places [migrants] and my business was heavily dependent on them. With lockdown restrictions in place, many residents of this area went back to their native village. We are now struggling to meet our daily food expenses and are eating only rice and pulses. My children are finding it difficult to get jobs. We came to the city to earn money, but if the situation continues like this we would prefer to go back to our native village* (LHI, Male).

Child poverty and intergenerational consequences

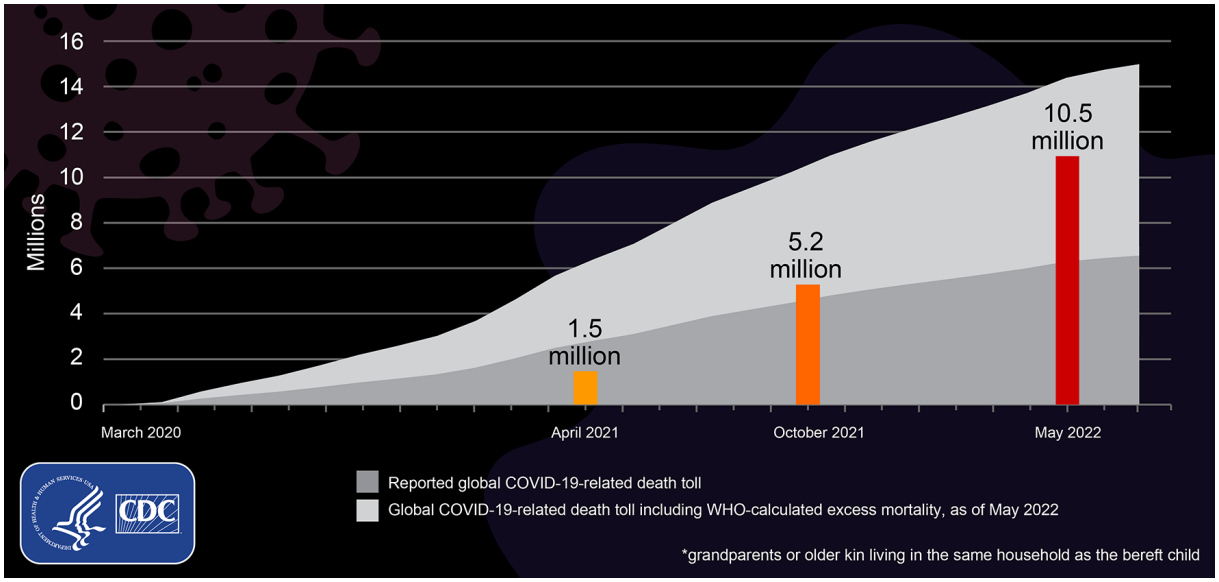
The long-term negative effects on children will be massive, not least due to monetary poverty, loss of carers and education, and health deprivations. The long-term effects of being born and experiencing nutritional deficits in a protracted crisis are likely to include stunting, doing less well in school and lower lifetime earnings. We do not know if the worst-affected children are those born during the pandemic, those in pre-school years, or those transitioning from primary to secondary school. This will be an important research agenda to guide future social policy.

One third of all children (591 million) lived in monetarily poor households prior to the pandemic. The pandemic is estimated to have increased the number of children living in poor households by between 80 and 144 million by the end of 2021. (Fiala *et al*. 2021). A large proportion (one fifth) of children in low- and lower-middle income countries, moreover, lived in households that were not well prepared to withstand a pandemic in terms of quarantining space, adequacy of toilet facilities and hand hygiene, mass media exposure at least once a week, and phone ownership. The poorest and rural

households were less likely to be well prepared (Lu *et al*. 2022).

Over 10 million children have lost a parent or a carer worldwide as a result of the pandemic. There is an increased likelihood of experiencing orphanhood among children living in countries and regions with lower vaccination rates and higher fertility rates; overall, children are at a higher risk of having lost a father than a mother; and two out of every three affected children are between the ages of 11 and 18' (Hillis *et al*. 2022). Some high-income countries and upper-MICs have responded with regular cash payments for orphaned children; little has been done in LICs and LMICs.

Figure 1.4.5: Global estimates of children affected by Covid-19-associated orphanhood and/or caregiver loss



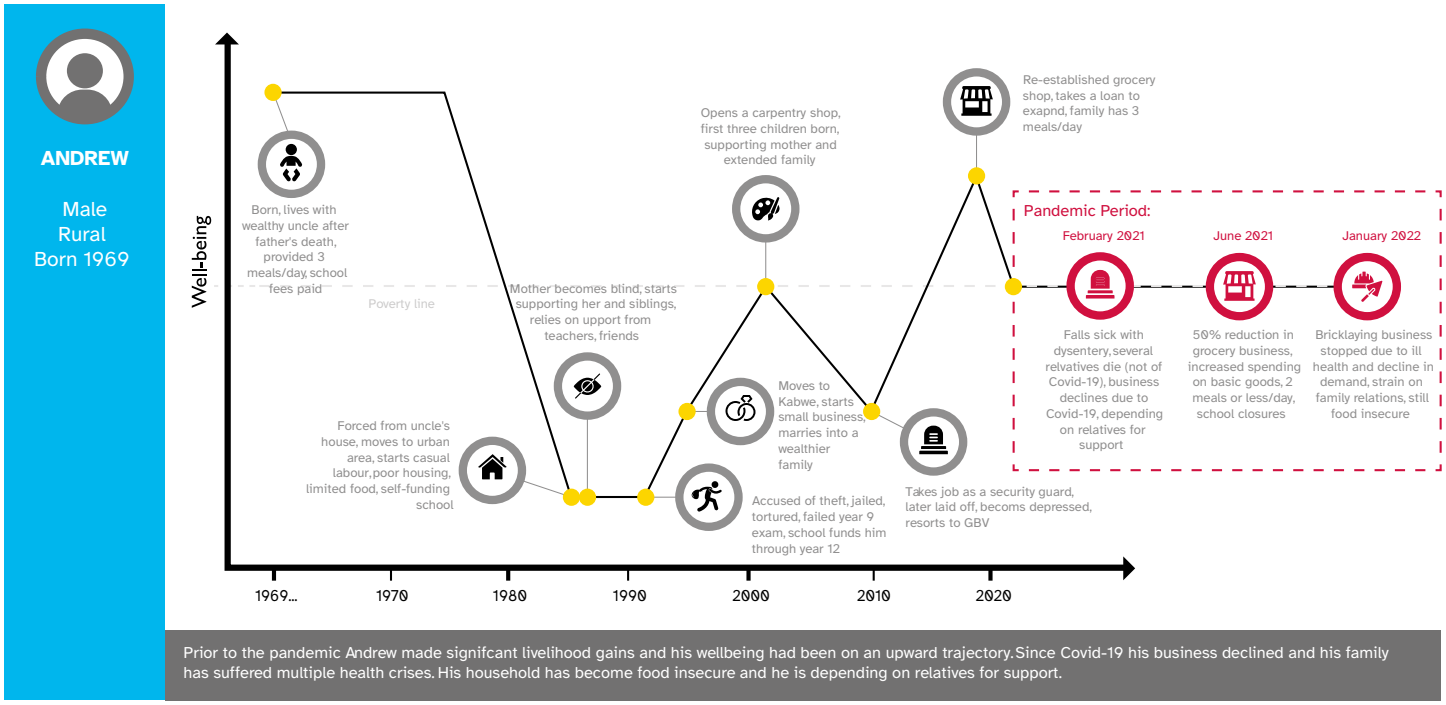
Source: Global Orphanhood Associated with COVID-19. CDC. 2022. Reference to specific commercial products, manufacturers, companies, or trademarks does not constitute its endorsement or recommendation by the U.S. Government, Department of Health and Human Services, or Centers for Disease Control and Prevention.

There are also wider human development consequences which have intergenerational effects. Learning loss and school dropouts pose a substantial recovery issue, as discussed in Chapter 5. We know that education is a determinant of lifelong incomes, so the effects will be long-lasting. Foregone health care was also significant, mainly for financial rather than Covid-19-related reasons (Kakietek *et al*. 2022). And the pandemic has had a longer tail in low and middle income countries due to the slower spread of vaccines (Mobarak *et al*. 2022), all of which constrain recovery efforts in the long-term.

Hunger and food insecurity

Food insecurity also increased over the pandemic, often a result of erosive or harm-causing coping with the crisis (see life history from Zambia in Life-History Figure 1 below). Even before the pandemic, hunger has been growing since 2014, and healthy diets were out of reach, according to the2021 State of the World's Food and Nutrition report (FAO *et al*. 2021). We know that food insecurity worsened significantly during the pandemic, as a result of reduced incomes and also disrupted supply chains, leading to inflation.

Life-History Figure 1: Andrew, Zambia



Prior to the pandemic Andrew made signifcant livelihood gains and his wellbeing had been on an upward trajectory. Since Covid-19 his business declined and his family has suffered multiple health crises. His household has become food insecure and he is depending on relatives for support.

Source: Authors' own.

Table 1.4.1 indicates that food insecurity was sometimes particularly pronounced among households in the poorest quintiles across a number of LMICs. Here is one interviewee in Zimbabwe:

> *The high costs of food, which most shops at the time sold in United States dollars, accompanied with the increasingly rare instances for casual jobs also linked to the restricted movements during the COVID pandemic, made it difficult to have any surplus to pay off the school fees debt. She indicated that the BEAM scheme in her village was so over-subscribed with children who were double orphans (those with both parents deceased), that it could hardly cover those with one surviving parent.* (LHI, Zimbabwe)

People living in countries whose states were able to distribute food because they had systems up and running already, were in a relatively good position, but there were limits to state action, as in India:

> *This relief package ensured food security of households in rural areas during the first lockdown and initial phases of unlocking process. In urban areas, the relatively poor households and migrant households had difficulty in receiving ration as often they did not have ration cards in the current place of residence. This has caused a lot of grievances. The grievance redressal cell of the district received a lot of complain regarding the lack of reach of food grains and daal [lentils] in the urban area. Then the district officials took help of some of the NGOs to distribute ration in urban areas; sometimes with the issuance of tokens. Without the help of the NGOs, it would not have been possible to address the issue of ration distribution in urban areas.* (KII, India)

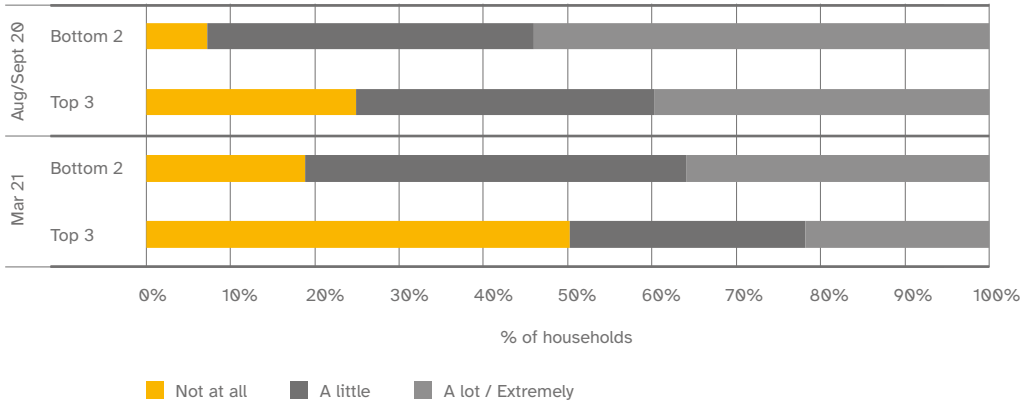
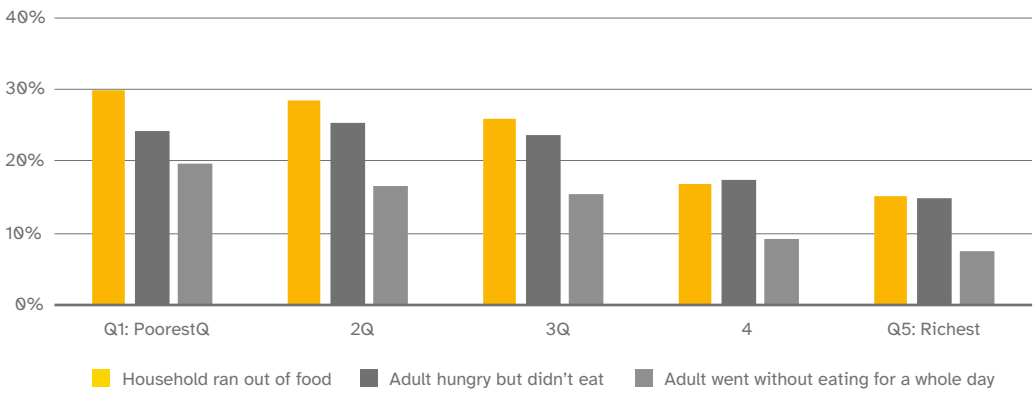
Food insecurity could be a direct consequence of stringently enforced restrictions, as in this interviewee's experience in Rwanda:

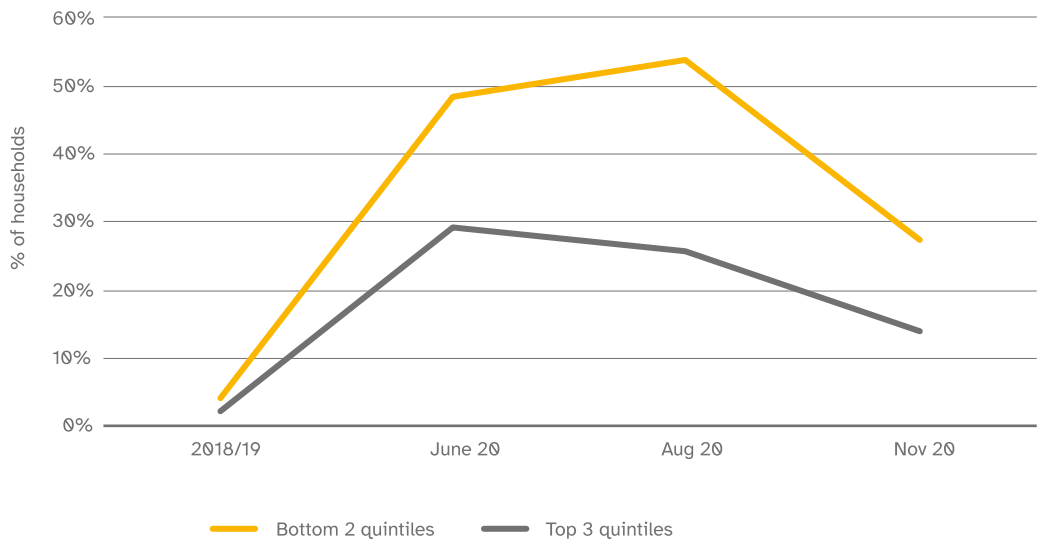
> There is when you were passing without *wearing a mask correctly and you meet with police van and then you pay them*

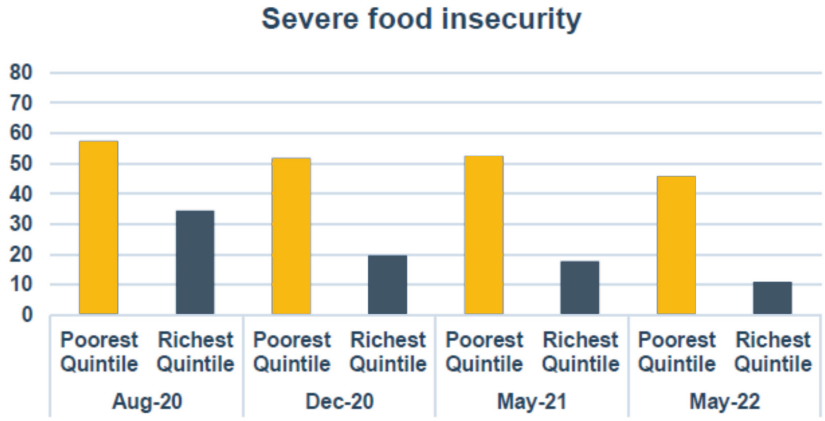
so you gave away the money you were supposed to use for buying food.
(LHI, female, rural Rwanda)

Food insecurity also has intergenerational consequences. It is well known that temporary food insecurity can have very negative long-term effects on children's learning, physical and mental development, and life-time earnings. The food insecurity experienced by a quarter of households with children was significant and not always mitigated.

Table 1.4.1: Food insecurity across the welfare distribution

Country	Distributional impacts
Cambodia	'Households especially in the bottom two quintiles were forced to further reduce their consumption in an effort to make ends meet'  Source: Authors' own. Based on data from Diwakar et al. (2022) Cambodia High Frequency Phone Surveys. CPAN.
Ethiopia	April/May 2020: Food insecurity is higher for poorer households. In particular, 20 percent of the poorest 20 percent of households reported having an adult who went hungry without eating the whole day, compared to just 7 percent of the richest 20 percent of households reporting the same.  Source: Authors' own. Based on data from Diwakar and Adedeji (2021) Nigeria High Frequency Phone Surveys. World Bank.

Country	Distributional impacts
Ghana	In a study in Ghana in May/June 2020, poverty was partly defined in terms of going without food, and Covid-19 had negative effects on this as well as other indicators of deprivation. Very high numbers of households were food insecure, especially in urban areas, and poverty was perceived to have increased, especially in rural areas (Bukari *et al*., 2022).
Indonesia	July/August 2020: 'The state of food shortages in most households has returned to pre Covid-19 levels, except households in the bottom 40%, in urban areas, and outside Java'. Food shortages among the bottom 40% = 29%, among middle 20% = 19%, among top 20% = 6% (World Bank 2020f). This suggests that people in poverty in rural areas recovered in terms of food security, which was instead most difficult among the bottom 40%, especially in urban areas. March 2021: 'Food shortages due to resource constraints are significantly higher in the bottom 40% than the top 20% more likely among less educated households, and those outside Java' (World Bank 2020d, 2020e).
Malawi	May/June 2020: 'The prevalence of moderate or severe food insecurity is highest among adults living in households in the poorest wealth quintile (86%). Adults living in households in the richest wealth quintile are experiencing the lowest levels of food insecurity, yet still more than half are experiencing moderate or severe food insecurity (52%).' (World Bank 2020a). August 2020: 'there was an increase from 33% to 40% in households experiencing severe food insecurity in the poorest quintile', compared to 13–14% across both periods for the richest quintile. (World Bank 2020a).
Nigeria	Households reporting hunger in the month preceding the survey was especially prevalent among households in the bottom two quintiles in 2020.  Source: Authors' own. Based on data from Nigeria High Frequency Phone Surveys. CPAN.

Country	Distributional impacts
The Philippines	May 2022: 'From August 2020 to May 2022, severe food insecurity fell only 11 percentage points for poor households, while it fell 23 percentage points for the better off ones.'  Source: Impact of COVID-19 on the Philippines' Households : Insights from High Frequency Survey Round 4-May 2022 (English). 2022. World Bank. Used with permission, CC-BY-NC
South Africa	Reported hunger among children was greater the poorer the household, according to survey data analysis between May/June 2020 and April/May 2021 (Alaba *et al.* 2022).
Uganda	June 2020: 'households from the poorest consumption quintiles, in particular, the bottom 40 percent, are more likely to experience moderate or severe food insecurity.' Similar situation by summer 2020 (World Bank 2020b).

Other forms of coping with the pandemic

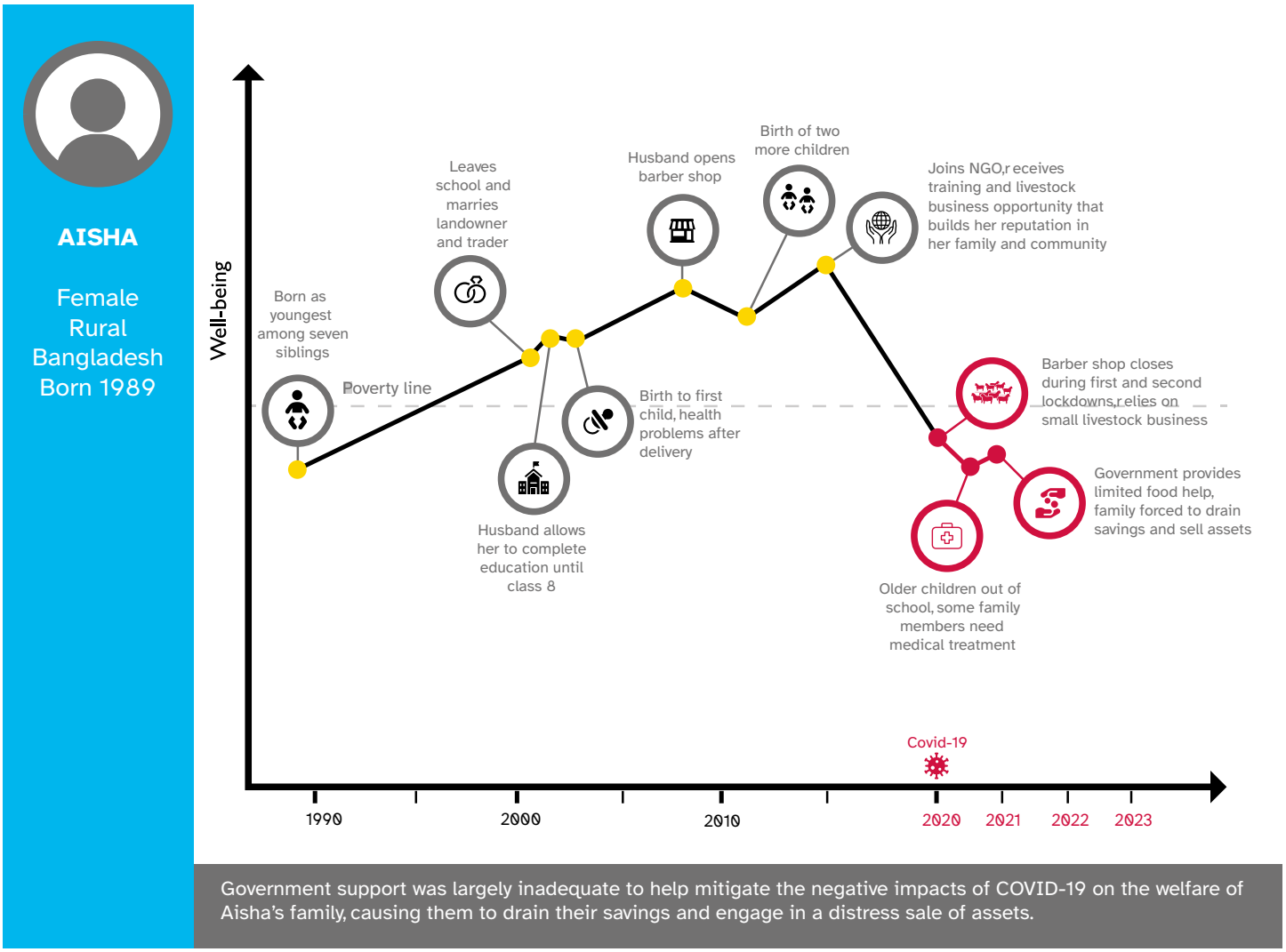
The iterative drawdown on assets over the pandemic waves amid limited institutional support contributed to erosive forms of coping that further drove downward mobility. In Nigeria, distress sales of agricultural and non-agricultural assets were particularly pronounced among households in the bottom two quintiles, increasing over the course of 2020 (Figure 1.4.6). The examples below are from rural Rwanda and Afghanistan, while Life-History Figure 2 is from Bangladesh.

> *The challenge I told you about is to sell the land not because you have planned that but because of the hunger. You sell it at a low price just to prevent kids to die of hunger, not for you to start another project that will bring benefit, but to see children getting what to eat.* (LHI, Male, rural Rwanda)

> *The challenge was to give away that field which gave children food. It was a challenge even though it was because I wanted to send a child to school. It helped me but now it is gone, don't you think it's a problem?* (LHI, female, rural Rwanda)

> *When my father was ill, beside the income that we have, we spent on his treatment. In the same way, we had one Jirib of land, we sold that land for his treatment. Additionally, we have grape garden, have of that garden we give it on mortgage and still that is on mortgage. Financially, we got so weak and are in debt now.* (LHI, Afghanistan)

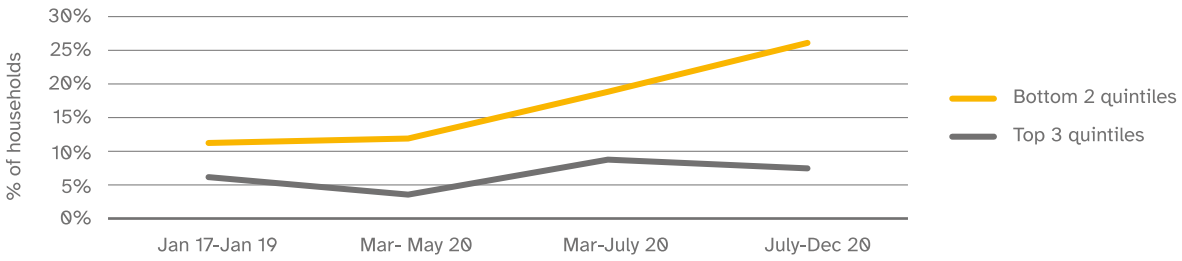
Life-History Figure 2: Limited social assistance driving adverse coping in Bangladesh



Source: Authors' own.

The consequences of unemployment, which were especially pronounced at the onset of the pandemic, could be far-reaching and devastating in terms of food insecurity, as discussed above, domestic violence, and – for some women – engaging in selling sex. The worst coping strategies included children selling sex.

Figure 1.4.6: Household sale of (agriculture/non-agriculture) assets in response to shocks in Nigeria



Note: y-axis refers to subset of households experiencing any shock.
Source: Authors' own. Based on data from Diwakar and Adedeji (2021) Nigeria High Frequency Phone Surveys. CPAN

Coping strategies were often work focused, with women joining or increasing participation in the labour force, for example, as mentioned above. Sometimes, extreme negative coping strategies emerged in collapsing societies where the pandemic overlaid pre-existing crises (e.g. child sex workers in Chitungwiza, Zimbabwe, engaging in sex work as well as transactional sex and increasing their number of boyfriends). More frequent coping strategies involved reducing meal quality, reducing the number of meals per day or simply going hungry, as well as reducing non-food consumption. In some contexts, sales of assets (e.g. livestock) was common (Figure 1.4.8 shows a longer list of coping strategies in Afghanistan).

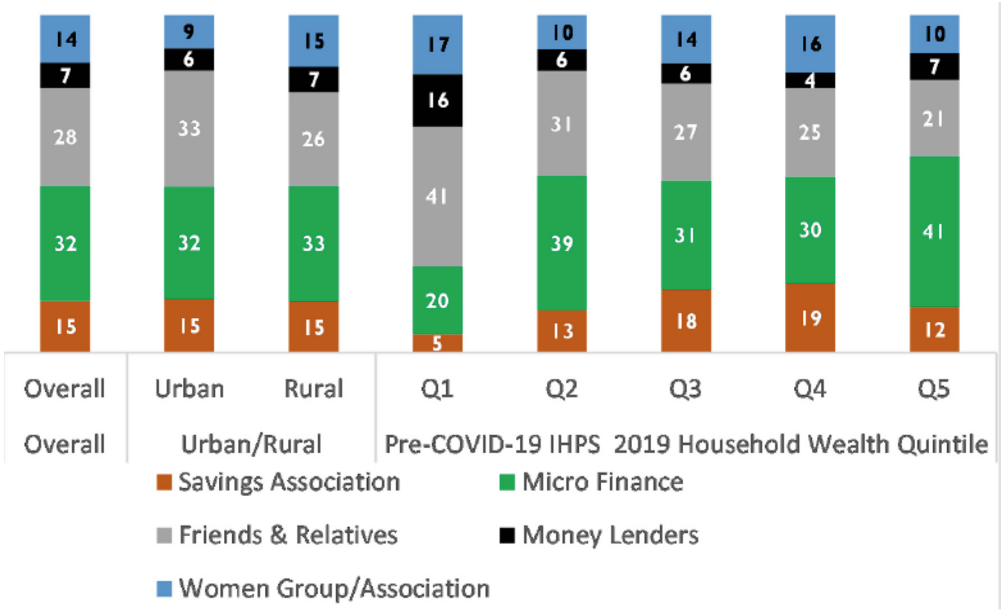
Many people resorted to (usually informal) credit to stay afloat, and sometimes needed to borrow to repay a first or second loan. In Malawi, households in the poorest quintile were much more likely to rely on credit from friends, relatives and money lenders, compared with other wealth quintiles in August 2020 (Figure 1.4.7). In Nigeria, households in the bottom two quintiles were much more likely to borrow to meet food needs, compared with richer households (authors' analysis of High Frequency Phone Survey Phase 2).

In Bangladesh and elsewhere garments factory workers were among those taking loans as factories closed and opened:

> *During corona lockdown my factory was closed and I took 4000 – 5000 taka loan to buy foods. The factory was closed when there was lockdown; it opened again and then closed again. Suppose it was close for 7 days, then I would not get salary for those 7 days. I would get 2500 taka after lay off. So I was forced to take loan to buy food.* (LHI, Bangladesh)

Amid layered crises in Afghanistan, borrowing was also prevalent in contexts of inadequate food in early 2020 (Figure 1.4.8). In Cambodia, borrowing a second and third loan to pay the first one or two was common and the process of selling assets, including land, to pay loans is believed to have increased during the

Figure 1.4.7: Sources of credit since Covid-19 outbreak



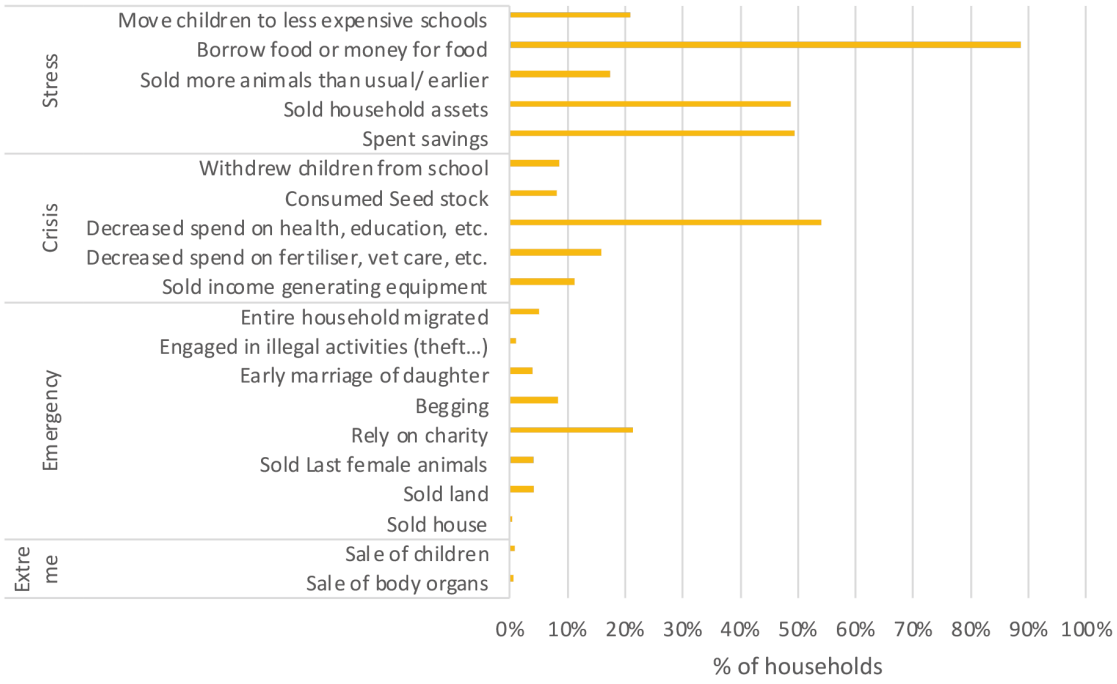
Source: COVID-19 Impact Monitoring: Malawi, Round 3. 2020. World Bank. Used under CC-BY-3.0 IGO.

pandemic (Blomberg and Dara 2021). In the Philippines, over 60 per cent of households in the poorest quintile relied on borrowing from family and friends as a coping mechanism in August 2020, compared with less than 40 per cent among the richest quintile (World Bank 2022c). As one interviewee from the PMI notes:

> *My family was struck twice by the Covid-19 virus. During the second bout of the illness, my wife's absences from work, under the 'no work, no pay' policy of a Job Order from the local government, put us in debt to relatives and friends so that we could buy medicines for three of us who fell ill. To make matters worse, the practice of delayed salaries at the LGU (local government unit) necessitated that we borrow money again from another party to pay the first party we promised to pay on a particular date. We were doubly indebted.* (LHI, Male, Philippines, October 2021)

Debt thus eroded savings, and therefore resilience, and also asset holdings.

Figure 1.4.8: Coping responses to inadequate food in Afghanistan (Jan./Feb. 2022)



Source: Authors' own. Based on data from Diwakar et al. (2022) based on data from PLSA 2022.

Figure 1.4.8 shows the severity of erosive and dangerous coping mechanisms. It can safely be assumed that many respondents have been extremely and persistently poor. This is an example of how the economic effects and restrictions imposed during the pandemic affected the poorest people the most – they suffered poor access to often poor health systems; significant impacts from restrictions on congested urban areas; depressed markets for labour, commodities and services; and price inflation, especially for food. Informal workers, many of whom are women, and migrants were especially affected, and their children, too. Whatever minimal resilience might have been achieved before the pandemic has been undermined by erosive coping strategies (sale of assets, taking children out of school, consumption of seed stock, etc.) and dangerous, severe impacts have also

been experienced (e.g. transactional sex including children, sale of children and body organs, early marriage, theft, etc.).

1.5 Political economy of decision-making during the pandemic

As the pandemic unfolded in low and middle income countries, there appeared to be substantial gaps in information, understanding and analysis of what it meant for people, how different groups of people were affected and what appropriate policy responses might be. This was especially the case for poor and marginalised people who are socially remote from decision makers, whose lives are often not at the forefront of public discourse, and about whom there are substantial deficits of knowledge, information and analysis. The way the informal sector and migrants were neglected in mopst countries suggests that such understanding is often limited. significantly greater understanding is needed to develop appropriate policies.

The absence of such analysis was only partly a result of data availability. High-frequency phone surveys were quickly implemented in many countries, often with World Bank support, and this filled an important information gap. However, they did systematically exclude non-phone owners, which would have biased their results against poorer people, older people, people with disabilities, and women, especially in rural areas with poor mobile phone infrastructure. Although the key actors realised this, mitigating measures to avoid such biases were in short supply.

It was also about 'who is in the room' demanding analysis and information when decisions are made, and the political economy of what drove those decisions. For example, although decision-making was centralised, garment workers in Bangladesh were allowed to go back to work whereas others were not because of the organised pressure garment exporters were able to bring on the government. Farmers and farm workers were given passes to move around so that food security could be achieved – the result of a decision of the prime minister, who managed the pandemic herself with just a few senior civil servants who were close to her, rather than let the normal disaster management processes and institutions prevail, based on the rationale that if local political leaders had been involved, corruption would have followed.

A further factor is the degree of decentralisation and deconcentration of decision-making. There can be different mechanisms for transmitting feedback to a central power – formal structures of local government, or political parties which have mechanisms to transmit grassroots reactions upwards in the political structure. Although decisions might be taken centrally, local bodies could be left to decide exactly how to implement them in a local context. Where there was no mechanism to make such adjustments, as in the case of school re-opening, which often waited for Ministry of Health go-ahead, despite highly varied risks within the same country, significant harm resulted; many areas could have re-opened earlier with great benefit for the families of that area.

Cross-sector collaboration was also needed to orient decision-making to the interests of the majority of people. Whereas the decision-making in Bangladesh was centralised in the Prime Minister's Office, in Cambodia the prime minister was also in charge, but in this case he had the support of technocrats from a wide range of ministries, allowing for more of a portfolio approach to pandemic management. This will have included the agriculture, women's affairs and social affairs ministries, which would have been in a position to put the

interests of people in poverty, women and rural households on the agenda. As a result, in our view, Cambodia came up with a more balanced, multi sectoral approach to managing the pandemic, even if the effects of the restrictions imposed will be long-lasting especially for informal workers, migrants, and women and children. It also then allowed provincial and local leaders to determine how the directions set by the National Disaster Management Committee would be implemented. Bangladesh experienced a similarly decentralised approach to implementation.

Social distance and communication between elites and people can also make a difference to elite responses. The pandemic itself narrowed this distance, as everyone had to rely on the same national health services – elites could no longer travel to neighbouring countries to access better services (Viens and Eyawo 2020). One would expect to see increased health expenditure as a result during this period. However, it seems that health expenditure increases were much smaller than non health expenditure increases at least during 2020 (Gupta and Sala 2022), and in 2021 and 2022 many low- and lower-middle income countries experienced declines in health spending (Box 1.E) as the macro-economic consequences of the global response to the pandemic intensified.

Whether such a high priority should have been given to vaccination in low- and lower-middle income countries, given the different age structures and vulnerabilities, and given the failure of vaccines to stop transmission (as opposed to their effects on severity of illness and deaths) is a moot point. Outside of health, the gap between elites and people may have widened as children lost access to education and most adults were unable to work from home.

Globally the policy response to the pandemic was set by two main sets of actors: (1) China with its zero-Covid-19 policies and draconian lockdowns, and other east Asian countries, especially South Korea, with its test, trace and isolate approach; and (2), less consistently, Western countries such as Italy, which experienced early severe emergencies and typically imposed a combination of restrictions on freedom and closures of institutions as well as compensation for the income losses of individuals and companies.

WHO later provided important support to globalising the public health responses from these two sources. However, not all of its advice was followed as countries panicked about protecting lives. For example, WHO recommended against border closures in high-profile advice

Box 1.E: Health spending priorities in low- and lower-middle income countries

Most lower income countries will be unable to finance their share of a Covid-19 vaccine roll-out to halt the current pandemic, *let alone* invest in better preparedness and response capabilities, without an increase in the priority given to health. The expected growth in government health spending during 2021 and 2022 will cover on average only 28% of the countries' cost share of a vaccine roll-out in low-income countries, and 43% in lower middle-income countries. In both low-income and lower middle-income countries, the expected increase in government health spending in 2026 will cover only approximately 60% of the annual investment required to strengthen and maintain public health preparedness and response capabilities (World Bank 2022a).

from the organisation's director-general on 30 January 2020, based on a 2019 review of evidence of what was likely to work in a pandemic (WHO 2019). More confusingly, its 2019 report did not mention lockdowns once, and yet in a report three months later (25 February 2020), WHO recommended that the Chinese model be applied in all cases. These sources effectively drowned out a potentially context-rich and divergent set of responses that could have emerged in poorer countries where socioeconomic, policy and virus dynamics were significantly different, and where capacities to mitigate the effects of extreme public health restrictions were very limited – and which nevertheless emerged in some of them, as this report documents.

There was a growing appreciation of the costs of lockdowns and other restrictions as the pandemic continued. These are defined and discussed in Chapter 2. This gradually filtered into policy responses, especially in 2021 and 2022. It should hopefully be clear that pandemic preparedness, for which WHO is developing a treaty (WHO 2023), should be balanced between considerations of public health and socioeconomic progress. The policy responses to the pandemic and recovery plans were later submerged by succeeding crises in energy, food supplies and inflation, the last being driven by the pandemic response (Green and Fazi 2023); and despite the substantial negative effects of the pandemic, remain unreconstructed at this point in time. How the world can develop effective responses to multiple, layered or sequential crises – especially in poorer countries where these crises are most challenging – is a final major theme of the report.

On a more positive note, several sources indicate that there was a widespread but not universal increase in trust in institutions during the pandemic, and that trust in institutions as well as inter-personal trust was important in managing the pandemic.

- There was a significant increase in trust in institutions across most of 27 (high-income/upper middle-income) countries, with some notable declines (including in China and India) (Edelman 2021).
- Institutional trust and benevolence also show signs of increasing more widely (Helliwell *et al*. 2022).
- Trust as well as state capacity correlated with lower excess mortality (Lenton, Boulton and Scheffer 2022; Besley and Dann 2022).
- Adaptive stringency (adapting regulations or guidance rapidly when new waves of the pandemic were starting, linked with state capacity) and trust are correlated with resilience (bringing the peak of infections/deaths down, faster/greater recovery) (Lenton *et al*. 2022).

Given the highly differentiated experience of the pandemic and policy responses to it, it is likely that the outcomes in terms of citizens' trust in institutions will also vary substantially.

1.6 Conclusion

There is significant evidence about the downward mobility and impoverishment so widely experienced in the global South during the pandemic. In addition to being negative in itself, there were deeper consequences for human relationships, within families, and broader social cohesion, though in many societies trust in institutions has increased.

Along the way, in situations where there were no or only weak mitigating measures to compensate for losses, people sold assets and others were forced to cope in ways that eroded their resilience. Women, children, informal workers and migrants in

the bottom half of the income distribution were especially disadvantaged.

Initially, resilience to these processes largely depended on the resources people themselves could muster – their assets, social networks and creditworthiness – and survival strategies. When in the second and third waves of the pandemic these resources were exhausted, this was precisely the time when people needed state support. But mitigating public policy measures were applied mostly in 2020 and petered out in 2021. Stopping relief measures too early will not help people in poverty recover.

Mitigating measures, whether in the economy, or the education or health sectors, and whether in 2020 or 2021, were not much in evidence in the household surveys and qualitative research reviewed here. Even where mitigating measures were in place, these were not enough to prevent negative coping. Recovery measures were broadly non-existent for people in or near poverty. As a result, the effects of the pandemic will be felt for many years.

While some governments built trust with their citizens during the pandemic, others need to work at (re-)building their citizens' trust in institutions, as well as to avoid undermining trust for each other.

Overall, this was an unprecedented and multi-dimensional global shock for which people, governments and international agencies were ill prepared. If it can take ten years or more to recover from the effects of a single bad drought (Bird and Shepherd 2003) – how much longer-lasting will the effects of the pandemic be? If, as some have suggested, another pandemic could be around the corner, because of the way human beings have so comprehensively interfered in nature, there needs to be some rapid learning from this pandemic, so that future crises are less damaging.

This learning should lead to investments in essential mitigating measures that can be scaled up when the occasion arises, and insurance systems that will prevent the kind of downward mobility and impoverishment that was so evident in the Covid-19 pandemic. Both of these will require innovation: in political ideologies about what states should do; and in financing and in establishing insurance systems in high-risk societies. Investment, insurance and innovation was the theme of the 2022 Human Development Report: Uncertain times, unsettled lives (UNDP 2022).

Lessons that can already be felt include:

- The need to work to greatly increase state capacities and strengthen state systems for social protection, health and education, so that they are ready for adaptation and to be built on in a crisis, and ensuring that no one is left behind. In particular, there is a need for much greater investment in health systems and in the adaptability of education systems (see Chapter 6). However, given sluggish economies and heavy debt burdens, how can this strengthening be achieved? It will require shifting resources across public budgets, as well as a significant increase in international financing for social development, which was already in deficit before the pandemic (Manuel *et al.* 2019).
- The need to identify context-specific bundles of other resilience-building measures – in particular, the resilience of the financial system and its ability to include the poorest and most vulnerable people needs revisiting.

However, the next crisis will also be different from this one, and what is required for each crisis is a context-specific analysis and policy response. We know now that restrictions need to be tailored to local socioeconomic and demographic conditions: areas with overcrowded

housing are likely to benefit far less from a general quarantine than areas where housing is of better quality and more spacious design, and LICs are likely to have experience more severe health impacts from reduced GDP than high-income countries (Green and Fazi 2023). A generalised, one-size-fits-all model is not suited to the diversity of socioeconomic and demographic environments found across the world.

Moreover, where restrictions are introduced, they may have massive negative effects that need to be mitigated. The response to the Covid-19 pandemic involved public health-based restrictions on freedoms, sometimes based on experiences of earlier epidemics; but also strong fiscal stimulus measures, which were borrowed from the 2008 financial crisis (with some exceptions, such as in India, which treated the pandemic as a supply rather than a demand shock). However, it must also be borne in mind that the capacity for low- and lower-middle-income countries to provide fiscal stimulus is much lower than in higher-income ones; and, moreover, the long-term impacts on future indebtedness and public service provision may be substantial.

Endnotes

Chapter 1

[1] **https://www.who.int/news/item/05-05-2022-14.9-million-excess-deaths-were-associated-with-the-covid-19-pandemic-in-2020-and-2021**
[2] **https://www.chronicpovertynetwork.org/covid-19**
[3] The International Labour Organization calculates working hours lost, then converts that number into full-time equivalent jobs lost. Some of these will be jobs lost; others will have reduced working time

Chronic Poverty Advisory Network
Getting to Zero

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