

Policy Responses by Latin American Countries

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NACIONES UNIDAS
UNITED NATIONS



The countries of the region have implemented immediate measures and mobilized resources to contain the virus, protect the workforce and household income

- **Restriction measures and traveler monitoring, fewer flights and border closures**
- **Social distancing and total or partial quarantines**
- **Telework and tele-education with asymmetries in connectivity**
- **Targeting public spending to strengthen health sector capacity**
- **Protection of workers and income**
- **Temporary support for the poorest and the informal sector**
- **Credits and support to companies/SMEs**

Countries	Fiscal effort (% of GDP)
Argentina	3.9%
Bolivia	2.3%
Brazil	4.6%
Chile	5.7%
Colombia	1.7%
Costa Rica	0.8%
El Salvador	11.1%
Guatemala	2.5%
Honduras	2.5%
Mexico	1.1%
Panama	3.7%
Paraguay	4.2%
Peru	8.8%
Rep. Dominicana	0.7% of GDP
Uruguay	0.7% of GDP

Five types of measures to address income loss, especially among the most vulnerable

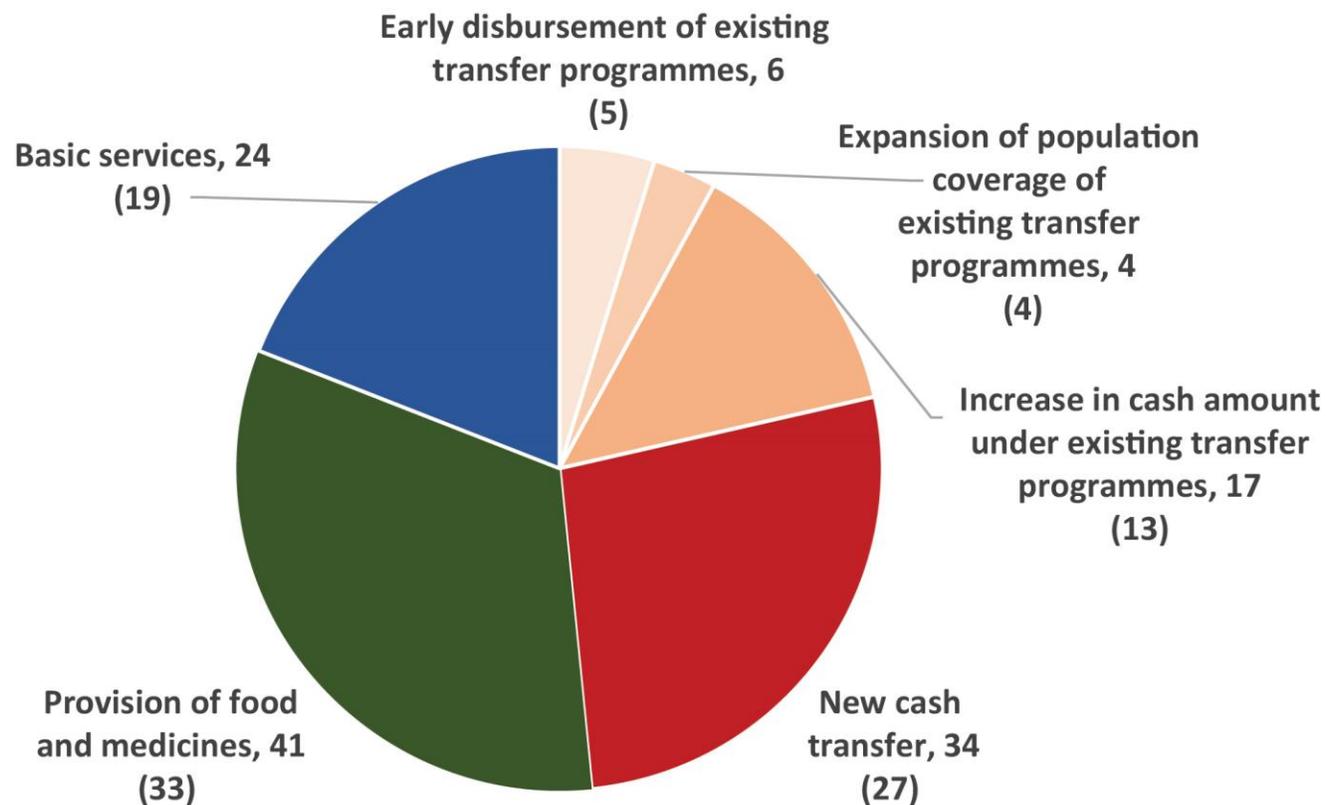
LATIN AMERICA AND THE CARIBBEAN: SOCIAL PROTECTION MEASURES ANNOUNCED IN RESPONSE TO THE COVID-19 PANDEMIC

Cash transfers	In-kind transfers	Provision of basic services	Social protection for formal workers	Other direct support to individuals or families
<ul style="list-style-type: none">• New programmes• Expansion of existing programmes:<ul style="list-style-type: none">• Early disbursement• Increased amounts• Greater coverage	<ul style="list-style-type: none">• Food• Medicines• Masks• Cleaning products	<p>Suspension or waiver of bill payment for:</p> <ul style="list-style-type: none">• Water• Electricity• Gas• ICT (telephone, Internet, TV)	<ul style="list-style-type: none">• Limiting exposure (teleworking)• Income and employment protection• Unemployment insurance• Leave• Bans on dismissal	<ul style="list-style-type: none">• Tax relief• Loan and mortgage payment facilities• Price control

Source: Economic Commission for Latin America and the Caribbean (ECLAC),

Emergency cash transfers and provision of food are the principal measures

LATIN AMERICA AND THE CARIBBEAN (29 COUNTRIES): SOCIAL PROTECTION MEASURES FOR THE POPULATION LIVING IN POVERTY AND VULNERABILITY ANNOUNCED IN RESPONSE TO THE COVID-19 PANDEMIC, BY TYPE OF MEASURE, AT 24 APRIL 2020
(Number of measures and percentages)



Additional spending on cash transfers and food: US\$ 36.83 billion: **0.7% of regional GDP**, close to twice the expenditure on conditional cash transfers (0.35% of GDP)

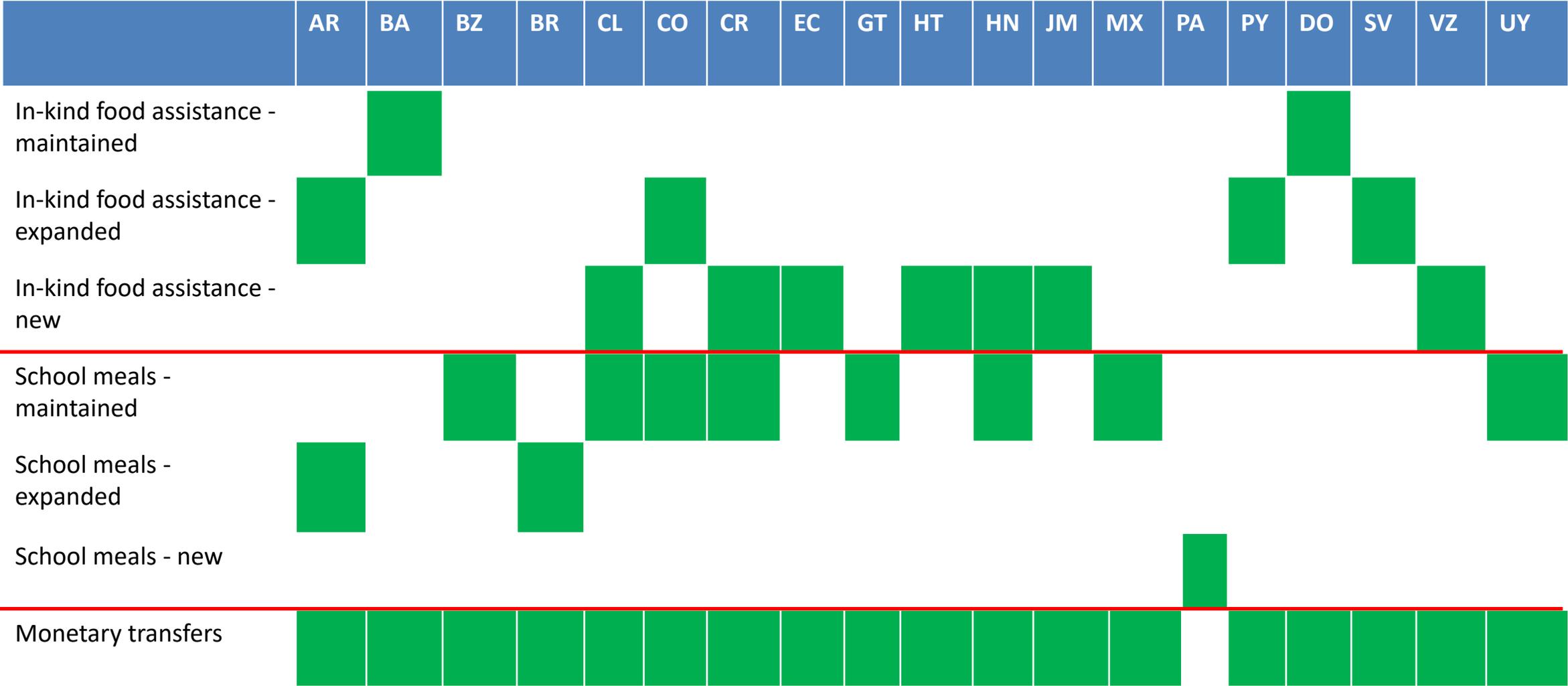
Source: Economic Commission for Latin America and the Caribbean (ECLAC).

Sectoral measures

- ❑ Financial reprogramming
- ❑ Reductions or postponements of tax payments, reduction of interest rates and other measures aimed at stabilizing companies
- ❑ Adequacy of health protocols (protection of workers and consumers)
- ❑ Regulatory changes to facilitate the operation of companies (labor law, bankruptcy of companies, contract fulfillment, etc.)
- ❑ Adjustment of internal logistics systems (wholesale and retail markets, development of online sales channels)
- ❑ Public procurement programs for basic foods with guaranteed minimum prices

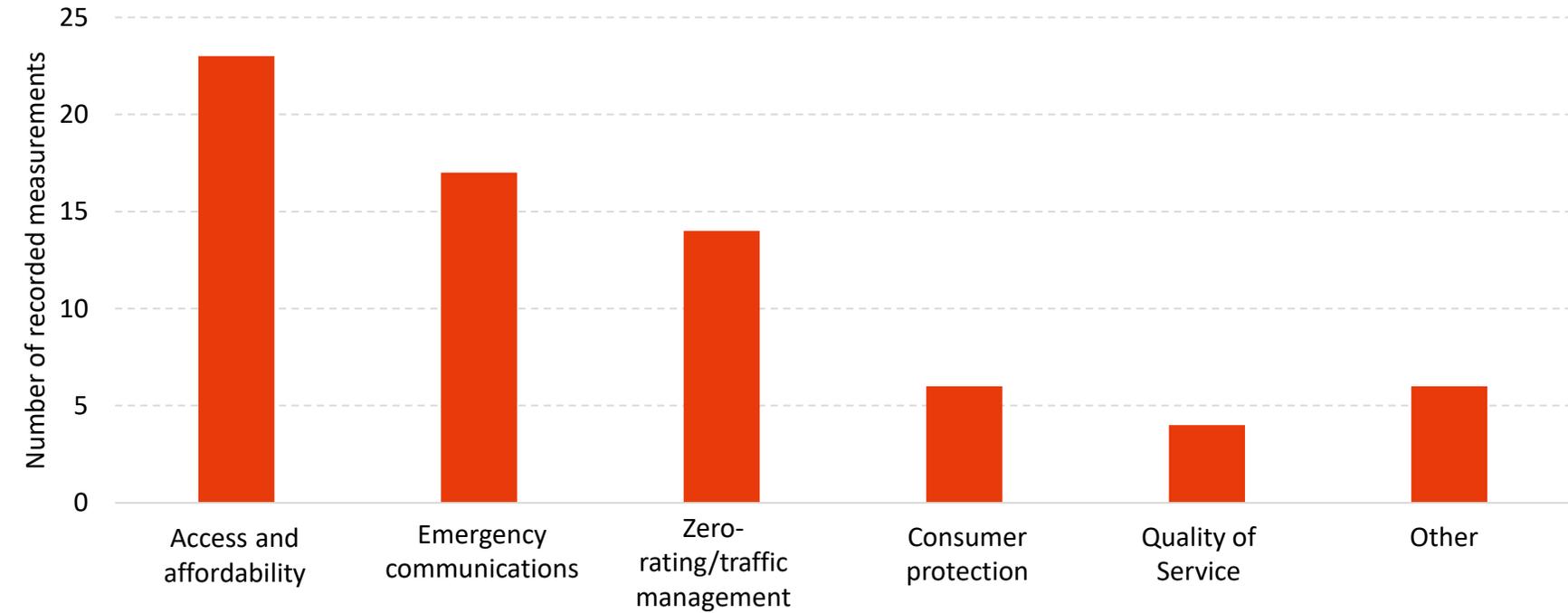
Coordination mechanisms between companies and governments to keep supply chains operating

School meal and food assistance programs are maintained, expanded, and created



Measures announced to facilitate the use of the Internet amidst COVID-19

Latin America and the Caribbean (16 countries): Measures announced by governments in the field of telecommunications to combat COVID-19, March 2020



- **Access and affordability:** prohibition to cut services for non-payment, reduction or prohibition of rate increases, sectoral subsidies, expansion of Wi-Fi networks and temporary concession of spectrum.
- **Emergency communications:** traditional and new means of answering emergency calls.

Source: ECLAC based on ITU, REG4COVID Database (2020) and ECLAC, CAF and DPL (2020)

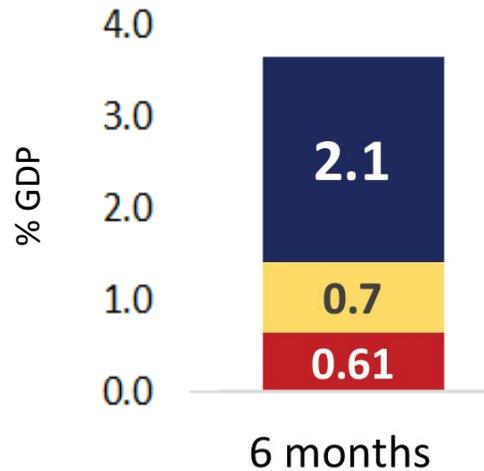
Proposals

- 1. Urgently implement a basic emergency income equivalent to a poverty line for six months to the population in poverty.**
- 2. In the short term, increase the fiscal space to design effective measures, and strengthen mechanisms to support income, jobs and companies, particularly strategic ones and MSMEs.**
- 3. In the medium term, formulate responses for a post-COVID world that will bring about changes in the model of the production structure with greater equality and sustainability.**
- 4. A Welfare State is required based on a new social pact (fiscal, social and productive) that includes the universalization of access to rights, universal basic income and a system of care.**
- 5. Promote regional integration in a new economic geography.**

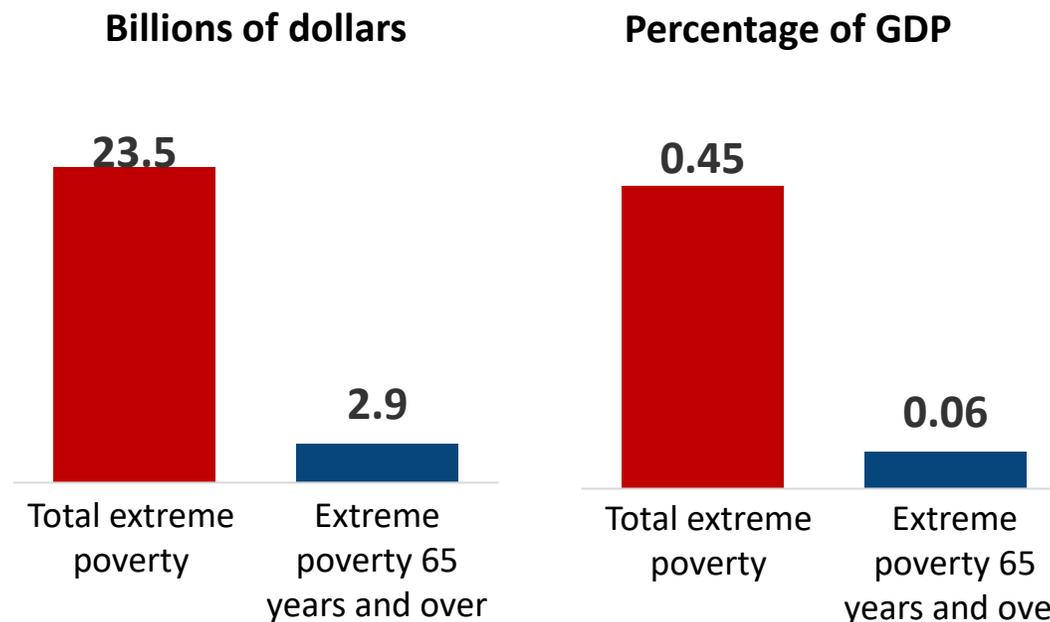
Proposals to face the socioeconomic emergency

Emergency Basic Income

Anti-hunger grant: Complements the Emergency Basic Income



- Discount of CCT and social pensions
- Emergency expenditure
- Additional expenditure



The anti-hunger grant is equivalent to 70% of the regional extreme poverty line: USD 47 (2010 dollars)

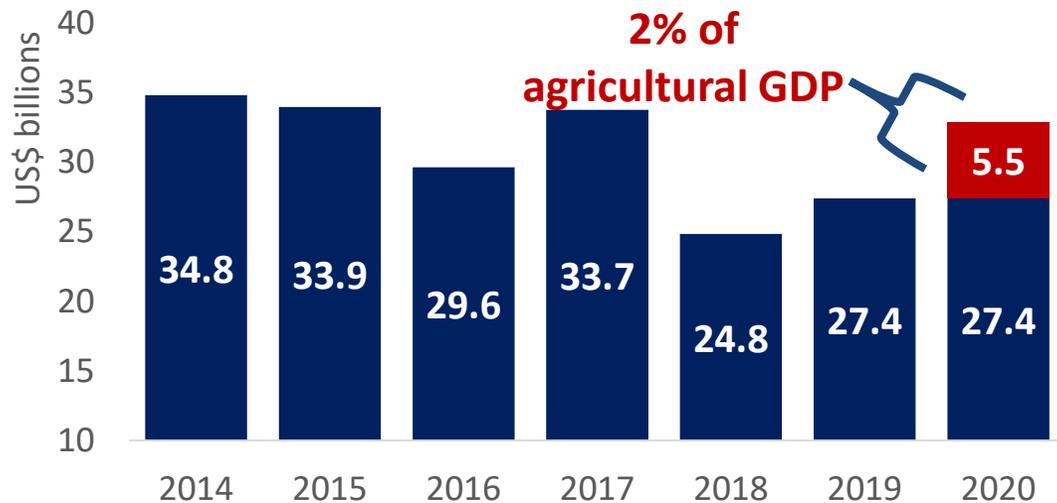
- The entire population in extreme poverty: 0.45% regional GDP
- Only the population in extreme poverty over 65 years: 0.06% regional GDP

Source: ECLAC

Increase soft loans and non-reimbursable investment for the agricultural production sector

1. Soft Credits: A 20% increase

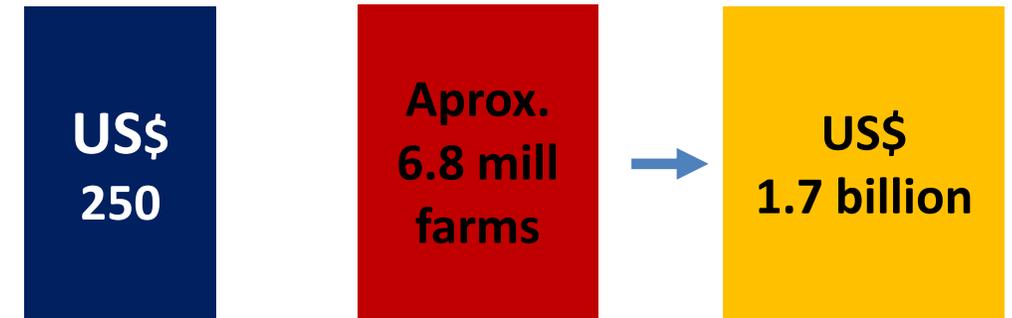
- Multilateral banking, national development banking
- Guarantees, insurance and other incentives
- Aimed at large, medium and small producers linked to the market.



Source: ECLAC

Note: Estimate for 2020 based on a countercyclical increase of 20% over the average of the previous three years.

2. Non-refundable funds



- These resources would be invested in a basic investment kit (fertilizers, seeds and others)
- Aimed at the most underdeveloped farms (40% of the total universe of family farms)

Digitalization for all

EGALITARIAN

- **Digital government**
- **Digital infrastructure**
 - Access and inclusion
 - Broadband
 - Device availability
- **Use, demand, supply**
 - Telehealth
 - Tele-education
 - Telework
- **Education, skills and labor market**
 - Job training
 - Social protection and pensions
 - Labor rights

TRANSFORMATIVE

- **Firm digitalization**
 - Industry 4.0 and 5G
 - MSME digitalization
 - Innovation and technology transfer
 - Big data and innovation
- **Greater regional integration**
 - Digital trade
 - Infrastructure and logistics
 - Trade facilitation
- **Towards sustainable economies**
 - Unconventional energy
 - Automation
 - Intelligent transport and connectivity
 - Intelligent cities