

RESEARCH INSIGHTS



How Has the Covid-19 Pandemic Affected the Livelihoods of Households in Developing Countries?



The project reports the results of an online household survey conducted in 17 Latin American and Caribbean countries during the onset of the Covid-19 pandemic.



Results from analyzing over 200,000 survey responses show that the pandemic led to unequal economic impacts, affecting lower-income households the most and likely exacerbating pre-existing inequalities.



The support for government measures against Covid-19 is lower among households with job losses or business closures.

CONTEXT

In a short period of time, the Covid-19 outbreak has reshaped the lives of millions. The rapid spread of the virus and related risks have driven many governments to implement extraordinary regulations to slow contagion. Although these measures are necessary for public health, there is evidence that they have a negative economic impact in the short run and deepen preexisting inequalities. Moreover, countries in Latin America and the Caribbean could face harsher consequences because their workers, firms and institutions are more vulnerable, likely pushing many people into poverty.

THE PROJECT

The survey was conducted from March 17 to April 30, 2020 across 17 countries in the region. Most data were collected during the last two weeks of April 2020. Survey participants were recruited through paid advertising on social media (Facebook and Instagram) employing keywords with wide appeal to avoid selecting participants based on Covid-19 related knowledge or experience. This process produced a sample of households that were more educated than the average household but did not differ substantially in family structure or income. The questionnaire was standardized across countries, and its central purpose was to measure the impacts of the Covid-19 pandemic on household economic outcomes and well-being. It collected data on labor-market outcomes, financial situation, food security, enrollment in social programs, and policy demand amid the pandemic.

Key Concept



INCOME INEQUALITY

How unevenly income is distributed across the population. Higher inequality implies a wider income gap between the top and the bottom earners.

Key Concept



CORONAVIRUS PANDEMIC

Worldwide epidemic of the coronavirus disease 2019 (COVID-19). The WHO first acknowledged it as an international health emergency in late January 2020 and declared a pandemic in March of 2020.

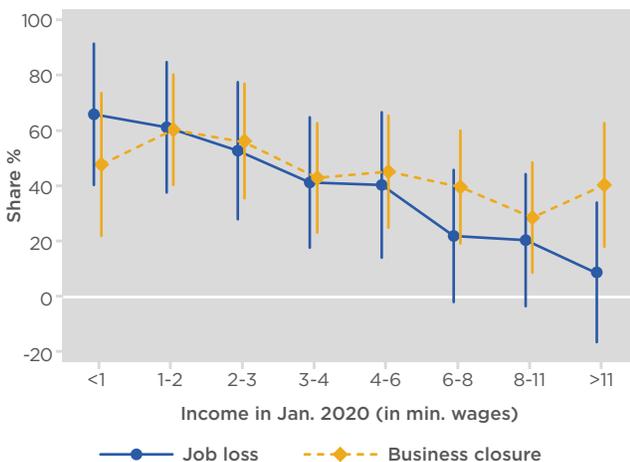
RESULTS

This project documents that the Covid-19 pandemic had widespread negative effects on several dimensions of household well-being and that lower-income households were hit the hardest.

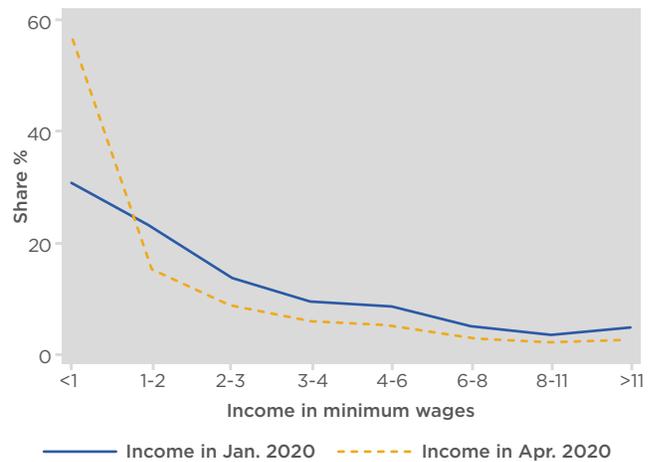
1. A total of 45% of respondents reported that a household member lost a job, and among small-business owners, 58% indicated that a family member closed a business. These effects exceed estimates for the US, indicating that the labor market effects of the pandemic may be larger in developing countries.

2. The impacts of the pandemic are unequal across pre-pandemic income levels. Seventy-one percent of households with pre-pandemic income below the national minimum wage reported job losses compared to only 14% of higher-income households. Likewise, 61% of low-income business owners reported closures compared to 54% of higher-income respondents.
3. Between January and April 2020, the share of households with incomes below the minimum wage increased drastically.
4. Households that lost their livelihoods during the onset of the pandemic were more likely to suffer from hunger and to adopt less healthy diets.
5. At the country level, loss of livelihood is positively correlated with labor market informality and is substantially higher in countries with national or local mandatory quarantines.
6. The support for lockdown measures declined faster over time among households that lost their livelihoods during the pandemic.

Higher Rates of Job Loss and Business Closure among Households in the Lowest Income Group



The Share of Households in the Bottom Part of the Income Distribution Is Expected to Increase



POLICY IMPLICATIONS

1. The unequal economic impacts of the pandemic call for policies that protect and support the most vulnerable, averting setbacks in the fight against poverty.
2. Informal social protection networks need to be complemented with government assistance targeted at informal workers, given that they have less access to formal safety nets and their jobs are still heavily restricted.
3. Labor market impacts of the pandemic could have long-lasting effects on household nutrition and health that need to be addressed by policymakers.
4. Support for policies to stop contagion is widespread but fragile. Without further assistance to impacted households, compliance with the restrictions is likely to decline as more families lose their livelihoods.

Key Concept



INFORMAL WORK

A job without a formal contract, worker benefits or social protection.

THE IDB AND THE COVID-19 PANDEMIC

The IDB has played a leading role in conducting rigorous empirical analysis of the impacts of the pandemic and developing evidence-based policy recommendations for Latin America and the Caribbean.



FULL STUDY

[Bottan, N., B. Hoffmann, and D. Vera-Cossio. 2020. The Unequal Impact of the Coronavirus Pandemic: Evidence from Seventeen Developing Countries.](#)

[Also published in PLOS ONE.](#)

DEPARTMENT OF RESEARCH AND CHIEF ECONOMIST

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