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Social effect of Covid-19: Estimates and alternatives for Latin America and the Caribbean

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Abstract

This document offers estimates of the possible changes in the social structure of the countries of Latin America derived from the consequent economic contraction from the Covid-19 pandemic, and explores the possible costs and benefits of different types of interventions to cushion its impact. The analysis forecasts that the number of people living in poverty (extreme and moderate) would increase by up to 44 thousand million people in the region. It also finds that the policy with the highest benefit-cost ratio is the postponement of payroll taxes and social security contributions. Other alternatives such as granting support to unemployed persons, temporarily doubling the benefits of existing social programs, and the transfer of income to self-employed workers also generate a favorable benefit-cost ratio, with differences among countries.

Keywords: Poverty, inequality, transfers.

JEL Classification: I31, I32, I38.

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Introduction

Since the end of February 2020, when the first case was reported in Brazil, Latin American and Caribbean (LAC) countries have adopted a wide range of policies to contain the spread of the coronavirus (Covid-19). Although in most cases a rapid response to the public health threat has been implemented with strict containment measures, the region continues its efforts to control the virus. In late May, the World Health Organization (WHO) declared Latin America the new "epicenter" of the Covid-19 pandemic, and by late September, Latin America had become the region with the highest mortality rates.[1]

The response to the health crisis has inevitably led to a drastic reduction in economic activity, which has become a challenge of similar dimensions to the health problem. According to projections by the International Monetary Fund (IMF, 2020), the effect on the Gross Domestic Product (GDP) may be a contraction of around 9% in the region as a whole, which leads to the prediction, on the one hand, of a generalized reduction in income,[2] and on the other, to the exacerbation of previously existing social gaps in the absence of a consolidated social protection policy in most countries. Furthermore, as the emergency develops, it becomes evident that some types of lost jobs will not be able to be recovered while new skills needs will probably emerge in different sectors, which are not necessarily available.

In particular, one concern is that young people, women, people with disabilities, ethnic minorities and migrants are populations that tend to be more vulnerable to adverse impacts since even before the Covid they showed lower rates of labor participation and greater informality.[3] Informality has many causes, from poor public services, to a heavy regulatory regime and low enforcement (Loayza, Servén and Sugawara, 2013), and is one of the great challenges in the region, as these types of activities usually generate less income, are generally seen as not paying taxes or social security contributions (Meghir, Narita and Robin, 2015) and are more susceptible to suffering a short-term economic slowdown since by their nature they do not have employment contracts or social benefits, such as sick leave or unemployment benefits (Goñi, López and Servén, 2011; Bosch and Esteban-Pretel, 2015).[4]

This document provides estimates on possible changes in the social structure of LAC countries resulting from the economic downturn, with the aim of "calibrating" different public policy responses to cushion them. Indeed, several countries have already put in place some bold support mechanisms towards households and enterprises to alleviate recessionary pressures and systemic risks, and which may have a significant favorable impact. Some of these measures include income transfers for the low-income population; temporary transfer programs for vulnerable groups and informal workers who did not receive cash transfers; initiatives to protect food security; temporary wage subsidies and unemployment insurance schemes for businesses to help avoid massive layoffs; and credit and liquidity guarantees for affected businesses to avoid bankruptcy (ECLAC, 2020a), among others. This study also explores the possible costs and benefits of some of these interventions, with the aim of identifying fiscally viable alternatives for the region.

The document has 5 sections. The first summarizes the most recent information on the social composition of the countries in the pre-Covid region. The second discusses the macro-

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1   By mid-August, the region reported an average of more than 86,000 infections and 2,600 deaths per day, reaching 6,000,000 confirmed cases and 237,360 deaths.

2   Loayza (2020) predicts that under a pessimistic scenario, the world's poor could increase by 70%; for the OECD (2020), the extreme poor in LAC could increase from 67.5 to 90 million; UNICEF (2020) highlights the risk in particular of increases in child poverty, which could rise by 22% in LAC.

3   Women are highly concentrated in occupations and sectors most affected by the crisis (hotel, food and retail trade, among others) (World Bank, 2020). Many women work in the health sector as doctors and nurses (Cruz Aguayo et al., 2019) and their health is at greater risk. In addition, they spend three times more time on unpaid domestic and care work (World Bank, 2020, ILO, 2020).

4   The link between informality and productivity or growth is less clear: on the one hand, it might lead to misallocation of resources and decrease productivity by allowing less productive jobs (informal) to exist, on the other hand it might be beneficial for growth as it can provide flexibility (Ulyssea, 2018).

economic scenarios used in the estimates. The third section presents the main results regarding the expected impact of the economic contraction on poverty and on the extension of the middle classes. The fourth provides an overview of the costs and benefits of different public policy interventions to cushion the impact of the economic crisis, and the last section offers some conclusions.

The starting point: poverty in Latin America and the Caribbean pre-Covid

The emergence of Covid-19 found Latin America and the Caribbean (LAC) in a state of social and economic fragility, in contrast to the favorable environment that characterized the first decade of this century. On the economic front, several countries were experiencing growth rates below their potential in recent years, while others were gradually recovering with incipient macroeconomic stability. A common denominator in both cases has been the reduced fiscal space to reactivate the economic activity. Specifically, in the 2010-2019 period, the region's average growth rate declined from 6 to 0.2 percent per year, and central government public debt increased, on average, by 15 percentage points compared to 2011 (ECLAC, 2020a). In addition to macroeconomic weaknesses, social conflicts were observed in several countries in 2019 (World Bank, 2020), which from March 2020 were overlaid by the pandemic.

In terms of the social composition of the population, between 2000 and 2018, the percentage of the poor population was reduced on average by 20 points, which contributed to a significant expansion of the middle class. By 2019 on average, the poor (extreme and moderate) in LAC represented 23.8 percent of the population, the vulnerable middle-class 37.3 percent, and the consolidated middle-class 36.2 percent (statistics by country are presented in Figure 1). It should be noted that, in order to facilitate comparisons among countries in the region, the 2011 international poverty line of US$5 per day PPP is used, which differs from the national poverty lines used by each country-which are constructed using other methodologies and parameters-so that it is not possible to make comparisons between international and national poverty lines.

Scenarios

Although the magnitude and duration of the current economic crisis are still uncertain, what happened in previous financial crises provides information for an initial assessment of the possible social effect that Covid-19 will have on the population's well-being. This study uses this information: (i) identifying the relationship (elasticity) between reductions in GDP and changes in wage income in some episode of past crisis; (ii) based on GDP projections already available for the year 2020,[5] the same ratio GDP/wages is used to forecast how wage income will contract in the current period; and (iii) using more recent household surveys for each country (see Table A.1 in the Annex), a (downward) adjustment factor is applied to individual incomes using the same ratio identified in (ii) to simulate the effect of the current crisis on available resources at the household level. [6] Since household surveys from previous episodes allow for the identification

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[5]   For the purposes of this study, we use the reports on the Latin American economy from FocusEconomics' LatinFocus Consensus Forecast, which provide consensus projections among analysts and financial institutions, updated month by month. The institutions consulted include Barclays Capital, BNP Paribas, Citigroup Global Markets, EIU, Fitch Solutions, JPMorgan, Moody's Analytics, and Oxford Economics, among others. However, it is important to note that the consensus projections may differ from other estimates -especially from the most recent projections that incorporate updated information on the performance of the economies. Thus, for this exercise, they are used to approximate the impact of the crisis on the distribution of social classes in various scenarios.

[6]   To estimate the impact on total income (labor and non-labor), the ratio of GDP to wages is taken as a reference, since wages generally represent around 50 percent of household income, and because wages are one of the main channels of transmission between changes at the macroeconomic level and people's well-being in the short and medium-term. The low variation of the relative importance of wage incomes as a share of total income can be corroborated from data from The Conference Board Total Economy Database™ (Adjusted version), July 2020 (https://www.conference-board.org/data/economydatabase/total-economy-database-productivity , Base:TED2) which shows that the *Share of Total Labor Compensation in GDP* in the countries we analyze (the data base does not include El Salvador, Panamá, Honduras only) in 2019 varied from 44.6% in Ecuador to 54.9% in Costa Rica (only Bolivia shows a smaller level of 41.5) with a standard deviation across countries of 14% in that year. Furthermore, the average standard deviation of the same ratio across countries over the lapse of the past 2 decades is of less than 3 percent (with a maximum of 8% for Bolivia).

of how the historical reference crises affected different age groups, sex, ethnicity, education, urban/rural location, and sector of activity differently, for the estimates of post-Covid social impact for each country, the same disparities (relative impacts) are used to define a different "dose" of economic impact for each group. We acknowledge that the economic shock generated by the great confinement is different from past crises. At the same time, we are hoping that the different economic shock is well captured by the expected fall in GDP, whose magnitude is indeed larger than in other crises. We also recognize that the sectors hit will be different in this crisis, but overall, we expect the shock to affect similar vulnerable populations in terms of age, education, gender and ethnicity, as in previous downturns.

- Scenario A: takes as a reference the ratio of the yearly change in GDP/change in wages (i.e., the percentage change in real wages for each point of change in GDP) observed in some period of economic contraction prior to 2020 for each country - in several cases this episode is the international financial crisis of 2008-2009, but in others the relevant years are different (see Table A.2 in the annex). This rate is called the "elasticity" of wages to changes in GDP. The elasticity is in turn used to adjust income in the most recent household survey available for each country to obtain a post-economic impact income. Because information is available on differences between groups, the shock is applied differently, which is equivalent to simulating a post-Covid scenario of the same magnitude to the largest economic contraction in the recent past.

- Scenario B: the "elasticity" calculated for Scenario A is multiplied by the level of GDP expected to be observed in 2020 as a result of the pandemic, resulting in an expected rate of change in wages also for 2020. For this scenario, the so-called "consensus" estimate from FocusEconomics' LatinFocus Consensus Forecast is used as a prediction of change in GDP in 2020, which provides an average of the predictions of different analysts and financial institutions. This information is used to estimate the change in wage income that corresponds to the new macroeconomic scenario. As in scenario A, historical information on relative changes between groups is used to apply a differentiated effect in the face of different population characteristics.

- Scenario C: similar to scenario B, but instead of using a consensus macroeconomic scenario for each country, the most pessimistic projection of change in GDP in 2020 from FocusEconomics' LatinFocus Consensus Forecast is taken into account. This prediction provides the expected annual change in wage incomes and continues with the procedure described above.[7]

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7 The most pessimistic growth projections are used, which generally correspond to a percentage between the consensus level and the prediction made by the International Monetary Fund. In fact, when this study was initiated in April 2020, the available projections estimated a negative, but comparatively low economic effect of the pandemic. However, the scenarios published in the following weeks were continuously more pessimistic. We decided to use the most updated projections available in June (when finalizing the study), which also coincided with being the most negative among all the estimates so far.

Figure 1. Distribution of the population by socioeconomic level, around 2019*
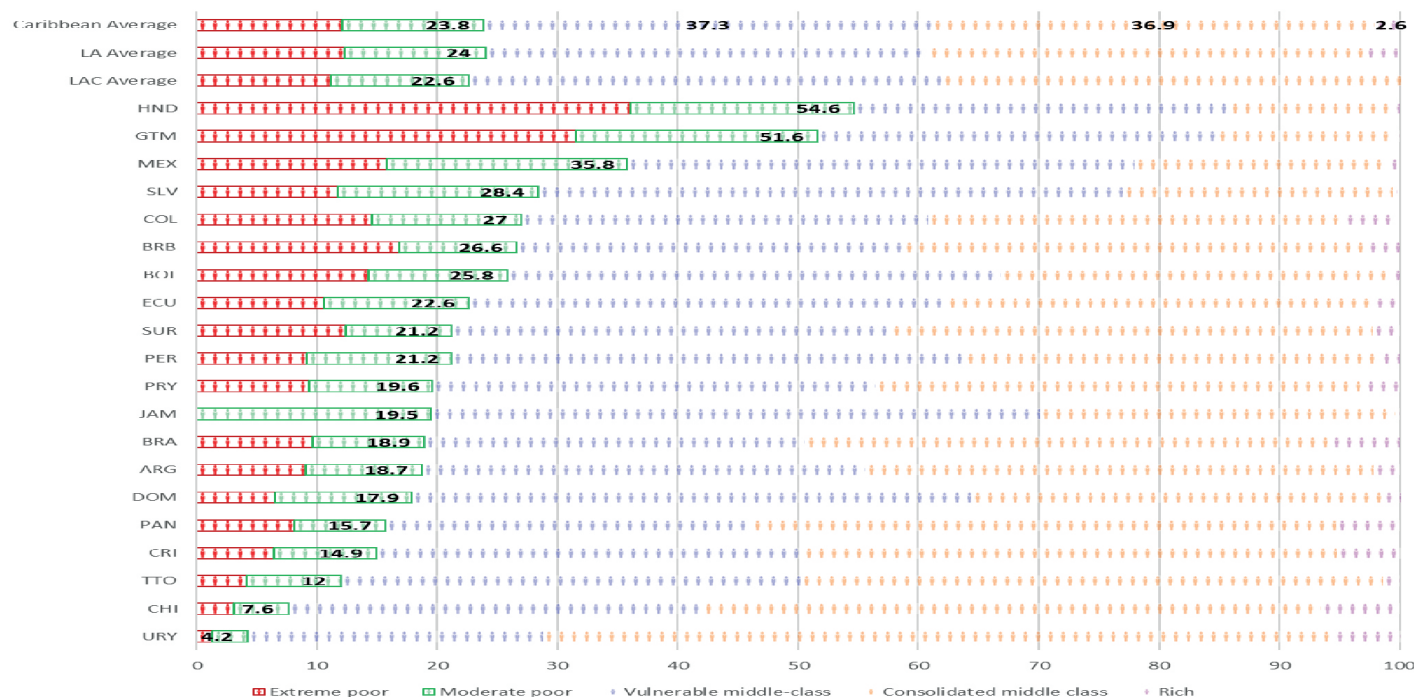
1\: Source: own calculations. The green bar in Figure 1 includes extreme and moderate poor. The following definitions are used to classify the population according to socioeconomic level: the poor class has an income of less than US$5; the vulnerable middle class, with an income of US$5 to US$12.4; the consolidated middle class with a daily per capita income of US$12.4 to US$62; the upper class with a daily per capita income greater than US$62 (in 2011 PPP). To estimate the US$5 per day poverty line, this value is multiplied by 30.4168 to obtain a monthly poverty line, and then converted to local currency using the PPP adjustment based on WDI data, and the value is updated using the national CPI for the survey year. 2\: Argentina's CPI was constructed by joining INDEC data from Jan-00 to Dec-06; from Jan-07 to Jun-12 a weighted average of the CPIs of the provinces of Santa Fe, Mendoza, and San Luis is used; from Jul-2012 to Nov-16 the BPI is used; from Dec-16 to Dec-19 INDEC data is used. For the estimation of social classes, the variable PONDERA without correction is used as an expansion factor; if the variable PONDIH with correction for non-response is used as an expansion factor, the distribution of the population by social class is as follows: poor (moderate and vulnerable): 12.9%, vulnerable middle class: 35.7%, consolidated middle class: 48.9%, rich: 2.5%. 3\: The JSLC database does not have a detailed module of labor and non-labor income, so to approximate the distribution of social classes, the national poverty line was used, which consists of per capita household consumption. Thus, the poor are defined as those below the per capita poverty line, and an interval of up to 2.5 times the poverty line is assumed for the vulnerable classes; for the middle class an interval of 2.5 and 12.4 times the per capita poverty line, and for the upper class >12.5 the national per capita poverty line. Due to this limitation of information, the data are not comparable with the rest of the countries and should be interpreted as an approximation. 4\: For the data of Mexico's social class classification, an adjustment was made so that the results of ENIGH 2018 are comparable with the versions prior to 2016. The adjustment was made following the procedure proposed by the National Institute of Statistics and GeoFigure (INEGI, its acronym in Spanish), which consists of using the income derived from a statistical model that allows comparison between the results of the previous ENIGH 2018. Without the adjustment the distribution is as follows: poor (extreme and moderate) 25.8, vulnerable: 44.9, consolidated middle class: 27.7, and rich: 1.5. 5\: LAC-Simple average for Latin American and Caribbean countries; LAC-Simple average only for Latin American countries.

* Source: Estimates based on household or employment surveys: Argentina - EPH (2019), Barbados - SLC (2016), Bolivia - ECH (2018), Brazil - PNADC (2018), Chile - CASEN (2017), Colombia - GEIH (2018), Costa Rica - ENAHO (2018), Ecuador - ENEMDU (2018), El Salvador - EHPM (2019), Guatemala - ENEI (2018), Honduras - EPHPM - (2018), Jamaica - SLC (2015), Mexico - ENIGH (2018), Panama - EPM (2017), Paraguay - EPHC (2018), Peru - ENAHO (2018), Dominican Republic - ENCFT (2017), Suriname - SLC (2017), Trinidad and Tobago - CSSP (2015), Uruguay - ECH (2019).

Figure 2. Scenario description
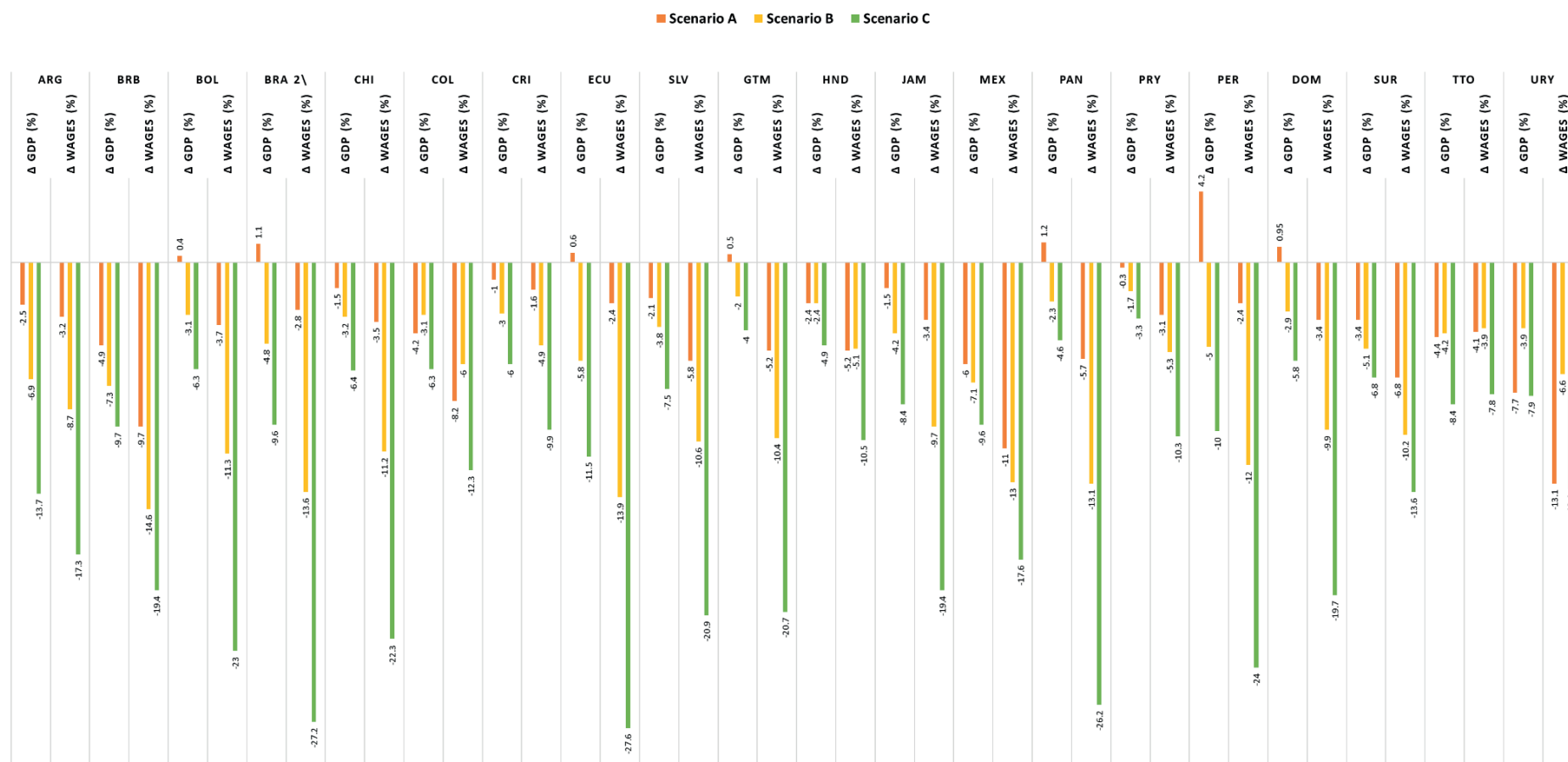
1\: For countries with GDP growth rates greater than 0, a drop of 1% was assumed to calculate scenarios B and C. For Argentina, the observed fall in GDP is by 2014, for Bolivia 1999, for Brazil 2003, for Colombia 1999, Peru 2004, Suriname 2015, and Uruguay 2002. The reference periods for each country are reported in detail in Table A.2. **2\:** In Brazil, the rate of GDP growth records contractions in the years 2015 and 2016, but no drop in labor income was observed, so it was decided to use the drop observed in 2002 in labor income. In Brazil in 2002, the economy was affected by a less favorable external environment, which generated a drop in the flow of external capital, a depreciation of the real, and a drop in refining rates (IMF, 2003). The impact of the shock led to an increase in inflation and a slowdown in economic growth.

Source: Scenario A growth rate data are from the World Development Indicators (WDI). Growth rate projections for Scenarios B and C are from LatinFocus Consensus Forecast, May 2020. Data for the drop in income in Scenario A come from household or employment surveys, except for Jamaica, which uses data from the International Labor Organization.

Estimates of the impact on class composition

Table 1 and Figure 3 present the data for the simulation of Scenario C, while Table A.3 in annexes contains the results for the three scenarios A, B and C, respectively.

Table 1. Distribution of the population by social class assuming a decrease in labor and non-labor income -Scenario C

Country	Baseline					Scenario C				
	Extreme Poor	Moderate Poor	Vulnerable Middle Class	Consolidated Middle Class	Rich	Extreme Poor	Moderate Poor	Vulnerable Middle Class	Consolidated Middle Class	Rich
Argentina (urban)	9.1	9.6	36.9	42.3	2.1	12.1	12.3	41.1	33.3	1.2
Barbados	16.8	9.8	32.1	38.6	2.7	20.2	11.5	35.1	32.0	1.3
Bolivia	14.3	11.5	41.1	32.5	0.6	19.8	15.9	41.7	22.4	0.2
Brazil	9.6	9.3	31.7	43.7	5.7	14.7	12.4	38.7	30.9	3.4
Chile	3.1	4.5	34.4	51.5	6.5	4.8	8.3	42.9	39.7	4.3
Colombia	14.6	12.4	33.8	34.6	4.5	17.5	14.0	34.1	30.7	3.7
Costa Rica	6.4	8.5	35.5	44.4	5.3	7.9	9.7	37.2	40.9	4.3
Ecuador	10.6	12.0	39.7	35.6	2.0	17.8	16.6	40.8	23.9	0.9
El Salvador	11.7	16.7	48.6	22.5	0.4	19.0	21.7	44.9	14.3	0.2
Guatemala	31.5	20.1	33.2	14.9	0.3	41.1	20.4	28.5	9.8	0.1
Honduras	36.1	18.5	31.2	13.7	0.5	39.9	18.8	29.5	11.3	0.4
Jamaica[2]	-	19.5	50.6	29.6	0.3	-	29.3	49.8	20.7	0.2
Mexico	15.8	20.0	42.2	21.1	0.7	20.5	24.1	40.6	14.5	0.2
Panama	8.1	7.6	30.4	48.6	5.3	12.8	10.6	35.9	37.7	3.0
Paraguay	9.3	10.3	36.8	40.7	2.9	11.1	11.6	39.0	35.9	2.5
Peru	9.2	12.0	42.6	34.6	1.6	15.1	16.2	44.2	23.6	0.9
Dominican Republic	6.5	11.4	46.5	34.2	1.5	11.3	15.5	47.5	24.9	0.8
Suriname	12.4	8.8	36.5	40.1	2.2	14.5	11.4	38.1	34.5	1.6
Trinidad & Tobago	4.1	7.9	38.2	48.4	1.4	5.7	7.6	42.0	43.8	1.0
Uruguay	1.3	2.9	24.6	65.7	5.6	1.8	4.2	29.6	60.6	3.7
LAC Average[3]	12.1	11.7	37.3	36.9	2.6	16.2	14.6	39.1	29.3	1.7
LA Average	12.3	11.7	36.8	36.3	2.8	16.7	14.5	38.5	28.4	1.9
Caribbean Average	11.1	11.5	39.3	39.2	1.6	13.5	14.9	41.2	32.7	1.0

1\: The following definitions are used to classify the population according to socioeconomic level: the extreme poor class has a daily per capita income of less than US$3.1; the moderate poor class has an income of US$3.1 to US$5; the vulnerable middle class, with an income of US$5 to US$12.4; the consolidated middle class with a daily per capita income of US$12.4 to US$62; the upper class with a daily per capita income greater than US$62 (in 2011 PPP). To estimate the US$5 per day poverty line, this value is multiplied by 30.4168 to obtain a monthly poverty line, and then converted to local currency using the PPP adjustment based on WDI data, and the value is updated using the national CPI for the survey year. 2\: The JSLC database does not have a detailed module of labor and non-labor income, so the national poverty line consisting of per capita household consumption was used to approximate the distribution of social classes. Thus, the poor are defined as those below the per capita poverty line, and an interval of up to 2.5 times the poverty line is assumed for the vulnerable classes; for the middle class an interval of 2.5 and 12.4 times the per capita poverty line, and for the upper class >12.5 the national per capita poverty line. Due to this limitation of information, the data are not comparable with the rest of the countries and should be interpreted as an approximation. 3\: LAC-Corresponds to the simple average for Latin American and Caribbean countries; LA-Simple average for Latin American countries.

Source: idem.

The results of Scenario C suggest that for LAC on average, the percentage of the population living in extreme poverty would increase from 12.1 to 16.2 percent, while moderate poverty would rise from 11.7 to 14.6 on average. For the vulnerable middle class, the results suggest an increase of 1.8 percentage points for LAC and a reduction of 7.6 percentage points for the consolidated middle class. In the case of changes in moderate poverty and the vulnerable middle class, an "entry" of population groups falling into that position is combined with the exit of others falling into the corresponding lower category. For the Caribbean countries included in the sample, the results suggest that the poor population (extreme and moderate) would increase from 22.6 to 28.4 percent, and the consolidated middle class would decrease on average by 6.5 p.p.

Figure 3 presents the percentage point changes in the distribution of social classes estimated for Scenario C by country. Brazil is the country with the largest reduction in the consolidated middle class with 12.9 p.p., followed by Chile and Ecuador with 11.8 and 11.7 p.p., respectively. In contrast, Guatemala, El Salvador, and Ecuador are the countries that report the greatest increase in the population classified as extremely poor, with increases of 9.6, 7.2, and 7.1 percentage points, respectively. Table A.4 in the Annex presents the changes in percentage points in the distribution of social classes for all scenarios.

Results on poverty are in line with what is found in Lustig, Martínez, Sanz and Younger (2020), under the scenario that they name of "dispersed losses".[8]

For Latin America and the Caribbean as a whole, the increase of 7 percentage points in the percentage of the poor population (extreme and moderate) in this scenario is equivalent to an increase of 44 million people in this condition-26.2 and 17.7 million people in extreme and moderate poverty, respectively (see Table A.5 in the Annex). On the other hand, the vulnerable middle class increases by 15.5 million, while the consolidated middle class observes a decrease of approximately 52 million people (Table 2).[9]

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[8]   Even though the methodology is different and the threshold for the poverty line is $5.5 PPP, Lustig et al. (2020) estimate an increase in poverty of 4.9 p.p. for Argentina (urban), 5.1 p.p for Colombia, 8.1 p.p. for Mexico and 4.5 p.p. for Brazil.

[9]   It is worth noting that our estimates reflect a similar magnitude to those made by ECLAC (2020b) - which assume impacts on employment and labor income for the different productive sectors. Using data from 17 countries in the region, ECLAC projects an increase in poverty equivalent to 45.5 million people, of which 28.5 million people would go on to live in conditions of extreme poverty.

Figure 3. Changes in percentage points in the distribution of social classes -Scenario C
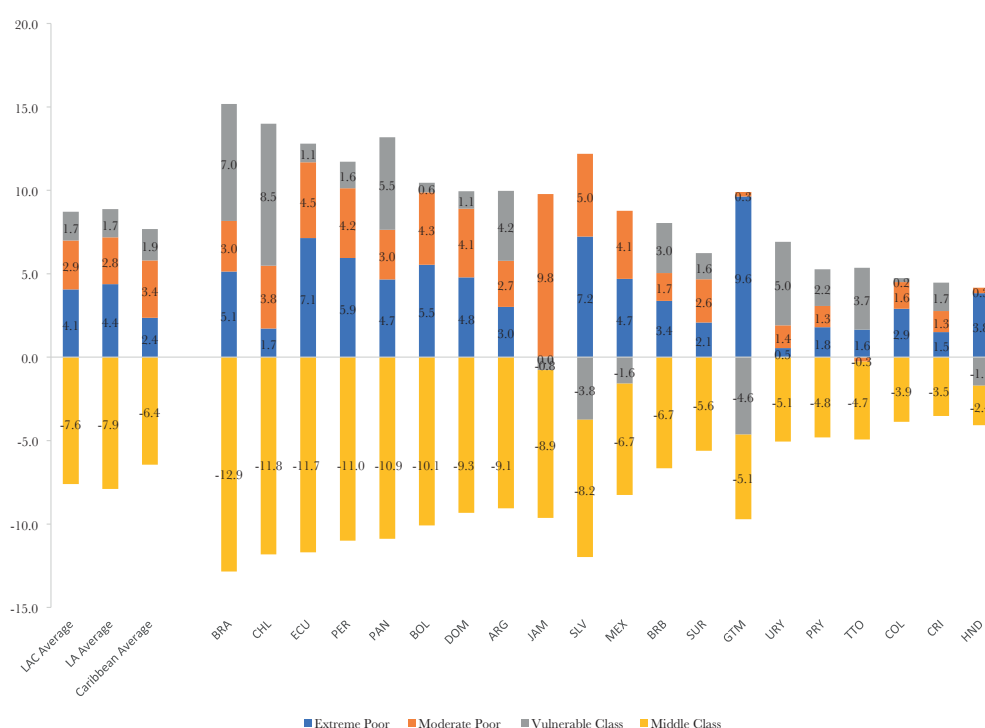
Note: The data for Latin America and the Caribbean (LAC), Latin America (LA) and the Caribbean countries are simple averages.

Source: Ditto.

Table 2. Change in the number of people in the distribution of social classes -Scenario C

Country[1]	Poor (extreme & moderate)	Vulnerable middle class	Consolidated middle class	Rich
Brazil	16,700,282	14,339,417	-26,292,857	-4,746,842
Mexico	11,173,472	-2,027,153	-8,503,122	-643,209
Peru	3,368,859	529,300	-3,660,546	-237,613
Colombia	2,177,937	114,017	-1,878,660	-413,294
Ecuador	1,996,844	191,158	-2,000,204	-187,798
Argentina	1,636,024	1,189,959	-2,571,081	-254,902
Guatemala	1,731,404	-810,631	-887,952	-32,821
Bolivia	1,119,840	63,661	-1,143,470	-40,031
Chile	975,487	1,515,107	-2,106,323	-384,271
Dominican Republic	907,541	107,651	-951,752	-63,441
El Salvador	816,843	-251,740	-551,144	-13,959
Honduras	375,593	-155,062	-213,623	-6,908
Panama	311,300	226,165	-443,949	-93,517
Jamaica[2]	266,477	-21,195	-241,391	-3,891
Paraguay	213,473	153,140	-334,849	-31,764
Costa Rica	138,115	85,037	-176,264	-46,888
Uruguay	66,886	176,469	-177,839	-65,516
Suriname	23,075	7,776	-27,754	-3,096
Trinidad & Tobago	18,782	50,774	-63,984	-5,572

Table 2 (continued). Change in the number of people in the distribution of social classes -Scenario C

Country[1]	Poor (extreme & moderate)	Vulnerable middle class	Consolidated middle class	Rich
Barbados	10,631	6,336	-14,076	-2,891
LAC Total	44,028,865	15,490,186	-52,240,838	-7,278,224
LA Total	43,709,900	15,446,495	-51,893,633	-7,262,774
Caribbean Total	318,965	43,690	-347,205	-15,450

1\: To estimate the flow of people, the population data estimated with the expansion factor from household surveys is used, except for Jamaica the data comes from STATIN 2015, and for Mexico the data corresponds to the most recent value reported by INEGI. **2\:** The JSLC database does not have a detailed module of labor and non-labor income, so to approximate the distribution of social classes the national poverty line was used, which consists of the per capita consumption of the households. Thus, the poor are defined as those below the per capita poverty line, and an interval of up to 2.5 times the poverty line is assumed for the vulnerable classes; for the middle class an interval of 2.5 and 12.4 times the per capita poverty line, and for the upper class >12.5 the national per capita poverty line. Due to this limitation of information, the data are not comparable with the rest of the countries and should be interpreted as an approximation.

Source: Ditto.

On the other hand, Figure 4 compares the poverty gap for the population classified as poor (extreme and moderate) before the health crisis, with the results of the most pessimistic scenario (Scenario C). These results give an idea of the degree to which the population already classified as poor will increase its level of precariousness - this, coupled with the effect of the shift in population from the middle classes to the poor due to the economic contraction (see Table A.6 in the Annex). The comparison reveals a significant increase of about 10 points in all cases. In percentage terms, Brazil, Guatemala, and Bolivia are the countries that show the greatest increase in the poverty gap resulting from the impact on household income and employment.

Figure 4. Poverty Gap for the Poor (Extreme and Moderate) G
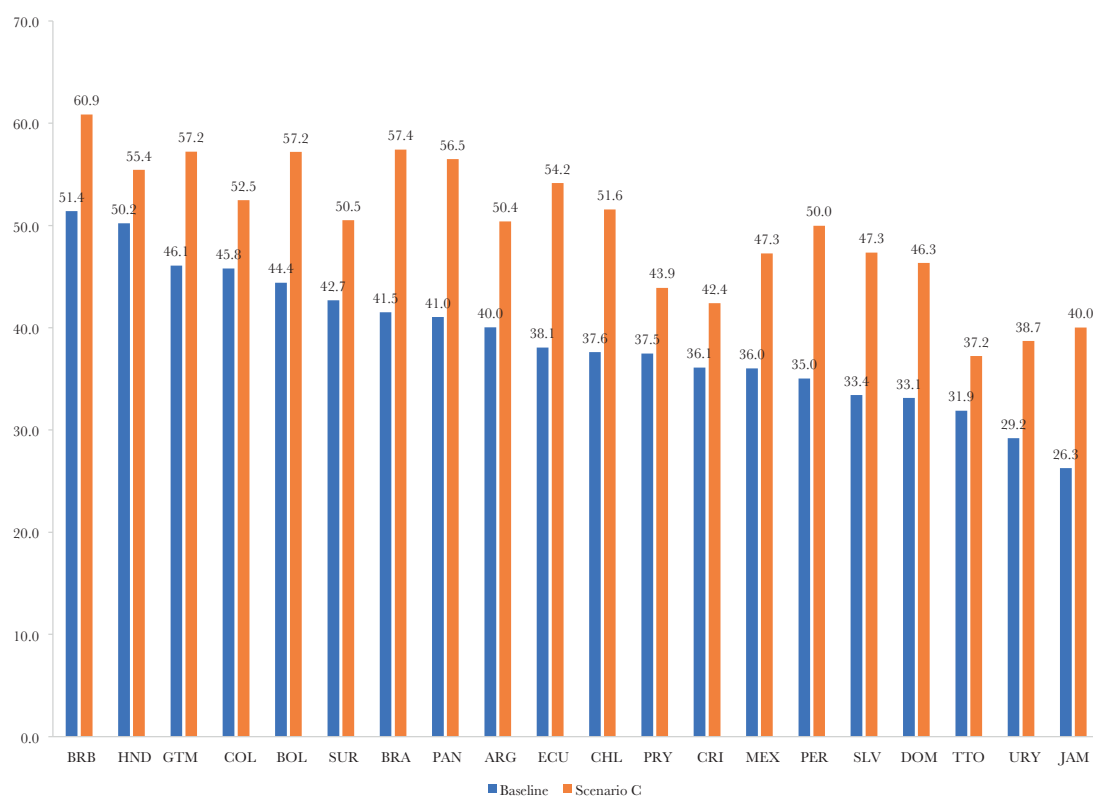
Source: Ditto.

An important aspect to emphasize is that the results presented are derived from the specific assumptions and parameters for approximating the transmission channels between economic performance and household income, explained in previous sections. In this regard, a recent IDB study (2020o) that includes Mexico, Guatemala, Honduras, El Salvador, Costa Rica, Panama and the Dominican Republic uses time series econometric models and microdata from household surveys to estimate the relationship between employment, GDP and income, and thus also approximate the impact of COVID-19 on household poverty and inequality. It should be noted that although the methodology for calculating elasticities is different, the results for this set of countries are consistent with those in this document, which can be interpreted as proof of robustness in the sense that by varying a central aspect of the methodology, the conclusions are similar.[10] Table A.13 in the annex presents the corresponding comparison.

Estimates of "lifestyle" implications for the middle classes

One of the consequences of the expansion of social classes observed in previous decades in the region is that the population, having a higher income, can access new assets that improve their welfare. With the social decline that will potentially be generated by the economic contraction of 2020, significant consequences are therefore expected in the opposite direction in the consumption patterns of goods and services. To give an idea of the potential effects in this sense, Figure 5 presents asset holdings as a function of social class.

For example, in the indicator of percentage of homes with refrigerators, Bolivia and Peru register more marked differences in the possession of this asset between the poor classes and the consolidated middle class. On the other hand, in terms of ownership of vehicles, all the countries in the region with information show significant gaps between the poor and vulnerable classes, and the consolidated middle class and the rich. Therefore, it is possible that the possession of durable goods of this type for the poor and vulnerable population will be reduced as a result of the current crisis.

With respect to connectivity indicators, class differences are more evident for Jamaica, Brazil, Paraguay, and Mexico, with gaps of 81, 72.6, 70.3, and 70.2 p.p., respectively, between poor and rich households. While Barbados and Uruguay have the smallest class differences in computer ownership. For the indicator of Internet access in the home, Jamaica, Peru, Paraguay, and Mexico are the countries with the greatest differences between classes. Finally, Tables A.7 and A.8 in the Annex show data on the ownership of rented and owned housing by social class.

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10 One of the assumptions of our analysis is that the elasticity GDP/wage income in the global financial crisis (or other previous crises) is the same as the elasticity today, which is not necessarily true. The consistency with the results presented in IDB (2020o), where elasticities are estimated across all years and not only in times of crises, are reassuring in this sense.

Figure 5. Household asset holdings by socioeconomic level

Household refrigerator ownership (%)

Household car ownership (%)
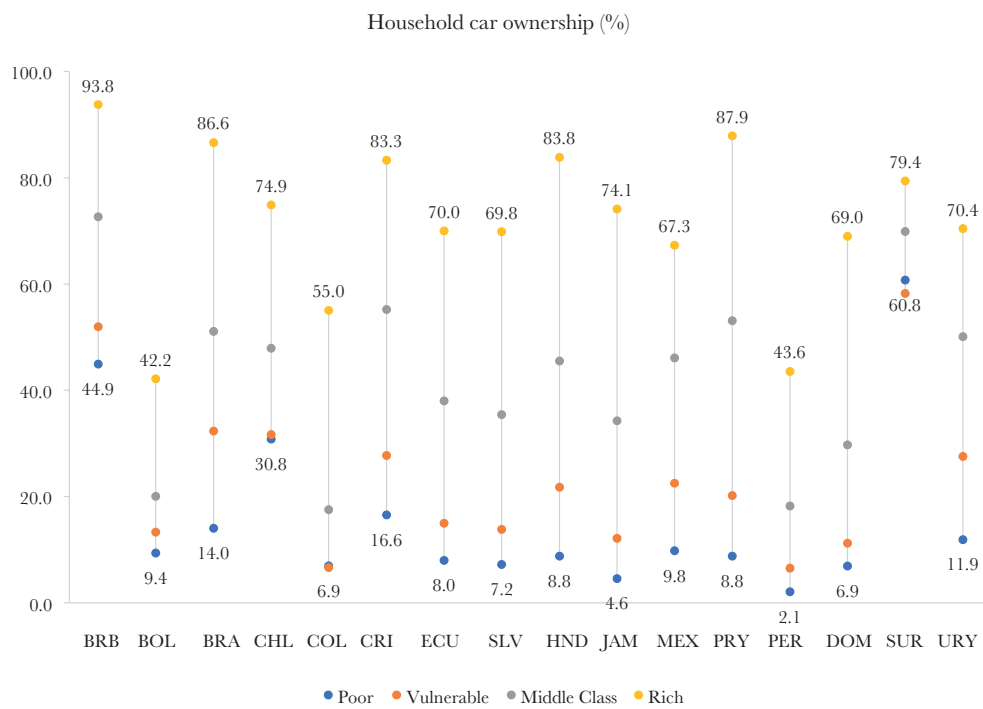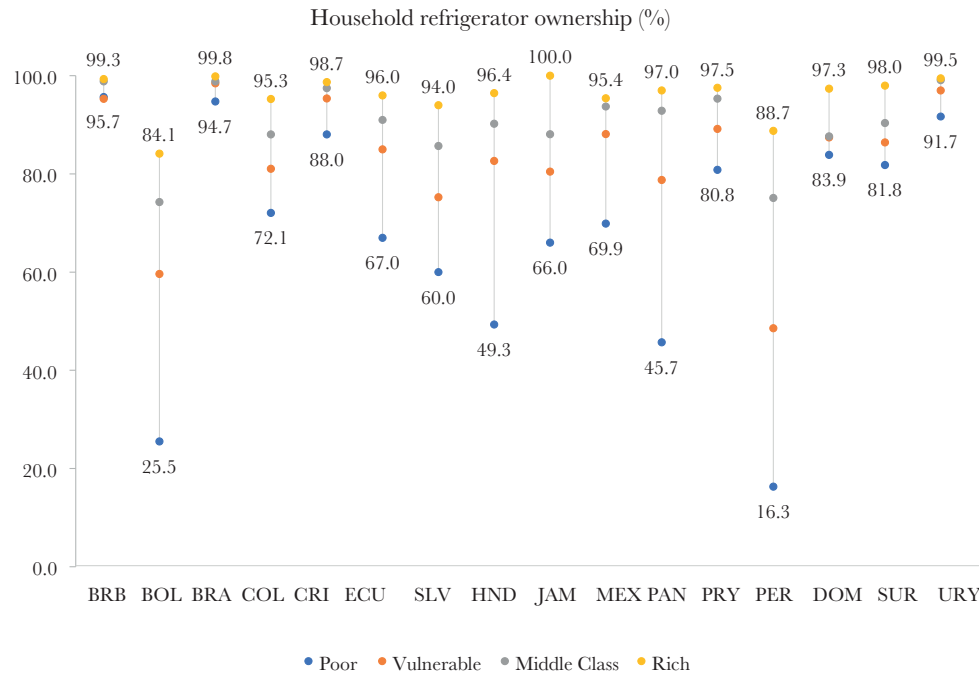
Figure 5 (continued). Household asset holdings by socioeconomic level

Household computer ownership (%)

● Poor   ● Vulnerable   ● Middle Class   ● Rich

Household access to Internet (%)

● Poor   ● Vulnerable   ● Middle Class   ● Rich
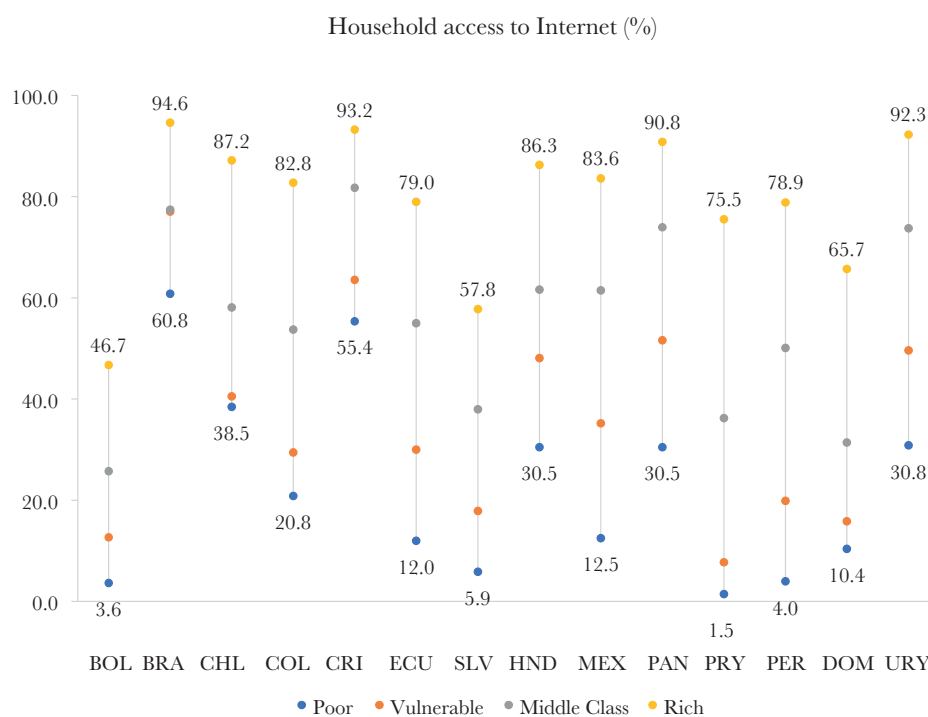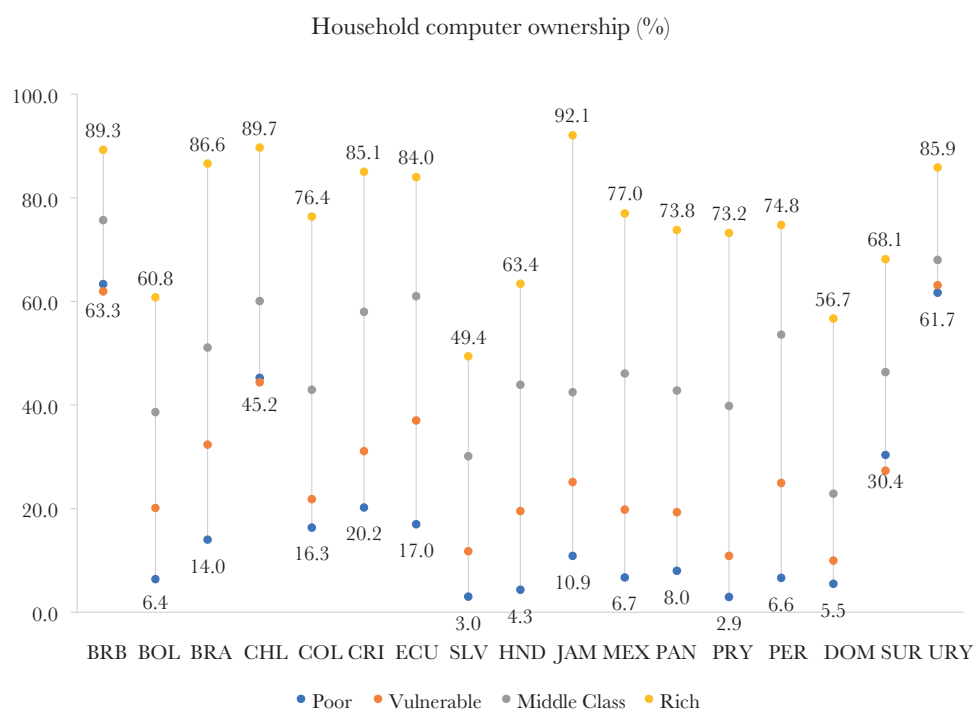
Source: Ditto.

Sociodemographic profile of the population that changes social class

Figure 6 shows the characteristics of the population that goes from being classified as consolidated middle class in the base scenario to vulnerable middle class in scenario C - which is the most pessimistic.

With respect to age, in all countries, approximately 45 percent of the population moving from consolidated to vulnerable middle class is in the range of 25 to 64 years, while the distribution by sex is similar among the countries of the region (this reflects that the characteristics of

the households in the vulnerable middle class, at least in these dimensions, is similar to the total population). It should be noted that the largest proportion of the population that changes from the consolidated middle class to the vulnerable class resides in urban areas, with the highest proportions observed in Suriname, Peru, Brazil, Chile and Bolivia (Table A.9). This may reflect the fact that the expansion of the middle class observed in the region in the previous decade coincided with an acceleration in the population's urbanization process. In terms of educational level, the distribution varies by country. For example, in Mexico, Barbados, Peru, Bolivia, Chile, and Argentina, the largest percentage of people aged 25 and over who move from the consolidated middle class to the vulnerable class has a tertiary education-complete or incomplete-or an education equivalent to upper secondary (between nine and 12 years of education), while in the other countries the largest percentage of the population aged 25 and over who move from one class to another has a lower level of education. The analysis of the data shows that workers with higher levels of education are more likely to move around, which implies that education is not necessarily a proxy for resilience in this context.

Figure 6. Socio-demographic profile of the population of Latin America and the Caribbean that moves from a consolidated middle class to a vulnerable middle class (%)
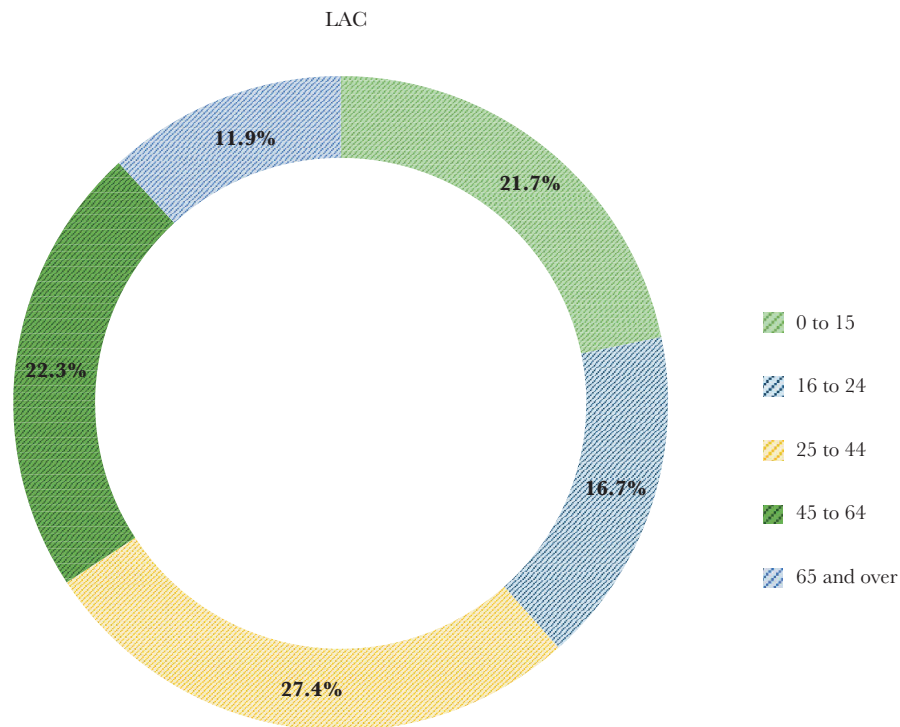
Figure 6 (continued). Socio-demographic profile of the population of Latin America and the Caribbean that moves from a consolidated middle class to a vulnerable middle class (%)

LAC

48.4%   51.6%

Female

Male

LAC

20.4%

79.6%

Urban

Rural

Figure 6 (continued). Socio-demographic profile of the population of Latin America and the Caribbean that moves from a consolidated middle class to a vulnerable middle class (%)

LAC
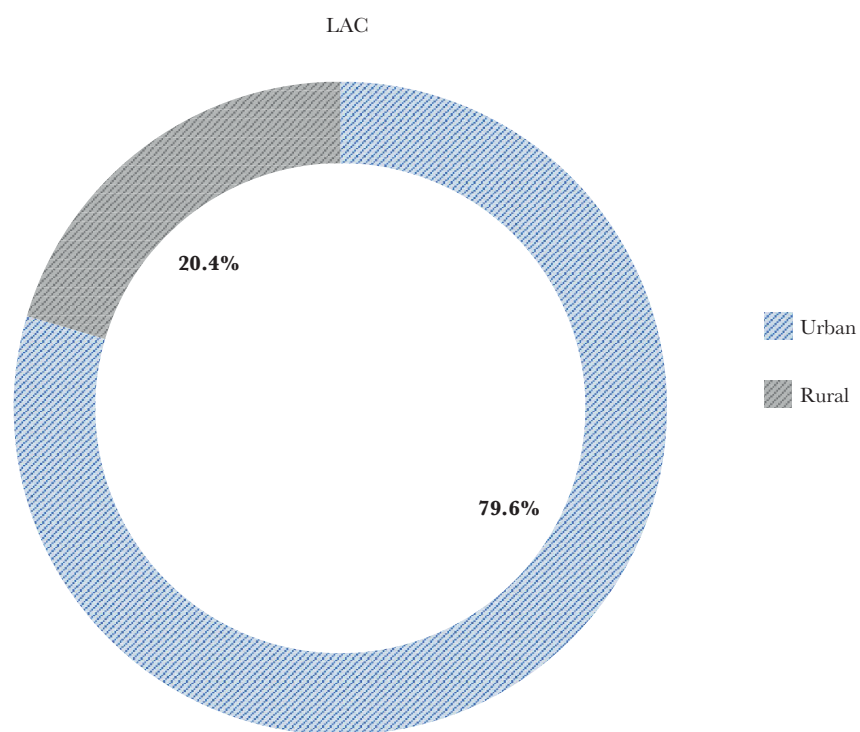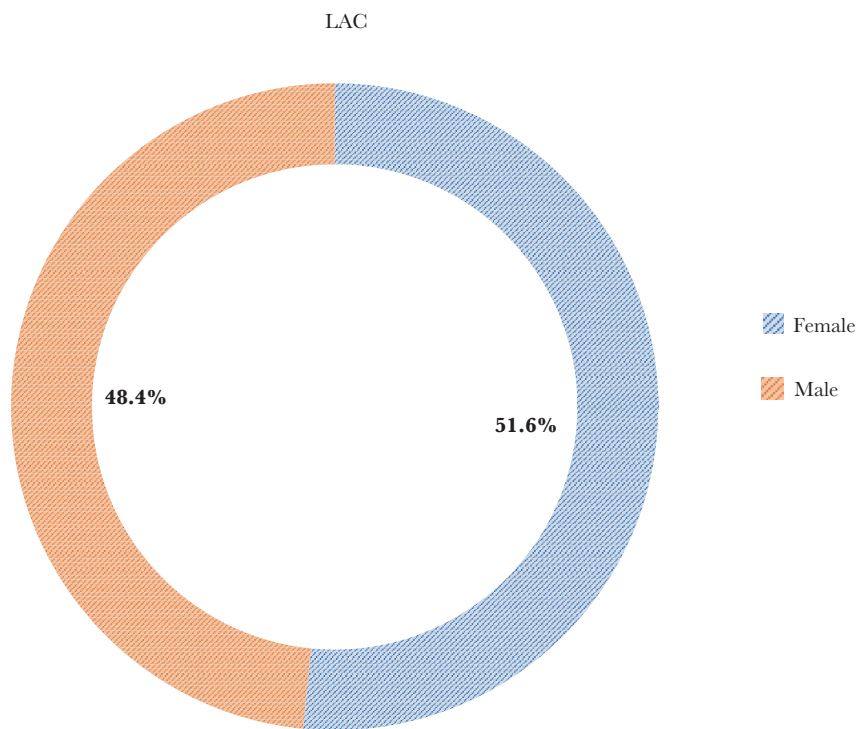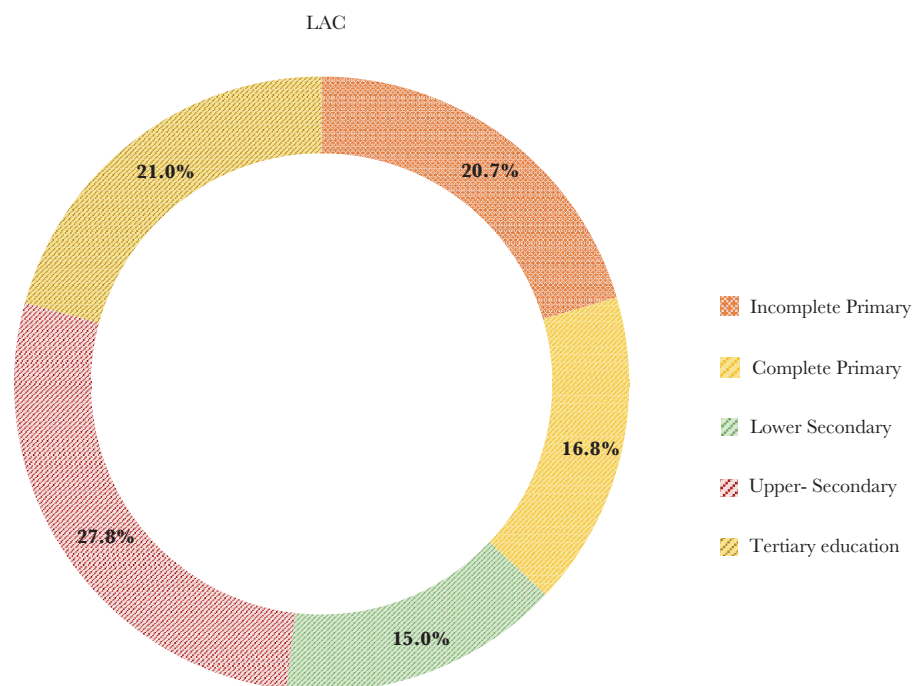
Source: Ditto.

Figure 7 presents the socio-demographic profile of the population moving from the vulnerable middle class in the baseline scenario to poor (extreme and moderate) in Scenario C. It is notable that compared to the results in Figure 6, a higher percentage of people between 0 and 15 years old are affected by the impact, moving from the vulnerable middle class to poor. On the other hand, Barbados, Trinidad and Tobago, El Salvador, Chile, and the Dominican Republic have on average a higher percentage of women moving from the vulnerable middle class to the poor (Table A.10). This suggests that among vulnerable middle-class households, there is a relatively high percentage of households headed by women.

It is also observed that this transition affects more people living in rural areas.[11] In terms of the distribution of the educational level of the population 25 years of age and older, a greater percentage of the affected population has completed or incomplete primary schooling, with values above 60 percent in Costa Rica, Ecuador, Honduras, Guatemala, El Salvador, Paraguay, and the Dominican Republic, which contrasts with the profile of the population changing from the consolidated middle class to the vulnerable, who have more schooling (Figure 6).

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11 A closer exploration of the data in each country shows that in general, the reason is that rural households have lower incomes, and are closer to the extreme poverty line. Thus, the shock actually made a large proportion of these households "cross" the extreme poverty line threshold. Urban households have incomes that are generally higher above the extreme and moderate poverty lines, which implies that the shock does reduce their incomes considerably, but not in all cases to the extent to push them across the line.

Figure 7. Socio-demographic profile of the population moving from vulnerable to poor class (extreme and moderate)

LAC

- 0 to 15
- 16 to 24
- 25 to 44
- 45 to 64
- 65 and over

LAC

- Female
- Male
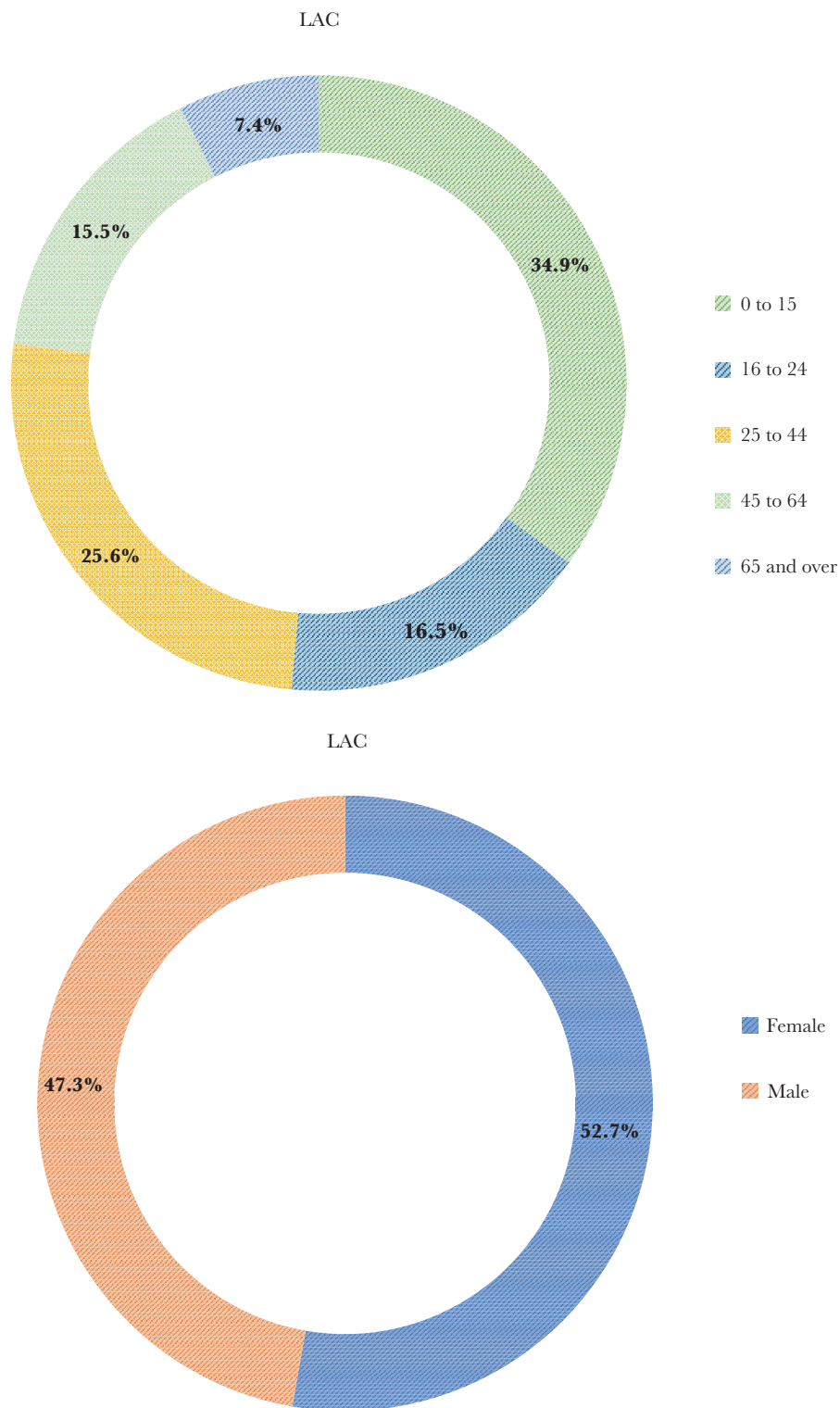
Figure 7 (continued). Socio-demographic profile of the population moving from vulnerable to poor class (extreme and moderate)

LAC

35.6%

64.4%

Urban

Rural

LAC

8.6%

32.4%

23.6%

16.5%

21.5%

Incomplete Primary

Complete Primary

Lower Secondary

Upper-Secondary

Tertiary education
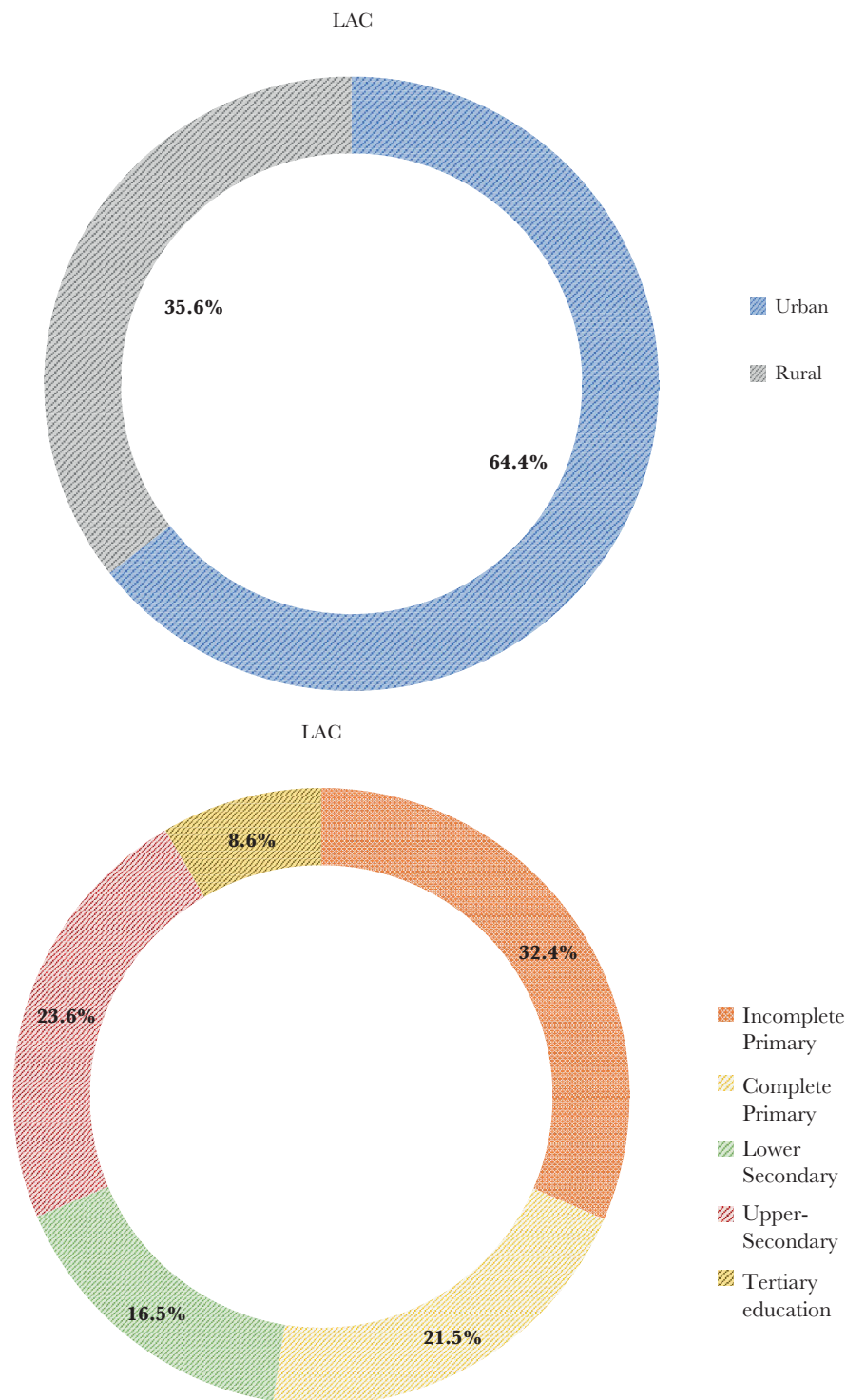
Source: Ditto.

Interventions with the potential to cushion impacts

The potential negative economic effects of the pandemic have generated intense concern among governments in the region. In addition to the widespread impact on the population, as mentioned above, there are the additional challenges of high labor informality and high social inequality, making it more complex to design interventions that can reach all groups of the population. In general terms, the interventions identified in recent studies can be classified into the following 4 types (OECD, 2020; Blackman, et al., 2020)[12]:

12   For a more detailed explanation of the policies implemented by Argentina, Chile, Peru, Bolivia, Brazil, Mexico, Colombia, Ecuador, Uruguay and Costa Rica, see Blofield, Giambruno and Filgueira (2020).

- Expansion of existing social programs, which can be done vertically (momentarily increasing the benefits offered) and horizontally (including additional population groups);

- Formal labor market instruments, including unemployment insurance, incentives to employers to avoid layoffs and salary reductions, postponement of tax and social security contribution payments, and soft loans, among others (IDB, 2020);

- Instruments for informal workers, including training scholarships, temporary employment, temporary transfers, and credit on demand, among others (Busso, Camacho, Messina, & Montenegro, 2020; IDB, 2020); and

- Support for self-employed workers (registered and unregistered as taxpayers for tax purposes, and as contributors to social security systems), such as incentives for formalization, temporary transfers, and soft loans (IDB, 2020).

Below are some estimates on the potential that these types of interventions could have to mitigate the impacts on poverty in the countries analyzed. For this exercise, the percentages of the population in each social group after the Covid-19 effect under Scenario C, are compared with the percentages that result after simulating the effect of each intervention. The difference is interpreted as a potential "buffer" effect on the number of poor people (extreme and moderate) for each strategy. Tables A.11 and A.12 in the annexes present the results of the policies in greater detail.

In all cases, a period of six months is assumed for the use of the different supports. [13] In addition, it is assumed that the interest rate is zero, and that the active rate is equal to the passive rate, so that the fiscal impact is reduced to the administrative cost of implementation (which is assumed to be zero cost for the purposes of the simulation).[14]

Tables 3 and 4 summarize the results, as well as the costs of implementing each option relative to GDP in each country. Each alternative is discussed below.[15]

Policy Intervention 1: Implementing transfers for the unemployed (unemployment insurance)

The first intervention consists in introducing a transfer similar to an unemployment insurance -pre-pandemic- most of the countries in the region did not have this social protection mechanism -according to Végh, and others, (2019) in Latin America only Argentina, Brazil, Chile, Colombia, Ecuador, and Uruguay had current unemployment insurance programs before 2019. On the other hand, information from ECLAC's Covid-19 Observatory indicates that eight Latin American countries and six Caribbean countries have implemented unemployment insurance mechanisms as a social protection measure, including actions to promote the flexibility of existing unemployment insurance schemes.[16]

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13   It is hard to predict how long interventions will last. The advantage of having a fixed period for interventions across countries (i.e. 6 months) is that: 1) we can compare them across countries, and 2) it is easy to calculate what would happen if interventions lasted for a shorter period, or for longer. For example, if interventions lasted 3 months only, the costs and benefits attributed to the 6-month intervention would have to be halved.

14   Every intervention will also incur into nonzero administrative costs, which will vary by type of intervention. Implementing a vertical expansion of programs that already benefit from an existing administrative infrastructure will be certainly cheaper than other interventions that create new schemes. We assume zero administrative costs only for simplicity, but this needs to be considered when interpreting the results of the analysis.

15   It is also to be noted that interventions target different populations, achieve different goals and can be useful in different phases of the pandemic shock. While interventions 2 (support for the self-employed) and 4 (rescheduling tax and social security contribution payment) can help workers face the negative shock and preserve their jobs, once jobs are lost, interventions supporting the unemployed or transfers to the most vulnerable will be necessary. Once the recovery starts, however, interventions 2 and 4 might be needed again to encourage employment. The different interventions can then be considered complementary.

16   According to information from ECLAC's Covid-19 Observatory, Argentina, Brazil, Chile, Colombia, Costa Rica, Guatemala, Peru, and Uruguay have implemented social protection measures for unemployment insurance. While in the Caribbean, the Bahamas, Belize, Barbados, Dominica, Grenada, and Saint Lucia have implemented measures to make unemployment schemes more flexible and include special funds for workers in the tourism sector.

To simulate this intervention, the following scheme is assumed. Granting a transfer equivalent to the monthly poverty line of $5 per capita per day in 2011 PPP for 6 months to people who are unemployed and actively seeking employment. To identify the beneficiary population, information from unemployed people in household surveys is used and the value of the poverty line is assigned to them. Subsequently, the household's per capita income is recalculated, as well as the population on each threshold. It is worth noting that if the unemployment rate increases –as a result of the current economic crisis—more than our estimates suggest, this number will be underestimated.

As can be seen in Table 3, this measure registers the highest percentage of buffering of the increase in poverty in Argentina, Barbados, Suriname, and Chile. Because of its magnitude, it can be an effective policy for reversing part of the economic impact of the health crisis.

For the region, its fiscal cost is estimated on average at 0.2 percent of GDP, with the highest value for Honduras at 0.5 percent of GDP. The highest cost-effectiveness is observed in Peru, Ecuador, Colombia, Brazil, Panama, Costa Rica, and the Dominican Republic (Table 4).

Policy Intervention 2: Support for independent workers (self-employed)

The second intervention consists of providing support to workers classified as "self-employed" or independent, which includes both formal and informal employment. Simulations are made using microdata from household surveys to identify workers classified as "self-employed" who are charged with the monthly value of the poverty line of U$5 per capita per day PPP for 2011. Subsequently, the household's per capita income is recalculated, as well as the distribution of the population on each threshold. With respect to similar measures implemented in the region's countries, data from ECLAC's Covid-19 Observatory indicate that Argentina, Brazil, Colombia, Chile, Guatemala, Paraguay and Peru provide for such transfers to the informal sector, while the Bahamas, Barbados, Dominica and Jamaica allocate funds for self-employed workers who do not have unemployment insurance benefits.

Overall, for most countries, this is the alternative with the greatest potential for poverty alleviation, which is associated primarily with the high levels of informality in the region. Among the countries reporting the greatest reduction in poverty are Peru, El Salvador, Bolivia, and Ecuador. The fiscal cost of this type of intervention in these countries is 1.6, 1.6, 1.4, 1.5 and 1.6 percent of GDP, respectively (Table 3). The highest cost-effectiveness ratio is recorded in Chile, Argentina, Uruguay, Paraguay, and Bolivia (Table 4).

Policy Intervention 3: Doubling Support for Social Programs

The third intervention consists of doubling the value of social program support received for 6 months by those who already benefit from them. This type of intervention has been implemented in 24 countries in Latin America and the Caribbean, according to information compiled by ECLAC's Covid-19 Observatory.

To implement the simulation, microdata from household surveys are used to identify those individuals who reported receiving monetary transfers from a social program; each person is assigned an amount equivalent to the amount of the transfers received in the month prior to the survey, and subsequently the household's per capita income and the distribution of the population at each threshold are recalculated. The results suggest that in Bolivia, Brazil, Ecuador, Panama, and Peru, this measure would cushion between 2 and 3 points of the increase in poverty, and for the region, on average, would represent a fiscal cost equivalent to 0.2 percent of GDP (see Table 3). This policy has a higher cost-effectiveness ratio in Mexico, Honduras, and Guatemala (Table 4).

The reduction in poverty that we predict is similar to what is found in Lustig, Martínez, Sanz and Younger (2020) for Argentina, Brazil and Colombia.[17]

Policy Intervention 4: Rescheduling Tax and Social Security Contribution Payments

Finally, another of the most favored alternatives in the region, according to the policy briefs mentioned above, is to reschedule tax and social security contribution payments. The logic behind this type of alternative is that postponing payments provides companies with liquidity to maintain their staff and salaries, shifting obligations to the future when the financial situation is expected to be significantly better.

To carry out this exercise, microdata from household surveys are used to identify formal workers - defined as those who are affiliated with or contribute to a social security institution - and it is assumed that workers under this classification will not record the drop in total income corresponding to each of the macroeconomic scenarios. When counted as a credit, the fiscal resources required in this case will be equivalent to the differential in the active and passive interest rate for the central government - that is, the payments of taxes and contributions that would not be made in the reference months would begin after a period of 6 months; the payment modalities may be made in different terms, and the longer the term, the less negative the effect on the liquidity of the companies. Assuming that both are equivalent, this policy does not generate a net fiscal cost after the repayment period.

According to the simulations, in this scenario countries such as Brazil, El Salvador, Guatemala and Guatemala are the ones that report the highest percentage points of poverty buffer, while Barbados, Colombia and Paraguay are the ones that report results lower than 1 p.p. (Table 3).

Figure 8 summarizes the results for the 4 policy alternatives explored, and it can be seen that the option with the greatest potential for cushioning is transfers to self-employed workers, followed by rescheduling the payment of contributions for formal workers. Overall, the cost of the 4 alternatives ranges from 0.4 percent of GDP for Trinidad and Tobago to 4.1 percent for Bolivia.

It is interesting to note that there is variation in the cost-effectiveness of the different options for different countries. For example, it is observed that in Argentina, Bolivia, Chile, El Salvador, Paraguay, Suriname, Trinidad and Tobago, and Uruguay, the alternative of providing transfers to self-employed workers has a higher ratio, while doubling the value of social program transfers seems to have a better balance in Honduras, Guatemala, and Mexico. Transfers to the unemployed have a higher cost-benefit ratio in Brazil, Colombia, Costa Rica, Ecuador, Panama, Peru and the Dominican Republic. The option of rescheduling tax and social security payments, since it does not represent a fiscal cost in the medium and long term, is the alternative with the highest benefit ratio in all cases.

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17   Results of the policies are not directly comparable with Lustig et al. (2020), since they employ a different set of policies. However, for Argentina the authors predict the potential effects of the *Ingreso Familiar de Emergencia*, which is close to our intervention 3 (expanding support for social programs), and we both find that around 3 p.p. of individuals would be lifted out of poverty. For Brazil, the *Auxílio Emergencial* is also close to our intervention 3. While the authors estimate a cushion of 4.7 p.p. of individuals lifted out of poverty, we estimate a reduction of 2.4 p.p. In Colombia, *Familias en Acción, Jóvenes en Acción, Colombia Mayor, Ingreso Solidario, Bogotá Solidaria* are predicted to cushion 0.5 p.p out of poverty. These interventions are closer to our intervention 3, where we predict a cushion of 1 p.p.

Table 3. Results of the simulation of interventions to cushion increasing impacts on the poor (extreme and moderate)

Country	p.p. cushioned[1]					Cost-6 months (millions of local currency)			Coast as % of GDP			
	P1: Unemployment insurance	P2: Support for self-employed[2]	P3: Doubling Support for Social Programs[3]	P4: Rescheduling Tax and Social Security Contribution Payments[4]	p.p. cushioned	P1	P2	P3	P1	P2	P3	Total (% GDP)
Argentina (urban)	2.1	2.9	3.3	1.6	9.9	$33,484.2	$61,218.2	$30,603.7	0.2	0.3	0.1	0.6
Barbados	2.3	1.7	1.0	0.8	5.8	$30.2	$27.5	$18.2	0.3	0.3	0.2	0.8
Bolivia	0.7	8.2	3.0	1.3	13.3	$622.8	$8,416.5	$2,475.4	0.2	3.0	0.9	4.1
Brazil	0.6	3.1	2.4	3.8	9.8	$25,468.4	$47,205.0	$27,160.0	0.4	0.7	0.4	1.4
Chile	1.3	2.0	0.5	2.3	6.2	$257,294.3	$648,786.3	$83,820.6	0.1	0.4	0.05	0.6
Colombia	0.9	7.8	1.0	0.6	10.3	$3,332,915.3	$13,566,029.1	$1,312,076.5	0.3	1.4	0.1	1.8
Costa Rica	0.4	1.9	0.4	1.4	4.1	$71,262.5	$125,513.9	$76,268.7	0.2	0.4	0.2	0.8
Ecuador	0.2	6.7	2.2	3.5	12.6	$140.5	$1,587.3	$341.5	0.1	1.5	0.3	1.9
El Salvador	1.3	6.5	0.6	3.4	11.9	$61.8	$430.7	$5.7	0.2	1.6	0.02	1.8
Guatemala	0.2	5.3	0.02	2.6	8.0	$1,935.4	$8,390.2	$398.0	0.4	1.5	0.1	2.0
Honduras	1.3	3.0	0.5	1.5	6.3	$2,975.7	$7,343.9	$1,531.8	0.5	1.3	0.3	2.1
Mexico	0.8	3.4	1.4	2.5	8.1	$16,693.1	$25,859.4	$75,566.7	0.1	0.1	0.3	0.4
Panama	0.2	3.9	2.0	1.9	8.1	$60.3	$288.1	$119.1	0.1	0.5	0.2	0.8
Paraguay	1.2	5.4	1.7	0.3	8.6	$548,983.7	$2,611,796.3	$663,658.9	0.2	1.1	0.3	1.7
Peru	0.9	9.5	2.0	1.1	13.5	$1,141.0	$11,715.8	$1,682.5	0.2	1.6	0.2	2.0
Dominican Republic	0.5	5.1	1.6	2.7	10.0	$4,973.0	$36,096.1	$7,459.6	0.1	0.9	0.2	1.3
Suriname	2.0	1.6	1.6	1.0	6.2	$30.6	$45.8	$33.8	0.1	0.2	0.1	0.5
Trinidad & Tobago[4]	0.4	1.8	1.0	n.d.	16.6	$77.7	$560.1	$79.5	0.05	0.35	0.05	0.4
Uruguay	1.0	1.7	1.6	0.4	4.8	$4,116.6	$10,021.1	$2,906.5	0.2	0.5	0.1	0.9

1\: This data is obtained by subtracting the change in p.p. of Scenario C and the change in p.p. of the simulated policy. 2\: To qualify the self-employed, the category of the main occupation is considered. 3\: To account for the amount of social programs, information on income recorded in surveys for government transfers in non-contributory social protection programs is used, which include conditional cash transfer programs, non-contributory pensions or other government programs. For countries such as Guatemala, where the survey does not contain information on government transfers, the poorest households are imputed (approximating program coverage) the amount received by the beneficiaries of conditional cash transfer programs according to information from the CEPALSTAT Database of Non-Contributory Social Protection Programs (see https://dds.cepal.org/bpsnc/ps). 4\: A person who indicates in the survey that he or she is affiliated with or contributes to a social security system is defined as formal. The Trinidad and Tobago survey does not include a variable to define formality. This policy is accounted for as a credit, so the fiscal resources required in this case will be equivalent to the differential in the government's lending and borrowing rates. Therefore, it is assumed that if both are equivalent, and the administrative cost is charged at the lending rate, there will be no fiscal cost.

Source: Ditto.

Figure 8. Summary of the simulation of interventions to cushion impact on poverty and total cost (% of GDP)

		Total cost as % of GDP
PER	9.5 / 1.1 / 2.0 / 0.9	2.0%
BOL	8.2 / 1.3 / 3.0 / 0.7	4.1%
COL	7.8 / 0.6 / 1.0 / 0.9	1.8%
ECU	6.7 / 3.5 / 2.2 / 0.2	1.9%
SLV	6.5 / 3.4 / 0.6 / 1.3	1.8%
PRY	5.4 / 0.3 / 1.7 / 1.2	1.7%
DOM	5.1 / 2.7 / 1.6 / 0.5	1.3%
GTM	5.3 / 2.6 / 0.0 / 0.2	2.0%
PAN	3.9 / 1.9 / 2.0 / 0.2	0.8%
MEX	3.4 / 2.5 / 1.4 / 0.8	0.4%
BRA	3.1 / 3.8 / 2.4 / 0.6	1.4%
HND	3.0 / 1.5 / 0.5 / 1.3	2.1%
ARG	2.9 / 1.6 / 3.3 / 2.1	0.6%
CHL	2.0 / 2.3 / 0.5 / 1.3	0.6%
CRI	1.9 / 1.4 / 0.4 / 0.4	0.8%
TTO	1.8 / 1.0 / 0.4	0.4%
URY	1.7 / 0.4 / 1.6 / 1.0	0.9%
BRB	1.7 / 0.8 / 1.0 / 2.3	0.8%
SUR	1.6 / 1.0 / 1.6 / 2.0	0.5%

Legend: Support to self-employed · Re-schedule tax and social contributions for formal workers · Doubling Support for Social Programs · Unemployment insurance

Source: Ditto.

Table 4. Cost-Effectiveness Ratio of Policy Interventions

	Buffer effect in p.p.			Costs (in million dollars PPP)			Cost-effectiveness ratio		
	P1: Unemploy-ment insurance	P2: Transfers to self-employed workers	P3: Double the amount of social program transfers	P1: Unem-ployment insurance	P2: Transfers to self-employed workers	P3: Double the amount of social program transfers	P1: Unem-ployment insurance	P2: Transfers to self-employed workers	P3: Double the amount of social program transfers
Argentina (urban)	2.1	2.9	3.3	$1,594.9	$2,915.8	$1,457.7	763.0	990.8	437.8
Barbados	2.3	1.7	1.0	$14.2	$13.0	$8.6	6.1	7.8	8.9
Bolivia	0.7	8.2	3.0	$225.0	$3,041.0	$894.4	310.5	368.8	298.5
Brazil	0.6	3.1	2.4	$11,569.8	$21,444.3	$12,338.3	20,706.2	6,955.8	5,206.6
Chile	1.3	2.0	0.5	$625.6	$1,577.5	$203.8	474.0	791.1	373.1
Colombia	0.9	7.8	1.0	$2,511.8	$10,223.9	$988.8	2,888.5	1,314.4	944.5
Costa Rica	0.4	1.9	0.4	$202.7	$356.9	$216.9	525.2	184.6	516.7
Ecuador	0.2	6.7	2.2	$264.1	$2,983.6	$641.9	1,662.1	442.5	285.5
El Salvador	1.3	6.5	0.6	$134.9	$940.1	$12.4	99.9	144.5	21.0
Guatemala	0.2	5.3	0.02	$497.6	$2,157.3	$102.3	3,101.1	410.6	4,455.6
Honduras	1.3	3.0	0.5	$288.5	$711.9	$148.5	214.9	240.6	326.9
México	0.8	3.4	1.4	$1,829.0	$2,833.3	$8,279.5	2,162.0	845.0	6,070.0
Panamá	0.2	3.9	2.0	$121.2	$579.2	$239.4	533.5	149.2	119.3
Paraguay	1.2	5.4	1.7	$217.0	$1,032.3	$262.3	181.6	191.1	153.4
Perú	0.9	9.5	2.0	$654.4	$6,719.4	$965.0	723.8	704.3	477.6
Dominican Republic	0.5	5.1	1.6	$230.1	$1,670.1	$345.1	464.9	327.7	210.2
Suriname	2.0	1.6	1.6	$12.6	$18.9	$13.9	6.4	11.6	8.6
Trinidad & Tobago	0.4	1.8	1.0	$18.3	$132.1	$18.8	43.1	73.0	18.1
Uruguay	1.0	1.7	1.6	$161.9	$394.2	$114.3	154.4	237.3	69.5

Source: Ditto.

It is also important to mention the relevance of distributional effects, which are not the focus of this analysis, but need to be considered when deciding which policy options to adopt. The distributional effects of the different interventions are not clear *ex ante* and should be tested, but we could expect that interventions such as unemployment insurance or the expansion of existing social programs would target the poorest in society and, hence, be an instrument to reduce inequalities. Transfers to the self-employed would benefit workers who, contrary to the unemployed, are still active in the labor market, and while self-employed can overlap with the poorest population, not all of them are. Therefore, we can expect transfers to the self-employed to be potentially less equalizing compared to other interventions. The same is even more true for rescheduling tax and social security contributions payments, that would mostly target workers in the formal market, who are generally better off than the most vulnerable.

Finally, a caveat must be made as far at the implementation is concerned. The expected effects of these interventions might be reduced in case of policy failures, such as corruption, political tensions, dispersed governance, administrative silos and other factors threatening implementation.[18]

Conclusion

This document estimates the possible impact of the economic contraction associated with Covid-19 on the composition of social classes in Latin American and Caribbean countries. Using the most recent data on the drop in the growth rate and microdata from employment and household surveys, it is projected that the number of people living in poverty (extreme and moderate) would increase by up to 44 million in the region. On the other hand, a significant reduction of 52.2 million people who had previously reached the category of the consolidated middle-class is projected, and who, as a result of the impact of the pandemic, will move either into the vulnerable middle class or into poverty. Potentially, this recomposition of the population may affect demand patterns for some goods and services, among other effects.

A more detailed analysis of population flows between categories shows that the profile of those moving from the consolidated middle-class category to the vulnerable or poor middle class tends to be one of an urban population, of working age, and with a higher than average level of education. In contrast, the population that falls into the poverty category comes predominantly from rural areas and presents a younger profile - with higher proportions of the population between 0 and 15 years of age - with a greater representation of women, and a lower level of education.

In order to explore strategies for cushioning the economic impact of the pandemic, the potential of four types of interventions, as well as their costs, are compared. According to our analysis, the policy with the greatest benefit-cost ratio is the deferral of payroll taxes and social security contributions, because it represents a direct effect of increasing the level of liquidity for businesses that can be used to maintain employment and the value of wages, and with a proper design that defers their repayment into the future, their net fiscal cost can be close to zero. The other three alternatives of providing support to the unemployed, temporarily doubling the benefits of existing social programs, and transferring income to self-employed workers also generate a favorable benefit-cost ratio, with differences between countries. Assistance to the self-employed, for example, could be more beneficial in countries with high levels of informality. The expected benefits of the different interventions, however, might be hampered by recurring problems in policy implementation, such as corruption, political tensions, dispersed governance, administrative silos, or the vagaries of the political cycle. These problems need to be acknowledged and tackled to avoid policy failure in the implementation phase and achieve the desired effects.

18   Blofield, Giambruno, and Filgueira (2020), for example, find that in Chile and Costa Rica, delays were driven by political factors, and in Peru, by weaknesses in state capacity in reaching vulnerable populations. Brazil successfully achieved broad coverage, but effective implementation was initially slowed down by the executive's choice to centralize without using the existing policy infrastructure.

Furthermore, our analysis focuses on the short term social costs of the pandemic, but it does not address other probable structural changes which might modify the sector composition of production or the demand for different types of skills, among others. These issues are part of the ongoing agenda that the phenomena will likely motivate in the future with the availability of up dated data sources.

The central conclusion derived from our analysis is that, although the pandemic will undoubtedly have a significant social cost in the region, there are public policy alternatives with reasonable fiscal cost within the reach of the countries, to counteract at least a part of the short-term impacts and promote a reactivation with the greatest possible agility.

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Annex

Table A.1 Household survey sources

Countries	Source of information
Argentina[1]	Permanent Household Survey 2019
Barbados	Barbados Survey of Living Conditions 2016
Bolivia	Household Survey 2018
Brazil	National Research by Amostra de Domicílios Contínua 2018
Chile	National Socioeconomic Characterization Survey 2017
Colombia	Large Integrated Household Survey 2018
Costa Rica	National Household Survey 2018
Ecuador	National Survey of Employment, Unemployment and Underemployment 2018
El Salvador	Multipurpose Household Survey 2019
Guatemala	National Survey of Employment and Income 2018
Honduras	Permanent Multipurpose Household Survey 2018
Jamaica	Jamaica Survey of Living Conditions 2015
Mexico	National Household Income and Expenditure Survey 2018
Panama	Permanent Household Survey 2017
Paraguay	Permanent Household Survey Continues 2018
Peru	National Household Survey 2018
Republican Sunday	2017 National Continuing Workforce Survey
Suriname	Suriname Survey of Living Conditions 2016-2017
Trinidad & Tobago	Continuous Sample Survey of Population 2015
Uruguay	Continuous Household Survey 2019

[1]: In Argentina the EPH has urban coverage only.

Table A.2. Periods chosen for the elaboration of Scenario A

Country	Change in rate of change of real GDP	Annualized change associated with income in
Argentina[1\]	2013-2014	2013-2014
Barbados	2008-2009	2008-2009
Bolivia	1998-1999	1999-2000
Brazil	2002-2003	2002-2004
Chile	2009-2013	2011-2013
Colombia	1998-1999	1998-1999
Costa Rica	2008-2009	2009-2010
Ecuador	2008-2009	2008-2009
El Salvador	2008-2009	2007-2009
Guatemala	2008 -2009	2006-2010
Honduras	2008-2009	2007-2008
Jamaica	2009-2010	2009-2013
Mexico	2008-2009	2008-2009
Panama	2008-2009	2009-2010
Paraguay	2008-2009	2007-2009
Peru	2003-2004	2003-2004
Republican Sunday	2008-2009	2009-2010
Suriname	2014-2015	2014-2015
Trinidad and Tobago	2008-2009	2008-2010
Uruguay	2001-2002	2001-2002

Source: Selection of episodes based on the identification of economic contractions in previous years in which there is a simultaneous reduction in real wages and real per capita GDP. Note that in some cases, such as Argentina, Chile and Suriname, significant drops in GDP are observed in periods after 2008-2009, while in others, such as Brazil, the selection of the reference episode identified is one in which the country registered a balance of payments crisis that generated a significant economic deceleration - with considerable levels of inflation - and growth rates close to zero. On the other hand, in El Salvador, Guatemala, Honduras and Paraguay, the episode of reduction in GDP is 2008-2009, but there are no successive household surveys for the same years. In these cases, information on changes in salaries over a longer or shorter period is used, depending on the availability of surveys, under the condition that the period includes the years 2008-2009. For these periods, the annual change in real wages between the two available surveys is calculated, and the result is used to compare with the change in GDP for 2008-2009.

Table A.3. Distribution of the population according to social class assuming a decrease in labor and non-labor income

Country	Base Scenario[1]					Extreme poor			Moderate poor		
	Extreme poor	Moderate poor	Vulnerable middle-class	Consolidated middle-class	Rich	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Argentina[1]	9.1	9.6	36.9	42.3	2.1	9.9	10.6	12.1	10.2	10.7	12.3
Barbados	16.8	9.8	32.1	38.6	2.7	17.8	19.1	20.2	10.7	10.5	11.5
Bolivia	14.3	11.5	41.1	32.5	0.6	14.4	16.9	19.8	11.7	12.9	15.9
Brazil	9.6	9.3	31.7	43.7	5.7	9.7	12.0	14.7	9.4	10.6	12.4
Chile	3.1	4.5	34.4	51.5	6.5	3.2	3.8	4.8	4.6	6.1	8.3
Colombia	14.6	12.4	33.8	34.6	4.5	16.4	16.0	17.5	13.8	12.9	14.0
Costa Rica	6.4	8.5	35.5	44.4	5.3	6.6	7.0	7.9	8.6	9.0	9.7
Ecuador	10.6	12.0	39.7	35.6	2.0	11.2	14.0	17.8	13.2	14.6	16.6
El Salvador	11.7	16.7	48.6	22.5	0.4	12.9	16.9	19.0	18.0	21.5	21.7
Guatemala	31.5	20.1	33.2	14.9	0.3	34.8	36.0	41.1	19.1	19.9	20.4
Honduras	36.1	18.5	31.2	13.7	0.5	36.8	38.0	39.9	18.3	18.7	18.8
Jamaica		19.5	50.6	29.6	0.3				21.3	23.7	29.3
Mexico	15.8	20.0	42.2	21.1	0.7	17.9	19.1	20.5	22.0	22.9	24.1
Panama	8.1	7.6	30.4	48.6	5.3	9.2	9.9	12.8	8.9	9.1	10.6
Paraguay	9.3	10.3	36.8	40.7	2.9	10.4	10.2	11.1	10.6	10.9	11.6
Peru	9.2	12.0	42.6	34.6	1.6	9.6	11.5	15.1	12.5	13.7	16.2
Republican Sunday	6.5	11.4	46.5	34.2	1.5	7.0	8.5	11.3	11.7	13.3	15.5
Suriname	12.4	8.8	36.5	40.1	2.2	13.1	13.4	14.5	10.8	11.6	11.4
Trinidad & Tobago	4.1	7.9	38.2	48.4	1.4	4.5	4.4	5.7	8.4	8.2	7.6
Uruguay	1.3	2.9	24.6	65.7	5.6	1.8	1.5	1.8	4.2	3.5	4.2
LAC Average	12.1	11.7	37.3	36.9	2.6	13.4	14.6	16.8	13.9	14.6	15.6
LA Average	12.3	11.7	36.8	36.3	2.8	13.2	14.5	16.7	12.3	13.1	14.5
Caribbean Average	11.1	11.5	39.3	39.2	1.6	14.2	15.2	17.4	20.1	20.4	20.1

Table A.3 (continued) Distribution of the population according to social class assuming a decrease in labor and non-labor income

Country	Vulnerable middle class			Consolidated middle class			Rich		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Argentina[1]	38.7	40.0	41.1	39.4	37.0	33.3	1.8	1.8	1.2
Barbados	33.9	34.8	35.1	35.5	33.9	32.0	2.2	1.7	1.3
Bolivia	40.9	42.1	41.7	32.3	27.8	22.4	0.6	0.4	0.2
Brazil	31.8	35.8	38.7	43.4	37.0	30.9	5.6	4.6	3.4
Chile	34.7	38.7	42.9	51.2	46.0	39.7	6.4	5.5	4.3
Colombia	33.9	34.3	34.1	32.0	32.7	30.7	4.0	4.1	3.7
Costa Rica	35.9	36.7	37.2	43.9	42.6	40.9	5.1	4.7	4.3
Ecuador	39.4	40.7	40.8	34.3	29.3	23.9	1.9	1.4	0.9
El Salvador	48.6	45.8	44.9	20.1	15.6	14.3	0.3	0.2	0.2
Guatemala	31.8	31.1	28.5	13.9	12.6	9.8	0.3	0.2	0.1
Honduras	30.9	30.4	29.5	13.5	12.5	11.3	0.5	0.4	0.4
Jamaica	50.4	51.3	49.8	27.9	24.6	20.7	0.3	0.3	0.2
Mexico	41.9	41.3	40.6	17.7	16.2	14.5	0.4	0.4	0.2
Panama	32.3	33.1	35.9	44.8	43.8	37.7	4.8	4.2	3.0
Paraguay	37.0	37.9	39.0	39.2	38.3	35.9	2.8	2.7	2.5
Peru	42.9	44.1	44.2	33.5	29.5	23.6	1.5	1.2	0.9
Republican Sunday	47.5	47.5	47.5	32.6	29.6	24.9	1.3	1.2	0.8
Suriname	36.9	36.9	38.1	37.3	36.4	34.5	1.9	1.7	1.6
Trinidad & Tobago	39.6	39.8	42.0	46.2	46.3	43.8	1.3	1.3	1.0
Uruguay	29.5	26.8	29.6	60.7	63.5	60.6	3.8	4.7	3.7
LAC Average	36.8	37.1	37.6	33.6	31.5	28.2	2.3	2.1	1.7
LA Average	37.3	37.9	38.5	34.5	32.1	28.4	2.6	2.3	1.9
Caribbean Average	34.6	34.0	34.0	29.9	29.2	27.6	1.3	1.2	1.0

1\: The following definitions are used for the classification of the population according to socioeconomic level, following the definitions of the IDB Sociometer: the poor class has an income of US$3.1 to US$5; the vulnerable middle class, with an income of US$5 to US$12.4; the consolidated middle class with a daily per capita income of US$12.4 to US$62; the upper class with a daily per capita income greater than US$62 (in 2011 PPP). To estimate the US$5 per day poverty line, this value is multiplied by 30.4168 to obtain a monthly poverty line, and then converted to local currency using the PPP adjustment based on WDI data, and the value is updated using the national CPI for the survey year.

Source: Estimates based on household or employment surveys: Argentina - EPH (2019), Barbados - SLC (2016), Bolivia - ECH (2018), Brazil - PNADC (2018), Chile - CASEN (2017), Colombia - GEIH (2018), Costa Rica - ENAHO (2018), Ecuador - ENEMDU (2018), El Salvador - EHPM (2019), Guatemala - ENEI (2018), Honduras - EPHPM - (2018), Jamaica - SLC (2015), Mexico - ENIGH (2018), Panama - EPM (2017), Paraguay - EPHC (2018), Peru - ENAHO (2018), Dominican Republic - ENCFT (2017), Suriname - SLC (2017), Trinidad and Tobago - CSSP (2015), Uruguay - ECH (2019).

Table A.4. Changes in percentage points in the distribution of the population according to social class assuming a decrease in labor and non-labor income

Country	Extreme poverty			Moderate poverty			Vulnerable middle class		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Argentina (urban)	0.8	1.5	3.0	0.6	1.1	2.7	1.8	3.1	4.2
Barbados	1.0	2.3	3.4	0.9	0.7	1.7	1.8	2.7	3.0
Bolivia	0.1	2.6	5.5	0.2	1.4	4.3	-0.2	1.0	0.6
Brazil	0.1	2.4	5.1	0.1	1.3	3.0	0.1	4.2	7.0
Chile	0.1	0.7	1.7	0.1	1.5	3.8	0.3	4.3	8.5
Colombia	1.7	1.4	2.9	1.4	0.5	1.6	0.1	0.5	0.2
Costa Rica	0.2	0.7	1.5	0.1	0.5	1.3	0.4	1.1	1.7
Ecuador	0.6	3.3	7.1	1.1	2.6	4.5	-0.3	1.0	1.1
El Salvador	1.2	5.2	7.2	1.3	4.8	5.0	-0.1	-2.9	-3.8
Guatemala	3.4	4.6	9.6	-1.0	-0.2	0.3	-1.4	-2.0	-4.6
Honduras	0.7	1.9	3.8	-0.2	0.2	0.3	-0.3	-0.9	-1.7
Jamaica				1.8	4.2	9.8	-0.1	0.7	-0.8
Mexico	2.0	3.2	4.7	2.0	2.9	4.1	-0.3	-0.8	-1.6
Panama	1.0	1.7	4.7	1.3	1.5	3.0	1.9	2.7	5.5
Paraguay	1.1	0.9	1.8	0.3	0.6	1.3	0.2	1.2	2.2
Peru	0.4	2.3	5.9	0.5	1.7	4.2	0.3	1.5	1.6
Dominican Republic	0.5	2.0	4.8	0.3	1.9	4.1	1.0	1.1	1.1
Suriname	0.6	1.0	2.1	2.0	2.8	2.6	0.4	0.4	1.6
Trinidad and Tobago	0.4	0.4	1.6	0.5	0.3	-0.3	1.4	1.5	3.7
Uruguay	0.5	0.2	0.5	1.3	0.7	1.4	4.9	2.2	5.0
LAC Average	0.9	2.0	4.1	0.7	1.6	2.9	0.6	1.1	1.7
LA Average	0.9	2.2	4.4	0.6	1.4	2.8	0.5	1.1	1.7
Caribbean Average	0.7	1.2	2.4	1.3	2.0	3.4	0.9	1.3	1.9

Table A.4 (continued) Changes in percentage points in the distribution of the population according to social class assuming a decrease in labor and non-labor income

Country	Consolidated middle class			Rich		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Argentina (urban)	-2.9	-5.3	-9.1	-0.3	-0.4	-0.9
Barbados	-3.1	-4.7	-6.7	-0.5	-0.9	-1.4
Bolivia	-0.2	-4.7	-10.1	-0.01	-0.2	-0.4
Brazil	-0.3	-6.7	-12.9	-0.1	-1.1	-2.3
Chile	-0.3	-5.5	-11.8	-0.1	-1.0	-2.2
Colombia	-2.7	-2.0	-3.9	-0.6	-0.4	-0.9
Costa Rica	-0.5	-1.7	-3.5	-0.2	-0.6	-0.9
Ecuador	-1.3	-6.4	-11.7	-0.1	-0.6	-1.1
El Salvador	-2.4	-6.9	-8.2	-0.004	-0.2	-0.2
Guatemala	-1.0	-2.3	-5.1	-0.01	-0.1	-0.2
Honduras	-0.2	-1.2	-2.4	0.0	-0.1	-0.1
Jamaica	-1.7	-4.9	-8.9	0.00	-0.01	-0.1
Mexico	-3.5	-4.9	-6.7	-0.3	-0.4	-0.5
Panama	-3.8	-4.8	-10.9	-0.5	-1.1	-2.3
Paraguay	-1.5	-2.4	-4.8	-0.1	-0.2	-0.5
Peru	-1.1	-5.1	-11.0	-0.1	-0.4	-0.7
Dominican Republic	-1.7	-4.7	-9.3	-0.1	-0.3	-0.6
Suriname	-2.8	-3.7	-5.6	-0.3	-0.4	-0.6
Trinidad and Tobago	-2.2	-2.1	-4.7	-0.1	-0.1	-0.4
Uruguay	-5.0	-2.2	-5.1	-1.8	-0.9	-1.9
LAC Average	-1.9	-4.1	-7.6	-0.3	-0.5	-0.9
LA Average	-1.8	-4.2	-7.9	-0.3	-0.5	-1.0
Caribbean Average	-2.4	-3.9	-6.4	-0.2	-0.4	-0.6

Source: Estimates from households or employment surveys : Argentina - EPH (2019), Barbados - SLC (2016), Bolivia - ECH (2018), Brazil - PNADC (2018), Chile - CASEN (2017), Colombia - GEIH (2018), Costa Rica - ENAHO (2018), Ecuador - ENEMDU (2018), El Salvador - EHPM (2019), Guatemala - ENEI (2018), Honduras - EPHPM - (2018), Jamaica - SLC (2015), Mexico - ENIGH (2018), Panama - EPM (2017), Paraguay - EPHC (2018), Peru - ENAHO (2018), Dominican Republic - ENCFT (2017), Suriname - SLC (2017), Trinidad and Tobago - CSSP (2015), Uruguay - ECH (2019).

Table A.5. Changes in the number of people according to social class assuming a decrease in labor and non-labor income

Country	Extreme poverty			Moderate poverty			Vulnerable middle class		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Argentina (urban)	229300	411979	856261	168725	322885	779762	510545	877966	1189959
Barbados	2046	4768	7123	1809	1450	3508	3811	5712	6336
Bolivia	16649	291326	627051	25269	153339	492789	-19022	114911	63661
Brazil	287066	4885819	10473884	227204	2621139	6226398	242879	8513799	14339417
Chile	9483	122845	306570	9596	273318	668917	51387	761025	1515107
Colombia	845152	694632	1399360	680221	237285	778578	39512	223304	114017
Costa Rica	8974	33222	74576	7467	27031	63539	17559	56935	85037
Ecuador	101991	569574	1220459	195125	447226	776385	-57119	171075	191158
El Salvador	80821	348978	484578	88457	319933	332265	-6423	-191839	-251740
Guatemala	591657	800215	1682645	-178922	-35899	48759	-243274	-354385	-810631
Honduras	67170	172105	345173	-19435	17835	30420	-30862	-80034	-155062
Jamaica				48788	114324	266477	-3161	20361	-21195
Mexico	2596973	4099063	5974439	2577163	3706911	5199033	-330988	-1078846	-2027153
Panama	41278	70182	189917	54489	60168	121383	79136	108243	226165
Paraguay	76648	63333	125284	19520	40980	88189	15427	80569	153140
Peru	147356	779273	1975767	153824	576118	1393093	96747	490144	529300
Dominican Republic	49463	202046	487708	30174	196792	419833	102005	108203	107651
Suriname	3204	4864	10233	10027	13833	12841	2088	1947	7776
Trinidad & Tobago	5509	5196	22476	6824	4508	-3694	19032	20597	50774
Uruguay	19030	8317	19030	45976	23257	47856	172921	78083	176469
LAC Average	5179771	13567739	26282533	4152299	9122434	17746333	662202	9927771	15490186
LA Average	5169011	13552910	26242701	4084852	8988320	17467199	640431	9879153	15446495
Caribbean Average	10759	14829	39832	67447	134114	279133	21771	48619	43690

Table A.5 (continued) Changes in the number of people according to social class assuming a decrease in labor and non-labor income

Country	Consolidated middle class			Rich		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Argentina (urban)	-836611	-1513242	-2571081	-71960	-99588	-254902
Barbados	-6606	-9980	-14076	-1059	-1951	-2891
Bolivia	-22260	-538132	-1143470	-637	-21444	-40031
Brazil	-637725	-13762241	-26292857	-119424	-2258516	-4746842
Chile	-55272	-980302	-2106323	-15193	-176886	-384271
Colombia	-1291322	-952696	-1878660	-273563	-202526	-413294
Costa Rica	-25482	-87550	-176264	-8517	-29638	-46888
Ecuador	-218664	-1086076	-2000204	-21333	-101799	-187798
El Salvador	-160262	-464244	-551144	-2593	-12828	-13959
Guatemala	-167032	-394592	-887952	-2428	-15339	-32821
Honduras	-16874	-105309	-213623	0	-4597	-6908
Jamaica	-45627	-134446	-241391	0	-240	-3891
Mexico	-4431696	-6244976	-8503122	-411448	-482154	-643209
Panama	-156098	-194357	-443949	-18806	-44237	-93517
Paraguay	-102094	-169375	-334849	-9501	-15507	-31764
Peru	-372698	-1705813	-3660546	-25229	-139723	-237613
Dominican Republic	-169190	-475766	-951752	-12452	-31275	-63441
Suriname	-13719	-18425	-27754	-1600	-2219	-3096
Trinidad & Tobago	-30051	-29049	-63984	-1315	-1252	-5572
Uruguay	-174529	-77208	-177839	-63398	-32449	-65516
LAC Average	-8933811	-28943779	-52240838	-1060456	-3674167	-7278224
LA Average	-8837808	-28751878	-51893633	-1056482	-3668505	-7262774
Caribbean Average	-96003	-191900	-347205	-3975	-5662	-15450

1\: The JSLC database does not have a detailed module of labor and non-labor income so to approximate the distribution of social classes the national poverty line was used which consists of the per capita consumption of households. Thus, those below the per capita poverty line are defined as poor, and an interval of up to 2.5 times the poverty line is assumed for the vulnerable classes; for the middle class an interval of 2.5 and 12.4 times the per capita poverty line and for the upper class >12.5 the national per capita poverty line. Due to this information limitation, the data are not comparable with the rest of the countries and should be interpreted as an approximation. Source: Estimates based on household or employment surveys: Argentina - EPH (2019) Barbados - SLC (2016) Bolivia - ECH (2018) Brazil - PNADC (2018) Chile - CASEN (2017) Colombia - GEIH (2018) Costa Rica - ENAHO (2018) Ecuador - ENEMDU (2018) El Salvador - EHPM (2019) Guatemala - ENEI (2018) Honduras - EPHPM - (2018) Jamaica - SLC (2015) Mexico - ENIGH (2018) Panama - EPM (2017) Paraguay - EPHC (2018) Peru - ENAHO (2018) Dominican Republic - ENCFT (2017) Suriname - SLC (2017) Trinidad and Tobago - CSSP (2015) Uruguay - ECH (2019).

Table A.6. Poverty gap of the poor (extreme and moderate)

Country	Poverty gap of the poor (extreme and moderate)			
	Base Scenario	Scenario A	Scenario B	Scenario C
Argentina (urban)	40.0	42.0	45.3	50.4
Barbados	51.4	56.1	56.4	60.9
Bolivia	44.4	45.0	50.7	57.2
Brazil	41.5	42.2	49.5	57.4
Chile	37.6	37.9	44.6	51.6
Colombia	45.8	50.2	49.1	52.5
Costa Rica	36.1	37.1	39.3	42.4
Ecuador	38.1	39.5	46.7	54.2
El Salvador	33.4	37.3	45.2	47.3
Guatemala	46.1	49.5	51.8	57.2
Honduras	50.2	51.1	52.8	55.4
Jamaica	26.3	28.8	33.0	40.0
Mexico	36.0	41.2	44.3	47.3
Panama	41.0	44.9	48.8	56.5
Paraguay	37.5	40.3	40.8	43.9
Peru	35.0	36.6	42.4	50.0
Dominican Republic	33.1	34.8	39.7	46.3
Suriname	42.7	46.6	48.5	50.5
Trinidad and Tobago	31.9	35.2	34.6	37.2
Uruguay	29.2	38.5	33.9	38.7
LAC Average	39.0	41.8	44.9	49.9
LA Average	39.2	41.9	45.4	50.6
Caribbean Average	38.1	41.7	43.1	47.1

Source: Estimates based on household or employment surveys: Argentina - EPH (2019) Barbados - SLC (2016) Bolivia - ECH (2018) Brazil - PNADC (2018) Chile - CASEN (2017) Colombia - GEIH (2018) Costa Rica - ENAHO (2018) Ecuador - ENEMDU (2018) El Salvador - EHPM (2019) Guatemala - ENEI (2018) Honduras - EPHPM - (2018) Jamaica - SLC (2015) Mexico - ENIGH (2018) Panama - EPM (2017) Paraguay - EPHC (2018) Peru - ENAHO (2018) Dominican Republic - ENCFT (2017) Suriname - SLC (2017) Trinidad and Tobago - CSSP (2015) Uruguay - ECH (2019).

Table A.7. Percentage of households owning a home (owning or paying a mortgage)

Country	Percentage of homes owned			
	Poor	Vulnerable	Middle class	High class
Barbados	64.5	68.6	70.5	82.8
Bolivia	80.1	60.9	57.8	66.7
Brazil	70.8	70.7	73.8	76.1
Chile	59.8	61.4	60.5	56.8
Costa Rica	64.1	69.4	73.8	76.8
Ecuador	69.0	59.0	57.0	58.0
El Salvador	63.6	60.5	64.2	68.1
Honduras	23.3	28.0	28.2	39.6
Jamaica	56.8	55.5	54.3	64.3

Table A.7 (continued) Percentage of households owning a home (owning or paying a mortgage)

Country	Percentage of homes owned			
	Poor	Vulnerable	Middle class	High class
Mexico	71.5	67.5	67.4	65.2
Panama	87.1	81.1	79.3	76.8
Paraguay	85.5	79.3	72.8	72.4
Peru	77.9	68.5	67.8	65.7
Dominican Republic	54.8	54.0	49.7	62.7
Suriname	78.7	75.7	75.7	68.2
Uruguay	42.3	52.0	58.8	66.0

Table A.8. Percentage of households with rental housing

Country	Percentage of rental housing			
	Poor	Vulnerable	Middle class	High class
Barbados	20.4	19.2	16.6	12.9
Bolivia	6.7	15.5	19.2	20.5
Brazil	14.3	18.5	18.8	20.6
Chile	14.1	16.0	23.7	37.3
Costa Rica	16.5	17.8	19.2	21.3
Ecuador	13.0	19.0	22.0	24.0
El Salvador	6.1	12.6	16.6	14.5
Honduras	76.7	72.0	71.8	60.4
Jamaica	7.6	15.9	22.4	35.7
Mexico	8.3	14.3	19.4	28.1
Panama	5.4	10.5	14.6	20.6
Paraguay	2.5	7.8	17.7	21.6
Peru	4.3	8.5	12.7	21.0
Dominican Republic	26.7	29.6	35.6	28.3
Suriname	11.4	10.5	14.0	20.6
Uruguay	11.3	14.9	20.7	23.8

Source: Estimates based on household or employment surveys: Argentina - EPH (2019) Barbados - SLC (2016) Bolivia - ECH (2018) Brazil - PNADC (2018) Chile - CASEN (2017) Colombia - GEIH (2018) Costa Rica - ENAHO (2018) Ecuador - ENEMDU (2018) El Salvador - EHPM (2019) Guatemala - ENEI (2018) Honduras - EPHPM - (2018) Jamaica - SLC (2015) Mexico - ENIGH (2018) Panama - EPM (2017) Paraguay - EPHC (2018) Peru - ENAHO (2018) Dominican Republic - ENCFT (2017) Suriname - SLC (2017) Trinidad and Tobago - CSSP (2015) Uruguay - ECH (2019).

Table A.9. Sociodemographic profile of the population that moves from consolidated middle class to vulnerable middle class (%) by country

Country	Age					Sex		Area		Educational level of people of 25+				
	0-15 years old	16-24 years old	25-44 years old	45-64 years old	65 or more	Woman	Man	Urban	Rural	Incomplete Primary	Complete Primary	Low Secondary	Upper- Secondary	Tertiary
Argentina (urban)1\	18.0	13.6	25.1	19.6	23.7	52.9	47.1	-	-	7.3	25.8	13.0	29.6	22.8
Barbados 2\	15.5	8.6	25.4	29.8	20.1	52.5	47.5	-	-	-	24.8	-	39.2	27.9
Bolivia	26.4	17.2	29.1	19.0	8.3	51.4	48.6	87.0	13.0	27.1	3.2	9.5	29.9	30.3
Brazil	14.2	12.5	26.9	25.4	20.9	52.1	47.9	88.2	11.8	38.2	5.9	14.1	29.3	12.4
Chile	19.9	14.6	24.1	25.4	15.9	53.3	46.7	87.4	12.6	25.2	10.5	10.1	35.2	18.8
Colombia	23.4	17.0	28.8	22.2	8.5	49.7	50.3	81.0	19.0	19.8	16.4	11.1	29.6	18.3
Costa Rica	21.1	16.2	28.9	22.8	11.0	51.5	48.5	73.4	26.6	18.3	33.9	16.9	18.9	11.5
Ecuador	26.4	16.5	27.0	20.0	10.0	50.9	49.1	77.8	22.2	19.2	27.3	9.1	3.8	26.0
El Salvador	17.2	20.2	29.8	22.8	10.1	52.1	47.9	76.0	24.0	28.9	10.3	17.3	26.7	16.8
Guatemala	20.9	22.3	31.0	18.8	6.9	50.5	49.5	64.1	35.9	25.2	17.6	14.8	14.6	27.9
Honduras	22.1	21.4	27.0	21.6	7.9	53.6	46.4	81.3	18.7	20.8	24.7	11.9	21.7	20.4
Jamaica3\	16.7	15.6	25.5	26.8	15.4	52.8	47.2	51.3	48.7	-	-	-	-	-
Mexico	21.4	17.6	28.8	23.7	8.5	50.5	49.5	86.7	13.3	13.9	14.0	27.3	47.0	21.9
Panama	26.4	18.0	24.2	20.7	10.8	50.9	49.1	77.3	22.7	11.7	21.0	18.9	32.2	16.2
Paraguay	30.7	19.5	28.8	15.1	6.0	50.0	50.0	70.4	29.6	22.2	19.5	16.4	22.9	19.0
Peru	22.2	16.2	26.7	24.0	10.9	50.9	49.1	93.2	6.8	14.5	10.7	9.5	34.9	29.6
Dominican Republic	22.4	17.5	28.9	21.9	9.3	49.9	50.1	83.1	16.9	36.9	11.9	9.3	25.1	16.7
Suriname	26.0	16.0	26.2	23.0	8.8	53.2	46.8	96.1	3.9	26.8	6.9	18.8	33.5	10.7
Trinidad and Tobago4\	20.9	16.7	31.1	23.5	7.8	49.3	50.7	-	-	-	-	-	-	-
Uruguay	23.1	15.8	24.0	20.6	16.4	53.1	46.9	78.2	21.8	14.8	30.7	26.1	20.2	8.3

1\: In Argentina the EPH has urban coverage only. 2\: In the Barbados survey it is not possible to identify the area of residence from the microdata. In the survey, the last level of education approved only includes primary, secondary, and higher education, so it is not possible to determine the years of education to construct the disaggregated educational categories. 3\: In the survey Jamaica, the years of education for the working-age population cannot be constructed. 4: In the Trinidad and Tobago survey it is not possible to identify the area of residence from the microdata, nor the years of education for the working-age population

Source: Ditto.

Table A.10. Sociodemographic profile of the population moving from vulnerable to poor middle class (extreme and moderate) by country

Country	Age					Sex		Area		Educational level of people of 25+				
	0-15 years old	16-24 years old	25-44 years old	45-64 years old	65 o more	Woman	Man	Urban	Rural	Incomplete Primary	Complete Primary	Low Secondary	Upper-Secondary	Tertiary
Argentina (urban)1\	35.2	17.2	27.5	14.3	5.8	53.5	46.5	-	-	9.3	26.2	15.0	31.7	15.8
Barbados 2\	25.2	14.1	25.8	20.5	14.4	60.0	40.0	-	-	-	26.9	-	42.7	21.4
Bolivia	39.0	16.4	25.3	12.6	6.8	52.4	47.6	65.2	34.8	42.1	5.0	10.9	30.0	11.9
Brazil	32.7	17.3	30.4	15.9	3.7	52.3	47.7	81.9	18.1	32.8	7.4	20.1	33.3	6.4
Chile	31.2	16.0	24.7	18.7	9.4	53.7	46.3	78.6	21.4	28.7	13.6	10.9	33.4	13.0
Colombia	34.6	16.8	26.0	16.2	6.5	50.7	49.3	67.5	32.5	30.4	19.1	11.8	23.9	9.6
Costa Rica	34.5	15.3	25.6	18.1	6.5	53.4	46.6	52.0	48.0	30.5	37.8	15.4	12.7	3.6
Ecuador	36.0	16.5	25.0	14.2	8.3	50.9	49.1	60.1	39.9	33.3	33.9	10.3	4.2	7.4
El Salvador	29.9	19.6	27.1	15.1	8.4	55.4	44.6	50.5	49.5	49.7	10.1	18.4	18.6	3.3
Guatemala	35.1	19.7	27.6	12.6	5.0	51.4	48.6	47.6	52.4	50.5	18.5	13.0	7.2	10.9
Honduras	34.9	17.7	28.2	13.4	5.7	49.3	50.7	63.1	36.9	30.0	32.4	9.3	20.7	6.8
Jamaica3\	29.3	16.8	24.8	17.4	11.7	54.6	45.4	40.6	59.4	-	-	-	-	-
Mexico	33.3	15.9	27.3	15.7	7.9	52.4	47.6	71.4	28.6	24.9	19.5	32.8	45.9	6.2
Panama	40.0	13.3	21.7	13.8	11.3	50.3	49.7	48.5	51.5	28.5	30.3	17.8	18.3	5.1
Paraguay	38.9	15.2	23.7	14.7	7.6	49.3	50.7	45.4	54.6	41.3	24.2	12.4	15.7	6.4
Peru	34.0	14.0	23.8	17.4	10.8	52.7	47.3	68.4	31.6	33.0	16.8	9.9	29.6	9.2
Dominican Republic	36.5	16.7	25.2	13.9	7.8	53.5	46.5	74.7	25.3	48.2	12.2	10.6	19.3	9.6
Suriname	28.1	23.5	23.2	20.5	4.3	49.4	50.6	98.2	1.8	21.8	12.4	36.3	24.9	3.7
Trinidad and Tobago4\	45.3	9.7	27.0	14.0	4.0	56.7	43.3	-	-	-	-	-	-	-
Uruguay	44.5	18.5	22.4	11.8	2.7	53.1	46.9	81.6	18.4	15.1	41.1	26.5	11.8	5.4

1\: In Argentina the EPH has urban coverage only. 2\: In the Barbados survey it is not possible to identify the area of residence from the microdata. In the survey, the last level of education approved only includes primary, secondary and higher education, so it is not possible to determine the years of education to construct the disaggregated educational categories. 3\: In the survey Jamaica, the years of education for the working-age population cannot be constructed. 4: In the Trinidad and Tobago survey it is not possible to identify the area of residence from the microdata, nor the years of education for the working-age population.

Source: Ditto.

Table A.11. Results of the simulation of interventions to cushion impacts on the distribution of social classes

Country	P1: Unemployment insurance					P2: Support for self-employed[2\]				
	Extreme poor	Moderate poor	Vulnerable middle-class	Consolidated middle-class	Rich	Extreme poor	Moderate poor	Vulnerable middle-class	Consolidated middle-class	Rich
Argentina (urban)1\	10.1	12.2	42.6	33.9	1.2	10.0	11.5	42.1	35.2	1.2
Barbados 2\	16.1	13.2	36.6	32.8	1.3	18.6	11.4	35.5	33.2	1.3
Bolivia	19.5	15.5	42.0	22.8	0.2	12.3	15.2	46.4	25.9	0.2
Brazil	14.1	12.4	39.0	31.1	3.4	12.1	11.9	39.4	33.2	3.4
Chile	4.1	7.7	43.5	40.4	4.3	3.8	7.3	42.6	41.9	4.4
Colombia	16.6	14.1	34.5	31.1	3.7	11.5	12.2	38.4	34.1	3.7
Costa Rica	7.4	9.8	37.5	41.0	4.3	6.3	9.4	37.9	42.2	4.3
Ecuador	17.7	16.5	40.9	24.0	0.9	11.6	16.0	43.8	27.5	1.1
El Salvador	17.6	21.6	46.0	14.5	0.2	13.2	20.9	49.4	16.3	0.2
Guatemala	40.7	20.7	28.7	9.9	0.1	33.6	22.7	32.7	10.9	0.2
Honduras	38.0	19.4	30.5	11.7	0.4	34.9	20.9	31.8	12.0	0.4
Mexico	19.9	23.8	41.2	14.7	0.2	17.5	23.8	43.0	15.4	0.2
Panama	12.6	10.5	36.0	37.9	3.0	8.8	10.6	37.4	40.1	3.0
Paraguay	10.1	11.3	39.5	36.6	2.5	6.2	11.0	41.5	38.7	2.5
Peru	14.5	15.8	44.8	24.0	0.9	7.4	14.4	49.8	27.6	0.9
Dominican Republic	10.7	15.6	47.7	25.2	0.8	8.1	13.6	48.8	28.7	0.9
Suriname	12.9	11.0	39.4	35.1	1.6	12.2	12.0	38.8	35.4	1.6
Trinidad and Tobago	5.3	7.5	42.1	44.0	1.0	4.4	7.1	41.8	45.8	1.0
Uruguay	1.3	3.7	29.5	61.8	3.7	1.1	3.3	28.9	62.9	3.8

Table A.11 (continued) Results of the simulation of interventions to cushion impacts on the distribution of social classes

Country	P3: Doubling Support for Social Programs[3\]					P4: Rescheduling Tax and Social Security Contribution Payments[4\]				
	Extreme poor	Moderate poor	Vulnerable middle-class	Consolidated middle-class	Rich	Extreme poor	Moderate poor	Vulnerable middle-class	Consolidated middle-class	Rich
Argentina (urban)1\	9.5	11.6	43.9	33.8	1.2	11.8	11.1	38.1	37.3	1.7
Barbados 2\	19.1	11.6	34.9	33.1	1.3	20.1	10.7	34.4	32.9	1.9
Bolivia	17.0	15.7	43.5	23.6	0.2	19.5	14.8	39.7	25.6	0.4
Brazil	12.1	12.6	39.8	32.1	3.4	13.1	10.2	34.8	36.9	5.0
Chile	4.6	8.0	43.2	39.9	4.3	4.4	6.4	36.8	46.4	6.0
Colombia	16.2	14.2	34.9	30.9	3.7	17.3	13.6	32.4	32.4	4.3
Costa Rica	7.6	9.5	37.1	41.4	4.3	7.5	8.7	35.6	43.2	5.0
Ecuador	15.9	16.2	42.5	24.5	0.9	16.6	14.3	38.1	29.3	1.7
El Salvador	18.4	21.7	45.3	14.5	0.2	17.8	19.4	44.2	18.3	0.3
Guatemala	40.7	20.7	28.5	9.8	0.1	40.5	18.4	28.3	12.5	0.2
Honduras	38.8	19.5	29.9	11.4	0.4	39.2	18.0	30.0	12.3	0.5
Mexico	19.0	24.2	41.8	14.7	0.2	20.0	22.0	39.3	17.4	0.6
Panama	11.2	10.2	36.8	38.9	3.0	12.1	9.3	30.5	43.7	4.4
Paraguay	9.5	11.4	39.9	36.7	2.5	11.0	11.4	37.8	37.2	2.7
Peru	13.0	16.3	46.0	23.8	0.9	15.0	15.2	41.2	27.3	1.2
Dominican Republic	9.8	15.3	48.5	25.5	0.8	10.3	13.8	46.3	28.5	1.2
Suriname	12.6	11.6	38.8	35.3	1.6	14.1	10.8	36.3	36.9	1.9
Trinidad and Tobago	3.1	9.1	43.0	43.8	1.0	n.d.	n.d.	n.d.	n.d.	n.d.
Uruguay	1.1	3.3	30.6	61.3	3.7	1.8	3.8	26.0	63.3	5.1

1\: This data is obtained by subtracting the change in p.p. of Scenario C and the change in p.p. of the simulated policy. 2\: To qualify the self-employed, the category of the main occupation is considered. 3\: To account for the transfer amount of social programs, information on income recorded in surveys for government transfers in non-contributory social protection programs is used, which include conditional cash transfer programs, non-contributory pensions or other government programs. For countries such as Guatemala where the survey does not contain information on government transfers, the poorest households are imputed (approximating program coverage) the amount received by the beneficiaries of conditional cash transfer programs according to information from the CEPALSTAT Database of Non-Contributory Social Protection Programs (see https://dds.cepal.org/bpsnc/ps). 4\: A person who indicates in the survey that he or she is affiliated with or contributes to a social security system is defined as formal. The Trinidad and Tobago survey does not include a variable to define formality. This policy is accounted for as a credit, so the fiscal resources required in this case will be equivalent to the differential in the government's active and passive interest rates. Therefore, it is assumed that if both are equivalent and the administrative cost is charged at the lending rate, there will be no fiscal cost.

Source: Estimates based on household or employment surveys: Argentina - EPH (2019) Barbados - SLC (2016) Bolivia - ECH (2018) Brazil - PNADC (2018) Chile - CASEN (2017) Colombia - GEIH (2018) Costa Rica - ENAHO (2018) Ecuador - ENEMDU (2018) El Salvador - EHPM (2019) Guatemala - ENEI (2018) Honduras - EPHPM - (2018) Jamaica - SLC (2015) Mexico - ENIGH (2018) Panama - EPM (2017) Paraguay - EPHC (2018) Peru - ENAHO (2018) Dominican Republic - ENCFT (2017) Suriname - SLC (2017) Trinidad and Tobago - CSSP (2015) Uruguay - ECH (2019).

Table A.12. Results of the simulation of interventions to cushion impacts on the distribution of social classes (in p.p.)

Country	P1: Unemployment insurance					P2: Support for self-employed[2\]				
	Extreme poor	Moderate poor	Vulnerable middle-class	Consolidated middle-class	Rich	Extreme poor	Moderate poor	Vulnerable middle-class	Consolidated middle-class	Rich
Argentina (urban)	1.0	2.7	5.7	-8.5	-0.9	0.9	1.9	5.2	-7.2	-0.9
Barbados	-0.7	3.4	4.6	-5.9	-1.4	1.8	1.6	3.4	-5.5	-1.3
Bolivia	5.2	3.9	0.9	-9.7	-0.4	-2.0	3.6	5.3	-6.6	-0.3
Brazil	4.5	3.1	7.4	-12.7	-2.3	2.5	2.6	7.7	-10.5	-2.3
Chile	1.0	3.1	9.1	-11.1	-2.1	0.7	2.8	8.2	-9.6	-2.1
Colombia	2.0	1.7	0.7	-3.5	-0.8	-3.1	-0.2	4.6	-0.5	-0.8
Costa Rica	1.1	1.3	2.0	-3.4	-0.9	-0.1	0.9	2.3	-2.2	-0.9
Ecuador	7.0	4.5	1.2	-11.6	-1.1	1.0	3.9	4.1	-8.1	-1.0
El Salvador	5.9	4.9	-2.6	-8.0	-0.2	1.5	4.2	0.8	-6.3	-0.2
Guatemala	9.2	0.5	-4.5	-5.0	-0.2	2.1	2.5	-0.4	-4.0	-0.2
Honduras	2.0	0.9	-0.7	-2.0	-0.1	-1.2	2.4	0.5	-1.7	-0.1
Mexico	4.1	3.8	-0.9	-6.5	-0.5	1.6	3.8	0.9	-5.8	-0.5
Panama	4.5	2.9	5.6	-10.7	-2.3	0.7	3.1	7.0	-8.5	-2.2
Paraguay	0.9	1.0	2.7	-4.1	-0.5	-3.0	0.7	4.7	-2.0	-0.4
Peru	5.4	3.8	2.1	-10.7	-0.7	-1.8	2.4	7.2	-7.0	-0.7
Dominican Republic	4.2	4.2	1.3	-9.0	-0.6	1.6	2.2	2.3	-5.5	-0.6
Suriname	0.5	2.2	2.9	-5.0	-0.6	-0.2	3.2	2.3	-4.7	-0.6
Trinidad and Tobago	1.3	-0.3	3.9	-4.4	-0.4	0.4	-0.8	3.5	-2.7	-0.4
Uruguay	0.0	0.8	4.9	-3.9	-1.8	-0.2	0.4	4.3	-2.8	-1.8

Table A.12 (continued) Results of the simulation of interventions to cushion impacts on the distribution of social classes (in p.p.)

Country	P3: Doubling Support for Social Programs[3]					P4: Rescheduling Tax and Social Security Contribution Payments[4]				
	Extreme poor	Moderate poor	Vulnerable middle-class	Consolidated middle-class	Rich	Extreme poor	Moderate poor	Vulnerable middle-class	Consolidated middle-class	Rich
Argentina (urban)	0.4	2.1	7.0	-8.6	-0.9	2.6	1.6	1.2	-5.0	-0.4
Barbados	2.3	1.8	2.9	-5.6	-1.4	3.3	0.9	2.3	-5.8	-0.8
Bolivia	2.7	4.2	2.4	-8.9	-0.3	5.2	3.3	-1.4	-6.9	-0.2
Brazil	2.5	3.3	8.2	-11.7	-2.3	3.5	0.9	3.2	-6.8	-0.7
Chile	1.5	3.4	8.8	-11.6	-2.2	1.3	1.9	2.4	-5.1	-0.5
Colombia	1.6	1.8	1.1	-3.7	-0.8	2.7	1.2	-1.4	-2.2	-0.2
Costa Rica	1.3	1.1	1.6	-3.0	-0.9	1.1	0.3	0.1	-1.2	-0.2
Ecuador	5.3	4.2	2.8	-11.1	-1.1	6.0	2.2	-1.6	-6.3	-0.3
El Salvador	6.6	4.9	-3.3	-8.1	-0.2	6.1	2.6	-4.4	-4.2	-0.1
Guatemala	9.3	0.6	-4.6	-5.1	-0.2	9.1	-1.8	-4.8	-2.4	-0.1
Honduras	2.7	1.0	-1.3	-2.3	-0.1	3.2	-0.5	-1.2	-1.4	0.0
Mexico	3.2	4.2	-0.4	-6.5	-0.5	4.2	2.1	-2.9	-3.8	-0.1
Panama	3.0	2.6	6.4	-9.7	-2.3	4.0	1.7	0.1	-4.9	-0.8
Paraguay	0.3	1.1	3.1	-4.0	-0.5	1.8	1.1	1.0	-3.5	-0.3
Peru	3.8	4.3	3.4	-10.8	-0.7	5.8	3.2	-1.4	-7.3	-0.4
Dominican Republic	3.3	3.9	2.1	-8.7	-0.6	3.8	2.4	-0.2	-5.7	-0.3
Suriname	0.2	2.8	2.3	-4.8	-0.6	1.7	2.0	-0.2	-3.2	-0.3
Trinidad and Tobago	-0.9	1.3	4.7	-4.7	-0.4	n.d.	n.d.	n.d.	n.d.	0.0
Uruguay	-0.2	0.4	6.0	-4.4	-1.9	0.5	1.0	1.4	-2.4	-0.5

1\: This data is obtained by subtracting the change in p.p. of Scenario C and the change in p.p. of the simulated policy. 2\: To qualify the self-employed, the category of the main occupation is considered. 3\: To account for the amount of social programs, information on income recorded in surveys for government transfers in non-contributory social protection programs is used, which include conditional cash transfer programs, non-contributory pensions or other government programs. For countries such as Guatemala where the survey does not contain information on government transfers, the poorest households are imputed (approximating program coverage) the amount received by the beneficiaries of conditional cash transfer programs according to information from the CEPALSTAT Database of Non-Contributory Social Protection Programs (see https://dds.cepal.org/bpsnc/ps). 4\: A person who indicates in the survey that he or she is affiliated with or contributes to a social security system is defined as formal. The Trinidad and Tobago survey does not include a variable to define formality. This policy is accounted for as a credit, so the fiscal resources required in this case will be equivalent to the differential in the government's active and passive interest rates. Therefore, it is assumed that if both are equivalent and the administrative cost is charged at the lending rate, there will be no fiscal cost.

Source: Estimates based on household or employment surveys: Argentina - EPH (2019) Barbados - SLC (2016) Bolivia - ECH (2018) Brazil - PNADC (2018) Chile - CASEN (2017) Colombia - GEIH (2018) Costa Rica - ENAHO (2018) Ecuador - ENEMDU (2018) El Salvador - EHPM (2019) Guatemala - ENEI (2018) Honduras - EPHPM - (2018) Jamaica - SLC (2015) Mexico - ENIGH (2018) Panama - EPM (2017) Paraguay - EPHC (2018) Peru - ENAHO (2018) Dominican Republic - ENCFT (2017) Suriname - SLC (2017) Trinidad and Tobago - CSSP (2015) Uruguay - ECH (2019).

Table A.13. Results of estimates in percentage point changes in poverty under various methodologies

Country	Scenarios			CEPAL (2020b)	IDB (2020o)
	A	B	C		
Argentina (urban)	1.4	2.6	5.8	10.8	
Bolivia	0.4	3.9	9.9	3.8	
Brazil	0.3	3.7	8.2	7.7	
Chile	0.1	2.2	5.5	5.7	
Colombia	3.2	1.9	4.5	5.1	
Costa Rica	0.3	1.2	2.8	4.0	4.9
Ecuador	1.7	5.9	11.7	7.0	
El Salvador	2.5	10.0	12.2	6.5	7.4
Guatemala	2.4	4.4	9.9	3.0	3.5
Honduras	0.5	2.1	4.2	4.2	5.5
Mexico	4.1	6.1	8.8	7.6	8.1
Panama	2.3	3.2	7.6	2.9	7.1
Paraguay	1.4	1.5	3.1	1.5	
Peru	0.9	4.1	10.1	9.3	
República Dominicana	0.8	3.9	8.9	4.4	6.3
Uruguay	1.8	0.9	1.9	2.4	
Latin America	1.5	3.6	7.2	7.1	

Source: own calculations, ECLAC (2020b) and IDB (2020o)